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**FIRST REPORT OF DELOITTE
RESTRUCTURING INC. AS THE COURT-
APPOINTED RECEIVER AND MANAGER OF
SWIMCO AQUATICS SUPPLIES LTD.,
SWIMCO PARTNERSHIP, BLUE CRUSH
BIKINI & BOARDSHORT COMPANY LTD.,
LORI BACON HOLDINGS LTD. AND STEVE
FORSETH HOLDINGS LTD.**

DATED DECEMBER 7, 2020

**PREPARED BY DELOITTE RESTRUCTURING
INC.**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

COUNSEL

CASSELS BROCK & BLACKWELL LLP
SUITE 3810 BANKERS HALL WEST
888 3RD STREET SW
CALGARY, AB T2P 5C5
ATTENTION: JEFFREY OLIVER

TELEPHONE: 403-351-2921

FACSIMILE: 403-648-1151

EMAIL: JOLIVER@CASSELS.COM

RECEIVER

DELOITTE RESTRUCTURING INC.
700 BANKERS COURT
850 - 2ND STREET SW
CALGARY, AB T2P 0R8

TELEPHONE: 403-261-8135

FACSIMILE: 403-513-4357

EMAIL: RADLINGTON@DELOITTE.CA

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Introduction and Background

Background

1. Swimco Aquatics Supplies Ltd. (“**SAS**”) and Swimco Partnership (“**SP**”) (collectively, “**Swimco Group**” or the “**Companies**”) are private retail companies that sold swimwear and accessories across Canada through in-store retail locations and online ecommerce.
2. Blue Crush Bikini & Boardshort Ltd. (“**Blue Crush**”), Lori Bacon Holdings Ltd. (“**LBH**”), and Steve Forseth Holdings Ltd. (“**SFH**”) (collectively referred to as “**Holdcos**”) are corporate partners of SP. Each of the Holdcos hold one unit in SP and 33.3% of the voting shares in SAS.
3. D. Bacon Holdings Ltd. (“**DBH**”), Lori Jo Holdings Ltd. (“**LJH**”) and Steve Forseth Enterprises Ltd. (“**SFE**”) (together, the “**Related Parties**”), each respectively own 100% of voting preferred shares of Blue Crush, LBH and SFH, respectively.
4. The Companies’ head office is in a warehouse located at 6403 Burbank Road S.E., Calgary, Alberta (the “**Building**”). SP’s primary assets are inventory and the Building (collectively, “**SP Property**”). The inventory was in the possession of SAS for sale in the various retail store outlets. All retail store leases were held by SAS. SAS’s primary assets were fixtures and leasehold improvements located in the retail stores and the Swimco Group intellectual property (collectively, “**SAS Property**”, and together with the SP Property, the “**Property**”). Although SAS and SP were established for the operations of the Swimco Group, the Companies operated as a single, integrated economic unit.
5. As a result of the downturn in the retail market due to the COVID-19 pandemic and related emergency health measures that were imposed by the government of Canada, the Swimco Group experienced significant cash flow difficulties and the Swimco Group was unable to meet its obligations as they became due.

Proposal and deemed assignment into bankruptcy

6. On June 11, 2020, SAS and SP each filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act, RSC 1985, c B-3* (the “**BIA**”). Deloitte Restructuring Inc. (“**Deloitte**”) consented to act as proposal trustee under the NOIs.
7. On July 9, 2020 the Swimco Group was granted a 45 day extension to the stay of proceedings pursuant to section 50.4(9) of the BIA, extending the Initial Stay Period from July 11, 2020 up to and including August 24, 2020 (the “**First Extension Period**”) and the consolidation of the NOI proceedings of SAS and SP for procedural purposes only (the “**First Extension Order**”).
8. On August 24, 2020, the Swimco Group was granted a second 45 day extension to the stay of proceedings pursuant to section 50.4(9) of the BIA (the “**Second Extension Order**”), extending the First Extension Period from August 24, 2020 up to and including October 9, 2020 (the “**Second Extension Period**”).
9. The Swimco Group was unable to make a viable proposal to its creditors before the expiration of the Second Extension Period and accordingly was thereupon deemed to have made an assignment into bankruptcy effective October 10, 2020 (“**Date of Bankruptcy**”). Deloitte was appointed as trustee in bankruptcy of each of the Swimco Group’s estates (in such capacity, the “**Trustee**”).
10. Immediately following the deemed assignment into bankruptcy, the Trustee, with the assistance of former employees and management, took steps to take possession and control of the Property of the Companies. The Companies ceased in-store retail operations on the Date of Bankruptcy and the employees were also terminated effective on the Date of Bankruptcy. The Trustee continued ecommerce sales.

11. Subsequent to the deemed assignment into bankruptcy for the Swimco Group, the Holdcos were assigned into bankruptcy on November 16, 2020.

Receivership application

12. The Companies' primary secured lender is Royal Bank of Canada ("**RBC**"), which was owed approximately \$3.02 million by the Companies and the Holdcos (collectively, the "**Debtors**") as of October 30, 2020.
13. On May 27, 2020, RBC issued a 10 day notice of intention to enforce its security pursuant to section 244 of the BIA. To permit the Swimco Group to restructure, RBC agreed to forbear from enforcing its rights and remedies during the proposal proceeding.
14. Subsequent to the Swimco Group's deemed assignment into bankruptcy, RBC made an application to the Court of Queen's Bench of Alberta (the "**Court**") seeking appointment of Deloitte as the receiver and manager (in such capacity, the "**Receiver**") over the assets, undertakings and properties (collectively, the "**Debtors' Property**") of the Debtors. The application was made due to there being insufficient funds necessary to administer Swimco Group's estate through the bankruptcy proceedings and RBC was not prepared to extend any further credit, other than as receiver's borrowings secured by a corresponding charge.
15. On November 10, 2020, the Court issued an order appointing Deloitte as the Receiver over all of the Debtors' Property (the "**Receivership Order**"). A copy of the Receivership Order is attached hereto as **Appendix "A"**.
16. The Receivership Order, together with related Court documents and the notices sent to the creditors of the Debtors were posted on the Deloitte's website: www.insolvencies.deloitte.ca/en-ca/swimco.

Purpose of the First Report

17. This is the Receiver's first report (the "**First Report**") and the purpose of the First Report is to:

- a) Provide the Court with additional information in respect of the Debtors' Property;
- b) Provide an update on the administration of the bankruptcy and receivership since October 10, 2020, including the actions of the Trustee and Receiver;
- c) Provide information in relation to the asset realization process, and if appropriate at the conclusion of that process, seek an order from this Court approving the En Bloc Offer (as defined below) between the Receiver and DBH and vesting all of the Swimco Group's right, title and interest in and to the Purchased Asset (as defined in the En Bloc Offer) to DBH free and clear of all encumbrances other than permitted encumbrances;
- d) Respectively recommend this Honourable Court make an order to:
 - (i) Approve the reported actions of the Receiver and Trustee as applicable to date in respect of administering these proceedings;
 - (ii) Approve the interim statement of receipts and disbursements for period October 10, 2020 to November 30, 2020, including the pro-forma statement of receipts and disbursement from December 1, 2020 to discharge;
 - (iii) In the event that the En Bloc Offer is approved, authorize the Receiver to make a distribution to RBC up to the maximum amount required to repay the indebtedness owing by the Swimco Group to RBC under RBC's secured facilities in full; and
 - (iv) Seal the confidential supplement to the First Report (the "**Confidential Supplement**").

18. The Confidential Supplement has been prepared by the Receiver and details the sales process undertaken in respect to the Property and the confidential elements of the En Bloc Offer.

Terms of reference

19. In preparing the First Report, the Receiver has relied upon, unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records, and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of the First Report.
20. All dollar amounts in the First Report are in Canadian dollars, unless otherwise indicated.
21. Capitalized terms used in this First Report but not defined herein are as defined in the Receivership Order and in the Confidential Supplement.

Summary of Deloitte’s activities in the bankruptcy proceedings

22. Below is a summary of Deloitte’s activities in its capacity as Trustee of each of the Debtors’ estate:

- a) Sent out statutory notices as required for bankruptcy proceedings under the BIA;
- b) Established a creditors website where all materials filed with the Court and all orders made by the Court are available in the public domain;
- c) Attended retail stores and took possession and control of the inventory and certain SAS Property and SP Property with the assistance of former management and staff of the Swimco Group;
- d) Provided information regarding the bankruptcies to former employees;
- e) Took possession and changed the security code at the Building on the Date of Bankruptcy;
- f) Undertook conservatory and protective measures, which primarily included the following:
 - (i) Froze bank accounts and transferred amounts to the Trustee’s estate account;
 - (ii) Removed and relocated certain SAS Property and all SP inventory from all retail stores to the Building at the Date of Bankruptcy;
 - (iii) Returned retail store keys to the landlords;
 - (iv) Confirmed adequate insurance coverage was in place for all assets;
 - (v) Added the Trustee as a loss payee to the insurance policy;
- g) Liaised with the insurer to adjust coverage for increase in the Building inventory content limit and removed coverage on retail stores;
- h) Attended the Swimco Group’s head office and warehouse;
- i) Terminated all of the Swimco Group employees effective the Date of Bankruptcy;
- j) Arranged to retain key employees as contractors on a contractual basis to assist with administrative duties, financial reporting, fulfilling online sale orders, and securing the Companies’ assets;
- k) Continued online sales for SP inventory with the assistance of contractors;
- l) Coordinated final payroll calculations up to the Date of Bankruptcy and the delivery of records of employment and T4 slips for the purposes of administering amounts due to the employees with Service Canada in regards to the *Wage Earner Protection Program Act* (“**WEPPA**”);
- m) Secured physical and electronic books and records of the Companies;
- n) Arranged for continued service of critical utilities and website providers as necessary;
- o) Informed the Canada Revenue Agency (the “**CRA**”) of the bankruptcy and requested new tax accounts for the post-bankruptcy period;
- p) Opened new trust accounts in the name of the bankruptcy estates to facilitate future receipts and disbursements;

- q) Reviewed disbursements and arranged for payment, including payment of the contractors;
 - r) Sold approximately 150 mannequin and mannequin pieces as these were rapidly depreciating assets;
 - s) Arranged for an independent security review in relation to the indebtedness of RBC, the Holdcos and other related parties' loans to the Swimco Group;
 - t) Held a first meeting of creditors of SAS ("**FMOG SAS**") on October 30, 2020 via teleconference (due to COVID-19 restrictions);
 - u) Disclaimed landlord leases, with the approval of the creditors at the FMOG SAS;
 - v) Held a first meeting of creditors of SP and the Holdcos ("**FMOG SP**") on December 3, 2020 via teleconference (due to COVID-19 restrictions);
 - w) Corresponded with Counsel on various legal matters relating to the bankruptcy and proposal;
 - x) Corresponded with creditors, key employees and other stakeholders as needed; and
 - y) Addressed additional matters as they arose from time to time.
23. The Receiver will continue to address ongoing matters during the receivership proceeding in its dual capacity as Trustee and Receiver of the Debtors.

Receiver's activities

24. As Deloitte's appointment as Trustee within the bankruptcy proceedings of the Swimco Group was made prior to the Date of Receivership, the Receiver's activities were generally a continuation of the Trustee's activities. See detailed discussions in the "Summary of Deloitte's activities in the bankruptcy proceedings" section for details in regards to the Trustee's activities.
25. Since the Date of Receivership, the Receiver has continued the following activities:
- a) Maintained conservatory measures and control of the Debtors' Property;
 - b) Retained certain key former employees as contractors on a contractual basis to assist with administrative duties, financial reporting, fulfilling online sale orders and securing the Debtors' Property;
 - c) Reviewed disbursements and arranged for payment, including payment of payroll for the contractors, on a regular basis;
 - d) Secured the physical and electronic books and records of the Debtors;
 - e) Issued a statutory Notice and Statement of the Receiver to all known creditors of the Debtors (the "**Notice to Creditors**") pursuant to subsections 245(1) and 246(1) of the BIA. A copy of the Notice to Creditors is attached as **Appendix "B"**;
 - f) Informed the CRA of the receivership and requested a trust audit to be conducted for the pre-bankruptcy period on the Companies' payroll source deduction and sales tax accounts;
 - g) Administered amounts due to employees and processed applications under WEPPA with Service Canada;
 - h) Obtained an opinion letter in relation to the inventory from Tiger Capital Group LLC ("**Tiger**") and an appraisal for the Building from Altus Group Limited ("**Altus**");
 - i) Conducted a marketing and sales process in respect of the Property (described in more detail later in this First Report);
 - j) Negotiated with the potential purchaser with respect to the Property;
 - k) Corresponded with Counsel on various legal matters relating to the receivership;
 - l) Corresponded with creditors, key employees and other stakeholders on an as needed basis; and
 - m) Addressed additional matters as they arose from time to time.

Primary assets

SP Property

26. SP owns inventory and the Building.
27. The SP inventory consists of swimwear and accessories. As of the Date of Bankruptcy, there were approximately 93,800 pieces of inventory items, of which 39,400 items were located in Alberta and 54,400 items located outside of Alberta across Canada. The book value of the inventory based on the Companies' internal financial statements as at the Date of Bankruptcy was approximately \$2.3 million.
28. The Building is an industrial warehouse comprised of 15,000 square feet situated on a 1.15 acre site located in Calgary, Alberta. The Building also functioned as the head office for the Debtors. As of the Date of Receivership, the Building housed all of the Property. For the 2020 property tax purposes, the City of Calgary has valued the Building at \$2.5 million. The City of Calgary's valuation is based on estimated market value from July 2019 and the characteristics and physical condition as of December 31, 2019.

SAS Property

29. SAS's primary assets are fixtures and leasehold improvements, which are located at the retail stores. SAS owned approximately 630 equipment items, which consists of televisions, computers, monitors, tablets, printers, scanners, cameras and other ancillary items.
30. SAS also owned approximately 230 mannequins and mannequin pieces as at the Date of Bankruptcy.
31. The intellectual property is owned by SAS, which consists of registered and unregistered trademark rights, logos, customer lists, mailing lists, internet domain name, website content and code, social media accounts, product designs, proprietary clothing, and other salient related items.

Holdcos

32. As described in the background section, each of the Holdcos own one unit in SP and 33.3% of the voting shares of SAS. The Holdcos do not own other assets.

