

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

THE HONOURABLE

THURSDAY, THE 30<sup>TH</sup>

MR. JUSTICE McEWEN

DAY OF JANUARY, 2020



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

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

(the "Applicants")

**ORDER**

**(Stay Extension, SISP, and Auction)**

**THIS MOTION**, made by the Applicants for an Order for the relief set out in the Notice of Motion of the Applicants dated January 26, 2020, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Douglas Lawson, affirmed January 28, 2020 and the Exhibits thereto (the "**Lawson Affidavit**"), the Third Report of Deloitte Restructuring Inc., in its capacity as monitor for the Applicants (in such capacity, "**Monitor**") dated January 29, 2020 (the "**Third Report**"), and on hearing the submissions of counsel for the Applicants, counsel to the

Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the “**Agent**”) for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the “**Credit Agreement**”) from time to time (the “**Lenders**”), and all other counsel listed on the counsel slip, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue, sworn January 27, 2020, filed:

### **SERVICE AND DEFINITIONS**

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

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

3. **THIS COURT ORDERS** that the Stay Period is hereby extended from January 31, 2020 until and including April 3, 2020.

### **AUTHORIZATION TO UNDERTAKE SALE AND INVESTMENT SOLICITATION PROCESS**

4. **THIS COURT ORDERS** that the Monitor is hereby authorized to undertake a Sale and Investment Solicitation Process (“**SISP**”) in a form approved by the Applicants and the Agent, or otherwise approved by the Court.
5. **THIS COURT ORDERS** that the Applicants’ property municipally known as 65 Skyway Avenue, Rexdale Ontario (the “**Skyway Property**”), will not be a part of the SISP without the prior approval of the Business Development Bank (“**BDC**”) to the form of the SISP for the Skyway Property, or otherwise approved by the Court.
6. **THIS COURT ORDERS** that, subject to the approval of the Agent and the Applicants to the form of the SISP, or further Order approving the SISP as contemplated by paragraph 4 hereof,

the Monitor be and is hereby authorized and directed to perform its obligations under and in accordance with the SISP, and to take such further steps as it considers necessary or desirable in carrying out the SISP.

7. **THIS COURT ORDERS** that, in undertaking its obligations under the SISP, the Monitor is hereby empowered and authorized, but not obliged, to do any of the following where the Monitor considers it necessary or desirable:

- (a) To engage, in consultation with the consultants, managers, property managers, real estate agents, brokers, listing agents, 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 Monitor's powers and duties conferred by this Order;
- (b) In accordance with the SISP, to market any and all of the Property subject to the SISP, including advertising and soliciting offers in respect of the Property, and negotiating such terms and conditions of sale as the Monitor in its discretion may deem appropriate;
- (c) To apply for any vesting order or other orders necessary to convey the Property subject to the SISP or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property and vesting same in the proceeds; and
- (d) To take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

8. **THIS COURT ORDERS** that the Monitor and its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from gross negligence or willful misconduct of the Monitor in performing its obligations under the SISP.

9. **THIS COURT ORDERS** that in connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information and Electronic Documents Act (Canada)*, the Monitor is authorized

and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more transactions (each, a "**Transaction**"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction.

10. **THIS COURT ORDERS** that pursuant to section 3(c)(i) of the *Electronic Commerce Protection Regulations*, SOR/2013-221, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying Out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23, the Monitor is authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to the SISP in these CCAA proceedings.

#### **APPROVAL OF AUCTION**

11. **THIS COURT ORDERS** that the Applicants are authorized to undertake an auction as described in the Lawson Affidavit (the "**Auction**") and are authorized to negotiate and enter into an agreement with Fur Harvesters Auction Inc. ("**FHA**"), on terms substantially similar to those described in the Lawson Affidavit and the Monitor's Third Report, for FHA and the Applicants to hold a joint Auction for wild fur, and any other such pelts that FHA and the Applicants may agree to sell, at the Applicants' property located at 65 Skyway Avenue, Rexdale Ontario.

12. **THIS COURT ORDERS** that the Applicants and the Monitor be and are hereby authorized and directed to perform the obligations in order to undertake the Auction, and to take such further steps as it considers necessary or desirable in carrying out the Auction.

#### **DAIKOKU**

13. **THIS COURT ORDERS** that from and after the date hereof, none of the Applicants, including Daikoku SP. Z OO ("**Daikoku**") shall incur any obligations related to male or female

breeder mink located at the Daikoku farm or owned by Daikoku ("**Daikoku Breeder Mink**") in excess of an aggregate total of US \$100,000, unless and until (i) all amounts owing to the Agent and Lenders have been indefeasibly repaid in full, (ii) the Agent consents in writing, or (iii) such obligations have been funded by a third-party on a subordinated basis to all existing security interests of the Agent and the Lenders, other than the security interests of the Agent and the Lenders in the progeny of the Daikoku Breeder Mink (but for greater certainty not the Daikoku Breeder Mink themselves) pursuant to committed arrangements that are, in form and substance, satisfactory to the Agent.

14. **THIS COURT ORDERS** that the Applicants shall promptly take steps to harvest all Daikoku Breeder Mink if at any time, any of the Applicants or the Monitor determines that the health of any Daikoku Breeder Mink are in jeopardy, including, without limitation, by reason of disease or any inability by Daikoku to pay or otherwise fund its operational or other expenses.

#### **KEY EMPLOYEE RETENTION PLAN**

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

16. **THIS COURT ORDERS** that the key employees referred to in the KERP (the "**Key Employees**") shall be entitled to the benefit of the KERP Charge.

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

17. **THIS COURT ORDERS** that the Second Report of the Monitor dated November 27, 2020, and the actions, decisions and conduct of the Monitor as set out in the Reports are hereby authorized and approved.

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

18. **THIS COURT ORDERS** that Confidential Appendices "A" and "B" to the Lawson Affidavit and Confidential Appendix "1" to the Monitor's Third Report shall be and are hereby

sealed, kept confidential and shall not form part of the public record pending further Order of this Court.


### INTERNATIONAL RECOGNITION

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Monitor and the Applicants and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, and the Applicants as may be necessary or desirable to give effect to this Order or to assist the Monitor and the Applicants and their agents in carrying out the terms of this Order.



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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:  
JAN 31 2020

PER / PAR: 

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

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

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COMMERCIAL LIST  
Proceeding commenced at Toronto

**ORDER**

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