

EXHIBIT

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SUBORDINATION AGREEMENT – HUK 10 LOAN

THIS AGREEMENT is made December 22, 2014 between **THE OBLIGORS NAMED ON THE SIGNATURE PAGE HERETO** (collectively, the "**Obligors**"), **HUK 10 LTD.** (the "**Subordinated Lender**") and **BANK OF MONTREAL** (the "**Senior Lender**").

WHEREAS the Obligors and the Senior Lender have entered into a credit agreement dated December 22, 2014 (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "**Senior Credit Agreement**") pursuant to which the Senior Lender has provided, and may from time to time provide, senior loans and financial accommodations to **HMV Canada Inc.**;

AND WHEREAS the Obligors and the Subordinated Lender have entered into the following credit agreements:

(a) amendment and restatement agreement and amended and restated loan agreement dated April 26, 2012 between the Subordinated Lender and **HMV Canada Inc.**; and

(b) loan agreement dated February 27, 2012 between the Subordinated Lender and **HMV IP Holdings ULC**;

(c) negotiation services agreement dated December 5, 2011 between **HMV Canada Inc.** and the Subordinate Lender;

(d) a guarantee of all amounts owing by **HMV Canada Inc.** to the Subordinated Lender granted by **HUK 17 Limited**;

(as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, collectively the "**Subordinated Credit Agreements**");

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

1. **Capitalized Terms**: All capitalized terms used herein which have not otherwise been defined shall have the meanings ascribed thereto in the Senior Credit Agreement.

2. **Subordination and Postponement**: The Obligors and the Subordinated Lender hereby agree that all obligations, liabilities and indebtedness at any time owing by the Obligors to the Subordinated Lender (collectively, the "**Subordinated Debt**") and all liens, security interests, guarantees and other security agreements now or hereafter granted by the Obligors to the Subordinated Lender to secure all or any part of the Subordinated Debt (collectively, the "**Subordinated Security**") are hereby deferred, postponed and subordinated in all respects by the Subordinated Lender to the prior repayment in full by the Obligors of all obligations, liabilities and indebtedness at any time owing by the Obligors to the Senior Lender or its affiliates (collectively, the "**Senior Debt**") and all liens, security interests, guarantees and other security agreements now or hereafter granted by the Obligors to the Senior Lender to secure all or any part of the Senior Debt (collectively, the "**Senior Security**").

3. **Repayment of Subordinated Debt:** The Obligors may not make, and the Subordinated Lender may not accept, any payments with respect to the Subordinated Debt; provided however that the Obligors may make, and the Subordinated Lender may accept, payments permitted in accordance with Section 12.2(11) of the Senior Credit Agreement.

4. **Status of Subordinated Debt:**

- (a) The Obligors and the Subordinated Lender covenant and agree, upon request by the Senior Lender from time to time to promptly:
 - (i) deliver to the Senior Lender all documentation with respect to the Subordinated Debt and the Subordinated Security;
 - (ii) provide details to the Senior Lender of the outstanding amount of the Subordinated Debt; and
 - (iii) provide notice (and reasonable details) to the Senior Lender of any default with respect to the Subordinated Debt and the Subordinated Security.

5. **Restriction on Enforcement:** The Subordinated Lender agrees that it shall not take any steps whatsoever to demand or enforce payment of the Subordinated Debt or to enforce the Subordinated Security until:

- (a) the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement has been terminated; or
- (b) the Senior Lender has consented in writing to the demand or enforcement of the Subordinated Debt and/or the Subordinated Security.

Nothing in this Section 5 shall preclude the Subordinated Lender from filing a proof of claim in connection with any bankruptcy or similar proceeding in respect of any of the Obligors.

6. **Senior Lender's Rights:** The Subordinated Lender agrees that:

- (a) the Senior Lender, in its absolute discretion and without diminishing the obligations of the Subordinated Lender hereunder, may grant time or other indulgences to the Obligors and any other person or persons now or hereafter liable to the Senior Lender in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Senior Lender may think expedient, and in no such case shall the Senior Lender be responsible for any neglect or omission with respect to the Senior Security or any part thereof;

- (b) the Subordinated Lender shall not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or by any failure or delay in giving any notice required under this Agreement or under the Senior Debt or Senior Security or any part thereof, the waiver by the Senior Lender of compliance with any conditions precedent to any advance of funds, or by any amendment, modification, supplementation, extension, renewal, restatement or replacement of the Senior Credit Agreement, the Senior Debt or the Senior Security or any part thereof, or by anything done, suffered or permitted by the Senior Lender, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any assignment or other transfer of all or any part of the Senior Debt or the Senior Security or any part thereof;
- (c) the Senior Lender shall not be bound to seek or exhaust any recourse against any of the Obligors or any other person or against the property of the Obligors or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinated Lender's obligations hereunder and the Senior Lender may enforce the various remedies available to it and may realize upon the Senior Security or any part thereof in such order as the Senior Lender may determine appropriate; and
- (d) the Senior Lender shall be entitled to advance its own monies as it sees fit in order to preserve or protect the property of the Obligors and all such sums advanced shall constitute part of the Senior Debt and shall be secured by the Senior Security.

7. **Liquidation, Dissolution, Bankruptcy, etc.:**

- (a) In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the property of any Obligor, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of any Obligor or in connection with any composition with creditors or scheme of arrangement to which any Obligor is a party, the Senior Lender shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinated Lender is entitled to receive any direct or indirect payment or distribution of any cash or other property of any Obligor on account of the Subordinated Debt, and the Senior Lender shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Senior Lender in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other property, which shall be payable or deliverable upon or with respect to the Subordinated Debt.

- (b) To the extent any payment of Senior Debt is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.
- (c) In order to enable the Senior Lender to enforce its rights hereunder in any of the actions or proceedings described in this Section 7, upon the failure of the Subordinated Lender to make and present on a timely basis a proof of claim against any Obligor on account of the Subordinated Debt or other motion or pleading as may be expedient or proper to establish the Subordinated Lender's entitlement to payment of any Subordinated Debt, the Senior Lender is hereby irrevocably authorized and empowered (until the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement has been terminated), in its discretion, to make and present for and on behalf of the Subordinated Lender such proofs of claims or other motions or pleadings and to demand, receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of the Senior Debt.
- (d) The Subordinated Lender hereby covenants and agrees not to exercise any voting right or other privilege that it may have from time to time in any of the actions or proceedings described in this Section 7 in favour of any plan, proposal, compromise, arrangement or similar transaction that would defeat:
 - (i) the right of the Senior Lender to receive payments and distributions otherwise payable or deliverable upon or with respect to the Subordinated Debt so long as any Senior Debt remains outstanding; or
 - (ii) the obligation of the Subordinated Lender to receive, hold in trust, and pay over to the Senior Lender certain payments and distributions as contemplated by this Agreement.

8. **Payments Received by the Subordinated Lender:** Except for payments or distributions expressly permitted herein, if, prior to the indefeasible payment in full of the Senior Debt and the termination of the Senior Credit Agreement, the Subordinated Lender or any person on its behalf shall receive any payment from or distribution of property of any Obligor or on account of the Subordinated Debt, then the Subordinated Lender shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Lender and promptly pay the same over or deliver to the Senior Lender in precisely the form received by the Subordinated Lender or such other person on its behalf (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Lender to the repayment of the Senior Debt or it may otherwise determine.

9. **No Release:** This Agreement shall remain in full force and effect without regard to, and the obligations of the Subordinated Lender hereunder shall not be released or otherwise affected or impaired by any matter including, without limitation:

- (a) any exercise or non-exercise by the Senior Lender of any right, remedy, power or privilege in any of the Financing Agreements;
- (b) any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Lender under or in respect of this Agreement or any of the Financing Agreements;
- (c) any default by any Obligor under, any limitation on the liability of any Obligor or on the method or terms of payment under, or any irregularity or other defect in, any of the Financing Agreements, the Senior Debt or the Senior Security;
- (d) the lack of authority or revocation thereof by any other party;
- (e) the failure of the Senior Lender to file or enforce a claim of any kind;
- (f) any defence based upon an election of remedies by the Senior Lender which destroys or otherwise impairs the subrogation rights of the Subordinated Lender or the right of the Subordinated Lender to proceed against any Obligor for reimbursement, or both;
- (g) any merger, consolidation or amalgamation of the Subordinated Lender or any Obligor into or with any other person;
- (h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Subordinated Lender or any Obligor;
- (i) the creation, grant, execution, delivery validity or enforceability of the Senior Security and/or the Subordinated Security;
- (j) the attachment or perfection of the liens and security interests under the Senior Security and/or the Subordinated Security;
- (k) the registration of the Senior Security and/or the Subordinated Security or the filing of financing statements or other instruments and documents with respect thereto;
- (l) any notice to or demand upon any Obligor or to any other Person (or the failure to give any notice or demand);
- (m) any loan(s), advance or advances of money or money's worth made to any Obligor; or

- (n) delivery to any Obligor of any property subject to the Senior Security and/or the Subordinated Security.

The Senior Security and the Subordinated Security shall be liens and security interests upon the property of the Obligors in the same manner and to the same extent as if they had been executed, delivered and registered for the purpose of perfecting the security represented thereby in the order of the respective priorities as indicated in Section 2 hereof.

10. **Modification of Senior Debt, Senior Security and Senior Credit Agreement:**

The Senior Lender may at any time and from time to time without the consent of or notice to the Subordinated Lender, without incurring liability to the Subordinated Lender and without impairing or releasing the obligations of the Subordinated Lender under this Agreement, amend, modify, supplement, extend, renew, restate or replace any of the terms of the Senior Debt, the Senior Security, the Senior Credit Agreement or any other Financing Agreement.

11. **Modification of Subordinated Debt, Subordinated Security and Subordinated Credit Agreements:**

Until the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement terminated, the Subordinated Lender and the Obligors shall not amend, modify, supplement, extend, renew, restate or replace any of the terms of the Subordinated Debt, the Subordinated Security, the Subordinated Credit Agreements or any agreement or instrument with respect to the Subordinated Debt without the prior written consent of the Senior Lender.

12. **Proceeds:** If any of the properties or assets of the Obligors are dealt with or damaged so as to give rise to proceeds (including amounts payable under insurance policies) the respective claims of the Senior Lender and the Subordinated Lender against such proceeds shall be determined as if such claims were made against the original collateral which gave rise to such proceeds.