Primary liabilities

33. The Debtors' primary liabilities, based on the Debtors' books and records, are as follows:

Creditors						(\$000s CAD)	
Estate	SAS	SP	Blue Crush	LBH	SFH	Total	
WEPP	62	17	-	-	-	79	
CRA Deemed Trust - Source Deductions	80	23	-	-	-	102	
Secured							
<i>Royal Bank of Canada</i> ¹	1,484	1,541	-	-	-	3,024	
<i>Related Party Loans</i>	901	2,275	-	-	-	3,176	
Total secured creditors	2,385	3,816	-	-	-	6,201	
Unsecured	2,136	5,050	2,173	2,259	2,260	13,878	
Total	4,663	8,905	2,173	2,259	2,260	20,260	
Note							
1 - Includes approximately \$50,000 of RBC's legal counsel fees. The RBC debt is cross-collateralized between SAS and SP.							

34. The Receiver requested that the CRA conduct a trust audit on the pre-bankruptcy source deductions for the Swimco Group. Although that audit is not yet complete, based on the Swimco Group's financial records, approximately \$23,000 for SP and \$80,000 for SAS (together, approximately \$102,000) is owed for unpaid source deductions. Withholdings at source are deemed trust claims and therefore claim a priority and rank ahead of all secured creditors in both receivership and bankruptcy proceedings. Pursuant to section 222 of the *Excise Tax Act* ("**ETA**"), GST amounts only hold a priority in receivership proceeding; however, this priority is not operative as there is a concurrent bankruptcy proceedings for each of the Swimco Group entities.
35. Prior to the filing of the NOI, the Swimco Group entered into various financing agreements with RBC to fund their then operations, whereby RBC provided SP the operating line and the non-revolving demand loans, and SAS with revolving lease lines (together, "**RBC Indebtedness**").
36. The outstanding balance of the RBC Indebtedness as of October 30, 2020 was approximately \$3.02 million, plus all accruing interest, fees, costs and expenses. The RBC Indebtedness is secured by first charge over all assets and after acquired personal property of the Swimco Group as well as by a first financial charge in relation to the Building.
37. The RBC Indebtedness is cross-collateralized. SP guaranteed all obligations of SAS owing to RBC up to the limited amount of \$2.02 million. SAS has also guaranteed all obligations of SP owing to RBC up to the limited amount of \$6.7 million.
38. Blue Crush, LBH and SFH are owed approximately \$339,000, \$424,000 and \$424,000 (together, approximately \$1.2 million), respectively by SP. SFH is owed approximately \$32,000 from SAS.
39. DBH, LJH and SFE are owed approximately \$660,000, \$515,000 and \$1,200,000, respectively by SP. SP granted general security agreements in favour of each of the Related Parties in relation to the present and after-acquired personal property of SP.
40. DBH, LJH and SFE are owed approximately \$326,000, \$265,000 and \$326,000, respectively by SAS.
41. The Swimco Group has approximately 290 creditors in SAS and 140 creditors in SP. The unsecured creditors consist primarily of trade suppliers totalling \$2.1 million in SAS and \$5.1 million in SP.

Security review

42. Counsel has undertaken a review of the validity and enforceability of the security held by RBC and the Related Parties. Subject to the standard assumptions and qualifications, Counsel has advised the following:
- a) RBC holds a valid and enforceable security interest in and to all of the present and after acquired personal property of the Swimco Group, which security interest has been properly perfected in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;
 - b) The collateral mortgage held by RBC in the principal amount of \$2.14 million and registered against title the Building creates a first priority financial charge in favour of RBC with respect to the Building;
 - c) Subject to qualifications and assumptions relating to sections 137 and 140.1 of the BIA, the Related Parties hold a valid and enforceable security interest in and to all of the present and after acquired personal property of SAS, which security interest has been properly perfected in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;
 - d) Subject to qualifications and assumptions relating to sections 137 and 140.1 of the BIA, the Related Parties hold a valid and enforceable security interest in and to all of the present and after acquired personal property of SP, which security interest has been properly perfected in Alberta; and
 - e) The Related Party security was registered subsequent in time to the RBC security.

Receiver's borrowings

43. Prior to being appointed as Receiver, Deloitte in its capacity as the Trustee in bankruptcy and the proposal trustee in the NOI requested that RBC provide critical funding of up to \$200,000 (the "**Critical Funding**") so that Swimco Group's critical liabilities and obligations could be satisfied until such time as a receivership application or other relief could be sought. The Critical Funding was necessary to allow for an orderly transition from Swimco Group's NOI proceedings to the bankruptcy proceedings and to preserve the Property, for the benefit of all creditors and stakeholders, until such time as a more fulsome realization process could be implemented.
44. RBC agreed to advance the necessary Critical Funding, on the agreement and understanding that same would be secured by a receiver's borrowings charge, in the event any Receiver was subsequently appointed.

Asset realization

Sale of mannequins

45. As the demand for mannequins is seasonal, with a high demand in October for Halloween, the Trustee determined that the mannequins were likely to depreciate rapidly in value post-October and therefore the Trustee sold approximately 150 mannequins and mannequin pieces between the Date of Bankruptcy and the date of this First Report. The mannequins were advertised and sold through Kijiji.

Online sales – SP inventory

46. Given that the online sales were strong from the Date of Bankruptcy in part due to certain local and national media coverage, the Trustee and the Receiver, in consultation with former employees as contractors, continued to operate the ecommerce sales. From the Date of Bankruptcy to the date of this First Report, approximately 12,200 inventory items (approximately \$320,000) were sold as of November 30, 2020. The ecommerce proceeds were used to cover various operating disbursements, such as former staff, contractors, utilities, and shipping of product to the end customer.

Appraisal

47. The Receiver obtained an opinion letter (dated November 24, 2020) from Tiger on the inventory valuation (the "**Tiger Letter**"). Tiger is a professional company that provides numerous services, including asset appraisals, retail dispositions, wholesale solutions and commercial and industrial dispositions.

48. Deloitte also retained Altus to conduct an appraisal on the Building in November 2020 (the "**Building Appraisal**") and together with the Tiger Letter, the "**Appraisals**"). Altus is a professional firm that provides appraisals and other services specifically for commercial real estate.

49. The Appraisals were important information to the Receiver in determining the appropriate form of realization for the Debtors' Property. Due to the sensitive nature of the information contained in the Appraisals and because the publication of this information could cause serious risk to the integrity of the sales process, the Appraisals are appended to the Confidential Supplement and the Receiver is requesting that such documents be sealed until the Receiver files a certificate with the Court evidencing its discharge.

Inventory Buy Back

50. In late October 2020 / early November 2020, Smash and Tess Dreamwear Inc. ("**Smash and Tess**"), a former supplier of the Swimco Group, approached Deloitte to purchase back certain products (the "**ST Products**") that were supplied by Smash and Tess to the Swimco Group at cost ("**ST Inventory Buy Back Offer**").

51. The Receiver, in consultation with legal counsel, reviewed the ST Inventory Buy Back Offer and noted the following:

- a) The ST Inventory Buy Back Offer price was approximately \$23,100 plus sales tax ("**ST Purchase Price**"); and
- b) The ST Purchase Price is based on the cost of the ST Products, which included approximately 450 inventory items.

52. Given the opinion included in the Tiger Letter and current ecommerce sales, the Receiver, in consultation with the secured creditors, determined that the ST Inventory Buy Back Offer provided the maximum realization in these circumstances for the ST Products.

53. Pursuant to paragraph 3(l)(i) of the Receivership Order, the Receiver has the ability to sell the Debtors' property or part thereof out of the ordinary course of business without the approval of the Court in respect of any transaction not exceeding \$100,000. As the quantum of the ST Purchase Price is below the \$100,000 threshold, the Receiver accepted the ST Inventory Buy Back Offer.
54. As at the date of this First Report, ST Inventory Buy Back Offer is in the process of being finalized.

En bloc offer

55. DBH, submitted an en bloc offer to the Receiver to purchase all of the Property, including inventory, the Building, furniture, fixtures, intellectual property and other ancillary items (the "**En Bloc Offer**").
56. DBH (the "**Purchaser**") is related to the Swimco Group as:
- a) DBH is the sole voting shareholder of Blue Crush and Blue Crush is one of the partners of SP;
 - b) Blue Crush is a 33.33% voting shareholder of SAS; and
 - c) Dave Bacon is the sole director of Blue Crush and a director of SAS.
57. The Receiver, in consultation with its legal counsel, reviewed the En Bloc Offer. The key terms of the En Bloc Offer are as follows:
- a) The En Bloc Offer includes a cash payment in the amount required to repay the RBC Indebtedness in full, plus a credit bid amount;
 - b) The En Bloc Offer provides for a holdback by the Receiver for the payment of all priority payables, including the deemed trust claim for source deductions, the WEPPA priority amount and the Trustee's and Receiver's fees and disbursements. To the extent that the holdback is not sufficient to pay these priority payables, the En Bloc Offer provides that DBH will forthwith pay the Receiver the amount required to make such priority payables;
 - c) The En Bloc Offer includes the purchase of all the assets, undertakings and properties of the Swimco Group, including the following:
 - (i) Accounts receivable;
 - (ii) Inventory;
 - (iii) The Building;
 - (iv) Intellectual property rights;
 - (v) Office equipment, furniture and fixtures;
 - (vi) Computer equipment;
 - (vii) Other ancillary items;(together, the "**Acquired Assets**"); and
 - d) The En Bloc Offer is on an "as is, where is" basis and is subject only to Court approval.

58. The Receiver consulted with RBC and RBC is supportive of the En Bloc Offer, which will result in a repayment of their debt in full and in a much more timely manner than continuing with ecommerce sales and a commercial real estate listing to sell the Building.
59. After further negotiations with DBH, the Receiver agreed to conditionally accept the En Bloc Offer, based on the following:
- a) The Receiver was able to conduct a brief sales process to non-related parties prior to the Court hearing date of December 14, 2020, specifically targeting certain parties that had reached out to the Companies, the Trustee or the Receiver during the last six months;
 - b) The Receiver is able to disclose to the interested parties the general range of the quantum of the offer price, subject to the interested parties signing a non-disclosure agreement (“**NDA**”);
 - c) In the event that a non-binding letter of intent (“**LOI**”) is received that is superior to the En Bloc Offer (the “**Superior LOI**”), the Receiver will adjourn the December 14, 2020 hearing application for 30 – 45 days in an attempt to finalize the Superior LOI and / or have a form of auction or other competitive process between the two purchasers; and
 - d) Subject to the approval of this Honourable Court.
60. A redacted copy of the En Bloc Offer is attached as **Appendix “C”** to this Report. An unredacted copy of the En Bloc Offer is contained in the Confidential Supplement. The Confidential Supplement contains commercially sensitive information pertaining to the valuation of the Property and certain confidential information in respect of the En Bloc Offer submitted to the Receiver. Publication of the information contained in the Confidential Supplement could pose serious risk in the integrity and to the commercial interests of stakeholders and would likely irreparably harm the Receiver’s efforts to maximize realizations from the Property should the transaction pursuant to the En Bloc Offer not close. As such, the Receiver is requesting that the Confidential Supplement be sealed until the Receiver files a certificate with the Court evidencing its discharge. Any interested party may apply, on notice to the Receiver to vary the terms of the Sealing Order or to unseal the Confidential Supplement.

Marketing and sales process

61. On November 30, 2020, the Receiver contacted interested parties, who previously expressed an interest in the Debtors’ Property throughout the various proceedings, and invited 13 non-related interested parties to submit a bid on the Debtors’ property.
62. Three parties have signed NDAs as of the date of the First Report. The Receiver provided information request packages to these parties through a data site.
63. The deadline for written proposals or non-binding LOI’s was set for December 11, 2020 at 4pm Mountain Standard Time (the “**Offer Deadline**”).
64. As of the date of this First Report, no offers were received.
65. The Receiver will submit a supplemental report to this Honourable Court after the Offer Deadline and prior to the December 14, 2020 application to detail the results of the marketing and sales process.

The Receiver's observations and recommendations

66. Subject to obtaining a superior offer to the En Bloc Offer, the Receiver is seeking approval from the Court to approve the En Bloc Offer.
67. The Receiver is of the view that the sales process was fair and reasonable in the circumstances and provided the highest and best value for the Property based on the following:
- a) Even though the En Bloc Offer was submitted by a related party, it is unlikely that the Receiver will obtain a superior offer from a non-related party due to the following:
 - (i) The Swimco Group commenced proceedings under the BIA in June 2020. During the restructuring proceeding, 13 parties explicitly expressed interest in some part of the Swimco Group's assets. None of these parties expressed interest in purchasing the Building and/or all of the Property;
 - (ii) The additional time and professional cost required for the Receiver to conduct a longer sales process will be unlikely to yield a superior offer due to the currently distressed retail market conditions and in addition to the following:
 - The unlikelihood of obtaining a superior offer is exacerbated by the specialized nature of the Swimco Group's inventory (swimwear retail and accessories) being seasonal (upcoming winter season has historically been a "low" season for these types of retailers);
 - The Receiver believes that selling these types of assets prior to the holiday season would provide the best recovery for the creditors as there is significant uncertainty on what value the retail assets will yield after the holiday season. The COVID-19 pandemic further compounds the uncertainty for the post-holiday season;
 - Furthermore, customers are unable to travel in the short term due to the travel bans from the COVID-19 pandemic and accordingly demand for swimwear in Canada is very limited;
 - (iii) The retail stores are shuttered and all of the inventory is located at the warehouse. As such, the realization value of the inventory would be far less than retail value;
 - (iv) The real estate market for industrial buildings, especially in Alberta, has been distressed. There is an abundance of single-use, service and manufacturing buildings on the market and the average time to sell an industrial building ranges between six to 12 months. For a Receiver to conduct a six to 12 month listing process will be costly to the receivership estate and ultimately to the creditors;
 - (v) The general uncertainty of the retail and the real estate market due to the COVID-19 pandemic;
 - b) The independent opinion and appraisal provided by Tiger and Altus, respectively, evidence that the En Bloc Offer is reasonable in these unprecedented circumstances;
 - c) The current insurance provider does not wish to extend the insurance policy period beyond December 24, 2020. The Receiver would have to incur additional time and cost that would be born by the receivership estate to locate a new insurance provider should the sales process be extended;
 - d) The En Bloc Offer represents the most optimal offer available for all of the Property, some of which may not be otherwise sold;

- e) Significantly increased professional costs would be incurred through undertaking several different sale transactions as opposed to completing one en bloc transaction;
 - f) RBC will be paid out in full under the En Bloc Offer and is supportive of the transaction; and
 - g) The Receiver is also making good faith efforts in soliciting offers from non-related parties between November 30, 2020 and the Offer Deadline.
68. Despite that the En Bloc Offer was made by a related party, the Receiver believes that as a result of the foregoing, the related party transaction is in the best interest of the stakeholders and the risks associated with a related party transaction are mitigated with the marketing and sales process to non-related parties, overseen by the Receiver as an independent party.
69. The Receiver will submit a supplemental report to this Honourable Court after the Offer Deadline for the December 14, 2020 application to detail the results of the marketing and sales process.

