

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-054804-188
ESTATE NO.: 41-2388971

SUPERIOR COURT
(Commercial Division)
(*Bankruptcy and Insolvency Act*, R.S.C.
1985, c. B-3)

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

**GREATEX MILLS INC./LES MOULINS
GREATEX INC.**, legal person duly
incorporated according to law having its
principal place of business at 1625 Chabanel
Street West, Suite 201, Montreal, Quebec
H4N 2S7;

Debtor/Petitioner

-and-

**RICHTER ADVISORY SERVICES INC./
RICHTER GROUPE CONSEIL INC.**, in its
capacity as trustee to the foregoing Notice of
Intention filing, having its principal place of
business at 1981 McGill College, Montreal,
Quebec H3A 0G6;

Trustee

**MOTION FOR THE AUTHORIZATION OF A SALE AND SOLICITATION PROCESS
AND TO EXTEND THE DELAY TO MAKE A PROPOSAL**

(Sections 50.4(9) and 183 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3)

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
THE COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTREAL, OR TO
ONE OF ITS REGISTRARS, THE PETITIONER RESPECTFULLY SUBMITS AS
FOLLOWS:

I. INTRODUCTION

1. On June 13, 2018, Greatex Mills Inc. (the "**Debtor**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to the relevant provisions of the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**"), and named Richter Advisory Group Inc. (the "**Trustee**" or "**Richter**") as trustee thereto.

2. The current expiry under the NOI of the Debtor's delay to make a proposal is July 13, 2018 (the "**NOI Delay**").
3. With the filing of the NOI, the Debtor, with the assistance of its counsel, its advisors and the Trustee, will diligently and expeditiously carry out a formal restructuring process.
4. In order to properly embark on this restructuring process, by the present Motion, the Debtor seeks an order of this Honourable Court in the form of the draft "Order Authorizing a SSP and Extending the Delay to Make a Proposal" produced herewith as **Exhibit P-1**:
 - (a) authorizing the Debtor, with the assistance of Richter, to conduct a sale and solicitation process (the "**SSP**") in order to market the "Business" (hereinafter defined) and related assets and approving the "SSP Procedure Document" (hereinafter defined); and
 - (b) extending the NOI Delay until August 20, 2018.

II. THE BUSINESS

5. The Debtor is a Montreal-based, third generation, family owned and operated business which imports and sells high quality fabrics (the "**Product**") for application in the furniture industry (the "**Business**"). The Debtor sells such merchandise locally and internationally to North American and European distributors and customers. Essentially, the Debtor is the intermediary between manufacturers of the Product and fabric distributors or customers who manufacture furniture.
6. The Business is heavily based on management's strategic partnerships and business relationships with its suppliers, distributors and customers.
7. The Debtor operates the Business from leased premises in Montreal located at 1625 Chabanel Street West, Suite 201. Montréal, Québec, Canada. In order to operate the Business, the Debtor employs a workforce of approximately 29 people who work in various parts of the Business.
8. The Debtor also has a wholly owned subsidiary, Greatex Mills Inc. Niederlassung Deutschland, which has been set up in order to make sales of the Product in Germany.
9. The Debtor's business is somewhat seasonal with its best selling season being the fall. Fall sales bookings are dependent on the Debtor's sales efforts in the summer.
10. The Debtor's operations are financed by its operating lender and its most significant secured creditor, The Toronto-Dominion Bank ("**TD**"), pursuant to various credit facilities and security interests charging all of the Debtor's movable property (the "**TD Security**"). As more fully described below, TD has entered into a forbearance agreement (the "**TD Forbearance Agreement**") with the Debtor and

has agreed to continue providing financing to the Debtor pursuant to the terms and conditions of such agreement.

11. The Debtor's only other secured creditor is Business Development Bank of Canada in virtue of credit facilities and hypothecs charging certain of the Debtor's movable property.

III. DEBTOR'S FINANCIAL SITUATION

12. The business of importing and selling the Product as an intermediary has become increasingly challenging over the past few years given that, in an effort to decrease costs, furniture manufacturers and purchasers of the Product are creating their own direct relationships with fabric producers, often the very same producers the Debtor deals with. Consequently, competition for the Debtor continues to surge and its position in the marketplace has been adversely impacted.
13. In addition to the aggressive competition faced by the Debtor, recently, a customer of the Debtor's US distributor claimed a negative quality issue with respect to Product. These issues have resulted in losses to the Debtor.
14. As a result of the above, the Business has been negatively impacted and its performance has decreased to the point of rendering the Debtor insolvent.
15. Prior to the filing of the NOI, the Debtor had discussions with potential investors, purchasers and financial partners in order to obtain the financing required to restructure the Business without a formal insolvency proceeding. However, such discussions proved unsuccessful.
16. As a result of the foregoing and the Debtor's insolvency, TD transferred the Debtor's credit facility to its special loans division, which has demanded repayment of such loans and has issued a notice pursuant to Section 244 B/A of its intention to enforce its security on the Debtor's property. Pursuant to the TD Forbearance Agreement, TD has agreed to forbear, for a limited period of time, from exercising its rights under the TD Security.
17. Accordingly, it was determined that it was in the best interests of the Debtor to file the NOI and enter into a formal restructuring process. TD has indicated that it will support the Debtor through its restructuring, subject to its strict compliance with the TD Forbearance Agreement. Although the TD Forbearance Agreement expires on July 13, 2018, there are ongoing discussions between the Debtor and TD and it is anticipated that the Bank will support the Order sought herein.
18. The Debtor is currently under enormous pressure to restructure the Business as quickly as possible due to the upcoming selling season. As discussed, the fall selling season is the Debtor's peak season for sales of Product.