13. **Validity of Senior Security:** Subordinated Lender agrees that it will not take any steps or proceedings to challenge the validity or enforceability of any of the Senior Security, or any other steps or proceedings whatsoever whereby the Senior Security or the priority or rights of the Senior Lender shall or might be defeated or impaired. Subordinated Lender shall not assert any right or claim, whether in law or equity, which might impair the validity and effectiveness of the Senior Security or the priority of the Senior Security. If at any time a receiver is appointed in respect of all or any portion of the property, assets and undertaking of the Obligors either by private appointment by the Senior Lender or by a court upon application of the Senior Lender, such receiver shall have complete management, control and possession of such property, assets and undertaking in priority to the rights of any receiver appointed by the Subordinated Lender under the Subordinated Security (if any) or by the court upon application of the Subordinated Lender.

14. **Set-Off:** The Subordinated Lender hereby waives all rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Obligors to the Subordinated Lender against or in connection with the Subordinated Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto. The Subordinated Lender hereby waives all rights to claim or otherwise

interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Obligors to the Subordinated Lender against or in connection with the Subordinated Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto.

15. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Lender, to give full effect to this Agreement and the rights and remedies of the Senior Lender hereunder, in accordance with the intent of this Agreement.

16. **Successors and Assigns:**

- (a) This Agreement is binding upon the parties hereto and their respective successors and assigns and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- (b) The Subordinated Lender shall not be entitled to sell, assign or transfer all or any part of its rights and obligations under this Agreement or in respect of the Subordinated Debt, the Subordinated Security or the Subordinated Credit Agreements unless, prior to entering into such sale, assignment or transfer, the proposed assignee or transferee, as applicable, enters into a written agreement with the Senior Lender pursuant to which the proposed assignee or transferee, as applicable, agrees to be bound by the terms hereof in effect as of the date of such sale, assignment or transfer and, if reasonably required by the Senior Lender, the Subordinated Lender delivers to the Senior Lender a favourable opinion of counsel to the proposed assignee or transferee, as applicable, confirming the enforceability of such agreement against such proposed assignee or transferee, as applicable, in form and content satisfactory to the Senior Lender, acting reasonably.

17. **Governing Law:** This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

18. **Attornment:** The parties hereto irrevocably consent and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and waive any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that the Senior Lender shall have the right to bring any action or proceeding against any Obligor or its property in the courts of any other jurisdiction which the Senior Lender deems necessary or appropriate in order to realize on the collateral or to otherwise enforce its rights against any Obligor or its property).

19. **Acknowledgement:** The Obligors hereby acknowledge receipt of a copy of this Agreement and agrees with the Senior Lender and the Subordinated Lender to give effect to all of the provisions of this Agreement.

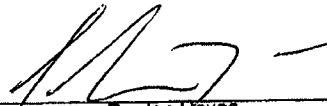
20. **Termination:** This Agreement shall terminate upon the indefeasible payment in full of the Senior Debt and the termination of the Senior Credit Agreement.

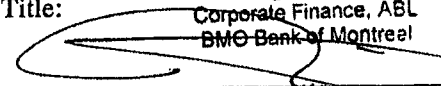
21. **Counterparts:** This Agreement may be executed in one or more counterparts, by original or facsimile signature, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: 
Name: Gordon Hayes
Title: Managing Director
Corporate Finance, ABL
BMO Bank of Montreal

By: 
Name: Pedram Kaya
Title: Managing Director
Corporate Finance, ABL
BMO Bank of Montreal

HUK 10 LTD.

By: _____
Name: Paul McGowan
Title: Director

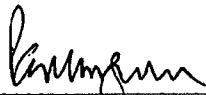
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: _____
Name:
Title:

By: _____
Name:
Title:

HUK 10 LTD.

By:  _____
Name: Paul McGowan
Title: Director

OBLIGORS:

7902077 CANADA INC.

By: Harvey Berkley
Name: Harvey Berkley
Title: Director

HMV CANADA INC.

By: Harvey Berkley
Name: Harvey Berkley
Title: Chief Financial Officer

HMV IP HOLDINGS ULC

By: Harvey Berkley
Name: Harvey Berkley
Title: Director

HUK 17 LIMITED

By: _____
Name: Paul McGowan
Title: Director

OBLIGORS:

7902077 CANADA INC.

By: _____
Name: Harvey Berkley
Title: Director

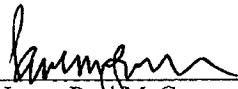
HMV CANADA INC.

By: _____
Name: Harvey Berkley
Title: Chief Financial Officer

HMV IP HOLDINGS ULC

By: _____
Name: Harvey Berkley
Title: Director

HUK 17 LIMITED

By:  _____
Name: Paul McGowan
Title: Director

SUBORDINATION AGREEMENT – HMV IP ULC LOAN

THIS AGREEMENT is made December 22, 2014 between HMV Canada Inc. (the "Borrower"), HMV IP HOLDINGS ULC (the "Subordinated Lender") and BANK OF MONTREAL (the "Senior Lender").

WHEREAS the Borrower and the Senior Lender have entered into a credit agreement dated December 22, 2014 (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Senior Credit Agreement") pursuant to which the Senior Lender has provided, and may from time to time provide, senior loans and financial accommodations to the Borrower;

AND WHEREAS the Borrower and the Subordinated Lender have entered into the Sub-Sub-License Agreement made between the Secured Party and the Licensee dated June 26, 2011 (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Subordinated Credit Agreement");

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

1. **Capitalized Terms:** All capitalized terms used herein which have not otherwise been defined shall have the meanings ascribed thereto in the Senior Credit Agreement.
2. **Subordination and Postponement:** The Borrower and the Subordinated Lender hereby agree that all obligations, liabilities and indebtedness at any time owing by the Borrower to the Subordinated Lender (collectively, the "Subordinated Debt") and all liens, security interests, guarantees and other security agreements now or hereafter granted by the Borrower to the Subordinated Lender to secure all or any part of the Subordinated Debt (collectively, the "Subordinated Security") are hereby deferred, postponed and subordinated in all respects by the Subordinated Lender to the prior repayment in full by the Borrower of all obligations, liabilities and indebtedness at any time owing by the Borrower to the Senior Lender or its affiliates (collectively, the "Senior Debt") and all liens, security interests, guarantees and other security agreements now or hereafter granted by the Borrower to the Senior Lender to secure all or any part of the Senior Debt (collectively, the "Senior Security").
3. **Repayment of Subordinated Debt:** The Borrower may not make, and the Subordinated Lender may not accept, any payments with respect to the Subordinated Debt; provided however that the Borrower may make, and the Subordinated Lender may accept, payments permitted in accordance with Section 12.2(11) of the Senior Credit Agreement.
4. **Status of Subordinated Debt:**
 - (a) The Borrower and the Subordinated Lender covenant and agree, upon request by the Senior Lender from time to time to promptly:
 - (i) deliver to the Senior Lender all documentation with respect to the Subordinated Debt and the Subordinated Security;

- (ii) provide details to the Senior Lender of the outstanding amount of the Subordinated Debt; and
- (iii) provide notice (and reasonable details) to the Senior Lender of any default with respect to the Subordinated Debt and the Subordinated Security.

5. **Restriction on Enforcement:** The Subordinated Lender agrees that it shall not take any steps whatsoever to demand or enforce payment of the Subordinated Debt or to enforce the Subordinated Security until:

- (a) the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement has been terminated; or
- (b) the Senior Lender has consented in writing to the demand or enforcement of the Subordinated Debt and/or the Subordinated Security.

Nothing in this Section 5 shall preclude the Subordinated Lender from filing a proof of claim in connection with any bankruptcy or similar proceeding in respect of the Borrower.

6. **Senior Lender's Rights:** The Subordinated Lender agrees that:

- (a) the Senior Lender, in its absolute discretion and without diminishing the obligations of the Subordinated Lender hereunder, may grant time or other indulgences to the Borrower and any other person or persons now or hereafter liable to the Senior Lender in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Senior Lender may think expedient, and in no such case shall the Senior Lender be responsible for any neglect or omission with respect to the Senior Security or any part thereof;
- (b) the Subordinated Lender shall not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or by any failure or delay in giving any notice required under this Agreement or under the Senior Debt or Senior Security or any part thereof, the waiver by the Senior Lender of compliance with any conditions precedent to any advance of funds, or by any amendment, modification, supplementation, extension, renewal, restatement or replacement of the Senior Credit Agreement, the Senior Debt or the Senior Security or any part thereof, or by anything done, suffered or permitted by the Senior Lender, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any assignment or other transfer of all or any part of the Senior Debt or the Senior Security or any part thereof;

- (c) the Senior Lender shall not be bound to seek or exhaust any recourse against the Borrower or any other person or against the property of the Borrower or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinated Lender's obligations hereunder and the Senior Lender may enforce the various remedies available to it and may realize upon the Senior Security or any part thereof in such order as the Senior Lender may determine appropriate; and
- (d) the Senior Lender shall be entitled to advance its own monies as it sees fit in order to preserve or protect the property of the Borrower and all such sums advanced shall constitute part of the Senior Debt and shall be secured by the Senior Security.

7. **Liquidation, Dissolution, Bankruptcy, etc.:**

- (a) In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the property of the Borrower, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of the Borrower or in connection with any composition with creditors or scheme of arrangement to which the Borrower is a party, the Senior Lender shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinated Lender is entitled to receive any direct or indirect payment or distribution of any cash or other property of the Borrower on account of the Subordinated Debt, and the Senior Lender shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Senior Lender in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other property, which shall be payable or deliverable upon or with respect to the Subordinated Debt.
- (b) To the extent any payment of Senior Debt is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.
- (c) In order to enable the Senior Lender to enforce its rights hereunder in any of the actions or proceedings described in this Section 7, upon the failure of the Subordinated Lender to make and present on a timely basis a proof of claim against the Borrower on account of the Subordinated Debt or other motion or pleading as may be expedient or proper to establish the Subordinated Lender's entitlement to payment of any Subordinated Debt, the Senior Lender is hereby

irrevocably authorized and empowered (until the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement has been terminated), in its discretion, to make and present for and on behalf of the Subordinated Lender such proofs of claims or other motions or pleadings and to demand, receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of the Senior Debt.

- (d) The Subordinated Lender hereby covenants and agrees not to exercise any voting right or other privilege that it may have from time to time in any of the actions or proceedings described in this Section 7 in favour of any plan, proposal, compromise, arrangement or similar transaction that would defeat:
 - (i) the right of the Senior Lender to receive payments and distributions otherwise payable or deliverable upon or with respect to the Subordinated Debt so long as any Senior Debt remains outstanding; or
 - (ii) the obligation of the Subordinated Lender to receive, hold in trust, and pay over to the Senior Lender certain payments and distributions as contemplated by this Agreement.