Interim statement of receipts and disbursements

70. The Receiver's disbursements primarily related to the operations, maintenance and preservation of the Debtors' Property.
71. The interim statement of receipts and disbursements reflecting the administration of the receivership for the period October 10, 2020 to November 30, 2020 and a pro-forma statement of receipts and disbursements from December 1, 2020 to discharge for the Debtors, is summarized below (the "Interim SRD"). Detailed Interim SRD is attached as **Appendix "D"**:

Interim SRD from Oct 10, 2020 to discharge

	Oct 10, 2020 to Nov 30, 2020	Pro-forma Dec 1, 2020 to discharge	Total
Receipts			
Bank Drafts	1,240,693	4,423	1,245,115
Operating Income	320,317	75,000	395,317
Moneris Hold Back	-	50,000	50,000
Sales Tax Collected	33,401	7,999	41,400
ST Inventory Buy Back Offer	-	23,149	23,149
Mannequin Sales	6,715	550	7,265
Other Receipts	25,112	25,962	51,074
Total receipts	1,626,237	187,083	1,813,320
Disbursements			
Contractor Fees & Expenses	117,530	39,826	157,356
Operating expenses	63,899	61,078	124,977
Insurance	7,267	-	7,267
Moneris Fees	9,629	2,162	11,791
Filing Fees	2,120	-	2,120
WEPP Super Priority	-	78,775	78,775
Deemed Trust - Pre-filing Source Deductions	-	102,479	102,479
Newspaper Ad	768	-	768
Building Appraisal	-	2,500	2,500
Data Migration	-	10,000	10,000
Professional fees - NOI Proposal	-	86,302	86,302
Professional fees - bankruptcy and receivership ¹	-	260,924	260,924
Taxes	19,739	72,738	92,477
Trustee & Receiver Holdback	-	200,000	200,000
Total disbursements	220,953	916,784	1,137,737
Excess receipts over disbursements	1,405,284	(729,701)	675,583
Note			
1 - Professional fees are subject to Court's approval.			

Conclusion and recommendation

72. Based on the foregoing, the Receiver respectfully requests that this Honourable Court:

- a) Approve the First Report and the actions of the Trustee and the Receiver to date in respect of administering the bankruptcy and receivership proceedings, including the marketing and sales process described herein;
- b) Approve the interim statement of receipts and disbursements for period October 10, 2020 to November 30, 2020, including a pro-forma statement of receipts and disbursements for the period December 1, 2020 to discharge;
- c) Seal the Confidential Supplement and the confidential appendices until the Receiver's discharge;
- d) Subject to the results of the marketing and sales process, which will be described in the Receiver's supplemental report to the Court, approving the En Bloc Offer and vesting all of the Swimco Group's right, title and interest in and to the Acquired Assets in the name of the Purchaser free and clear of all encumbrances, subject only to permitted encumbrances;
- e) Authorize a distribution to RBC in the amount of the RBC Indebtedness; and
- f) Provide such further or other relief that the Court considers just and warranted in the circumstances.

* * *

All of which is respectfully submitted at Calgary, Alberta this 7th day of December 2020.

DELOITTE RESTRUCTURING INC.,

solely in its capacity as Court-appointed Receiver and Manager of
Swimco Aquatic Supplies Ltd., Swimco Partnership,
Blue Crush Bikini & Boardshort Company Ltd.,
Lori Bacon Holdings Ltd., and Steve Forseth Holdings Ltd.,
and not in its personal or corporate capacity

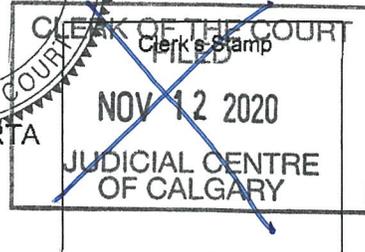
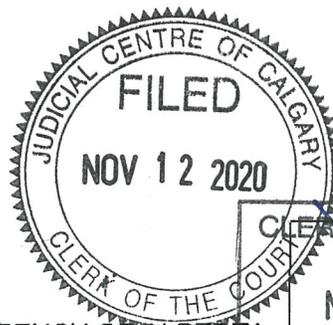
Per:



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX A

Receivership Order dated November 10, 2020



COURT FILE NUMBER 2001- 12759
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PLAINTIFF ROYAL BANK OF CANADA
 DEFENDANTS SWIMCO AQUATIC SUPPLIES LTD., SWIMCO PARTNERSHIP, BLUE CRUSH BIKINI & BOARDSHORT COMPANY LTD., LORI BACON HOLDINGS LTD., STEVE FORSETH HOLDINGS LTD., STEVE FORSETH ENTERPRISES LTD., AND LORI JO HOLDINGS LTD.
 DOCUMENT RECEIVERSHIP ORDER
 ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT McCARTHY TÉTRAULT LLP
 Suite 4000, 421 - 7th Avenue SW
 Calgary AB T2P 4K9
 Attention: Sean Collins / Pantelis Kyriakakis
 Phone: 403 260 3531 / 3536
 Fax: 403 260 3501
 Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: November 10, 2020
 NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E.C. Romaine
 LOCATION OF HEARING: Calgary, Alberta

UPON the application of Royal Bank of Canada ("RBC") in respect of Swimco Partnership, Blue Crush Bikini & Boardshort Company Ltd., Lori Bacon Holdings Ltd., Steve Forseth Holdings Ltd., and Swimco Aquatic Supplies Ltd. (collectively, the "Debtors"); AND UPON having read the Application and the Affidavit of Jasdeep Chohan, sworn on November 4, 2020 (the "Chohan Affidavit"); AND UPON having read the Affidavit of Service of Katie Doran (the "Service Affidavit"), to be filed; AND UPON reading the consent of Deloitte Restructuring Inc. to act as receiver and receiver and manager (the "Receiver") of the Debtors, filed; AND UPON hearing counsel for RBC, counsel for the proposed Receiver, and any other counsel or other interested parties present;

I hereby certify this to be a true copy of
 the original ORDER
 Dated this 12 day of Nov 2020

 for Clerk of the Court

COURT FILE NUMBER	2001-	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	ROYAL BANK OF CANADA	
DEFENDANTS	SWIMCO AQUATIC SUPPLIES LTD., SWIMCO PARTNERSHIP, BLUE CRUSH BIKINI & BOARDSHORT COMPANY LTD., LORI BACON HOLDINGS LTD., STEVE FORSETH HOLDINGS LTD., STEVE FORSETH ENTERPRISES LTD., AND LORI JO HOLDINGS LTD.	
DOCUMENT	RECEIVERSHIP ORDER	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP Suite 4000, 421 - 7 th Avenue SW Calgary AB T2P 4K9 Attention: Sean Collins / Pantelis Kyriakakis Phone: 403 260 3531 / 3536 Fax: 403 260 3501 Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca	

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IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the Application and the Chohan Affidavit is abridged, the Application is properly returnable today, service of the Application and the Chohan Affidavit on the service list, in the manner described in the Service Affidavit, is good and sufficient, and no other persons other than those listed on the service list (the "**Service List**") attached as an exhibit to the Service Affidavit, are entitled to service of the Application or the Chohan Affidavit.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), and section 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, Deloitte Restructuring Inc. is hereby appointed as Receiver, without security, of all of the Debtors' current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of

business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$400,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtors and not in its personal capacity;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in

paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of

a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with, or continued except with the written consent of the Receiver or leave of this Court, provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:

- (a) empower the Receiver of the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
- (b) prevent the filing of any registration to preserve or perfect a security interest;
- (c) prevent the registration of a claim for lien; or
- (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.

10. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Receiver or with leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtors

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtors or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with the payment practices of the Debtors, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("WEPPA").

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

- (c) Notwithstanding anything in any federal or provincial law, but subject to subparagraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
- A. complies with the order, or
- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
- B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an

amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, sections 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "Receiver's Charge") on all of the Property, which charge shall not exceed an aggregate amount of \$150,000 as security for their professional fees and disbursements, incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to sections 14.06(7), 81.4(4), 81.6(2), and 88 of the BIA.

19. The Receiver and its legal counsel shall pass their accounts from time to time.

20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver is at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time and including, without limitation, prior to the date hereof, as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest

and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4), 81.6(2), and 88 of the BIA.

22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

PRIORITY OF CHARGES

26. The priority of the administration charge granted by the Court of Queen's Bench of Alberta, in the proceedings commenced by the Debtors pursuant to the BIA in Action No. 25-2651361 and 25-2651362 (the "NOI Administration Charge") shall continue to charge the Property and the priority of the NOI Administration Charge, in related to the Receiver's Charge and the Receiver's Borrowing Charge, as granted pursuant to this Order, shall be as follows:

- (a) First, the NOI Administration Charge (up to the maximum amount of \$150,000) and the Receiver's Charge, on a *pari passu* basis; and
- (b) Second, the Receiver's Borrowings Charge,

subject to the following condition, that the NOI Administration Charge shall not apply to any fees, expenses, or disbursements incurred on or after October 13, 2020.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the NOI Administration Charge, the Receiver's Charge and the Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

28. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.

30. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

31. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

32. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

33. The Plaintiff shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client

full indemnity basis, to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

34. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

35. This Order is issued and shall be filed in the within Court of Queen's Bench Action, and Court of Queen's Bench in Bankruptcy Estate Nos. 25-2651361 and 25-2651362, which actions are not consolidated. All further proceedings shall be taken in both actions unless otherwise ordered.

36. The Receiver shall establish and maintain a website in respect of these proceedings at <https://www.insolvencies.deloitte.ca/en-ca/Pages/Swimco-Aquatic-Supplies-Ltd.-and-Swimco-Partnership.aspx?searchpage=Search-Insolvencies.aspx> (the "**Receiver's Website**") and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

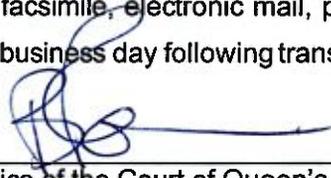
37. Service of this Order shall be deemed good and sufficient by:

- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;and

(b) posting a copy of this Order on the Receiver's Website

and service on any other person is hereby dispensed with.

38. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that **Deloitte Restructuring Inc.**, the receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Swimco Partnership, Blue Crush Bikini & Boardshort Company Ltd., Lori Bacon Holdings Ltd., Steve Forseth Holdings Ltd., and Swimco Aquatic Supplies Ltd., appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the 10th day of November, 2020 (the "**Order**") made in action number [●], has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of [●], being part of the total principal sum of [●] that the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [**daily**] [**monthly not in advance on the ● day of each month**] after the date hereof at a notional rate per annum equal to the rate of [●] per cent above the prime commercial lending rate of Royal Bank of Canada from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

DELOITTE RESTRUCTURING INC., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

APPENDIX B

Receivership notice to creditors

dated November 20, 2020

FORM 87
Notice and Statement of the Receiver
(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

IN THE MATTER OF THE RECEIVERSHIP OF
SWIMCO PARTNERSHIP, BLUE CRUSH BIKINI & BOARDSHORT COMPANY LTD., LORI BACON
HOLDINGS LTD. STEVE FORSETH HOLDINGS LTD., AND SWIMCO AQUATIC SUPPLIES LTD.
of the City of Calgary
in the Province of Alberta

The Receiver gives notice and declares that:

- On the November 10, 2020, Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order of the Court of Queen's Bench of Alberta as the receiver and manager (the "**Receiver**"), without security, of all current and future assets, undertakings, and properties of every nature and kind whatsoever (the "**Property**") of Swimco Partnership, Blue Crush Bikini & Boardshort Company Ltd. ("**Blue Crush**"), Lori Bacon Holdings Ltd. ("**LBH**"), Steve Forseth Holdings Ltd. ("**SFH**"), and Swimco Aquatic Supplies Ltd. ("**SAS**") (collectively the "**Debtors**") situated upon or relating to the Property that is described below:

Description	Swimco Partnership Book value as at 10/15/20	Blue Crush Book value as at 11/12/20	LBH Book value as at 11/12/20	SFH Book value as at 11/12/20	SAS Book value as at 10/15/20
Cash on hand	NIL	NIL	NIL	NIL	7,000
Deposits	1,168,201	NIL	NIL	NIL	8,000
Inventory	2,414,429	NIL	NIL	NIL	NIL
Prepaid expenses	NIL	NIL	NIL	NIL	2,000
Due from related parties	NIL	1,983,877	1,772,899	1,830,612	NIL
Property, plant and equipment	857,969	NIL	NIL	NIL	351,000
Leasehold improvements		NIL	NIL	NIL	3,590,000
Goodwill	NIL	NIL	NIL	NIL	3,220,000
Total	4,440,599	1,983,877	1,772,899	1,830,612	7,177,000

* Amounts are based on the statement of affairs filed in the bankruptcy proceedings of the Debtors. Deloitte has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, Deloitte expresses no opinion or form of assurance on the information contained herein.

** Swimco Partnership and SAS filed a notice of intention to make a proposal pursuant to the Bankruptcy and Insolvency Act on June 11, 2020. The time period within which the Debtors were required to file a proposal to their creditors was extended to October 9, 2020, pursuant to two Court orders. The Debtors were unable to make a viable proposal to their creditors on or before October 9, 2020 and were thereupon deemed to have made an assignment in bankruptcy effective October 10, 2020. Blue Crush, LBH, and SFH, the partners of the Swimco Partnership, made assignments into bankruptcy on November 12, 2020.

