

SUPERIOR COURT  
(Commercial Division)

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL  
No. 500-11-054804-188  
ESTATE NO.: 41-2388971  
DATE: July 4, 2018

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PRESIDING:

~~Me Chantal Flamand, registraire~~

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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

GREATEX MILLS INC. / LES MOULINS GREATEX INC.

Debtor/Petitioner

-and-

RICHTER ADVISORY GROUP INC. / RICHTER GROUPE CONSEIL INC.

Trustee

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ORDER AUTHORIZING A SALE AND SOLICITATION PROCESS AND EXTENDING THE  
DELAY TO MAKE A PROPOSAL

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- [1] **ON READING** the *Motion for the Authorization of a Sale and Solicitation Process and to Extend the Delay to Make a Proposal* (the "**Motion**") of Greatex Mills Inc. (the "**Debtor**"), the affidavit and the exhibits in support thereof;
- [2] **CONSIDERING** the notification/service of the Motion;
- [3] **CONSIDERING** the submissions of counsel;
- [4] **CONSIDERING** that it is appropriate to issue an order authorizing a sale and solicitation process in order to market the Debtor's business and related assets (the "**SSP**") and the related procedure produced as **Exhibit P-2** to the Motion (the "**SSP Procedure**") and to authorize Richter Advisory Group Inc. ("**Richter**") to conduct the SSP;

**THE COURT:**

- [5] **GRANTS** the Motion.

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**NOTIFICATION/SERVICE**

- [6] **ORDERS** that any prior delay for the presentation of this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further notification/service thereof.
- [7] **PERMITS** notification/service of this Order at any time and place and by any means whatsoever.

**SALE AND SOLICITATION PROCESS**

- [8] **APPROVES** and **AUTHORIZES** the SSP.
- [9] **APPROVES** and **AUTHORIZES** the SSP Procedure, with such non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to with the consent of Richter.
- [10] **AUTHORIZES** Richter to conduct the SSP and to implement and perform any and all actions contemplated under the SSP Procedure or related thereto.

**DELAY TO MAKE A PROPOSAL**

- [11] **EXTENDS** the delay for the Debtor to make a proposal until August 20, 2018.

**GENERAL**

- [12] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.
- [13] **REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
- [14] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

**THE WHOLE WITHOUT COSTS.**

**KUGLER KANDESTIN LLP**  
Me Jeremy Cuttler  
Attorneys for the Debtor/Petitioner

(s) *me Chantal Flamand, registraire*  
**Me Chantal Flamand, registraire**

COPIE CERTIFIÉE CONFORME  
AU DOCUMENT DÉTENU PAR LA COUR  
*[Signature]*  
Personne désignée par le greffier

## REQUEST FOR OFFERS

### **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GREATEX MILLS INC. / MOULINS GREATEX INC.**

Richter Advisory Group Inc. ("**Richter**") acts as trustee to the notice of intention to make a proposal of Greatex Mills Inc. (the "**Debtor**") filed on June 13, 2018.

The Debtor has mandated Richter to initiate and conduct a sale and solicitation process to market the Debtor's business and the assets related thereto. Any transaction in connection with the Debtor's business and/or the assets will require Court approval.

As part of this solicitation process, Richter will allow Qualified Bidders to access (at Richter's choice, either through Richter's virtual data room or through other means chosen by Richter) all documents and information which the Debtor believes to be required in order for a Qualified Bidder to be in a position to make an offer or propose a transaction in connection with the Debtor's business or the Assets.

The present Request for Offers (the "**Request**") is subject to and governed by the following conditions and terms:

1. **VENDOR.** The Vendor of the Assets will be either the Debtor, a receiver to be appointed in respect of the Assets or, in the event of the Debtor's bankruptcy, the Debtor's bankruptcy trustee ("**Vendor**").
2. **ASSETS.** The assets forming the object of any Qualified Bid (the "**Assets**") will consist of the whole or any portion of all of the Debtor's corporeal and incorporeal, tangible and intangible property and any interests of the Debtor therein (to the extent of such interests) including, without limitation, all inventory, accounts receivable, leasehold rights, contractual rights under agreements, fixed assets, intellectual property, goodwill and shares in all of the Debtor's subsidiaries.
3. **QUALIFIED BIDDER.** The Debtor will only consider Qualified Bids from bidders who have provided to Richter a fully executed "Confidentiality and Non-Disclosure Agreement" (the "**NDA**") to the Debtor's complete satisfaction (a "**Qualified Bidder**").
4. **DUE DILIGENCE.** Upon request made by a Qualified Bidder to Richter, in order to allow the Qualified Bidder to complete its due diligence prior to submitting a bid and subject to and in accordance with the provisions of the NDA, the Qualified Bidder may be granted access to a virtual data room containing the following information with respect to the Debtor's business and assets (the "**Information**"):
  - (a) the Debtor's financial statements for the past 2 years;