8. **Payments Received by the Subordinated Lender:** Except for payments or distributions expressly permitted herein, if, prior to the indefeasible payment in full of the Senior Debt and the termination of the Senior Credit Agreement, the Subordinated Lender or any person on its behalf shall receive any payment from or distribution of property of the Borrower or on account of the Subordinated Debt, then the Subordinated Lender shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Lender and promptly pay the same over or deliver to the Senior Lender in precisely the form received by the Subordinated Lender or such other person on its behalf (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Lender to the repayment of the Senior Debt or it may otherwise determine.

9. **No Release:** This Agreement shall remain in full force and effect without regard to, and the obligations of the Subordinated Lender hereunder shall not be released or otherwise affected or impaired by any matter including, without limitation:

- (a) any exercise or non-exercise by the Senior Lender of any right, remedy, power or privilege in any of the Financing Agreements;
- (b) any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Lender under or in respect of this Agreement or any of the Financing Agreements;
- (c) any default by the Borrower under, any limitation on the liability of the Borrower or on the method or terms of payment under, or any irregularity or other defect in, any of the Financing Agreements, the Senior Debt or the Senior Security;
- (d) the lack of authority or revocation thereof by any other party;

- (e) the failure of the Senior Lender to file or enforce a claim of any kind;
- (f) any defence based upon an election of remedies by the Senior Lender which destroys or otherwise impairs the subrogation rights of the Subordinated Lender or the right of the Subordinated Lender to proceed against the Borrower for reimbursement, or both;
- (g) any merger, consolidation or amalgamation of the Subordinated Lender or the Borrower into or with any other person;
- (h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Subordinated Lender or the Borrower;
- (i) the creation, grant, execution, delivery validity or enforceability of the Senior Security and/or the Subordinated Security;
- (j) the attachment or perfection of the liens and security interests under the Senior Security and/or the Subordinated Security;
- (k) the registration of the Senior Security and/or the Subordinated Security or the filing of financing statements or other instruments and documents with respect thereto;
- (l) any notice to or demand upon the Borrower or to any other Person (or the failure to give any notice or demand);
- (m) any loan(s), advance or advances of money or money's worth made to the Borrower; or
- (n) delivery to the Borrower of any property subject to the Senior Security and/or the Subordinated Security.

The Senior Security and the Subordinated Security shall be liens and security interests upon the property of the Borrower in the same manner and to the same extent as if they had been executed, delivered and registered for the purpose of perfecting the security represented thereby in the order of the respective priorities as indicated in Section 2 hereof.

10. **Modification of Senior Debt, Senior Security and Senior Credit Agreement:** The Senior Lender may at any time and from time to time without the consent of or notice to the Subordinated Lender, without incurring liability to the Subordinated Lender and without impairing or releasing the obligations of the Subordinated Lender under this Agreement, amend, modify, supplement, extend, renew, restate or replace any of the terms of the Senior Debt, the Senior Security, the Senior Credit Agreement or any other Financing Agreement.

11. **Modification of Subordinated Debt, Subordinated Security and Subordinated Credit Agreement:** Until the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement terminated, the Subordinated Lender and the Borrower shall not

amend, modify, supplement, extend, renew, restate or replace any of the terms of the Subordinated Debt, the Subordinated Security, the Subordinated Credit Agreement or any agreement or instrument with respect to the Subordinated Debt without the prior written consent of the Senior Lender.

12. **Proceeds:** If any of the properties or assets of the Borrower are dealt with or damaged so as to give rise to proceeds (including amounts payable under insurance policies) the respective claims of the Senior Lender and the Subordinated Lender against such proceeds shall be determined as if such claims were made against the original collateral which gave rise to such proceeds.

13. **Validity of Senior Security:** Subordinated Lender agrees that it will not take any steps or proceedings to challenge the validity or enforceability of any of the Senior Security, or any other steps or proceedings whatsoever whereby the Senior Security or the priority or rights of the Senior Lender shall or might be defeated or impaired. Subordinated Lender shall not assert any right or claim, whether in law or equity, which might impair the validity and effectiveness of the Senior Security or the priority of the Senior Security. If at any time a receiver is appointed in respect of all or any portion of the property, assets and undertaking of the Borrower either by private appointment by the Senior Lender or by a court upon application of the Senior Lender, such receiver shall have complete management, control and possession of such property, assets and undertaking in priority to the rights of any receiver appointed by the Subordinated Lender under the Subordinated Security (if any) or by the court upon application of the Subordinated Lender.

14. **Set-Off:** The Subordinated Lender hereby waives all rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Borrower to the Subordinated Lender against or in connection with the Subordinated Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto. The Subordinated Lender hereby waives all rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Borrower to the Subordinated Lender against or in connection with the Subordinated Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto.

15. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Lender, to give full effect to this Agreement and the rights and remedies of the Senior Lender hereunder, in accordance with the intent of this Agreement.

16. **Successors and Assigns:**

- (a) This Agreement is binding upon the parties hereto and their respective successors and assigns and shall enure to the benefit of the parties hereto and their respective successors and assigns.

- (b) The Subordinated Lender shall not be entitled to sell, assign or transfer all or any part of its rights and obligations under this Agreement or in respect of the Subordinated Debt, the Subordinated Security or the Subordinated Credit Agreement unless, prior to entering into such sale, assignment or transfer, the proposed assignee or transferee, as applicable, enters into a written agreement with the Senior Lender pursuant to which the proposed assignee or transferee, as applicable, agrees to be bound by the terms hereof in effect as of the date of such sale, assignment or transfer and, if reasonably required by the Senior Lender, the Subordinated Lender delivers to the Senior Lender a favourable opinion of counsel to the proposed assignee or transferee, as applicable, confirming the enforceability of such agreement against such proposed assignee or transferee, as applicable, in form and content satisfactory to the Senior Lender, acting reasonably.

17. **Governing Law:** This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

18. **Attornment:** The parties hereto irrevocably consent and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and waive any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that the Senior Lender shall have the right to bring any action or proceeding against the Borrower or its property in the courts of any other jurisdiction which the Senior Lender deems necessary or appropriate in order to realize on the collateral or to otherwise enforce its rights against the Borrower or its property).

19. **Acknowledgement:** The Borrower hereby acknowledges receipt of a copy of this Agreement and agrees with the Senior Lender and the Subordinated Lender to give effect to all of the provisions of this Agreement.


20. **Termination:** This Agreement shall terminate upon the indefeasible payment in full of the Senior Debt and the termination of the Senior Credit Agreement.

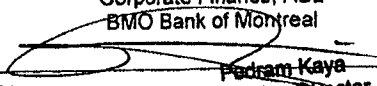
21. **Counterparts:** This Agreement may be executed in one or more counterparts, by original or facsimile signature, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: 
 Name: Gordon Hayes
 Title: Managing Director
 Corporate Finance, ABL
 BMO Bank of Montreal

By: 
 Name: Padam Kaya
 Title: Managing Director
 Corporate Finance, ABL
 BMO Bank of Montreal

HMV IP HOLDINGS ULC

By: _____
 Name: Harvey Berkley
 Title: Vice President, Finance and Real Estate

HMV CANADA INC.

By: _____
 Name: Harvey Berkley
 Title: Chief Financial Officer

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: _____
Name:
Title:

By: _____
Name:
Title:

HMV IP HOLDINGS ULC

By: Harvey Berkley
Name: Harvey Berkley
Title: Vice President, Finance and Real Estate

HMV CANADA INC.

By: Harvey Berkley
Name: Harvey Berkley
Title: Chief Financial Officer

SUBORDINATION AGREEMENT – RETAIL 230 LOAN

THIS AGREEMENT is made December 22, 2014 between HMV Canada Inc. (the "**Borrower**"), **RETAIL AGENTS 230 LIMITED** (the "**Subordinated Lender**") and **BANK OF MONTREAL** (the "**Senior Lender**").

WHEREAS the Borrower and the Senior Lender have entered into a credit agreement dated December 22, 2014 (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "**Senior Credit Agreement**") pursuant to which the Senior Lender has provided, and may from time to time provide, senior loans and financial accommodations to The Borrower;

AND WHEREAS the Borrower and the Subordinated Lender have entered into the Deed of Novation re Assignment of Services Agreement and Agreement and Restated Sales Implementation Services Agreement among Retail Agents Limited, the Secured Party and the Debtor, dated November 21, 2012 (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, collectively the "**Subordinated Credit Agreements**");

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

1. **Capitalized Terms:** All capitalized terms used herein which have not otherwise been defined shall have the meanings ascribed thereto in the Senior Credit Agreement.
2. **Subordination and Postponement:** The Borrower and the Subordinated Lender hereby agree that all obligations, liabilities and indebtedness at any time owing by the Borrower to the Subordinated Lender (collectively, the "**Subordinated Debt**") and all liens, security interests, guarantees and other security agreements now or hereafter granted by the Borrower to the Subordinated Lender to secure all or any part of the Subordinated Debt (collectively, the "**Subordinated Security**") are hereby deferred, postponed and subordinated in all respects by the Subordinated Lender to the prior repayment in full by the Borrower of all obligations, liabilities and indebtedness at any time owing by the Borrower to the Senior Lender or its affiliates (collectively, the "**Senior Debt**") and all liens, security interests, guarantees and other security agreements now or hereafter granted by the Borrower to the Senior Lender to secure all or any part of the Senior Debt (collectively, the "**Senior Security**").
3. **Repayment of Subordinated Debt:** The Borrower may not make, and the Subordinated Lender may not accept, any payments with respect to the Subordinated Debt; provided however that the Borrower may make, and the Subordinated Lender may accept, payments permitted in accordance with Section 12.2(11) of the Senior Credit Agreement.
4. **Status of Subordinated Debt:**
 - (a) The Borrower and the Subordinated Lender covenant and agree, upon request by the Senior Lender from time to time to promptly:

- (i) deliver to the Senior Lender all documentation with respect to the Subordinated Debt and the Subordinated Security;
- (ii) provide details to the Senior Lender of the outstanding amount of the Subordinated Debt; and
- (iii) provide notice (and reasonable details) to the Senior Lender of any default with respect to the Subordinated Debt and the Subordinated Security.

5. **Restriction on Enforcement:** The Subordinated Lender agrees that it shall not take any steps whatsoever to demand or enforce payment of the Subordinated Debt or to enforce the Subordinated Security until:

- (a) the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement has been terminated; or
- (b) the Senior Lender has consented in writing to the demand or enforcement of the Subordinated Debt and/or the Subordinated Security.

Nothing in this Section 5 shall preclude the Subordinated Lender from filing a proof of claim in connection with any bankruptcy or similar proceeding in respect of the Borrower.