Notice and Statement of the Receiver

2

2. Deloitte became the Receiver by virtue of being appointed by Order of the Court of Queen's Bench of Alberta, a copy of which is attached to this Notice as **Schedule "A"**.
3. The Receiver took possession and control of the Property described above on November 10, 2020.
4. The following information relates to the receivership:

(a) Mailing Address: *Swimco Partnership*
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

Blue Crush
900, 332 6th Avenue SW Calgary, Alberta T2P 3K2

LBH
900, 332 6th Avenue SW Calgary, Alberta T2P 3K2

SFH
900, 332 6th Avenue SW Calgary, Alberta T2P 3K2

SAS
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

(b) Principal line of business: Retail outlet

(c) Location(s) of business: *Swimco Partnership*
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

Blue Crush
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

LBH
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

SFH
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

SAS
6403 Burbank Road SE, Calgary, Alberta T2H 2E1

(d) Amount owed to each creditor who holds a security on the Property described above:

Creditor	Book value
The Royal Bank of Canada	2,698,991.51
Steve Forseth Enterprises	1,495,424.00
D. Bacon Holdings	920,424.00
Lori Jo Holdings	760,424.00

The list of other creditors and the amount owed to each creditor is as follows:

See attached **Schedule "B"**

- (e) The intended plan of action of the Receiver during the receivership, to the extent that such a plan has been determined is as follows:
 - i. Sale of the operating assets, inventory, and equipment by tender or otherwise.

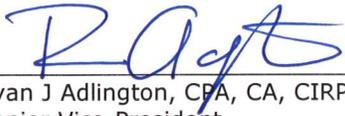
(f) Contact person for the Receiver:

Tyler Adametz
Deloitte Restructuring Inc.
Suite 700, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Phone: 403-648-3203
Email: tadametz@deloitte.ca

Dated at the City of Calgary in the Province of Alberta, this 20th day of November 2020.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Receiver and Manager
of the Debtors (as defined herein),
and not in its personal capacity.

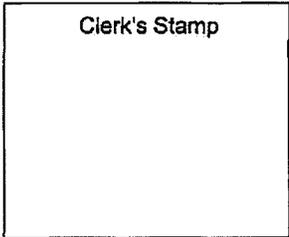


Ryan J Adlington, CPA, CA, CIRP, LIT
Senior Vice-President

700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 503-1458
Fax: (403) 718-3681

Schedule "A"

COURT FILE NUMBER 2001-
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ROYAL BANK OF CANADA
DEFENDANTS SWIMCO AQUATIC SUPPLIES LTD., SWIMCO



PARTNERSHIP, BLUE CRUSH BIKINI & BOARDSHORT
COMPANY LTD., LORI BACON HOLDINGS LTD., STEVE
FORSETH HOLDINGS LTD., STEVE FORSETH
ENTERPRISES LTD., AND LORI JO HOLDINGS LTD.

DOCUMENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCARTHY TÉTRAULT LLP
Suite 4000, 421 - 7th Avenue SW
Calgary AB T2P 4K9
Attention: Sean Collins / Pantelis Kyriakakis
Phone: 403 260 3531 / 3536
Fax: 403 260 3501
Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: November 10, 2020
NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E.C. Romaine
LOCATION OF HEARING: Calgary, Alberta

UPON the application of Royal Bank of Canada ("RBC") in respect of Swimco Partnership, Blue Crush Bikini & Boardshort Company Ltd., Lori Bacon Holdings Ltd., Steve Forseth Holdings Ltd., and Swimco Aquatic Supplies Ltd. (collectively, the "Debtors"); AND UPON having read the Application and the Affidavit of Jasdeep Chohan, sworn on November 4, 2020 (the "Chohan Affidavit"); AND UPON having read the Affidavit of Service of Katie Doran (the "Service Affidavit"), to be filed; AND UPON reading the consent of Deloitte Restructuring Inc. to act as receiver and receiver and manager (the "Receiver") of the Debtors, filed; AND UPON hearing counsel for RBC, counsel for the proposed Receiver, and any other counsel or other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the Application and the Chohan Affidavit is abridged, the Application is properly returnable today, service of the Application and the Chohan Affidavit on the service list, in the manner described in the Service Affidavit, is good and sufficient, and no other persons other than those listed on the service list (the "**Service List**") attached as an exhibit to the Service Affidavit, are entitled to service of the Application or the Chohan Affidavit.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), and section 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, Deloitte Restructuring Inc. is hereby appointed as Receiver, without security, of all of the Debtors' current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of

business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$400,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtors and not in its personal capacity;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in

paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of

a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with, or continued except with the written consent of the Receiver or leave of this Court, provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:

- (a) empower the Receiver of the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
- (b) prevent the filing of any registration to preserve or perfect a security interest;
- (c) prevent the registration of a claim for lien; or
- (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.

10. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Receiver or with leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtors or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with the payment practices of the Debtors, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("WEPPA").

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:

- (i) before the Receiver's appointment; or
- (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.

(b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

- (c) Notwithstanding anything in any federal or provincial law, but subject to subparagraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
- A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an

amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, sections 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "Receiver's Charge") on all of the Property, which charge shall not exceed an aggregate amount of \$150,000 as security for their professional fees and disbursements, incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to sections 14.06(7), 81.4(4), 81.6(2), and 88 of the BIA.

19. The Receiver and its legal counsel shall pass their accounts from time to time.

20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver is at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time and including, without limitation, prior to the date hereof, as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest

and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4), 81.6(2), and 88 of the BIA.

22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

PRIORITY OF CHARGES

26. The priority of the administration charge granted by the Court of Queen's Bench of Alberta, in the proceedings commenced by the Debtors pursuant to the BIA in Action No. 25-2651361 and 25-2651362 (the "NOI Administration Charge") shall continue to charge the Property and the priority of the NOI Administration Charge, in related to the Receiver's Charge and the Receiver's Borrowing Charge, as granted pursuant to this Order, shall be as follows:

- (a) First, the NOI Administration Charge (up to the maximum amount of \$150,000) and the Receiver's Charge, on a *pari passu* basis; and
- (b) Second, the Receiver's Borrowings Charge,

subject to the following condition, that the NOI Administration Charge shall not apply to any fees, expenses, or disbursements incurred on or after October 13, 2020.

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the NOI Administration Charge, the Receiver's Charge and the Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

28. ~~The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.~~

29. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.

30. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

31. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

32. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

33. The Plaintiff shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client

full indemnity basis, to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

34. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

35. This Order is issued and shall be filed in the within Court of Queen's Bench Action, and Court of Queen's Bench in Bankruptcy Estate Nos. 25-2651361 and 25-2651362, which actions are not consolidated. All further proceedings shall be taken in both actions unless otherwise ordered.

36. The Receiver shall establish and maintain a website in respect of these proceedings at <https://www.insolvencies.deloitte.ca/en-ca/Pages/Swimco-Aquatic-Supplies-Ltd.-and-Swimco-Partnership.aspx?searchpage=Search-Insolvencies.aspx> (the "Receiver's Website") and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

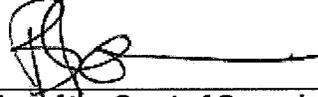
37. Service of this Order shall be deemed good and sufficient by:

- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;and

(b) posting a copy of this Order on the Receiver's Website

and service on any other person is hereby dispensed with.

38. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a horizontal line.

Justice of the Court of Queen's Bench of Alberta

**SCHEDULE "A"
RECEIVER CERTIFICATE**

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that **Deloitte Restructuring Inc.**, the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of **Swimco Partnership, Blue Crush Bikini & Boardshort Company Ltd., Lori Bacon Holdings Ltd., Steve Forseth Holdings Ltd., and Swimco Aquatic Supplies Ltd.**, appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the 10th day of November, 2020 (the "Order") made in action number [●], has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of [●], being part of the total principal sum of [●] that the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ● day of each month] after the date hereof at a notional rate per annum equal to the rate of [●] per cent above the prime commercial lending rate of Royal Bank of Canada from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

DELOITTE RESTRUCTURING INC., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

**Unsecured creditors in respect of the property of Swimco
Aquatic Supplies Ltd.**

Schedule "B"

Unsecured Creditors	Amount
Aimie MacKenzie	1,237.03
Alejandra Ardin	968.71
Alia Elalem	137.41
Alice Hirtle	571.97
Alycia Powell	410.93
Amrit Panesar	3,975.00
Amy Peters	277.60
Andrea Vetsch	1,472.21
Angela Murray	929.71
Anne Gray	1,025.15
Annette Wood	1,647.62
Arnela Alisic	1,466.13
Asha Chalmers	744.58
Ashley Hayes	562.49
Ashtyn Beaudette	39.96
Autumn Estrada	197.13
Avni Patel	227.50
Beverley Chapman	10,429.76
Bianca Rodas	395.25
Brett Bacon	9,230.40
Brittin Adams	230.76
Brooklyn Bauerlein	677.39
Carly Mathies	510.45
Casandra Labadie	358.23
Cassandra Brubaker	914.85
Chantal Deschamps	4,206.87
Christine Palting	5,718.16
Cindi LeBlanc	1,040.00
Claire Galajda	252.98
Claire Gaunt	212.33
Clarissa Gutowski	4,014.61
Colette Sharhan	1,440.19
Crystal Schultz	1,346.56
Crystal Smith	300.62
Danielle Crooks	4,113.19
Denise Shaw	6,892.24
Diana Wysocki	7,069.30
Edona Sopjani	525.84
Elizabeth Stott	841.89
Elizabeth Wong	639.78
Emiley Debaar	901.32
Emily Barrie	785.29
Emily Bischoff	635.92
Emily Fowler	3,931.75
Emily Hitchings	394.41

**Unsecured creditors in respect of the property of Swimco
Aquatic Supplies Ltd.**

Unsecured Creditors	Amount
Erika Partridge	871.25
Esme Liu	317.85
Eva Tsolinas	1,298.58
Fiona Gilfoyle	7,559.65
Gabrielle Huellstrung	268.11
Gabrielle Zastre	475.66
Gbekeloluwa Onijingin-Olowayeye	1,001.64
Georgine Mitongo	408.56
Gurjit Ghuman	727.34
Hailey Hemrica	442.44
Haleigh Taylor	5,095.64
Hannah Fischlin	265.23
Harleen Sidhu	487.48
Harsimran Dhillon	119.51
Heather Sabeen	8,806.88
Huba Arif	432.45
Ilse den Besten	989.13
Irene Artola	23.96
Jaclyn Dubois	751.87
Jacqueline Simpson	10,451.98
Jacqui Adatia	27.47
Jaime Sproul	55.49
Jamee-Lou Morris	726.83
Janice Shelton	747.57
Jasmine Fasoli	349.62
Jaspreet Kaila	365.73
Jenna Mitchell	584.00
Jennifer Zimbalatti	631.38
Jessica Conklin	536.16
Jessica Ly	90.84
Jessica Schneider	7,420.00
Jiezle Ocampo	11,414.08
Jillian Roemer	1,923.02
Jisoo Kwon	356.66
Joanne Manlapig	10,036.36
Jordan Aronson	851.84
Julia Clayton	15.85
Julie Haynes	7,173.69
Juliette Luk	605.32
Kaily Price	1,220.29
Kaitlyn Patterson	2,103.86
Kamleesh Knorr	10,384.80
Kanchan Sogy	219.53
Karen Gomez	691.24
Karen Tam	16,532.94

**Unsecured creditors in respect of the property of Swimco
Aquatic Supplies Ltd.**

Unsecured Creditors	Amount
Kate McInnis	231.14
Katelyn Bronsch	290.83
Kathleen Egeland	1,312.10
Kathleen Lattin	11,385.60
Kathryn Oberg	415.18
Kathy Dela Rosa	2,180.24
Katie Truscott	1,872.81
Kaylee Adair	429.21
Kelly Smart	7,981.96
Kelly Zahn	104.29
Kim (Karen) Daroy	2,263.83
Kim Nowell	2,193.31
Kimia Irankhah	108.77
Kohdi McMurray	3,401.96
Kristen Johnsen	7,226.13
Kristina Peters	287.52
Krystin Beaton	1,180.04
Lacey Krist	7,816.16
Laisa Kelly	437.69
Larissa Bucyk	1,489.17
Laura Gough	883.93
Laura Taylor	2,550.08
Lauren Whalen	1,078.35
Leah Babb	5,819.92
Leah Lytle	4,921.13
Leanna Morant	226.52
Leena Safi	13,515.71
Leslie Schaff	1,665.57
Lihi Edelman	1,682.96
Loren Mathias	845.22
Lydia Kusi-Menkah	1,251.29
Macy Warburon	140.78
Madara Straupmane	22.39
Madeleine N'Zala	257.49
Madelyn Parkinson	1,706.36
Madison Mitchell	1,851.71
Madison Poirier	2,110.00
Mahalia Pullar	1,407.52
Mariana Salum de Carvalho	1,076.08
Marissa Fluker	596.46
Mary-Jane Toews	10,311.74
McKenzie Connelly	700.45
Megan Montalvo	306.78
Meghan Hargreaves	2,451.25
Mercedes Beck	82.41

**Unsecured creditors in respect of the property of Swimco
Aquatic Supplies Ltd.**

Unsecured Creditors	Amount
Monica Lam	2,011.52
Mukti Patel	70.96
Nadia Huish	129.94
Natascha Roffel	1,164.42
Natasha Adamson	1,241.62
Nicole Murker	62.65
Nikita Grise	1,001.93
Olivia Crnica	1,163.57
Paige Brace	97.49
Paige Mcewen	1,363.72
Patricia Asaka	438.71
Patricia Talana	139.34
Patti Barr	2,493.50
Patti Cloppert	99.06
Paula Diaz Melo	77.57
Petra Misianova	281.18
Pika Shah	4,808.00
Raena Hunchak	463.09
Raman Dosanjh	362.95
Reham Al-Ansari	899.81
Sabrina Burdett	410.66
Sabrina Morissette	222.60
Sabrina St.Godard	5,565.55
Samantha Balajadia	319.20
Samantha Bell	11,413.46
Samantha Danielson	392.30
Samantha Hellwig	74.79
Samantha Loxton	2,876.85
Sandra Pacheco	1,090.54
Sara Pfeifer	4,804.77
Sarah Rooth	715.52
Serafina Jorquera	334.80
Serena Archambault	144.30
Shadi Arastehmanesh	187.96
Shakila Afzal	169.50
Sharlyn Hunter	5,576.00
Sharon D'Mello	9,821.88
Shelley Morissette	4,723.97
Sheryl Knittig	34.62
Sheyenne Noel-Tobias	930.69
Shirin Banerjee	370.62
Silvia Markewitz	522.02
Stephanie Daniels	12,394.37
Susan Langdon	673.85
Suzanne Bird	10,614.40

Unsecured creditors in respect of the property of Swimco Aquatic Supplies Ltd.