IV. SALE AND SOLICITATION PROCESS

19. As part of its formal restructuring, the Debtor has mandated Richter to conduct the SSP in order to market the Business and related assets to one or more potential acquirers, investors or strategic partners.
20. The SSP is urgently required, the whole with a view to prevent any further loss to the value of the Business and to allow, if possible, for the continuation of the Business' operations, the preservation of the jobs of the Debtor's employees and to protect the interests of the Debtor's major stakeholders.
21. As a result of the upcoming fall selling season, the SSP must be conducted on an urgent basis over a period of approximately 3 weeks (unless otherwise extended by the Debtor with the consent of the Trustee).
22. The SSP was designed by the Debtor, in consultation with its advisors and Richter, and will be administered by the Debtor in tandem with Richter, the whole in accordance with the below described procedures and the document produced herewith as **Exhibit P-2** (the "**SSP Procedure Document**").
23. In order to attract interest from various parties, Richter will send a teaser document to a diversified group of potential purchasers, including certain parties who operate in the same or similar industry as the Debtor. The teaser document will contain summary information about the Business and will inform the recipient of the availability of additional information. Such parties will be identified by the Debtor and Richter.
24. Parties interested in obtaining more detailed information about the Debtor and/or becoming a party qualified to make an offer will be required to sign a non-disclosure agreement ("**NDA**") with Richter. Once a NDA is signed, information will be made available to such interested parties, which information is listed in more detail in the SSP Procedure Document.
25. As a result of the competitive nature of the Business and given the fact that the Debtor's suppliers are seeking to take customers from the Debtor, the information which will be made available will be listed without customer names but will include essential information such as amounts, annual sales volumes and payment history, the whole as more fully described in the SSP Procedure Document.
26. Interested parties who have executed a NDA may then proceed to submit offers (the "**Offer(s)**") including, but not limited to, offers proposing to acquire the Business as a going concern, all or any part of the Debtor's assets or to liquidate the Debtor's inventory.
27. The SSP will proceed according to the timeline set out in the SSP Procedure Document as follows:

- (a) the deadline for the submission of Offers shall be July 25, 2018 (or such later date as designated by the Debtor with the consent of the Trustee);
 - (b) offerors will be informed if their Offer is accepted or rejected by no later than July 30, 2018 (or such later date designated by the Debtor with the consent of the Trustee);
 - (c) closing of the contemplated transaction, including the Court's authorization and approval of the transaction, is to occur by no later than August 7, 2018 (or such later date designated by the Debtor with the consent of the Trustee).
28. It is in the best interest of all stakeholders that the SSP be conducted. In particular, in order to conduct a sale process in a fair and transparent manner, it is to the advantage of all stakeholders that such process be approved by the Court.
- V. EXTENSION SOUGHT**
29. The Debtor is in the early stages of its restructuring and is now ready to move forward with its restructuring efforts, which include implementing and executing the SSP.
30. In order to properly conduct the SSP and maintain the going concern value of the Business and continue its operations, the Debtor requires an extension of the NOI Delay.
31. The restructuring efforts of the Debtor are currently focused on maintaining the Business, continuing to obtain orders for the fall selling season and pursuing the SSP. Once such efforts have been completed, the Debtor will be in a better position to determine what kind of proposal, if any, could be made to its creditors.
32. No prejudice would be caused to the Debtor's creditors generally by the extension of the NOI Delay sought herein. On the contrary, not extending the NOI Delay would result in:
- (a) the Debtor's immediate bankruptcy;
 - (b) a complete loss of the going concern value of the Debtor's assets and a loss of its goodwill;
 - (c) a disruption to the current sales efforts for the fall selling season;
 - (d) a diminished ability to market and solicit offers for the Debtor and/or its Business via the SSP; and
 - (e) the immediate loss of 29 jobs.
33. The Debtor has acted, is acting and will continue to act in good faith and with due diligence.

34. The Trustee's report on the state of the Debtor's business and financial affairs will be produced in support of the present Motion.
35. The present Motion has been served/notified on all parties who have requested service/notification thereof.
36. Given all of the foregoing, the Debtor is entitled to seek the extension of the delay to make a proposal until August 20, 2018.
37. The present Motion is well founded in fact and in law.