6. **Senior Lender's Rights:** The Subordinated Lender agrees that:

- (a) the Senior Lender, in its absolute discretion and without diminishing the obligations of the Subordinated Lender hereunder, may grant time or other indulgences to the Borrower and any other person or persons now or hereafter liable to the Senior Lender in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Senior Lender may think expedient, and in no such case shall the Senior Lender be responsible for any neglect or omission with respect to the Senior Security or any part thereof;
- (b) the Subordinated Lender shall not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or by any failure or delay in giving any notice required under this Agreement or under the Senior Debt or Senior Security or any part thereof, the waiver by the Senior Lender of compliance with any conditions precedent to any advance of funds, or by any amendment, modification, supplementation, extension, renewal, restatement or replacement of the Senior Credit Agreement, the Senior Debt or the Senior Security or any part thereof, or by anything done, suffered or permitted by the Senior Lender, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any assignment or other

transfer of all or any part of the Senior Debt or the Senior Security or any part thereof;

- (c) the Senior Lender shall not be bound to seek or exhaust any recourse against the Borrower or any other person or against the property of the Borrower or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinated Lender's obligations hereunder and the Senior Lender may enforce the various remedies available to it and may realize upon the Senior Security or any part thereof in such order as the Senior Lender may determine appropriate; and
- (d) the Senior Lender shall be entitled to advance its own monies as it sees fit in order to preserve or protect the property of the Borrower and all such sums advanced shall constitute part of the Senior Debt and shall be secured by the Senior Security.

7. **Liquidation, Dissolution, Bankruptcy, etc.:**

- (a) In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the property of the Borrower, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of the Borrower or in connection with any composition with creditors or scheme of arrangement to which the Borrower is a party, the Senior Lender shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinated Lender is entitled to receive any direct or indirect payment or distribution of any cash or other property of the Borrower on account of the Subordinated Debt, and the Senior Lender shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Senior Lender in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other property, which shall be payable or deliverable upon or with respect to the Subordinated Debt.
- (b) To the extent any payment of Senior Debt is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.
- (c) In order to enable the Senior Lender to enforce its rights hereunder in any of the actions or proceedings described in this Section 7, upon the failure of the Subordinated Lender to make and present on a timely basis a proof of claim

against the Borrower on account of the Subordinated Debt or other motion or pleading as may be expedient or proper to establish the Subordinated Lender's entitlement to payment of any Subordinated Debt, the Senior Lender is hereby irrevocably authorized and empowered (until the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement has been terminated), in its discretion, to make and present for and on behalf of the Subordinated Lender such proofs of claims or other motions or pleadings and to demand, receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued and to apply the same on account of the Senior Debt.

- (d) The Subordinated Lender hereby covenants and agrees not to exercise any voting right or other privilege that it may have from time to time in any of the actions or proceedings described in this Section 7 in favour of any plan, proposal, compromise, arrangement or similar transaction that would defeat:
 - (i) the right of the Senior Lender to receive payments and distributions otherwise payable or deliverable upon or with respect to the Subordinated Debt so long as any Senior Debt remains outstanding; or
 - (ii) the obligation of the Subordinated Lender to receive, hold in trust, and pay over to the Senior Lender certain payments and distributions as contemplated by this Agreement.

8. **Payments Received by the Subordinated Lender:** Except for payments or distributions expressly permitted herein, if, prior to the indefeasible payment in full of the Senior Debt and the termination of the Senior Credit Agreement, the Subordinated Lender or any person on its behalf shall receive any payment from or distribution of property of the Borrower or on account of the Subordinated Debt, then the Subordinated Lender shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Lender and promptly pay the same over or deliver to the Senior Lender in precisely the form received by the Subordinated Lender or such other person on its behalf (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Lender to the repayment of the Senior Debt or it may otherwise determine.

9. **No Release:** This Agreement shall remain in full force and effect without regard to, and the obligations of the Subordinated Lender hereunder shall not be released or otherwise affected or impaired by any matter including, without limitation:

- (a) any exercise or non-exercise by the Senior Lender of any right, remedy, power or privilege in any of the Financing Agreements;
- (b) any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Lender under or in respect of this Agreement or any of the Financing Agreements;

- (c) any default by the Borrower under, any limitation on the liability of the Borrower or on the method or terms of payment under, or any irregularity or other defect in, any of the Financing Agreements, the Senior Debt or the Senior Security;
- (d) the lack of authority or revocation thereof by any other party;
- (e) the failure of the Senior Lender to file or enforce a claim of any kind;
- (f) any defence based upon an election of remedies by the Senior Lender which destroys or otherwise impairs the subrogation rights of the Subordinated Lender or the right of the Subordinated Lender to proceed against the Borrower for reimbursement, or both;
- (g) any merger, consolidation or amalgamation of the Subordinated Lender or the Borrower into or with any other person;
- (h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Subordinated Lender or the Borrower;
- (i) the creation, grant, execution, delivery validity or enforceability of the Senior Security and/or the Subordinated Security;
- (j) the attachment or perfection of the liens and security interests under the Senior Security and/or the Subordinated Security;
- (k) the registration of the Senior Security and/or the Subordinated Security or the filing of financing statements or other instruments and documents with respect thereto;
- (l) any notice to or demand upon the Borrower or to any other Person (or the failure to give any notice or demand);
- (m) any loan(s), advance or advances of money or money's worth made to the Borrower; or
- (n) delivery to the Borrower of any property subject to the Senior Security and/or the Subordinated Security.

The Senior Security and the Subordinated Security shall be liens and security interests upon the property of the Borrower in the same manner and to the same extent as if they had been executed, delivered and registered for the purpose of perfecting the security represented thereby in the order of the respective priorities as indicated in Section 2 hereof.

10. **Modification of Senior Debt, Senior Security and Senior Credit Agreement:**
The Senior Lender may at any time and from time to time without the consent of or notice to the Subordinated Lender, without incurring liability to the Subordinated Lender and without impairing or releasing the obligations of the Subordinated Lender under this Agreement, amend,

modify, supplement, extend, renew, restate or replace any of the terms of the Senior Debt, the Senior Security, the Senior Credit Agreement or any other Financing Agreement.

11. **Modification of Subordinated Debt, Subordinated Security and Subordinated Credit Agreements:** Until the Senior Debt has been indefeasibly paid in full and the Senior Credit Agreement terminated, the Subordinated Lender and the Borrower shall not amend, modify, supplement, extend, renew, restate or replace any of the terms of the Subordinated Debt, the Subordinated Security, the Subordinated Credit Agreements or any agreement or instrument with respect to the Subordinated Debt without the prior written consent of the Senior Lender.

12. **Proceeds:** If any of the properties or assets of the Borrower are dealt with or damaged so as to give rise to proceeds (including amounts payable under insurance policies) the respective claims of the Senior Lender and the Subordinated Lender against such proceeds shall be determined as if such claims were made against the original collateral which gave rise to such proceeds.

13. **Validity of Senior Security:** Subordinated Lender agrees that it will not take any steps or proceedings to challenge the validity or enforceability of any of the Senior Security, or any other steps or proceedings whatsoever whereby the Senior Security or the priority or rights of the Senior Lender shall or might be defeated or impaired. Subordinated Lender shall not assert any right or claim, whether in law or equity, which might impair the validity and effectiveness of the Senior Security or the priority of the Senior Security. If at any time a receiver is appointed in respect of all or any portion of the property, assets and undertaking of the Borrower either by private appointment by the Senior Lender or by a court upon application of the Senior Lender, such receiver shall have complete management, control and possession of such property, assets and undertaking in priority to the rights of any receiver appointed by the Subordinated Lender under the Subordinated Security (if any) or by the court upon application of the Subordinated Lender.

14. **Set-Off:** The Subordinated Lender hereby waives all rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Borrower to the Subordinated Lender against or in connection with the Subordinated Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto. The Subordinated Lender hereby waives all rights to claim or otherwise interpose any claims, deductions, setoffs or counterclaims of any nature or kind, whether contractual, legal or equitable, including without limitation, any and all amounts and obligations of whatsoever nature and kind owing by the Borrower to the Subordinated Lender against or in connection with the Subordinated Debt and any action or proceeding with respect to this Agreement or any matter arising therefor or relating hereto.

15. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Lender, to give full effect to this Agreement and the rights and remedies of the Senior Lender hereunder, in accordance with the intent of this Agreement.


16. **Successors and Assigns:**

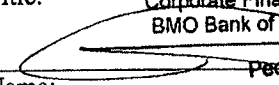
- (a) This Agreement is binding upon the parties hereto and their respective successors and assigns and shall enure to the benefit of the parties hereto and their respective successors and assigns.
 - (b) The Subordinated Lender shall not be entitled to sell, assign or transfer all or any part of its rights and obligations under this Agreement or in respect of the Subordinated Debt, the Subordinated Security or the Subordinated Credit Agreements unless, prior to entering into such sale, assignment or transfer, the proposed assignee or transferee, as applicable, enters into a written agreement with the Senior Lender pursuant to which the proposed assignee or transferee, as applicable, agrees to be bound by the terms hereof in effect as of the date of such sale, assignment or transfer and, if reasonably required by the Senior Lender, the Subordinated Lender delivers to the Senior Lender a favourable opinion of counsel to the proposed assignee or transferee, as applicable, confirming the enforceability of such agreement against such proposed assignee or transferee, as applicable, in form and content satisfactory to the Senior Lender, acting reasonably.
17. **Governing Law:** This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
18. **Attornment:** The parties hereto irrevocably consent and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and waive any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that the Senior Lender shall have the right to bring any action or proceeding against the Borrower or its property in the courts of any other jurisdiction which the Senior Lender deems necessary or appropriate in order to realize on the collateral or to otherwise enforce its rights against the Borrower or its property).
19. **Acknowledgement:** The Borrower hereby acknowledges receipt of a copy of this Agreement and agrees with the Senior Lender and the Subordinated Lender to give effect to all of the provisions of this Agreement.
20. **Termination:** This Agreement shall terminate upon the indefeasible payment in full of the Senior Debt and the termination of the Senior Credit Agreement.
21. **Counterparts:** This Agreement may be executed in one or more counterparts, by original or facsimile signature, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: 
Name: Gordon Hayes
Title: Managing Director
Corporate Finance, ABL
BMO Bank of Montreal

By: 
Name: Pedram Kaya
Title: Managing Director
Corporate Finance, ABL
BMO Bank of Montreal

RETAIL AGENTS 230 LIMITED

By: _____
Name: Paul McGowan
Title: Director

HMV CANADA INC.

By: _____
Name: Harvey Berkley
Title: Chief Financial Officer

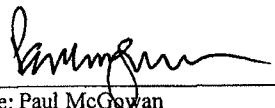
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

By: _____
Name:
Title:

By: _____
Name:
Title:

RETAIL AGENTS 230 LIMITED

By:  _____
Name: Paul McGowan
Title: Director

HMV CANADA INC.