Unsecured Creditors	Amount
Sydney Wong	1,472.06
Tadeja Zamljen	11,994.17
Taryn Szarka	730.74
Tia Still-Couvrette	15,074.98
Tia VanLandeghem	553.11
Tracey Yu	11,969.58
Tricia Duran	764.24
Trinity Soper	682.62
Vanessa Myers	5,144.15
Veronica Tisshaw	19.65
Vicky Athanassakis	11,959.10
Victoria Dang	671.01
Vilma Mendoza	546.17
Vira Galyuk	4,012.35
Acceo Solutions Inc.	43,541.96
ADVANTAGE LABEL MFG.	336.00
ALBERTA RETAIL / WR DISPLAY & PACKAGING	1,060.31
ALECTRA/POWERSTREAM	573.60
ALTECH ELECTRICAL SERVICES LTD.	463.05
ALWAYS BRIGHT COMMERCIAL	184.80
ARCANE	6,825.00
AREAL CLEANING SERVICES LTD.	6,301.22
BLACKFOOT INN4032596113	713.76
BONNIS PROPERTIES - 006	27,965.00
BYRON MESSENGER	140.00
CANADA POST CORPORATION	15,230.51
CITY OF CALGARY	195.00
CITY OF EDMONTON - AD	756.00
CITY OF SASKATOON - BUS LICENSE	85.00
CITY OF WINNIPEG - BUS TAX	12,286.82
CITY WINDOW CLEANERS	574.35
CLASSIC PACKAGING (1985) CORP	11,685.14
COMMER GROUP TECHNOLOGY SERVICE INC	294.00
D. Bacon Holdings	320,424.00
DESIGNING WITH LIGHT	1,434.91
DHR INTERNATIONAL CANADA INC	8,749.99
DIALOG INC.	6,170.85
EDDIES HANG-UP DISPLAY	277.43
EMPLOYER HEALTH TAX - BC	18,794.32
ENBRIDGE GAS	7,863.00
ENMAX	7,452.52
FORTISBC - ELECTRICITY	416.57
GREAT-WEST (CANADA LIFE)	81,544.65
GROUP 4 INTERIORS	453.70
IVANHOE CAMBRIDGE - 007	51,884.58
IVANHOE CAMBRIDGE - 020	45,701.41
IVANHOE CAMBRIDGE - 032	91,143.55
IVANHOE CAMBRIDGE - Woodgrove	40,432.36

**Unsecured creditors in respect of the property of Swimco
Aquatic Supplies Ltd.**

Unsecured Creditors	Amount
JAN - PRO CALGARY	1,207.50
JAN - PRO EDMONTON	630.00
JAN - PRO VANCOUVER	677.25
KINGSWAY GARDEN - 034	50,907.61
KPMG LLP	14,605.50
KYLE SMITH	1,850.00
Lori Jo Holdings	260,424.00
MARCOR WOODWORK	551.56
MARKET MALL - 010	79,751.21
MAYFAIR SHOPPING - 015	53,491.42
McKERCHER LLP	679.32
MIDTOWN PLAZA - 040	43,308.74
MODE MODELS - 2526 Battleford	567.00
MOUNTAIN VIEW PRINTING & GRAPHICS LTD	1,995.44
NATHAN ELSON	5,449.50
NEO TRAFFIC MEDIA INC.	2,365.65
NICKOL WALKEMEYER	945.00
ONTREA INC - 062	45,188.70
ONTREA INC - 063	39,036.24
ONTREA INC - Cadillac Fairview	50,892.71
ONTREA INC - Cadillac Fairview	91,053.74
OPB REALTY - St. Vital	37,778.61
OPGI MANAGEMENT - 061	77,472.68
OPGI OXFORD - 65	38,876.62
OXFORD PROPERTIES - 005	63,923.27
PARK ROYAL SHOPPING - 023	43,724.86
PATTISON OUTDOOR	18,643.35
PENSIONFUND REALTY - Morgaurd	41,376.65
PREMIER PACKAGING GROUP INC.	16,348.50
PRIMARIS MGMT - 014	32,671.49
PROCESS COLOR PRINT LTD	29,625.45
QUADREAL PROPERTY - 011	39,752.94
QUADREAL PROPERTY - 025	48,011.89
QUENCH CANADA	383.77
RBC Royal Bank/Visa	3,042.73
REDPOINT MEDIA GROUP	11,670.75
RIOCAN - 064	36,136.72
Rogers Ontario	919.71
SCENTAIR TECHNOLOGIES, INC.277077	1,811.25
SECURTEK MONITORING SOLUTIONS	1,288.35
SHAW	3,449.11
SITEIMPROVE INC	5,404.88
STAPLES BUSINESS DEPOT	1,868.69
Steve Forseth Enterprises	320,424.00
SUPER SAVE DISPOSAL INC.	464.24
THANKSGIVING JANITORIAL(window)	118.00
TKL MEDIA	56.50
TORONTO STAR NEWSPAPERS LTD.	2,625.00
UNITED GRAPHICS INC	866.25
VITO AMATI PHOTOGRAPHY	892.50
WARRINGTON PCI - 024	40,696.76
WESPAC ELECTRICAL CONTRACTORS	814.04

**Unsecured creditors in respect of the property of Swimco
Aquatic Supplies Ltd.**

Unsecured Creditors	Amount
WEST EDMONTON MALL - 033	90,100.17
TOTAL	3,036,954.65

Unsecured creditors in respect of the property of Swimco Partnership.

Unsecured Creditors	Amount
AC 12 APPAREL INC.	13,960.06
ADIDAS CANADA	4,077.16
ALL STAR SALES & SERVICE LTD	1,182.85
Amber Nicholls	1,057.60
AMEREX GROUP LLC	34,722.63
AMOENA CANADA INC.	12,976.00
Andrea Almeida	3,692.80
ANITA CANADA LTD	9,304.69
Anna du Plessis	721.15
AQUA LUNG CANADA LTD	48,174.10
ARC - WESTERN CANADA	2,020.67
AUGMENTUM CONSULTING	4,200.00
Autumn Kehler	733.02
Beatrice Hitchcock	11,539.20
BECCA SWIM	4,096.34
Bennett Moody	573.55
BILLABONG	263,599.07
Bjorn Mulholland	266.19
Blue Crush	339,000.00
BOND - EYE AUSTRALIA PTY LTD	152,360.28
Britney Sotto	4,616.00
BWI LLC	7,354.62
CALGARY MAT & LINEN SERVICES	264.18
Caroline Wynne	335.71
CARVE DESIGNS , INC	8,665.22
CENTRIC CAN APPAREL (KHQ)	2,777.04
Cheryl MacIntosh	6,310.41
CHRISTINA CANADA INC	6,931.06
COALISION INC.	20,901.38
COAST PAD AND TRIM COPR.	270.08
Colleen Dow	2,386.49
Connie Bartel	3,845.53
COOLIBAR	1,580.00
COVER ME	28,531.85
Cynthia Brenne Fehr	1,098.81

Unsecured creditors in respect of the property of Swimco Partnership.

Unsecured Creditors	Amount
DAY & ROSS	6,885.09
Deanna Furlong	5,339.65
Diane Worthen	4,144.56
ELAN INTERNATIONAL	4,872.54
ENMAX	1,151.52
Erin Bosworth	3,500.80
EVERYDAY SUNDAY/ NASRI	332,439.94
Gloria Kai	8,602.38
HAVAIANAS/ALPARGATAS USA	12,429.63
HURLEY INTERNATIONAL, LLC	63,364.10
ISLANDHAZE LLC	9,981.42
J CORP INC.	13,243.13
JANTZEN - SUPREME - NIKE	35,907.88
JAYTEX	21,590.06
JENA CASE	840.00
Jennifer Adams (nee Leger)	6,345.60
Jennifer Anderson	2,375.70
Jessi Stewart	9,549.43
JMC DISTRIBUTION LTD	1,349.46
Joanne Smith	5,786.31
JOLAR SPECK IMPORTATION INC.	17,490.38
Juli Meyer	1,474.16
KABO	2,276.14
Kaley Mueller	466.60
Kellie Allen	78.09
Kylee Smith	133.33
Leah Veltmeyer (nee Thorne)	6,089.60
Leilani MacQuarrie	4,047.21
LONGEVITY BRAND, LLC	28,682.22
Lori Bacon Holdings	424,000.00
LORI MICHAELS MFG INC.	10,162.58
LUNADA BAY CORPORATION	25,454.22
Ly (Osanna) Dutka	2,327.20
MAINSTREAM (CARRIBEAN JOE)	36,358.93
MAINSTREAM SWIMSUITS INC.	442,683.09

Unsecured creditors in respect of the property of Swimco Partnership.

Unsecured Creditors	Amount
MALAI S.A.S. (1080199891)	12,777.90
MALVADOS LIFESTYLE INC.	943.66
Melanie Rosentreter-Fung	19,922.39
MODINNO ENTERPRISES	47,158.14
MOMENTUM DISTRIBUTION	1,607.55
N O X S	617.40
Nancy Goh	33,532.44
Nextopia Software Corporation	5,950.00
OLYMPIC MOUNTAIN PRODUCTS	11,009.01
Paige Shirley	1,923.20
PAPA FASHIONS IMPORTS LTD.	33,567.40
PAPILLON EASTERN IMPORTS LTD.	45,499.44
Paul Bauerlein	2,287.07
PENBROOKE SWIMSUITS, INC.	58,188.79
PHYSICIAN ENDORSED, LLC	1,419.50
PILGRIM NORTH AMERICA INC.	4,828.32
PODIUM IMPORTS	5,437.40
PVH CANADA, INC.	107,980.28
QUIKSILVER	204,627.27
Raquel Austin	6,058.00
RAVIYA INC.	2,864.50
RICOH	2,565.68
RIPCURL CANADA INC.	167,916.41
Roberth Auca Zuniga	516.31
ROBIN PICCONE SWIMWEAR	2,585.17
Robin Simcoe	4,616.00
RUSSELL A. FARROW LTD.	2,336.24
S T I V E L L	26,347.48
SALT & STONE	3,537.57
Sandra Chiu	9,219.25
Sanjana Kathuria	268.80
SAXX UNDERWEAR CO. LTD	41,865.50
Selena Stephen	9,277.91
Selena Stephenson	13,950.79
SGS SPORTS INC	120,509.58

Unsecured creditors in respect of the property of Swimco Partnership.

Unsecured Creditors	Amount
SHAW	1,225.92
Shelby Kirkpatrick	294.35
SHIPPERS SUPPLY INC	226.81
SISENSE INC.	2,913.94
SLOWTIDE LLC	1,066.38
SPYDER SWIMWEAR	10,142.27
Stephanie van Gemst	5,016.62
Steve Forseth Enterprises	478,079.65
Steve Forseth Holdings	424,452.00
SUN AND SAND	558.66
SUN BUM LLC	19,926.79
SUPER SAVE DISPOSAL (ALBERTA) LTD.	4,867.70
SWIMWEAR ANYWHERE CANADA	297,352.53
SWIMWEAR ANYWHERE USA	5,598.18
Tara Materi	2,769.29
Taryn Boychuk	12,307.20
THING TECHNOLOGIES LTD.	560.70
TOMMY BAHAMA CANADA, ULC	3,033.80
TREND MARKETING WHOLESALE INC.	38,933.88
TYR SPORT	268,574.47
V O L C O M	7,284.90
VOCE ENTERPRISES LTD	221,887.80
WATER GEAR INC.	525.34
WELLS FARGO BANK N. A.	42,381.23
WGSN , INC.	10,300.00
WHITE WAVE SPORTSWEAR INC	91,414.31
WITZ SPORTS	574.23
X - COMPANY	868.14
YOTPO INC.	6,412.00
TOTAL	5,528,810.13

**Unsecured creditors in respect of the property of Blue Crush
Bikini & Boardshort Company Ltd.**

Unsecured Creditors	Amount
D. Bacon Holdings Ltd.	2,172,749.11
TOTAL	2,172,749.11

Unsecured creditors in respect of the property of Lori Bacon Holdings Ltd.

Unsecured Creditors	Amount
Lori Jo Holdings Ltd.	2,172,749.11
TOTAL	2,172,749.11

Unsecured creditors in respect of the property of Steve Forseth Holdings Ltd.

Unsecured Creditors	Amount
Steve Forseth Enterprises Ltd.	2,259,942.27
TOTAL	2,259,942.27

APPENDIX C

Redacted Offer to Purchase and Agreement of Purchase and
Sale dated December 7, 2020 between D. Bacon Holdings
Ltd. and the Receiver

**OFFER TO PURCHASE
AND AGREEMENT OF PURCHASE AND SALE**

BETWEEN:

DELOITTE RESTRUCTURING INC.,
in its capacity as the Court-appointed receiver and manager of
**SWIMCO AQUATIC SUPPLIES LTD., SWIMCO PARTNERSHIP, BLUE CRUSH BIKINI AND BOARDSHORT
COMPANY LTD., LORI BACON HOLDINGS LTD. and STEVE FORSETH HOLDINGS LTD.**
and not in its personal or corporate capacity
("Vendor")

- and -

D. BACON HOLDINGS LTD.
a corporation incorporated pursuant to the laws of the Province of Alberta
("Purchaser")

**ARTICLE 1
OFFER AND ACCEPTANCE**

1.1 Offer

Purchaser hereby offers to purchase from Vendor the Purchased Assets on the Closing Date for the Purchase Price.

1.2 Acceptance

This offer is open for acceptance by the Vendor by its signing the acceptance provided in this offer and delivering a copy of this offer with executed acceptance to the Purchaser no later than 4:00 pm (Calgary time) on the 8th day of December, 2020. ACCEPTANCE OF THIS OFFER BY THE VENDOR SHALL CONSTITUTE AN AGREEMENT OF PURCHASE AND SALE BETWEEN THE PARTIES SUBJECT TO THE TERMS AND CONDITIONS HEREIN CONTAINED.