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- (b) current accounts receivable listing without the names of customers;
- (c) current customer list (including customers in the accounts receivable listing) without the names of the customers but including the annual volume of sales and payment history for each customer;
- (d) current inventory listing by location; and
- (e) copies of any and all leases and license agreements.

5. **QUALIFIED BID.** The Debtor shall only consider bids which meet the following conditions (a "**Qualified Bid**"), namely:

- (a) the bid is submitted by a Qualified Bidder;
- (b) the bid is submitted by the Bid Deadline;
- (c) the bid pertains to the acquisition or liquidation of the whole or any portion of the Assets or a transaction in connection with the investment or partnership in the Debtor's business;
- (d) the bid indicates the consideration offered for the Assets to be purchased or the proposed transaction (the "**Purchase Price**") and the method of its payment;
- (e) the bid is not conditional upon the outcome of unperformed due diligence or the obtaining of financing;
- (f) the bid is conditional upon the issuance by the Commercial Division of the Quebec Superior Court for the District of Montreal (the "**Court**") of a judgment or order (the "**Approval Order**") which has been made executory notwithstanding appeal or which has become final as a result of the delay for appeal having expired without an appeal having been lodged or, an appeal having been lodged, the Order having been confirmed on appeal withdrawn which:
  - (i) authorizes Vendor (**A**) in the case of the sale of Assets, to sell the relevant Assets to the Qualified Bidder, free and clear of all hypothecs, prior claims, security interests, liens, charges and encumbrances whatsoever other than any expressly assumed by the Qualified Bidder in its Qualified Bid, and/or (**B**) to enter into and complete the proposed transaction with the Qualified Bidder, the whole in accordance with the terms and conditions of the Qualified Bid;
  - (ii) in the case of the Assets comprising leasehold rights, orders the assignment by Vendor to the Qualified Bidder of all of the Debtor's rights and obligations under some or all leases creating such leasehold rights; and

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- (iii) in the case of Assets comprising contractual rights, orders the assignment by Vendor to the Qualified Bidder of all of the Debtor's rights and obligations under some or all agreements creating such contractual rights.
  - (g) in the case of a sale of the Assets, the bid is accompanied by a deposit equal to the lesser of \$100,000 or 5% of the Purchase Price (the "**Deposit**") in the form of a certified cheque, irrevocable electronic transfer of funds or bank draft, payable to "Richter Advisory Group Inc. – In Trust";
  - (h) the bid provides for a closing of the transaction envisaged by the Qualified Bid (the "**Contemplated Transaction**") by no later than **5 o'clock p.m.** (Montreal time) on **August 7, 2018** (the "**Closing Date**"); and
  - (i) the Qualified Bid provides for the following acknowledgments and representations from the Qualified Bidder, namely that:
    - (i) the Qualified Bidder has had the opportunity to conduct all due diligence regarding the Assets and/or the Debtor, before submitting its bid;
    - (ii) the Qualified Bidder acknowledges and recognizes that the Contemplated Transaction will be made on an "*as is / where is*" basis, at the Qualified Bidder's own risk and peril, without any representations or warranties of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise, with respect to the Assets and/or the Debtor;
    - (iii) the Qualified Bidder, in submitting its bid, has relied solely upon its own independent review, investigation and/or inspection of the Assets and the Information concerning the Assets and/or the Debtor;
    - (iv) the Qualified Bidder, in submitting its bid, has not relied upon any written or oral representations, warranties, guaranties or statements whatsoever, whether express or implied, statutory or otherwise, regarding the Assets and/or the Debtor or regarding any Information or the completeness thereof; and
    - (v) the bid is accompanied by such other information as may be reasonably requested by the Debtor and/or Richter.
6. **BID DEADLINE.** Qualified Bids accompanied by the Deposit must be received in a sealed envelope by Richter by no later than **noon** (Montreal time) on **July 25, 2018** (the "**Bid Deadline**"). Such sealed envelope must clearly be marked "**BID – GREATEX MILLS INC.**".
7. **OPENING OF QUALIFIED BIDS.** Qualified Bids will be opened at Richter's offices upon the expiry of the Bid Deadline. No bidder will be present at the opening of bids.