By: _____
Name: Harvey Berkley
Title: Chief Financial Officer

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BANK OF MONTREAL

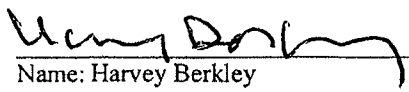
By: _____
Name:
Title:

By: _____
Name:
Title:

RETAIL AGENTS 230 LIMITED

By: _____
Name: Paul McGowan
Title: Director

HMV CANADA INC.

By:  _____
Name: Harvey Berkley
Title: Chief Financial Officer

EXHIBIT

S

January 24, 2017

Danny Nunes
T: 416-619-6293
dnunes@weirfoulds.com

File 18149.00001

HMV Canada Inc.
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Re: Demand for Payment of Indebtedness

Dear Sir:

We act as counsel to HUK 10 Limited ("**HUK 10**") and refer to the amendment and consolidation agreement dated December 22, 2016 between, among others, HMV Canada Inc. (the "**Debtor**") and HUK 10 (the "**Consolidation Agreement**"). Capitalized words not otherwise defined herein shall have the meaning ascribed to them in the Consolidation Agreement.

The Debtor is directly indebted to HUK 10 pursuant to an Amended and Restated Loan Agreement dated November 4, 2011, as amended from time to time (the "**HUK 10 Loan Agreement**"). The Debtor is also indirectly indebted to HUK 10 pursuant to the terms of a guarantee dated December 28, 2011, as amended from time to time (the "**HUK 10 Guarantee**"), whereby the Debtor guaranteed the indebtedness of each of HMV IP Holdings ULC ("**HMV IP**"), HMV Digital Holdings ULC and HMV Pure Holdings ULC to HUK 10 pursuant to certain loan agreements dated February 27, 2012 (the "**HMV Guaranteed Loan Agreements**"). The Debtor was also directly indebted to HMV IP and Retail Agents 230 Limited ("**RAL**") pursuant to the terms of a Sub-Sub-License Agreement dated June 26, 2011 and a Deed of Novation re: Assignment of Services Agreement and Agreement and Restated Sales Implementation Services Agreement dated November 21, 2012, respectively (the "**Assigned Indebtedness Credit Agreements**") (the "**Assigned Indebtedness**"). Pursuant to the terms of the Consolidation Agreement, the Assigned Indebtedness, and all security in respect thereof granted by the Debtor in favour of HMV IP and RAL, was assigned to HUK 10.

The Debtor acknowledged in the Consolidation Agreement that certain defaults have occurred under the HUK 10 Loan Agreement which have also given rise to defaults under the HMV Guaranteed Loan Agreements, including but not limited to the Debtor's failure to make any cash payments on account of its indebtedness to HUK 10 since November 2014. As of this letter's date, the aforementioned defaults continue and have not been cured by the Debtor.

Pursuant to the Consolidation Agreement, HUK 10 had agreed to forbear from enforcing its rights and remedies against HMV and the other Debtor Parties until January 20, 2017 in order to determine if the Major Supplier Negotiation Process undertaken by HMV would achieve a result acceptable to HMV and HUK 10, and to complete the Major Supplier Participation. As of the date of this letter, the Major Supplier Negotiation Process has not resulted in any arrangements between HMV and its Major Suppliers for the supply of inventory for the 2017 calendar year, nor has the Major Supplier Participation been agreed to by the Major Suppliers, with no indication of an agreement or resolution acceptable to HMV or HUK 10 being imminent. In the circumstances HUK 10 is not prepared to extend its forbearance.

The total amount of the indebtedness owing to HUK 10 by the Debtor under the HUK 10 Loan Agreement, the HUK 10 Guarantee, the Assigned Indebtedness Credit Agreements and the Consolidation Agreement is CDN\$38,961,468, inclusive of interest, as at January 24, 2017 (the "Indebtedness"). Interest shall continue to accrue on the Indebtedness from and after January 24, 2017 until the date of repayment at the applicable rates, together with all costs, expenses and charges recoverable by HUK 10 under the terms of the HUK 10 Loan Agreement, the HUK Guarantee, the Assigned Indebtedness Credit Agreements and the Consolidation Agreement, including but not limited to legal fees, incurred by HUK 10.

We hereby demand immediate payment of the Indebtedness, together with any additional amounts accrued as at the time of payment.

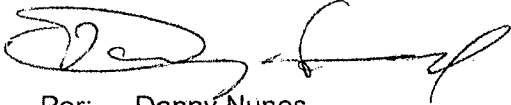
If payment of the Indebtedness is not received, or arrangements satisfactory to HUK 10 to pay the Indebtedness are not made, by 5:00 p.m. EST on February 2, 2017, HUK 10 will consider all legal rights and remedies available to it to recover the Indebtedness, including, but not limited to enforcing all security granted by the Debtor pursuant to the HUK 10 Loan Agreement, HUK 10 Guarantee, the HMV Guaranteed Loan Agreements and the Consolidation Agreement. In that regard, we enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). HUK 10 reserves all rights with respect to the enclosed notice of intention to enforce security, including with respect to the 10 day notice period thereunder. Should you wish to consent to HUK 10 enforcing its rights and remedies without further delay, please date and execute one copy of the consent attached to the enclosed notice of intention to enforce security and return same to the undersigned's attention.

HUK 10 has not waived, and hereby expressly reserves and retains, all rights, remedies, privileges, powers, claims and actions under the HUK 10 Loan Agreement, HUK 10 Guarantee, the HMV Guaranteed Loan Agreements, the Consolidation Agreement and applicable law. HUK 10 reserves the right to take all additional and further actions available under the HUK 10 Loan

Agreement, HUK 10 Guarantee, the HMV Guaranteed Loan Agreements, the Consolidation Agreement and applicable law, at any time and from time to time.

Yours truly,

WeirFoulds LLP

A handwritten signature in black ink, appearing to read 'Danny Nunes', written over a horizontal line.

Per: Danny Nunes

DN/mb

NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: HMV CANADA INC.
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Take notice that:

1. HUK 10 LIMITED (“**HUK 10**”), a secured creditor, intends to enforce its security on the property of HMV Canada Inc. (the “**Debtor**”), described below:
 - (a) all real and personal property, assets and undertakings of the Debtor, now owned or hereafter acquired , wheresoever located.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement dated June 28, 2011 by the Debtor in favour of HUK 10;
 - (b) Deed of Hypothec dated June 28, 2011 by the Debtor in favour of HUK 10;
 - (c) General Security Agreement dated January 19, 2015 by the Debtor in favour of HMV IP Holdings ULC (“**HMV IP**”) and assigned to HUK 10 pursuant to the Amendment and Consolidation Agreement dated December 22, 2016 between, among others, the Debtor, HUK 10 and HMV IP (the “**Consolidation Agreement**”);
 - (d) Deed of Hypothec dated January 19, 2015 by the Debtor in favour of HMV IP and assigned to HUK 10 pursuant to the Consolidation Agreement;
 - (e) General Security Agreement dated January 19, 2015 by the Debtor in favour of Retail Agents 230 Limited (“**RAL**”) and assigned to HUK 10 pursuant to the Consolidation Agreement;
 - (f) Deed of Hypothec dated January 19, 2015 by the Debtor in favour of RAL and assigned to HUK 10 pursuant to the Consolidation Agreement.

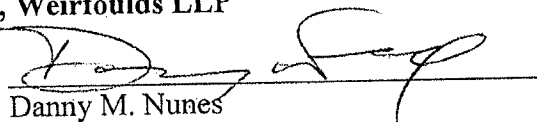
(collectively, the “**Security**”).
3. The total amount of the indebtedness secured by the Security is CDN\$38,961,468, inclusive of interest, as at January 24, 2017, plus interest accruing thereafter at the applicable rates and all costs, expenses and charges, including, but not limited to legal fees, incurred by HUK 10.

4. HUK 10 will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

Dated at Toronto this 24th day of January 2017.

**HUK 10 LIMITED, by its solicitors
herein, WeirFoulds LLP**

Per:



Danny M. Nunes

WeirFoulds LLP

Barristers & Solicitors

The TD Bank Tower, Suite 4100

66 Wellington Street West

Toronto, ON M5K 1B7

CONSENT

TO: HUK 10 LIMITED (“HUK 10”)
FROM: HMV CANADA INC. (the “Debtor”)

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at _____ this day of January, 2017.

HMV CANADA INC.

By: _____

Name:

Title:

EXHIBIT

T

January 24, 2017

Danny Nunes
T: 416-619-6293
dnunes@weirfoulds.com

File 18149.00001

HMV Pure Holdings ULC
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Re: Demand for Payment of Indebtedness

Dear Sir:

We act as counsel to HUK 10 Limited ("**HUK 10**") and refer to the loan agreement dated February 27, 2012 between HMV Pure Holdings ULC (the "**Debtor**") and HUK 10 (the "**Loan Agreement**") pursuant to which HUK 10 extended credit to the Debtor.

The total amount of the indebtedness owing to HUK 10 by the Debtor under the Loan Agreement is CDN\$6,070,368, inclusive of interest, as at January 24, 2017 (the "**Indebtedness**"). Interest shall continue to accrue on the Indebtedness from and after January 24, 2017 until the date of repayment at the applicable rates, together with all costs, expenses and charges recoverable by HUK 10 under the terms of the Loan Agreement, including but not limited to legal fees, incurred by HUK 10.

Pursuant to the terms of the Amendment and Consolidation Agreement dated December 22, 2016 between, among others, the Debtor and HUK 10 (the "**Consolidation Agreement**"), the Debtor acknowledged that certain defaults have occurred under the Loan Agreement, including but not limited to the Debtor's failure to make any cash payments on account of its indebtedness to HUK 10 since November 2014. As of this letter's date, the aforementioned defaults continue and have not been cured by the Debtor.

Pursuant to the Consolidation Agreement, HUK 10 had agreed to forbear from enforcing its rights and remedies against HMV and the other Debtor Parties until January 20, 2017 in order to determine if the Major Supplier Negotiation Process undertaken by HMV would achieve a result acceptable to HMV and HUK 10, and to complete the Major Supplier Participation. As of the date of this letter, the Major Supplier Negotiation Process has not resulted in any arrangements between HMV and its Major Suppliers for the supply of inventory for the 2017 calendar year, nor has the Major Supplier Participation been agreed to by the Major Suppliers, with no indication of

an agreement or resolution acceptable to HUK 10 being imminent. In the circumstances HUK 10 is not prepared to extend its forbearance.