**ARTICLE 2
DEFINITIONS**

2.1 Definitions

In this Agreement, the words and phrases set forth below will have the meanings set out below:

- (a) **"Accounts Receivable"** means any and all (i) accounts receivable, notes receivable and other amounts of indebtedness owed to the Swimco Group or the Vendor (whether current or non-current), together with all security or collateral therefor and any interest or unpaid financing charges accrued thereon; (ii) amounts that are or may become owing or payable to the Swimco Group or the Vendor from any governmental authority including any refunds, rebates, credits, payments available to the Swimco Group or the Vendor in relation to the Business; and (iii) other amounts due to the Swimco Group or the Vendor which have historically been classified as accounts receivable on the balance sheet of the Swimco Group;

- (b) **"Adjustment Date"** has the meaning set out in Section 4.3;
- (c) **"Agreement"** means this offer to purchase and agreement of purchase and sale and any schedules attached hereto which are referred to in this agreement, together with any amendment or supplement thereto;
- (d) **"Approval and Vesting Order"** means an order to be granted by the Court which authorizes, approves and confirms this Agreement and the sale of the Purchased Assets by the Vendor to the Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Purchased Assets in the Purchaser free and clear of all encumbrances, liens, security interests or claims, other than the Permitted Encumbrances;
- (e) **"Assumed Liabilities"** means:
 - (i) property taxes with respect to the Property;
 - (ii) amounts owing in respect of utilities related to the Property;
 - (iii) liabilities in respect of the Intellectual Property and relating to its transfer from Vendor to Purchaser; and
 - (iv) any other liability the Vendor and Purchaser may agree to in writing on or prior to the Closing Date,and shall not include any liability, obligation, payment or responsibility of any nature except as expressly described herein.
- (f) **"Bankruptcy Costs"** means all of the reasonable taxable fees, costs and expenses associated with the Trustee's administration of the bankrupt estates of the Debtors, including, without limitation, the Trustee's Fees and the Employee Priority Payments;
- (g) **"BIA"** means the *Bankruptcy and Insolvency Act (Canada)*;
- (h) **"Business"** means the business of the Debtors, including but not limited to the operation of retail stores in Canada under the name Swimco selling swimsuits, beachwear and related accessories, and the acquisition, warehousing and supplying of inventory for such retail stores;
- (i) **"Business Day"** means any day other than a Saturday, Sunday or a statutory holiday in the Province of Alberta;
- (j) **"Cash Payment"** means an amount equal to the RBC Debt;
- (k) **"Closing Date"** means December 15, 2020 or the first Business Day after the day on which the Approval and Vesting Order is granted by the Court, whichever is later, or such other date as may be agreed to between the Parties in writing or ordered by the Court;

- (l) "**Collateral Property**" means all goods, chattels, machinery, equipment, furniture, appliances, tools and other similar such items situate on the Lands and used in the operation, management, use or maintenance of the Property, except for those items of personal property set forth in Schedule "C" hereto;
- (m) "**Confidential Information**" means this Agreement and all information, data and knowledge relating to the Purchased Assets, whether factual or interpretive, disclosed to the Purchaser pursuant to Section 6.2 hereof, or otherwise, or discovered by the Purchaser in the course of exercising any of its rights hereunder, including without limitation, pursuant to Section 6.2 hereof;
- (n) "**Court**" means the Alberta Court of Queen's Bench;
- (o) "**CRA**" means the Canada Revenue Agency;
- (p) "**Credit Bid Amount**" means the sum of [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (the "**SP Credit Bid Portion**"), plus (ii) the sum of [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (the "**SAS Credit Bid Portion**");
- (q) "**Debtors**" means Swimco Aquatic Supplies Ltd., Swimco Partnership, Blue Crush Bikini and Boardshort Company Ltd., Lori Bacon Holdings Ltd. and Steve Forseth Holdings Ltd.;
- (r) "**Deficiency Payment**" has the meaning set out in Section 4.3(e);
- (s) "**Deposit**" means the sum of [REDACTED];
- (t) "**Dollars**" and "**\$**" means dollars of the lawful money of Canada;
- (u) "**Employee Priority Payments**" means all super priority amounts payable by the Debtors' bankrupt estates to former employees of the Debtors under WEPPA and under ss. 81.3 and 81.4 of the BIA that rank in priority to the SP Security and the SAS Security (up to a maximum of \$2,000 per employee);
- (v) "**Holdback Amount**" means the Swimco Group Cash, less the sum of six hundred and fifty thousand (\$650,000.00) dollars, to be held and used by the Vendor to satisfy the Bankruptcy Costs, the Receivership Costs, the SAS CRA Debt, the SP CRA Debt and any Post-Closing CRA Debt;
- (w) "**Intellectual Property**" means all intellectual property of any kind used in the Business protected or protectable in any jurisdiction throughout the World, including but not limited to all literary, graphical, pictorial, artistic, audio visual and other works,

including webpages and designs, trademarks, trade names, service marks, trade dress, logos and other marks and associated goodwill, all registered domain names, systems, methods, processes, inventions, industrial designs, confidential information, proprietary information, trade secrets and know how, and any other works or other subject matter subject to intellectual property protection under the laws of any jurisdiction throughout the World, whether or not registrable, registered or the subject of applications for registration, and for greater certainty includes those assets set forth in Schedule "D" attached hereto;

- (x) "**Inventory**" means all inventory of SP used in the Business, wherever located, including but not limited to swimsuits, beachwear and related accessories;
- (y) "**Lands**" means those lands legally described in Schedule "A" attached hereto;
- (z) "**NOI Administration Charge**" means the Administration Charge granted in the Order issued by the Court on July 9, 2020 in BK NO: 25-2651361 and BK NO: 25-265362;
- (aa) "**Party**" means a party to this Agreement and "**Parties**" means both the Vendor and the Purchaser;
- (bb) "**Permitted Encumbrances**" means the encumbrances set forth in Schedule "B" attached hereto;
- (cc) "**Post-Closing CRA Debt**" means any amounts the CRA may assess against SP or SAS in excess of the SP CRA Debt and SAS CRA Debt as a result of an audit after the Closing Date that rank in priority to the SP Security and the SAS Security;
- (dd) "**Property**" means the Lands and all buildings, erections, structures, systems, fixtures and other improvements to and located on the Lands;
- (ee) "**Purchased Assets**" means the SP Assets and the SAS Assets;
- (ff) "**Purchase Price**" has the meaning set out in Section 4.1;
- (gg) "**Purchaser's Lawyer**" means Field Law, 400 – 444 7 Avenue SW, Calgary, AB T2P 0X8, Attention: Trevor Batty;
- (hh) "**RBC Debt**" means the sum of all amounts owing from the Swimco Group to the Royal Bank of Canada as of the Closing Date;
- (ii) "**Receiver**" means Deloitte Restructuring Inc. in its capacity as Receiver and Manager of the Debtors;
- (jj) "**Receiver's Certificate**" means a certificate to be delivered to the Purchaser by the Vendor on the Closing Date upon receipt of the entire Purchase Price, as defined in the Approval and Vesting Order;
- (kk) "**Receiver's Borrowing Charge**" shall have the meaning given to such term in the Receivership Order;

- (ll) **“Receiver’s Charge”** shall have the meaning given to such term in the Receivership Order;
- (mm) **“Receiver’s Fees”** means the fees and disbursements of the Receiver and the Vendor’s Lawyer incurred in the Receivership of the Swimco Group, secured by the Receiver’s Charge, as approved by the Court from time to time;
- (nn) **“Receivership Costs”** means all of the reasonable taxable fees, costs and expenses associated with the Receiver’s administration of the Debtors’ estates pursuant to the Receivership Order, including without limitation the Receiver’s Fees and all amounts secured by the Receiver’s Charge, the Receiver’s Borrowing Charge, and the NOI Administration Charge, the Employee Priority Payments, and all costs associated with the Receiver’s efforts to collect outstanding Accounts Receivable, including for certainty, all efforts to collect any tax refunds the Swimco Group may be entitled to from the CRA;
- (oo) **“Receivership Order”** means the Receivership Order granted on November 10, 2020 in Court of Queen’s Bench of Alberta Action No. 2001-12759;
- (pp) **“Remainder Amount”** has the meaning set out in Section 4.3(d);
- (qq) **“SAS”** means Swimco Aquatic Supplies Ltd.;
- (rr) **“SAS Assets”** means all of the assets of SAS including but not limited to (i) the fixtures and leasehold improvements set forth in Schedule “E” attached hereto; (ii) the Intellectual Property; and (iii) the portion of the Swimco Group Cash held in an account in the name of SAS;
- (ss) **“SAS CRA Debt”** means those deemed trust amounts validly owing from SAS to the CRA as of the Closing Date, that are in priority to the SAS Security, in the total sum of seventy-nine thousand seven hundred and thirty-three dollars and fifty-nine (\$79,733.59) cents;
- (tt) **“SAS Credit Bid Portion”** has the meaning given to that term in Section (p)2.1(p);
- (uu) **“SAS Promissory Notes”** means the following Promissory Notes all dated September 30, 2018: (i) originally issued by SAS in favour of D. Bacon Holdings Ltd. in the principal sum of three hundred and twenty thousand four hundred and twenty-four (\$320,424.00) dollars; (ii) in favour of Lori Jo Holdings Ltd. in the principal sum of two hundred and sixty thousand four hundred and twenty-four (\$260,424.00) dollars; and (iii) in favour of Steve Forseth Enterprises Ltd. in the principal sum of three hundred and twenty thousand four hundred and twenty-four (\$320,424.00) dollars, and currently held by the Purchaser;
- (vv) **“SAS Security”** means the security interest granted by SAS in favour of the Purchaser over all of SAS’ present and after acquired personal property;
- (ww) **“SP”** means Swimco Partnership and its partners, Blue Crush Bikini and Boardshort Company Ltd., Lori Bacon Holdings Ltd. and Steve Forseth Holdings Ltd.;

- (xx) “**SP Assets**” means (i) the Property and the Collateral Property; (ii) the portion of the Swimco Group Cash held in an account in the name of SP; (iii) the Inventory; (iv) the Intellectual Property; and (v) Accounts Receivable.
- (yy) “**SP CRA Debt**” means those deemed trust amounts validly owing from SP to the CRA as of the Closing Date, that are in priority to the SP Security, in the total sum of twenty-two thousand seven hundred and forty-five dollars and ninety (\$22,745.90) cents;
- (zz) “**SP Credit Bid Portion**” has the meaning given to that term in Section 2.1(p);
- (aaa) “**SP Promissory Notes**” means the following Promissory Notes: (i) dated June 3, 2019, in favour of D. Bacon Holdings Ltd. in the principal sum of one million two hundred thousand (\$1,200,000.00) dollars; (ii) dated April 3, 2019 in favour of Steve Forseth Enterprises Ltd. in the principal sum of one million one hundred and seventy-five thousand (\$1,175,000.00) dollars, and; (iii) October 1, 2019 in favour of Lori Jo Holdings Ltd. in the principal sum of five hundred thousand (\$500,000.00) dollars, all of which are currently held by the Purchaser;
- (bbb) “**SP Security**” means the security interest granted by SP in favour of the Purchaser over all of SP’s present and after acquired personal property;
- (ccc) “**Swimco Group**” means SP and SAS;
- (ddd) “**Swimco Group Cash**” means all cash and cash equivalents being held by Royal Bank of Canada on the Closing Date in (i) account registered in the name of SP; and (ii) in an account registered in the name of SAS;
- (eee) “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, levies and similar charges of any kind lawfully levied, assessed or imposed by any governmental authority under any applicable tax legislation including Federal, Provincial, municipal or other income, capital, goods and services, sales, harmonized ales, use, consumption, excise, value added, business, real property, personal property, transfer, withholding, payroll, or employer health taxes, customer, import, Canada Pension Plan contributions, employment insurance premiums and provincial workers compensation payments, including any interest, penalties and fines associated therewith;
- (fff) “**Transfer Taxes**” means all present and future transfer taxes, sales taxes, harmonized sales taxes, use taxes, production taxes, value added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets to the Purchaser, including under the *Excise Tax Act* (Canada) and any other provincial tax legislation but excluding any taxes imposed or payable under the *Income Tax Act* (Canada) and any other similar income tax legislation;
- (ggg) “**Trustee**” means Deloitte Restructuring Inc., in its capacity as Trustee in bankruptcy of the Debtors

- (hhh) **"Trustee's Fees"** means the fees and disbursements of the Trustee and Vendor's counsel incurred in the administration of the bankruptcies of the Debtors;
- (iii) **"Vendor's Condition"** means the Vendor's condition set out in Section 7.1 hereof;
- (jjj) **"Vendor's Lawyer"** means Cassels Brock & Blackwell LLP, Suite 3810 Bankers Hall West, 888 3rd Street SW, Calgary, AB T2P 5C5, Attention: Jeffrey Oliver; and
- (kkk) **"WEPPA"** means the Wage Earner Protection Program Act (Canada) and associated regulations.

ARTICLE 3 AGREEMENT

3.1 Purchase and Sale

On the Closing Date, and subject to the terms and conditions set forth herein and in accordance with the Approval and Vesting Order, the Vendor shall sell, assign and transfer to Purchaser, and Purchaser shall purchase from the Vendor, all of Vendor's right, title and interest in and to the Purchased Assets, free and clear of all encumbrances other than the Permitted Encumbrances.

3.2 Assumed Liabilities

On the Closing Date, subject to the terms and conditions set forth herein, the Purchaser shall assume and shall pay, discharge, honour and perform, as the case may be and as and when due, from and after the Closing Date, the Assumed Liabilities.

3.3 Exclusion of Liabilities

For certainty, the Purchaser shall not, at Closing or otherwise, assume or be liable for any liabilities of the Swimco Group whatsoever other than the Assumed Liabilities from and following the Closing Date.

ARTICLE 4 PURCHASE PRICE

4.1 Determination of Purchase Price

Subject to adjustment as provided for in Section **Error! Reference source not found.**, the Purchase Price payable for the Purchased Assets, exclusive of all Transfer Taxes, shall be the aggregate of the following (the **"Purchase Price"**):

- (a) In respect of the SP Assets:
 - (i) the SP Credit Bid Portion;
 - (ii) the Cash Payment;
 - (iii) less the Remainder Amount, if any;

- (iv) plus the Deficiency Payment, if any.
- (b) in respect of the SAS Assets:
 - (i) the SAS Credit Bid Portion.

4.2 Satisfaction of Purchase Price

The Purchase Price shall be paid and satisfied as follows:

- (a) by the Vendor providing a credit to the Purchaser in the amount of the Deposit on the date of the acceptance of this offer by the Vendor, which amount shall be applied to the Purchase Price from the SAS Credit Bid Portion, or otherwise dealt with as provided for herein; and
- (b) the balance of the Purchase Price shall be paid by the Purchaser to the Vendor and satisfied on Closing as follows:
 - (i) by the Vendor providing a credit in the amount of the Credit Bid Amount less the Deposit against the Swimco Group's obligations under the SP Security and SAS Security;
 - (ii) a cash amount equal to the Cash Payment, with \$650,000 to be paid from the Swimco Group Cash and the balance paid by the Purchaser by certified cheque, bank draft or guaranteed electronic funds on or before the Closing Date; and
 - (iii) the Holdback Amount, being the balance of the Swimco Group Cash, to be held by Vendor to satisfy any adjustments to the Purchase Price, as set forth in Section 4.3.