WHEREFORE, PETITIONER PRAYS FOR JUDGMENT OF THIS HONOURABLE COURT:

- (A) **GRANTING** the present Motion;
- (B) **ISSUING** the order substantially in the form of the draft Order Authorizing a SSP and Extending the Delay to Make a Proposal produced as **Exhibit P-1** in support of the present Motion;
- (C) **SHORTENING** the delays to serve/notify and present the present Motion;
- (D) **ISSUING** any other orders the Court deems appropriate.

THE WHOLE without costs, save in the event of contestation.

MONTREAL, June 29, 2018



KUGLER KANDESTIN LLP
Attorneys for Debtor/Petitioner

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Montreal, Quebec H3B 2A7
Tel.: 514 878-2861 / Fax: 514 875-8424
gkandestin@kklex.com/jcuttler@kklex.com

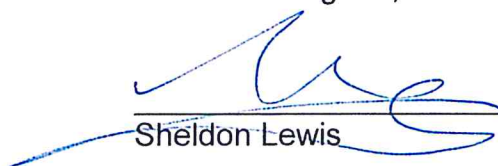
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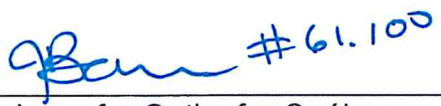
I, the undersigned Sheldon Lewis, domiciled for the purposes hereof at 1625 Chabanel Street West, Suite 201, Montréal, Québec H4N 2S7, solemnly affirm the following:

1. I am the President of the Debtor, Greatex Mills Inc.;
2. I have knowledge of all the facts alleged in the annexed "Motion for the Authorization of a Sale and Solicitation Process and to Extend the Delay to Make a Proposal" and all the facts alleged therein are true.

And I have signed, in Montréal, Québec


Sheldon Lewis

Sworn to and read aloud before me, in Montréal, Québec
this 29th day of June, 2018.

 #61.100

Commissioner for Oaths for Québec



**TRUE COPY
COPIE CONFORME**

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-054804-188
ESTATE NO.: 41-2388971

SUPERIOR COURT
(Commercial Division)

(Bankruptcy and Insolvency Act, R.S.C. 1985,
c. B-3)

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 SERVICES INC./
RICHTER GROUPE CONSEIL INC.;

Trustee

NOTICE OF PRESENTATION

TO:

KAUFMAN LLP
Attorneys for The Toronto Dominion Bank

Attention: Me Steven Shein
Me Martin Jutras
E-mail: sshein@klcanada.com
MJutras@klcanada.com

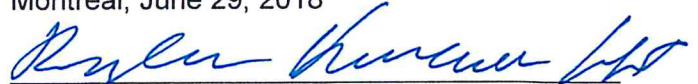
BUSINESS DEVELOPMENT BANK OF
CANADA

Attention: David Alexandre Sauvé
E-mail: david.sauvé@bdc.ca

THE SUPERINTENDENT OF
BANKRUPTCY
Sun Life Building
1155 Metcalfe Street
Suite 950
Montréal, QC
FAX: 514-283-9795

TAKE NOTICE that the "Motion for the Authorization of a Sale and Solicitation Process and to Extend the Delay to Make a Proposal" will be presented for adjudication to a Judge of the Superior Court, of the Province of Québec, of the District of Montréal, or to the Registrar thereof, on July 4, 2018 at 8:45 a.m. in room 16.10 of the Montréal Court House, 1 Notre Dame East, Montréal, Québec or so soon thereafter as counsel may be heard.

Montréal, June 29, 2018



KUGLER KANDESTIN LLP
Attorneys for Debtor/Petitioner

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CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
NO.: 500-11-054804-188
ESTATE NO.: 41-2388971

SUPERIOR COURT
(Commercial Division)

(*Bankruptcy and Insolvency Act*, R.S.C. 1985,
c. B-3)

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 SERVICES INC./
RICHTER GROUPE CONSEIL INC.;

Trustee

LIST OF EXHIBITS

EXHIBIT P-1	Draft Order Authorizing a SSP and Extending the Delay to Make a Proposal
EXHIBIT P-2	SSP Procedure Document

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Montreal, June 29, 2018


KUGLER KANDESTIN LLP
Attorneys for Debtor/Petitioner

EXHIBIT P-1

Draft Order Authorizing a SSP and Extending the Delay to Make a
Proposal

SUPERIOR COURT
(Commercial Division)

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

PRESIDING:

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

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

- [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.

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

EXHIBIT P-2

SSP Procedure Document

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;

- (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

- (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.

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
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

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.

NO.: 500-11-054804-188
ESTATE NO.: 41-2388971

SUPERIOR COURT
(Commercial Division)
*(Bankruptcy and Insolvency Act, R.S.C. 1985,
c. B-3)*

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 SERVICES INC./
RICHTER GROUPE CONSEIL INC.

Trustee


MOTION FOR THE AUTHORIZATION OF A SALE AND
SOLICITATION PROCESS AND TO EXTEND THE
DELAY TO MAKE A PROPOSAL
(Sections 50.4(9) and 183 of the *Bankruptcy and
Insolvency Act*, R.S.C. 1985, c. B-3)

COPY

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