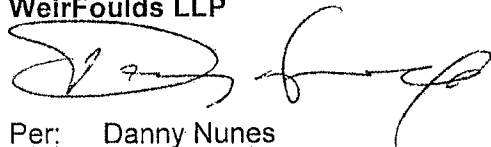
We hereby demand immediate payment of the Indebtedness, together with any additional amounts accrued as at the time of payment.

If payment of the Indebtedness is not received, or arrangements satisfactory to HUK 10 to pay the Indebtedness are not made, by 5:00 p.m. EST on February 2, 2017, HUK 10 will consider all legal rights and remedies available to it to recover the Indebtedness, including, but not limited to enforcing all security granted by the Debtor pursuant to the Loan Agreement. In that regard, we enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). HUK 10 reserves all rights with respect to the enclosed notice of intention to enforce security, including with respect to the 10 day notice period thereunder. Should you wish to consent to HUK 10 enforcing its rights and remedies without further delay, please date and execute one copy of the consent attached to the enclosed notice of intention to enforce security and return same to the undersigned's attention.

HUK 10 has not waived, and hereby expressly reserves and retains, all rights, remedies, privileges, powers, claims and actions under the Loan Agreement and applicable law. HUK 10 reserves the right to take all additional and further actions available under the Loan Agreement and applicable law, at any time and from time to time.

Yours truly,

WeirFoulds LLP

A handwritten signature in black ink, appearing to read 'Danny Nunes', is written over the printed name.

Per: Danny Nunes

DN/mb

NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: HMV PURE HOLDINGS ULC
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Take notice that:

1. HUK 10 LIMITED (“**HUK 10**”), a secured creditor, intends to enforce its security on the property of HMV Pure Holdings ULC (the “**Debtor**”), described below:
 - (a) all real and personal property, assets and undertakings of the Debtor, now owned or hereafter acquired, wherever located.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement dated December 28, 2011 by the Debtor in favour of HUK 10;
 - (b) Deed of Hypothec dated December 28, 2011 by the Debtor in favour of HUK 10.(collectively, the “**Security**”).
3. The total amount of the indebtedness secured by the Security is CDN\$6,070,368, inclusive of interest, as at January 24, 2017, plus interest accruing thereafter at the applicable rates and all costs, expenses and charges, including, but not limited to legal fees, incurred by HUK 10.
4. HUK 10 will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

Dated at Toronto this 24th day of January 2017.

HUK 10 LIMITED, by its solicitors
herein, WeirFoulds LLP

Per:


Danny M. Nunes

WeirFoulds LLP

Barristers & Solicitors

The TD Bank Tower, Suite 4100

66 Wellington Street West

Toronto, ON M5K 1B7

CONSENT

TO: HUK 10 LIMITED ("HUK 10")

FROM: HMV PURE HOLDINGS ULC (the "Debtor")

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at _____ this day of January, 2017.

HMV PURE HOLDINGS ULC

By: _____

Name:

Title:

January 24, 2017

Danny Nunes
T: 416-619-6293
dnunes@weirfoulds.com

File 18149.00001

HMV Digital Holdings ULC
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Re: Demand for Payment of Indebtedness

Dear Sir:

We act as counsel to HUK 10 Limited ("**HUK 10**") and refer to the loan agreement dated February 27, 2012 between HMV Digital Holdings ULC (the "**Debtor**") and HUK 10 (the "**Loan Agreement**") pursuant to which HUK 10 extended credit to the Debtor.

The total amount of the indebtedness owing to HUK 10 by the Debtor under the Loan Agreement is CDN\$2,954,299, inclusive of interest, as at January 24, 2017 (the "**Indebtedness**"). Interest shall continue to accrue on the Indebtedness from and after January 24, 2017 until the date of repayment at the applicable rates, together with all costs, expenses and charges recoverable by HUK 10 under the terms of the Loan Agreement, including but not limited to legal fees, incurred by HUK 10.

Pursuant to the terms of the Amendment and Consolidation Agreement dated December 22, 2016 between, among others, the Debtor and HUK 10 (the "**Consolidation Agreement**"), the Debtor acknowledged that certain defaults have occurred under the Loan Agreement, including but not limited to the Debtor's failure to make any cash payments on account of its indebtedness to HUK 10 since November 2014. As of this letter's date, the aforementioned defaults continue and have not been cured by the Debtor.

Pursuant to the Consolidation Agreement, HUK 10 had agreed to forbear from enforcing its rights and remedies against HMV and the other Debtor Parties until January 20, 2017 in order to determine if the Major Supplier Negotiation Process undertaken by HMV would achieve a result acceptable to HMV and HUK 10, and to complete the Major Supplier Participation. As of the date of this letter, the Major Supplier Negotiation Process has not resulted in any arrangements between HMV and its Major Suppliers for the supply of inventory for the 2017 calendar year, nor has the Major Supplier Participation been agreed to by the Major Suppliers, with no indication of

an agreement or resolution acceptable to HUK 10 being imminent. In the circumstances HUK 10 is not prepared to extend its forbearance.

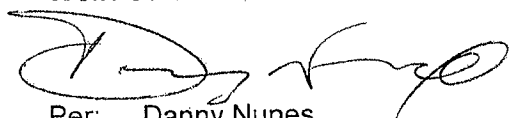
We hereby demand immediate payment of the Indebtedness, together with any additional amounts accrued as at the time of payment.

If payment of the Indebtedness is not received, or arrangements satisfactory to HUK 10 to pay the Indebtedness are not made, by 5:00 p.m. EST on February 2, 2017, HUK 10 will consider all legal rights and remedies available to it to recover the Indebtedness, including, but not limited to enforcing all security granted by the Debtor pursuant to the Loan Agreement. In that regard, we enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). HUK 10 reserves all rights with respect to the enclosed notice of intention to enforce security, including with respect to the 10 day notice period thereunder. Should you wish to consent to HUK 10 enforcing its rights and remedies without further delay, please date and execute one copy of the consent attached to the enclosed notice of intention to enforce security and return same to the undersigned's attention.

HUK 10 has not waived, and hereby expressly reserves and retains, all rights, remedies, privileges, powers, claims and actions under the Loan Agreement and applicable law. HUK 10 reserves the right to take all additional and further actions available under the Loan Agreement and applicable law, at any time and from time to time.

Yours truly,

WeirFoulds LLP

A handwritten signature in black ink, appearing to read 'Danny Nunes', is written over a horizontal line.

Per: Danny Nunes

DN/mb

NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: HMV DIGITAL HOLDINGS ULC
5401 Eglinton Ave W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Take notice that:

1. HUK 10 LIMITED ("**HUK 10**"), a secured creditor, intends to enforce its security on the property of HMV Digital Holdings ULC (the "**Debtor**"), described below:
 - (a) all real and personal property, assets and undertakings of the Debtor, now owned or hereafter acquired, wherever located.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement dated December 28, 2011 by the Debtor in favour of HUK 10;
 - (b) Deed of Hypothec dated December 28, 2011 by the Debtor in favour of HUK 10.(collectively, the "**Security**").
3. The total amount of the indebtedness secured by the Security is CDN\$2,954,299, inclusive of interest, as at January 24, 2017, plus interest accruing thereafter at the applicable rates and all costs, expenses and charges, including, but not limited to legal fees, incurred by HUK 10.
4. HUK 10 will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

Dated at Toronto this 24th day of January 2017.

HUK 10 LIMITED, by its solicitors
herein, Weirfoulds LLP

Per:


Danny M. Nunes

WeirFoulds LLP

Barristers & Solicitors

The TD Bank Tower, Suite 4100

66 Wellington Street West

Toronto, ON M5K 1B7

CONSENT

TO: HUK 10 LIMITED (“HUK 10”)

FROM: HMV DIGITAL HOLDINGS ULC (the “Debtor”)

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at _____ this day of January, 2017.

HMV DIGITAL HOLDINGS ULC

By: _____

Name:

Title:

January 24, 2017

Danny Nunes
T: 416-619-6293
dnunes@weirfoulds.com

HMV IP Holdings ULC
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

File 18149.00001

Attention: Nick Williams

Re: Demand for Payment of Indebtedness

Dear Sir:

We act as counsel to HUK 10 Limited ("**HUK 10**") and refer to the loan agreement dated February 27, 2012 between HMV IP Holdings ULC (the "**Debtor**") and HUK 10 (the "**Loan Agreement**") pursuant to which HUK 10 extended credit to the Debtor.

The total amount of the indebtedness owing to HUK 10 by the Debtor under the Loan Agreement is CDN\$2,134,899, inclusive of interest, as at January 24, 2017 (the "**Indebtedness**"). Interest shall continue to accrue on the Indebtedness from and after January 24, 2017 until the date of repayment at the applicable rates, together with all costs, expenses and charges recoverable by HUK 10 under the terms of the Loan Agreement, including but not limited to legal fees, incurred by HUK 10.

Pursuant to the terms of the Amendment and Consolidation Agreement dated December 22, 2016 between, among others, the Debtor and HUK 10 (the "**Consolidation Agreement**"), the Debtor acknowledged that certain defaults have occurred under the Loan Agreement, including but not limited to the Debtor's failure to make any cash payments on account of its indebtedness to HUK 10 since November 2014. As of this letter's date, the aforementioned defaults continue and have not been cured by the Debtor.

Pursuant to the Consolidation Agreement, HUK 10 had agreed to forbear from enforcing its rights and remedies against HMV and the other Debtor Parties until January 20, 2017 in order to determine if the Major Supplier Negotiation Process undertaken by HMV would achieve a result acceptable to HMV and HUK 10, and to complete the Major Supplier Participation. As of the date of this letter, the Major Supplier Negotiation Process has not resulted in any arrangements between HMV and its Major Suppliers for the supply of inventory for the 2017 calendar year, nor has the Major Supplier Participation been agreed to by the Major Suppliers, with no indication of

an agreement or resolution acceptable to HUK 10 being imminent. In the circumstances HUK 10 is not prepared to extend its forbearance.

We hereby demand immediate payment of the Indebtedness, together with any additional amounts accrued as at the time of payment.

If payment of the Indebtedness is not received, or arrangements satisfactory to HUK 10 to pay the Indebtedness are not made, by 5:00 p.m. EST on February 2, 2017, HUK 10 will consider all legal rights and remedies available to it to recover the Indebtedness, including, but not limited to enforcing all security granted by the Debtor pursuant to the Loan Agreement. In that regard, we enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada). HUK 10 reserves all rights with respect to the enclosed notice of intention to enforce security, including with respect to the 10 day notice period thereunder. Should you wish to consent to HUK 10 enforcing its rights and remedies without further delay, please date and execute one copy of the consent attached to the enclosed notice of intention to enforce security and return same to the undersigned's attention.