8. **WITHDRAWAL OF A QUALIFIED BID.** All Qualified Bids submitted constitute a firm offer and cannot be revoked, unless a written notice of withdrawal of the Qualified Bid is received by Richter prior to the expiry of the Bid Deadline.
9. **RETAINED BIDDER AND CONTEMPLATED TRANSACTION.** Richter, after consultation with the Debtor, and/or the Debtor, will determine which of the Qualified Bids, if any, is acceptable. Richter may elect to reject any or all of the Qualified Bids and is under no obligation to accept the highest Qualified Bid or to accept any of the Qualified Bids. The Qualified Bidders will be informed in writing by no later than **5 o'clock p.m.** (Montreal time) on **July 30, 2018** of the decision in respect of their respective Qualified Bids as follows:
  - (a) if a Qualified Bid is accepted, the Qualified Bidder will receive a notice of acceptance from Richter (the "**Notice of Acceptance**") confirming that the Debtor agrees to complete the Contemplated Transaction with the Qualified Bidder (each a "**Retained Bidder**"), the whole subject to the issuance of the Approval Order (each a "**Retained Bid**"); and
  - (b) if a Qualified Bid is dismissed, the Qualified Bidder will receive notice of dismissal from Richter and the Deposit (without any accrued interest thereon) will be promptly returned by Richter to the Qualified Bidder. The Qualified Bidder recognizes and acknowledges that it has absolutely no recourse against Richter and/or the Debtor as a result of the dismissal of its Qualified Bid, save and except with respect to the return of its Deposit (without any accrued interest thereon).

No transaction will be completed without the consent of the Debtor's senior secured lender, The Toronto-Dominion Bank.
10. **DEFINITIVE AGREEMENTS.** Following receipt of a Notice of Acceptance, the Retained Bidder, the Debtor and Richter undertake to negotiate in good faith to finalize the definitive agreements necessary to fully implement the Contemplated Transaction (the "**Definitive Agreements**").
11. **APPLICATION TO THE COURT.** Unless the Debtor otherwise agrees, the Application to the Court seeking issuance of the Approval Order will not be filed with the Court prior to the drafts of the Definitive Agreements having been approved in writing by each of the Debtor, Richter and the Retained Bidder.
12. **CLOSING.** Closing of the Contemplated Transaction(s) will occur no later than the Closing Date.
13. **LIABILITY FOR TAXES.** All applicable duties and taxes (including all sales taxes) that may be payable as a result of or in connection with the Contemplated Transaction will be paid by the Retained Bidder (in addition to the Purchase Price) in full at closing.

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14. **WITHDRAWAL OF ACCEPTANCE.** The Debtor may withdraw its Notice of Acceptance at any time prior to the closing of the Contemplated Transaction. In the event of such withdrawal, Richter will immediately return the Deposit (without any accrued interest thereon) to the Retained Bidder and the Retained Bidder will have no further rights or recourses whatsoever against the Debtor and/or Richter.
15. **EXCLUSION OF WARRANTIES.** Any Contemplated Transaction will be made strictly on an "*as is / where is*" basis, without any representations or warranties on the part of the Debtor, any other Vendor or Richter, of any nature whatsoever, implicit or explicit, legal or conventional, statutory or otherwise with respect to the Assets and/or the Debtor, all such representations or warranties being expressly excluded from the Contemplated Transaction. Without limiting the generality of the foregoing, in connection with a sale of the Assets, the Qualified Bidder acknowledges (and will acknowledge in the Definitive Agreements) having examined the Assets in all respects and being completely satisfied with their existence, state, condition, saleability, quality and quantity in all respects. Additionally, in connection with a sale of the Assets, the Retained Bidder recognizes and acknowledges (and will recognize and acknowledge in the Definitive Agreements) that the Debtor and any other Vendor is not a professional seller of the Assets.
16. **POSSESSION.** Upon occurrence of closing on the Closing Date, in the event the contemplated transaction is in respect of the Assets, the Retained Bidder will take possession of the Assets strictly on an "*as is / where is*" basis, at its own cost and expense, without any liability on the part of the Debtor or Richter. The Retained Bidder will indemnify and hold each of the Debtor and Richter harmless for and against all claims in connection with any damages caused to any premises where the Assets are located as a result of the Qualified Bidder's taking possession thereof.
17. **TITLE.** Title to the Assets will not pass to the Retained Bidder nor will the Retained Bidder be entitled to possession thereof until the occurrence of closing on the Closing Date.
18. **DEFAULT OF A QUALIFIED BIDDER.** If a Qualified Bidder fails to comply with any of the terms, conditions and provisions of this Request, the NDA or its Qualified Bid, the Qualified Bidder will indemnify and hold harmless each of the Debtor and Richter for any damages incurred as a result of such failure.
19. **DEFAULT OF A RETAINED BIDDER.** If a Retained Bidder fails to complete the Contemplated Transaction or breaches the terms, conditions and provisions of this Request or the NDA, then:
  - (a) such Retained Bidder will be absolutely deemed to have completely forfeited its Deposit to and in favour of the Debtor and Richter shall immediately remit such Deposit to the Debtor, which the Debtor shall be entitled to retain as pre-