4.3 Determination of Final Purchase Price and Adjustment

In order to determine the final amount of the Purchase Price:

- (a) The Parties acknowledge that adjustments will be required after the Closing Date to finally determine the Purchase Price once the total amount of the Receivership Costs, the Bankruptcy Costs and Post-Closing CRA Debt, if any, are known. The Purchase Price shall be finally determined on the date that the Receiver files a Discharge Certificate and is fully and finally discharged pursuant to a Discharge Order issued by the Court, or such earlier date as may be agreed between the Parties (the "**Adjustment Date**");
- (b) The Parties further acknowledge and agree that immediately following Closing, the Vendor shall be at liberty and entitled to use any portion or all of the Holdback Amount that is necessary for payment of the Bankruptcy Costs, the Receivership Costs, the SP CRA Debt, the SAS CRA Debt and the Post-Closing CRA Debt. On the Adjustment Date, the Vendor shall provide the Purchaser with a full accounting of the use of the Holdback, and any remaining amounts to be paid from the Holdback;

- (c) Notwithstanding anything in this Agreement, the Purchaser, as a secured creditor of the Swimco Group, shall have the right and ability to seek an assessment of the Receiver's Fees or the Trustee's Fees by a Justice of the Commercial Court in the Judicial District of Calgary prior to the Adjustment Date;
- (d) Any remainder of the Holdback Amount after the accounting is completed on the Adjustment Date (the "**Remainder Amount**") shall be reimbursed to the Purchaser forthwith; and
- (e) In the event the Holdback Amount is not sufficient to satisfy the Bankruptcy Costs, the Receivership Costs, the SP CRA Debt, the SAS CRA Debt and the Post-Closing CRA Debt, the Purchaser shall forthwith pay to the Vendor the amount necessary to rectify the deficiency (the "**Deficiency Payment**") by way of certified cheque, bank draft or guaranteed electronic funds.

4.4 Deposit

- (a) If by reason of the default of the Purchaser the purchase and sale transaction contemplated herein is not completed, all or any portion of the Deposit held by the Vendor will become forfeited to the Vendor as liquidated damages and not as a penalty and without prejudice to any other rights or remedies the Vendor may have at law or in equity against the Purchaser for such default.
- (b) If by reason of the default of the Vendor the purchase and sale transaction contemplated herein is not completed, all or any portion of the Deposit applied as a credit by the Vendor shall be adjusted and credited back to the Purchaser without prejudice to any other rights or remedies the Purchaser may have at law or in equity against the Vendor for such default.

4.5 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price among the Purchased Assets in such manner as they mutually agree to prior to the Closing Date. The Parties shall report the sale and purchase of the Purchased Assets for all tax purposes in a manner consistent with such allocation, and will complete all tax returns (including amended returns and claims for refunds), designations and elections in a manner consistent with such allocations for all tax purposes.

ARTICLE 5 TAXES

5.1 Transfer Taxes

The Parties agree that the Purchase Price payable by the Purchaser to the Vendor does not include any Transfer Taxes and all Transfer Taxes are the responsibility of and for the account of the Purchaser. The Purchaser and the Vendor agree to cooperate to determine the amount of Transfer Taxes payable in connection with the transaction contemplated herein. If the Vendor is required by law to collect any applicable Transfer Taxes from the Purchaser, the Purchaser shall pay such Transfer Taxes to the Vendor on the Closing Date, unless the Purchaser qualifies for an exemption from any such applicable Transfer Taxes, in which case the Vendor shall not collect any such applicable Transfer Taxes from the Purchaser,

provided that the Purchaser, in lieu of payment of such applicable Transfer Taxes to the Vendor, deliver to the Vendor such certificates, elections or other documents required by law to substantiate and affect the exemption claimed by the Purchaser. The Purchaser shall indemnify the Vendor, SP and SAS against any claims which may arise in connection with such Transfer Taxes.

5.2 Tax Elections

With respect to the Taxes:

- (a) the Purchaser and the Vendor agree to each other such information and assistance related to the Purchased Assets as is reasonably necessary for the filing of any tax return, claim or refund or other filings relating to tax matters for the preparation for and proof of facts during any tax audit, for the prosecution of any proceedings relating to tax matters and for the answer to any governmental or regulatory inquiry relating to tax matters;
- (b) if applicable, on the Closing Date, as may be reasonably requested by the Purchaser, the Swimco Group and the Vendor shall jointly execute an election under Section 167(1)(b) of the *Excise Tax Act* (Canada) to have subsection 167(1.1) apply in respect of all or any part of the sale of the Vendor's right, title and interest in the Purchased Assets under this Agreement;
- (c) the Vendor and the Purchaser shall as soon as possible after the Closing Date jointly execute an election under section 22 of the *Income Tax Act* with respect to the sale of the Accounts Receivable and shall designate therein the Purchase Price allocated to the Accounts Receivable under section 2.07 as consideration paid by the Purchaser for the Accounts Receivable, and the Vendor and the Purchaser shall each file such elections forthwith after the execution thereof;
- (d) the Purchaser and the Vendor shall also execute and deliver such other tax elections and forms as they mutually agree upon;
- (e) notwithstanding the foregoing, the Purchaser hereby agrees to indemnify the Vendor for any assessment of any Transfer Taxes made against the Vendor as a result of the making of the elections hereunder by the Parties with respect to the acquisition of the Purchased Assets by the Purchaser.

ARTICLE 6 DELIVERY OF DOCUMENTS

6.1 The Purchaser acknowledges that prior to entering into this Agreement, the Vendor has delivered to Purchaser the following:

- (a) copies of any available real property reports; and
- (b) copies of any existing environmental reports relating to the Property and environmental or soil reports in the possession or control of the Vendor.

6.2 Unless disclosure is required by law, all Confidential Information shall be kept in strict confidence by the Purchaser and shall only be disclosed to its directors, officers, professional advisors and proposed mortgage lenders on a "need to know" basis for the sole purpose of evaluating the acquisition of the Purchased Assets by the Purchaser in accordance with this Agreement. Before making any disclosure required by law, a party that is required to make such disclosure shall notify the Vendor in advance so as to give the Vendor time to seek a protective order. The Purchaser covenants and agrees with the Vendor that when providing Confidential Information to any person it will ensure that such person is bound by the confidentiality provisions contained herein and that such person shall not disclose or further transmit any Confidential Information. If the Purchaser does not proceed with the acquisition of the Purchased Assets in accordance with this Agreement, the Purchaser shall not use any Confidential Information and shall promptly deliver to the Vendor all originals and any copies or other reproductions of any Confidential Information and shall destroy or deliver to the Vendor such notes, reports and all other written material whatsoever prepared by the Purchaser, or on behalf of the Purchaser, in connection with its review of such Confidential Information. The rights and obligations of the Parties set forth in this Section shall survive any termination of this Agreement for a period of two (2) years from the date of such termination.

ARTICLE 7 CONDITIONS TO CLOSING

7.1 This Agreement is being made subject to ongoing receivership proceedings in the Court and is conditional upon the approval thereof of the Court in the form of an Approval and Vesting Order (the "**Vendor's Condition**"). The Purchaser acknowledges that in the event that the Vendor is unable to satisfy the Vendor's Condition by obtaining an Approval and Vesting Order then this Agreement shall be at an end and the Deposit will be credited back to the Purchaser without interest or deduction and the Parties will have no further obligations hereunder. The Purchaser further acknowledges and agrees that until the Agreement is approved by the Court pursuant to the Approval and Vesting Order, the Vendor's obligations under the Agreement are limited to considering it and, if accepted by the Vendor, putting the Agreement before the Court for approval. Thereafter, the Purchaser acknowledges that the Vendor is subject to the jurisdiction and discretion of the Court to entertain other offers and any further orders the Court may make regarding the Purchased Assets. Given the Vendor's position as receiver and manager, the Vendor may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Purchased Assets. The Vendor gives no assurances or undertaking to advocate the approval of this Agreement by the Court. The Purchaser acknowledges that it must make its own arrangements to support the approval of this Agreement in Court.

7.2 Immediately upon acceptance by the Vendor, this Agreement shall become unconditional subject to the satisfaction of Section 7.1 and:

- (a) the Deposit, once paid in accordance with Section 4.2(a), shall become non-refundable subject to Section 4.4(b) hereof; and
- (b) as soon as commercially reasonable, the Vendor shall commence the process of applying to the Court for the Approval and Vesting Order.

**ARTICLE 8
REPRESENTATIONS AND WARRANTIES**

8.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser (which representations and warranties, unless otherwise indicated, are true now and will be true from this date to and including the Closing Date) that:

- (a) the Vendor has been appointed by the Court as receiver of the Purchased Assets pursuant to the Receivership Order; and
- (b) subject to the Approval and Vesting Order, the Vendor has all necessary power, authority, right and capacity to authority to enter into this Agreement and carry out the transactions contemplated hereby; and
- (c) subject to obtaining the Approval and Vesting Order, this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms, subject to any limitations imposed by law.

8.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor (which representations and warranties, unless otherwise indicated, are true now and will be true from this date to and including the Closing Date) that:

- (a) the Purchaser is a corporation duly incorporated and existing under the laws of the Province of Alberta, or is otherwise a validly registered extra-provincial corporation in the Province of Alberta, and has the power, authority, right and capacity to enter into this Agreement and to carry out the transactions contemplated hereby, all of which has been duly and validly authorized by all requisite corporate actions and proceedings;
- (b) neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound which breach could materially affect the ability of the Purchaser to perform its obligations hereunder; and
- (c) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to creditors' rights generally.

8.3 The foregoing representations and warranties set forth in this Article 8 shall be, and shall be deemed to be, continuing representations and warranties by the Vendor and the Purchaser, and shall survive the completion of the matters contemplated herein for a period of two (2) years from the Closing Date.

ARTICLE 9
ACQUISITION ON AS IS, WHERE IS BASIS

- 9.1** The Purchaser hereby acknowledges and agrees that it is purchasing the Purchased Assets on an "as is, where is" basis. The Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Purchased Assets and it has not relied on advice from the Vendor or any of its agents or representatives with respect to the condition of or title to the Purchased Assets. The Purchaser acknowledges and agrees that it is familiar with the condition of the Purchased Assets, including the past and present use of the Purchased Assets and that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Purchased Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Purchased Assets.
- 9.2** The Purchaser hereby acknowledges that neither the Vendor, nor its agents or representatives, have made any representations or warranties with respect to the Purchased Assets. Without limiting the generality of the foregoing, the Purchaser agrees and acknowledges that neither the Vendor nor its agents or representatives have made any representations or warranties with respect to:
- (a) the condition of any buildings or improvements located on the Lands;
 - (b) the existence or condition of any Collateral Property included under this Agreement or otherwise sold with the Property;
 - (c) whether the Lands comply with any existing land use bylaws or regulations, or municipal development agreements or plans;
 - (d) the location of any buildings or other improvements on the Lands and whether such location complies with any applicable municipal bylaws or regulations;
 - (e) whether or not any buildings or improvements located on the Lands encroach onto any neighbouring lands or any easements or rights of way;
 - (f) whether or not any buildings or improvements located on neighbouring lands encroach onto the Lands;
 - (g) the size and dimensions of the Lands or any buildings or improvements located thereon;
 - (h) whether or not the Lands are contaminated with any hazardous substance within the meaning of the *Environmental Protection and Enhancement Act* (Alberta); and
 - (i) whether or not any of the buildings or other improvements located on the Lands have been insulated with urea formaldehyde insulation.

The Purchaser shall not call for compliance with, or satisfaction of, any work orders, deficiency notices, orders to comply, or any other Building Code, Fire Code or regulations, whether environmental, or otherwise, and whether imposed by law, equity or any regulatory authority.

- 9.3** Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against the Vendor, its agents and representatives in respect of the Purchased Assets or this Agreement or any representations or statements made, direct or indirect, express or implied, or information or data furnished to the Purchaser or its representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

ARTICLE 10 POSSESSION

- 10.1** The Purchaser shall be entitled to possession of the Purchased Assets on and after the Closing Date. The Purchaser will have vacant possession of the Property on the Closing Date; however the Purchaser acknowledges that it is obligated to file for a new certificate of title and discharge all encumbrances other than the Permitted Encumbrances in accordance with Section 11.5 hereof. The Vendor shall deliver to the Purchaser on the Closing Date all keys, combinations, codes, authorizations, consents, approvals and other similar such items and information as the Purchaser may require relating to the Purchased Assets.

ARTICLE 11 CLOSING

- 11.1** The Vendor shall provide to the Purchaser or to the Purchaser's Lawyer, as agreed, all closing documents necessary to obtain, pursuant to Section 11.5, a new certificate of title to the Lands subject only to the Permitted Encumbrances and all collateral documents necessary to complete the transaction in accordance with this Agreement, including the following, properly executed and acknowledged, where applicable:
- (a) a certified copy of the Approval and Vesting Order;
 - (b) the Receiver's Certificate;
 - (c) the elections referred to in Section 5.2(b) and 5.2(c) executed by the Vendor and/or the Swimco Group, to the extent such elections are applicable to the transactions herein and available to the Purchaser;
 - (d) bill of sale and general conveyance in respect of the Purchased Assets which shall provide that except for the express representations and warranties contained in this Agreement, the Purchased Assets are being conveyed on an "as is, where is" basis;
 - (e) an assignment transferring all of the Vendor's right, title and interest in the Intellectual Property to the Purchaser;
 - (f) any other documents, resolutions and certificates necessary or reasonably required and requested in advance of the Closing Date by the Purchaser's Lawyer to establish

the validity of all proceedings to effectively transfer the Purchased Assets by the Vendor to the Purchaser.

11.2 On the Closing Date the Purchaser shall deliver to the Vendor the following, properly executed and acknowledged:

- (a) a certified cheque, bank draft or guaranteed electronic funds made payable to the Vendor in trust in the amount due to the Vendor on the Closing Date in accordance Section 4.2(b)(ii);
- (b) an indemnity from the Purchaser in favour of the Vendor with respect to the Purchaser's payment of Transfer Taxes set out in Section 5;
- (c) the elections referred to in Section 5.2(b) executed by the Purchaser, to the extent such elections are applicable to the transactions herein and available to the Purchaser;
- (d) an indemnity from the Purchaser in favour of the Vendor with respect to the Purchaser's efforts to collect Accounts Receivable as set out in Section 11.6;
- (e) all documents listed in Section 11.1(d), 11.1(e) and 11.1(f) which contemplate execution by the Purchaser, executed by the Purchaser; and
- (f) any other documents, resolutions and certificates necessary or reasonably required and requested in advance of the Closing Date by the Vendor's Lawyer to establish the validity of all proceedings to effectively transfer the Purchased Assets by the Vendor to the Purchaser.