HUK 10 has not waived, and hereby expressly reserves and retains, all rights, remedies, privileges, powers, claims and actions under the Loan Agreement and applicable law. HUK 10 reserves the right to take all additional and further actions available under the Loan Agreement and applicable law, at any time and from time to time.

Yours truly,

WeirFoulds LLP


Per. Danny Nunes

DN/mb

NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: HMV IP HOLDINGS ULC
5401 Eglinton Ave. W. #110
Etobicoke, ON M9C 5K6

Attention: Nick Williams

Take notice that:

1. HUK 10 LIMITED (“**HUK 10**”), a secured creditor, intends to enforce its security on the property of HMV IP Holdings ULC (the “**Debtor**”), described below:

(a) all real and personal property, assets and undertakings of the Debtor, now owned or hereafter acquired, wherever located.

2. The security that is to be enforced is in the form of:

(a) General Security Agreement dated December 28, 2011 by the Debtor in favour of HUK 10;

(b) Deed of Hypothec dated December 28, 2011 by the Debtor in favour of HUK 10.

(collectively, the “**Security**”).


3. The total amount of the indebtedness secured by the Security is CDN\$2,134,899, inclusive of interest, as at January 24, 2017, plus interest accruing thereafter at the applicable rates and all costs, expenses and charges, including, but not limited to legal fees, incurred by HUK 10.

4. HUK 10 will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

Dated at Toronto this 24th day of January 2017.

HUK 10 LIMITED, by its solicitors
herein, WeirFoulds LLP

Per:


Danny M. Nunes
WeirFoulds LLP
Barristers & Solicitors
The TD Bank Tower, Suite 4100
66 Wellington Street West
Toronto, ON M5K 1B7

CONSENT

TO: HUK 10 LIMITED (“HUK 10”)
FROM: HMV IP HOLDINGS ULC (the “Debtor”)

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at _____ this day of January, 2017.

HMV IP HOLDINGS ULC

By: _____

Name:

Title:

EXHIBIT

U

CONSENT

TO: HUK 10 LIMITED ("HUK 10")
FROM: HVM CANADA INC. (the "Debtor")

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at Toronto, ON this 24th day of January, 2017.

HVM CANADA INC.

By: 

Name: Nick Williams

Title: President

CONSENT


TO: HUK 10 LIMITED ("HUK 10")
FROM: HMV DIGITAL HOLDINGS ULC (the "Debtor")

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at Toronto, Ont. this 27th day of January, 2017.

HMV DIGITAL HOLDINGS ULC

By: 

Name: Nick Williams

Title: President

CONSENT


TO: HUK 10 LIMITED ("HUK 10")
FROM: HVM IP HOLDINGS ULC (the "Debtor")

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at Toronto, ON this 24th day of January, 2017.

HVM IP HOLDINGS ULC

By: 

Name: Nick Williams

Title: President

CONSENT

TO: HUK 10 LIMITED ("HUK 10")
FROM: HMV PURE HOLDINGS ULC (the "Debtor")

The Debtor acknowledges receipt of a Notice of Intention to Enforce Security delivered by HUK 10.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Debtor hereby consents to the immediate enforcement by HUK 10 of the security held by HUK 10 from the Debtor, and for the same consideration waives completely all rights to any delay by or any further notice from HUK 10 with respect to the enforcement of its security and the exercise of the other remedies of HUK 10 against the Debtor.

Dated at Toronto, ON this 24th day of January, 2017.

HMV PURE HOLDINGS ULC

By: 

Name: Nick Williams

Title: President

EXHIBIT

V

Court File No. _____

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

B E T W E E N :

HUK 10 LIMITED

Applicant

- and -

HMV CANADA INC.

Respondent

CONSENT TO ACT AS RECEIVER

Richter Advisory Group Inc. hereby consents to act as court appointed receiver pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and the terms of an order substantially in the form filed in the above proceeding.

Dated at Toronto, Ontario this 25th day of January, 2017.

RICHTER ADVISORY GROUP INC.

By:  _____

Name: Paul van Eyk
Title: Senior Vice President

HUK 10 LIMITED

HMV CANADA INC.

- and -

Applicant

Respondent

ONTARIO

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

PROCEEDINGS COMMENCED AT TORONTO

**AFFIDAVIT OF CHRISTOPHER EMMOTT
(SWORN JANUARY 25, 2017)**

WEIRFOULDS LLP
Barristers & Solicitors
TD Bank Tower
66 Wellington Street West
Toronto, Ontario M5K 1B7

EDMOND F.B. LAMEK – LSUC No. 33338U

Tel: 41-947-5042

Fax: 416-365-1876

Email: elamek@weirfoulds.com

DANNY NUNES – LSUC No. 53802D

Tel: 416-619-6293

Fax: 416-365-1876

Email: dnunes@weirfoulds.com

Lawyers for the Applicant,
HUK 10 Limited

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE REGIONAL)	FRIDAY, THE 27th DAY
)	
SENIOR JUSTICE MORAWETZ)	OF JANUARY, 2017

HUK 10 LIMITED

Applicant

- and -

HMV CANADA INC.

Respondent

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43**

ORDER
(Appointing Receiver)

THIS APPLICATION made by HUK 10 Limited (the “**Applicant**”) for: (i) an Order (the “**Appointment Order**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing Richter Advisory Group Inc. (“**Richter**”) as receiver (the “**Receiver**”) without security, of the assets, undertakings and properties of HUK 10 Limited (the “**Debtor**”) comprising, acquired for, or used in relation to, the business carried on by the Debtor, and (ii) an Order (the “**Agency Agreement Approval Order**”) approving the agency agreement entered into among the Debtor, the Receiver and Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the “**Agent**”) dated January 25, 2017 (the “**Agency Agreement**”) and attached as Appendix “A” to the report of Richter dated January 26,

2017 (the “**Pre-Appointment Report**”), pursuant to which, among other things, the Agent shall conduct a sale of, among others things, the Debtor’s Merchandise and Owned FF&E (as such terms are defined in the Agency Agreement) (the “**Sale**”) as agent for the Debtor and shall collect and administer the proceeds of the Sale (the “**Proceeds**”) as agent for the Receiver, and approving the sale guidelines attached to the Agency Agreement which guidelines shall govern the Sale (the “**Sale Guidelines**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Christopher Emmott sworn January 25, 2017, and the Exhibits thereto, and the Pre-Appointment Report and the Appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, counsel for the Debtor and those other parties listed on the counsel slip, no one appearing for any other person although duly served as appears from the affidavit of service of Danny Nunes sworn January 26, 2017, and on reading the consent of Richter to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record and the Pre-Appointment Report is hereby abridged and that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that, pursuant to section 243(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor comprising, acquired for or used in relation to the business (the “**Business**”) carried on by the Debtor, including all proceeds thereof (the “**Property**”).

3. **THIS COURT ORDERS** that subject to further Order of this Court, and subject to paragraph 5 hereof, the Debtor shall remain in possession and control of the Property and shall remain in day to day operation and control of the Business, subject at all times to the provisions of the Agency Agreement and the Sale Guidelines, the Receiver shall not be or be deemed to be in possession and control of the Property save and except as specifically provided for herein or pursuant to steps actually taken by the Receiver with respect to the Property under the permissive

powers granted to the Receiver pursuant to paragraph 9 of this Order (the “**Permissive Powers**”).

4. **THIS COURT ORDERS** that the Debtor shall be entitled to continue to utilize its central cash management system currently in place with Bank of Montreal (“**BMO**”) or, with the prior written consent of the Receiver, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that BMO or any future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtor or Receiver of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, and shall be entitled to provide the Cash Management System without any liability in respect thereof to any person other than the Debtor, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unstayed and unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

RECEIVER’S POWERS

Mandatory Powers

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to act at once in respect of and take possession and control of all of the Debtor’s funds, cash, cash equivalents, investment items, treasury items, bank accounts, accounts with other financial institutions, including without limitation all Proceeds generated by the Sale as and when remitted by the Agent, and for greater certainty such Proceeds shall include the Guaranteed Amount, the Merchant’s Sharing Recovery Amount, the Net FF&E Proceeds as such terms are defined in the Agency Agreement (collectively “**Treasury Assets**”). For greater certainty, the Treasury Assets shall exclude any and all cash collateral, if any, held by BMO in respect of the administration and processing of the Debtor’s credit card receipts and chargebacks, and in respect of the operation of the Debtor’s Cash Management System during the course of these receivership proceedings (the “**BMO Cash Collateral**”)

6. **THIS COURT ORDERS** that for greater certainty and notwithstanding any other provisions of this Order, no Court ordered charges created by this Order or by the Agency Agreement Approval Order shall encumber or attach to the BMO Cash Collateral.

7. **THIS COURT ORDERS** that the Receiver is authorized and directed to remit to the Debtor sufficient funding from the Treasury Assets to operate the Business in accordance with the provisions of the Agency Agreement. Without limiting the foregoing, the Receiver is authorized and hereby directed to remit sufficient funds to the Debtor to enable the Debtor to pay the rent in full for the month of February, 2017 under each of the debtor's store, head office, distribution centres and other real property leases (the "**Leases**"), and the Debtor is hereby authorized and directed to remit payment of the February 2017 rent in full to the applicable landlords in accordance with the provisions of the respective Leases. For greater certainty the treatment of rent for periods after February 28, 2017 shall be dealt with by further order of the Court.

8. **THIS COURT ORDERS** that notwithstanding any term of this Order, but subject to the rights of the Receiver, and any trustee in bankruptcy that may be appointed in respect of the Debtor, to disclaim, retain, or assign Leases:

(a) any charges created by this Order over the Leases shall only be a charge in the Debtor's interest in such Leases;

(b) except as expressly permitted by the terms of the Leases, none of the Leases shall be amended or varied or deemed to be amended or varied, in any way without obtaining the prior written consent of the applicable landlord or without further Order of this Court;

(c) the Receiver shall provide the relevant landlord(s) with at least three (3) business days prior notice of the intention to repudiate or disclaim a lease on behalf of the Debtor or to remove or sell any fixtures from any leased location; and

(d) any landlord who has received notice of repudiation or disclaimer of a Lease with respect to a leased location may show the leased location to prospective tenants during normal business and operating hours upon giving the Debtor and the Receiver twenty-four (24) hours' prior written notice.

Permissive Powers

9. **THIS COURT ORDERS** that subject at all times to paragraph 5 above relating to Treasury Assets and Proceeds, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property without taking possession or control of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized, but not obligated, 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 of or from the Property and any;
- (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 Debtor, 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 and contracts of the Debtor;
- (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 such machinery, equipment, inventories, supplies, premises, or other assets to continue the business of the Debtor or any parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (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 Debtor, for any purpose pursuant to this Order or the Agency Agreement Approval Order;
- (i) 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 Debtor, 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;
- (j) to sell, convey, transfer, lease or assign any Property or any part or parts thereof not subject to the Agency Agreement out of the ordinary course of business, without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; and with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out above, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (k) to apply for any vesting order or other 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;

- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on 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;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and
- (n) 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 (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

10. **THIS COURT ORDERS** that: (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its 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 and shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver’s request.