determined partial damages (and not as a penalty) resulting from such Retained Bidder's default; and

- (b) the Debtor and/or Richter, as the case may be, will be entitled to claim damages from the Retained Bidder resulting from such Retained Bidder's default in excess of the Deposit.

**20. NO ASSIGNMENT.** Neither a Qualified Bidder nor a Retained Bidder will be entitled to transfer or assign, in whole or in part, any of its rights, title and/or interest in or to its Qualified Bid and/or Retained Bid, except with the express prior written consent of the Debtor. If such consent is given by the Debtor, such Qualified Bidder, the Retained Bidder and the designated transferee/assignee will be solidarily (jointly and severally) liable towards the Debtor for all of the obligations of the Qualified Bidder and/or the Retained Bidder under its Qualified Bid and/or Retained Bid.

**21. NOTICE.** All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted under this Request shall be in writing, sent by personal delivery, courier, facsimile or electronic transmission at the following coordinates:

- (a) For any Qualified Bidders: At the coordinates indicated in their respective bids;

- (b) For the Debtor: GREATEX MILLS INC.

1625 Chabanel Street West  
Suite 201  
Montreal, Quebec H4N 2S7  
Attention: Sheldon Lewis  
Jonah Lewis  
E-Mail: [slewis@greatex.com](mailto:slewis@greatex.com)  
[jlewis@greatex.com](mailto:jlewis@greatex.com)

- (c) To Richter: RICHTER ADVISORY GROUP INC.

1981 McGill College  
Montreal, Quebec H3A 0G6  
Attention: Olivier Benchaya  
E-Mail: [obenchaya@richter.ca](mailto:obenchaya@richter.ca)

**22. APPLICABLE LAW AND JURISDICTION.** This Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s) will be subject to and governed by the laws of the Province of Quebec and the laws of Canada in force therein from time to time. Each Qualified Bidder, the Debtor and Richter attorns to the exclusive jurisdiction of the Court with respect to any and all legal proceedings or remedies related, directly or



indirectly, to this Request, the NDA, the Definitive Agreements and the Contemplated Transaction(s).

23. **DELAYS.** If any delay provided for herein expires on a day that is not a business day (i.e. any day other than a Saturday, Sunday or statutory holiday in the Province of Quebec or any other day on which banks are generally closed for business in the Province of Quebec), the delay will be extended to the next business day. All delays set forth in this Request, including, without limitation, the Bid Deadline, the Closing Date and the delays set forth in Sections 7 and 9 hereof, may be extended by the Debtor, with the consent of Richter.
24. **WAIVER OR VARIANCE OF CONDITIONS.** All of the conditions set forth in this Request, the NDA and the Contemplated Transaction will enure to the exclusive benefit of the Debtor or any other Vendor and, accordingly, the Debtor or any other Vendor alone (and expressly not any Qualified Bidder or any Retained Bidder) will be entitled to waive or vary any of such conditions.
25. **LANGUAGE.** Each of the Debtor, Richter and the Qualified Bidders agree that this Request, the NDA, the Definitive Agreements, the Contemplated Transaction and all related documents be drawn up solely in the English language. / *Chacun des "Debtor", "Richter" et "Qualified Bidders" consentent à ce que ce "Request", "Confidentiality Agreement", "Definitive Agreements", "Contemplated Transaction" et tous les documents y afférents soient rédigés dans la langue anglaise.*

**MONTREAL, July \_\_, 2018**

**RICHTER ADVISORY GROUP INC.**, in its capacity as Trustee  
to the Notice of Intention to Make a Proposal of  
Greatex Mills Inc.