11.3 The documents and other instruments to be delivered to the Purchaser's Lawyer and the Vendor in accordance with this Article may be delivered in trust on such reasonable trust conditions as would customarily be imposed in a similar transaction in Alberta which shall include, without limitation, that the Purchaser shall not make any use of the closing documents unless and until the Purchase Price has been unconditionally released to the Vendor.

11.4 Unless this Agreement expressly provides to the contrary, the Vendor and the Purchaser shall be responsible for each of their respective costs in respect of this transaction. The closing documents with respect to the Purchased Assets shall be prepared by the Vendor's Lawyer at the Vendor's sole cost and expense.

11.5 The Purchaser acknowledges that in order to obtain a new certificate of title for the Property and to register such discharges as may be required to convey clear title to the Property, the Purchaser is required to file the Receiver's Certificate and a certified copy of the Approval and Vesting Order together with any applicable registration fees to the Registrar of Land Titles of Alberta. The Vendor shall not be responsible for the discharge of any encumbrances that are not the Permitted Encumbrances. The Purchaser is responsible for all such discharges by the process set out in the Approval and Vesting Order.

11.6 The Vendor shall cooperate with the Purchaser and shall use its reasonable best efforts to collect any Accounts Receivable after the Closing Date, and will remit all payments received on

such Accounts Receivable after the Closing Date to the Purchaser. The Vendor shall execute any necessary documents and follow any reasonable procedures required to accommodate the collection of any Accounts Receivable after the Closing Date. The Purchaser indemnifies the Vendor for all claims, costs and expenses arising in connection with the Receiver's obligations under this Section.

ARTICLE 12 NOTICE

12.1 Any notice, direction or other instrument required or permitted to be given pursuant this Agreement shall be in writing and shall be sufficiently given if personally delivered, sent by pre-paid ordinary and registered mail, or sent by email to the Parties as follows:

(a) to the Purchaser:

D. Bacon Holdings Ltd.
900, 332 6th Avenue SW
Calgary, AB T2P 0B2
Attention: David Bacon

Email: dbacon@swimco.com

with a copy to:

Field Law
400 – 444 7 Avenue SW
Calgary, AB T2P 0X8

Email: tbatty@fieldlaw.com

(b) to the Vendor:

Deloitte Restructuring Inc.
700 Bankers Court
850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Ryan Adlington

Email: radlington@deloitte.ca

with a copy to:

Cassels Brock & Blackwell LLP
Suite 3810 Bankers Hall West
888 3rd Street SW
Calgary, AB T2P 5C5
Attention: Jeffrey Oliver

Email: joliver@casselsbrock.com

or to such other address as any party may from time to time designate, by notice to the other(s).

Any notice personally delivered or sent by email in accordance with this Section shall be deemed to have been given and received on the day it is so delivered or transmitted, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed in accordance with this Section shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing in Alberta.

ARTICLE 13 GENERAL

- 13.1** For purposes of this Agreement: (a) the words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein", "hereof", "hereby", "hereto" and "hereunder" refer to this Agreement as a whole; (d) whenever the singular is used herein, the same shall include the plural, and, whenever the plural is used herein, the same shall include the singular, where appropriate; and (e) whenever the masculine is used herein, the same shall include the feminine and neuter genders, whenever the feminine is used herein, the same shall include the masculine and neuter genders, whenever the neuter is used herein, the same shall include the masculine and feminine where appropriate. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: to Articles, Sections and Schedules mean the Articles, Sections of and Schedules attached to, this Agreement; to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and to legislation means such legislation as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. Unless otherwise stated in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian currency.
- 13.2** Both before and after the Closing Date, the Parties will execute and do all such further deeds, acts, things and assurances as may be reasonably requisite to carry out the intent of this Agreement.
- 13.3** Time shall be of the essence of this Agreement.
- 13.4** Any tender of documents or money hereunder may be made upon the Purchaser's Lawyer or the Vendor's Lawyer, as the case may be, acting for the party on whom tender is desired.
- 13.5** If the date for making payment or doing any act hereunder shall be a Saturday, Sunday or a statutory holiday in the Province of Alberta, such date shall be extended to the first Business Day following such date.

- 13.6** The Purchaser may assign its interest in whole or part under this Agreement solely to a corporation, partnership or entity controlled by the Purchaser, provided however that the Purchaser shall remain liable for the Purchaser's covenants and obligations herein until the Closing Date and provided that notice of such assignment is provided to the Vendor forthwith. Such assignee shall then inherit all of the Purchaser's rights and obligations under this agreement.
- 13.7** This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective successors and assigns.
- 13.8** The headings in this Agreement are for reference only and are not intended to form part of this Agreement or to affect the meaning of any clause contained herein.
- 13.9** This Agreement constitutes the entire agreement of the Parties to this Agreement with respect to the subject matter contemplated herein and there are no other additional or collateral terms, conditions, agreements, representations or warranties, express or implied, relating to the matters contemplated herein except as expressly stated in this Agreement. This Agreement supersedes all prior and contemporaneous oral and written agreements and understandings of the Parties, or any one of them in relation to the matters contemplated herein.
- 13.10** This Agreement shall not be modified, amended, or waived except by an instrument in writing duly executed and delivered by the Parties or by their respective successors and permitted assigns.
- 13.11** If any provision of this Agreement is determined to be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Agreement which shall continue to remain in full force and effect.
- 13.12** This offer and Agreement shall in all respects be subject to and be interpreted and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- 13.13** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of this page intentionally left blank. Signature page follows.]

DATED at the City of Calgary, in the Province of Alberta, this 7th day of December, 2020.

D. BACON HOLDINGS LTD.

Per:

Name: _____
David Bacon

Title: President

ACCEPTANCE

The undersigned Vendor hereby accepts the offer as set out above.

DATED at the City of Calgary, in the Province of Alberta, this 7th day of December, 2020.

DELOITTE RESTRUCTURING INC., in its capacity as Court-appointed receiver and manager of **SWIMCO AQUATIC SUPPLIES LTD., SWIMCO PARTNERSHIP, BLUE CRUSH BIKINI AND BOARDSHORT COMPANY LTD., LORI BACON HOLDINGS LTD.** and **STEVE FORSETH HOLDINGS LTD.** and not in its personal or corporate capacity

Per:

Name: _____
Ryan Adlington

**SCHEDULE A
LANDS**

PLAN 1310LK

BLOCK 1

LOT 6

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA 0.465 HECTARES (1.15 ACRES) MORE OR LESS

**SCHEDULE B
PERMITTED ENCUMBRANCES**

1. Restrictive Covenant registered 05/10/1972 as instrument number 6895LJ

**SCHEDULE C
EXCLUDED ITEMS OF PERSONAL PROPERTY**

Nil

**SCHEDULE D
LIST OF INTELLECTUAL PROPERTY**

Canadian Registered or Pending Trademarks Rights:

APPLIC. NO.	MARK	TYPE	STATUS
1731484	FEEL GOOD HALF NAKED	Word	REGISTERED
0555109	SWIMCO SUN & FUN FASHIONS & DESIGN 	Design	REGISTERED
1986392	STORI	Standard Characters	FORMALIZED
1935985	INARA	Word	FORMALIZED
1286646	Flower Design 	Design	REGISTERED
1286642	SWIMCO	Word	REGISTERED
1286647	Swimco Design 	Design	REGISTERED
1286641	SOLEIL SWIM	Word	REGISTERED

Unregistered Trademark Rights / Trade Names:



Blue Crush / Blue Crush Bikini and Boardshort Company

Other Intellectual Property:

Customer lists, customer mailing lists, registered customer lists, and marketing lists

The internet domain name <SWIMCO.COM>

All other domain names used in or registered for the Business, whether or not trade-marks, registered in any top-level domain

The website content and code for the swimco.com website and related content, marketing collateral, brochures, media and images on the website, customer reviews and images,

Operating manuals, written employee manuals and policy documents

Product designs, proprietary clothing and swimsuit designs

Social media accounts listed below and any other social media accounts, account passwords and logins, and the content found thereon and related thereto, and URLs

- <https://www.pinterest.ca/swimco/>
- <https://www.youtube.com/swimcoforswimwear>
- <https://www.twitter.com/swimco>
- <https://www.facebook.com/swimco>
- <https://www.instagram.com/swimco>

SCHEDULE "E"
SAS FIXTURES AND EQUIPMENT LIST

See attached.

APPENDIX D

Interim statement of receipts and disbursements from
October 10, 2020 to November 30, 2020

and

pro-forma statement of receipts and disbursements from
December 1, 2020 to discharge

In the Matter of the Receivership of the Swimco Group of Companies
Interim Statement of Receipts and Disbursements and Pro-Forma Statement of Receipts and Disbursements
For the period October 10, 2020 to discharge

		Interim statement of receipts and disbursements from Oct 10, 2020 to Nov 30, 2020						Forecasted Pro-Forma SRD	
		Swimco Aquatic Supplies Ltd.	Swimco Partnership	Blue Crush Bikini & Boardshort Company Ltd.	Lori Bacon Holdings Ltd.	Steve Foreseth Holdings Ltd.	Total		Total
RECEIPTS	Notes								
Bank Drafts	1	124,815	1,115,878	-	-	-	1,240,693	4,423	1,245,115
Operating Income	2	96,095	224,222	-	-	-	320,317	75,000	395,317
Moneris Hold Back	2	-	-	-	-	-	-	50,000	50,000
Sales Tax Collected		-	33,401	-	-	-	33,401	7,999	41,400
ST Inventory Buy Back Offer		-	-	-	-	-	-	23,149	23,149
Mannequin Sales		6,715	-	-	-	-	6,715	550	7,265
Other Receipts	3	-	24,202	303	303	303	25,112	25,962	51,074
Total Receipts		227,625	1,397,703	303	303	303	1,626,237	187,083	1,813,320
DISBURSEMENTS									
Contractor Fees & Expenses	4	-	117,530	-	-	-	117,530	39,826	157,356
Operating expenses	5	-	63,899	-	-	-	63,899	61,078	124,977
Insurance	6	-	7,267	-	-	-	7,267	-	7,267
Moneris Fees	7	9,629	-	-	-	-	9,629	2,162	11,791
Sales Tax Paid		-	3,708	-	-	-	3,708	3,961	7,669
Filing Fees	8	150	1,060	303	303	303	2,120	-	2,120
WEPP Super Priority		-	-	-	-	-	-	78,775	78,775
Deemed Trust - Pre-filing Source Deductions		-	-	-	-	-	-	102,479	102,479
Newspaper Ad		263	505	-	-	-	768	-	768
Sales Tax Remittances		-	16,031	-	-	-	16,031	25,369	41,400
Building Appraisal		-	-	-	-	-	-	2,500	2,500
Data Migration		-	-	-	-	-	-	10,000	10,000
Professional fees - Deloitte and Cassels		-	-	-	-	-	-	337,440	337,440
Sales tax on Professional Fees		-	-	-	-	-	-	20,780	20,780
Field Law - Proposal fees		-	-	-	-	-	-	9,786	9,786
Sales tax on Field Law		-	-	-	-	-	-	298	298
Property Tax		-	-	-	-	-	-	9,882	9,882
Pre-bankruptcy Sales tax		-	-	-	-	-	-	12,447	12,447
Trustee & Receiver Holdback		-	-	-	-	-	-	200,000	200,000
Total Disbursements		10,043	210,000	303	303	303	220,953	916,784	1,137,737
Estate Balance as at November 30, 2020		217,582	1,187,702	-	-	-	1,405,284	(729,701)	675,583

Notes:

- Approximately \$11,000 has been reclassified from bank drafts to operating income as eCommerce sales on October 13, 14 and 15 were deposited into the RBC account prior to the funds being transferred to Deloitte's trust estate account.
- A. Operating receipts from eCommerce sales from October 10, 2020 to November 30, 2020.

B. Amounts included in receipts but not deposited into the Trust account are as follows: approximately \$64,650 as of November 30, 2020 in Paypal receipts, which will be swept on an as needed basis. Sales reported from Paypal are net of fees charged.

C. Moneris, a service provider that process the eCommerce Visa and Mastercard sales, has a policy is to withhold 25% of the ecommerce sales to a maximum of \$50,000. The Moneris withholding has not been accounted for in the interim statement of receipts and disbursements, rather it has been accounted for in the forecasted period. The ecommerce sales through the bankruptcy proceeding has maxed out at \$50,000 and as such, Moneris is no longer holding back funds on transactions. The nature of the Moneris holdback is to deal with any future card holder disputes. The Receiver does not expect any disputes with the holdback amount as the ecommerce sales are conducted on an "as is where is" basis and no refunds are permitted. Moneris has advised Deloitte funds will be released 90 - 120 days after the accounts are closed.
- Other receipts include approximately:
 - \$22,000 from Richter for refunding the retainer as financial advisor during the NOI proceeding;
 - \$2,200 refund from Uline Canada Corporation for unused credits;
 - \$110 received for scrap metal; and
 - \$300 received by each Holdco, transferred by Swimco Partnership for Bankruptcy filing fees. \$910 is included in Swimco Partnership's filing fee.
- The Receiver engaged nine former employees as contractors to assist in the ecommerce sales, as well retained one IT consultant. The Receiver engaged a tenth contractor in November 2020 as ecommerce sales continued to be strong.
- Included in operating expenses are payments to close stores and ship inventory to the warehouse, Canada post shipping, third party services provided for the ecommerce site, building utilities, internet, website hosting and security.
- Insurance premiums of approximately \$7,300 were paid by the Receiver to retain the current insurance policies in place at the Date of Bankruptcy. The insurance provided has advised the Receiver they will not provide coverage beyond the insurance expiration date (i.e. December 24, 2020). The Receiver is currently obtaining quotes for a replacement insurance provider.
- Fees charged by Visa, Master Card and Moneris to process eCommerce payments.
- Filing fees for bankruptcies of Swimco Aquatic Supplies Ltd., Swimco Partnership, Blue Crush Bikini & Boardshort Company, Lori Bacon Holdings Ltd., and Steve Foreseth Holdings Ltd. Approximately \$900 was transferred from Swimco Partnership to the Holdcos for their bankruptcy filing fees.



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