11. **THIS COURT ORDERS** that 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 Debtor, 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 10 or in paragraph 11 of this Order shall require the delivery of the Records, or the granting of access to the Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

12. **THIS COURT ORDERS** that 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

13. **THIS COURT ORDERS** that 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 DEBTOR OR THE PROPERTY

14. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor 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 Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended 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 paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

16. **THIS COURT ORDERS** that no Person shall 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, 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 Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtor and/or Receiver, and that the Debtor and/or Receiver shall be entitled to the continued use of the Debtor’s current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Debtor, or as may be ordered by this Court.

NO PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtor with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtor whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, without first obtaining leave of the Court on not less than seven days' notice to the Service List in these proceedings.

RECEIVER TO HOLD FUNDS

19. **THIS COURT ORDERS** that all Treasury Assets or Proceeds received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the Sale or 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 (i) one or more of the Receiver's new accounts to be opened by the Receiver (the "**Post Receivership Accounts**"); or (ii) one of the Debtor's existing accounts with BMO which accounts shall be swept on a daily basis, or as soon as practicable, and the proceeds deposited into 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

20. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Debtor 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.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Debtor shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtor after

the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the directors and officers of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 30 and 32 herein.

23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Debtor's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

PIPEDA

24. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor and Receiver shall be authorized to disclose personal information of identifiable individuals to the Agent and to its advisors, and the Agent is in turn authorized to disclose such personal information of identifiable individuals to potential purchasers, but only to the extent desirable or required to assist the Agent or potential purchasers with the Sale. The Agent and the prospective purchasers shall maintain and protect the privacy of such information and limit the use of such information to the conduct and evaluation of the Sale, and, in the case of prospective purchasers, if they do not complete a Sale, shall return all such information to the Agent or 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 Debtor, and shall return all other personal information to the Agent or the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

25. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

26. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment, the carrying out of the provisions of this Order, or arising from the Debtor's operation of the Business, including any liability or obligation in respect of taxes, withholdings, interest, penalties or other like claims, save and except for any gross negligence or wilful misconduct on its part, and it shall have no obligations under sections 81.4(5) or 81.6(3) of the BIA. Nothing in this Order shall derogate from the protections afforded to the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

27. **THIS COURT ORDERS** that the Receiver, counsel to the Receiver, and counsel to the Debtor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver, counsel to the Receiver and counsel to the Debtor shall be entitled to and are hereby

granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed the amount of \$750,000 in the aggregate unless further ordered by the Court, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 31 through 33. For clarity, counsel to the Debtor’s access to the Administration Charge is solely for fees incurred and accrued on and after the date of this Order.

28. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

29. **THIS COURT ORDERS** that 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 legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel and counsel to the Debtor, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

30. **THIS COURT ORDERS** that the Receiver, in consultation with the Agent and HUK 10 shall be at liberty and it is hereby empowered to utilize the funds in the Post Receivership Accounts from time to time for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, and funding the Debtor’s operation of the Business in accordance with the provisions of the Agency Agreement, including interim expenditures.

VALIDITY AND PRIORITY OF CHARGES

31. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Director’s Charge and the Agents Charge as provided in the Agency Agreement Approval Order, as between them, shall be as follows:

First – the Administration Charge up to \$750,000

Second – the Directors Charge up to \$750,000

Third - the Agent's Charge

32. **THIS COURT ORDERS** that the filing, registration, or perfection of the Administration Charge, the Directors Charge, and the Agent's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

33. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property in priority to any security interests of the Applicant as well as all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of this Order in favour of any other Person but subject to sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

34. **THIS COURT ORDERS** that any Charge created by this Order over Leases of real property in Canada shall only be a Charge in the Debtor's interest in such Lease.

SERVICE AND NOTICE

35. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '●'.

36. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by

forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the intended recipient at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

37. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder and is hereby authorized and empowered, but not obligated, to cause the Debtor to make an assignment in bankruptcy and that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

38. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or in the United States 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 or to assist the Receiver and its agents in carrying out the terms of this Order.

39. **THIS COURT ORDERS** that 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.

40. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis

to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

41. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (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.

HUK 10 LIMITED

HMV CANADA INC.

- and -

Applicant

Respondent

ONTARIO

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

PROCEEDINGS COMMENCED AT TORONTO

**ORDER
(APPOINTING RECEIVER)**

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Lawyers for the Applicant,
HUK 10 Limited

TAB 4

Revised: January 21, 2014
s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver
Court File No. CV-17- 00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE REGIONAL) DAYFRIDAY,
THE 27th DAY

)
SENIOR JUSTICE MORAWETZ) OF ,
20 JANUARY, 2017

PLAINTIFF¹

Plaintiff

HUK 10 LIMITED

Applicant

- and -

DEFENDANT

Defendant

HMV CANADA INC.

Respondent

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43**

¹ The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

ORDER
(~~appointing~~Appointing Receiver)

THIS MOTIONAPPLICATION made by HUK 10 Limited (the Plaintiff **"Applicant"**) for: (i) an Order (the **"Appointment Order"**) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the **"BIA"**) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the **"CJA"**) appointing [RECEIVER'S NAME]Richter Advisory Group Inc. (**"Richter"**) as receiver [~~and manager~~] (in such capacities, (the **"Receiver"**) without security, of all ~~of~~ the assets, undertakings and properties of [DEBTOR'S NAME]HMV Canada Inc. (the **"Debtor"**)) ~~comprising~~, acquired for, or used in relation to ~~a, the~~ business carried on by the Debtor, and (ii) an Order (the **"Agency Agreement Approval Order"**) approving the agency agreement entered into among the Debtor, the Receiver and Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the **"Agent"**) dated January 25, 2017 (the **"Agency Agreement"**) and attached as Appendix "A" to the report of Richter dated January 26, 2017 (the **"Pre-Appointment Report"**), pursuant to which, among other things, the Agent shall conduct a sale of, among others things, the Debtor's Merchandise and Owned FF&E (as such terms are defined in the Agency Agreement) (the **"Sale"**) as agent for the Debtor and shall collect and administer the proceeds of the Sale (the **"Proceeds"**) as agent for the Receiver, and approving the sale guidelines attached to the Agency Agreement which guidelines shall govern the Sale (the **"Sale Guidelines"**), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of [NAME]Christopher Emmott sworn [DATE]January 25, 2017, and the Exhibits thereto, and the Pre-Appointment Report and the Appendices thereto, and on hearing the submissions of counsel for [NAMES]the Applicant, counsel for the proposed Receiver, counsel for the Debtor and those other parties listed on the counsel slip, no one appearing for [NAME]any other person although duly served as appears from the affidavit of service of [NAME]Danny Nunes sworn [DATE]January 26, 2017, and on reading the consent of [RECEIVER'S NAME]Richter to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of ~~Motion~~Application, the Application Record and the ~~Motion~~Pre-Appointment Report is hereby abridged and validated³ so that this ~~motion~~Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that, pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor comprising, acquired for, or used in relation to ~~at~~the business (the Business) carried on by the Debtor, including all proceeds thereof (the "Property").

3. **THIS COURT ORDERS** that subject to further Order of this Court, and subject to paragraph 5 hereof, the Debtor shall remain in possession and control of the Property and shall remain in day to day operation and control of the Business, subject at all times to the provisions of the Agency Agreement and the Sale Guidelines, the Receiver shall not be or be deemed to be in possession and control of the Property save and except as specifically provided for herein or pursuant to steps actually taken by the Receiver with respect to the Property under the permissive powers granted to the Receiver pursuant to paragraph X of this Order (the "Permissive Powers").

4. **THIS COURT ORDERS** that the Debtor shall be entitled to continue to utilize its central cash management system currently in place with Bank of Montreal ("BMO") or, with the prior written consent of the Receiver, replace it with another substantially similar central cash management system (the "Cash Management System") and that BMO or any future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtor or Receiver of

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

³ If service is effected in a manner other than as authorized by the *Ontario Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.

funds transferred, paid, collected or otherwise dealt with in the Cash Management System, and shall be entitled to provide the Cash Management System without any liability in respect thereof to any person other than the Debtor, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unstayed and unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

RECEIVER'S POWERS

Mandatory Powers

5. ~~3.~~ THIS COURT ORDERS that 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: authorized and directed to act at once in respect of and take possession and control of all of the Debtor's funds, cash, cash equivalents, investment items, treasury items, bank accounts, accounts with other financial institutions, including without limitation all Proceeds generated by the Sale as and when remitted by the Agent, and for greater certainty such Proceeds shall include the Guaranteed Amount, the Merchant's Sharing Recovery Amount, the Net FF&E Proceeds as such terms are defined in the Agency Agreement (collectively "Treasury Assets"). For greater certainty, the Treasury Assets shall exclude any and all cash collateral, if any, held by BMO in respect of the administration and processing of the Debtor's credit card receipts and chargebacks, and in respect of the operation of the Debtor's Cash management System during the course of these receivership proceedings (the "BMO Cash Collateral")

6. THIS COURT ORDERS that for greater certainty and notwithstanding any other provisions of this Order, no Court ordered charges created by this Order or by the Agency Agreement Approval Order shall encumber or attach to the BMO Cash Collateral.

7. THIS COURT ORDERS that the Receiver is authorized and directed to remit to the Debtor sufficient funding from the Treasury Assets to operate the Business in accordance with the provisions of the Agency Agreement. Without limiting the foregoing, the Receiver is authorized and hereby directed to remit sufficient funds to the Debtor to enable the Debtor to pay the rent in

full for the month of February, 2017 under each of the debtor's store, head office, distribution centres and other real property leases (the "Leases"), and the Debtor is hereby authorized and directed to remit payment of the February 2017 rent in full to the applicable landlords in accordance with the provisions of the respective Leases. For greater certainty the treatment of rent for periods after February 28, 2017 shall be dealt with by further order of the Court.

8. **THIS COURT ORDERS** that notwithstanding any term of this Order, but subject to the rights of the Receiver, and any trustee in bankruptcy that may be appointed in respect of the Debtor, to disclaim, retain, or assign Leases:

(a) any charges created by this Order over the Leases shall only be a charge in the Debtor's interest in such Leases;

(b) except as expressly permitted by the terms of the Leases, none of the Leases shall be amended or varied or deemed to be amended or varied, in any way without obtaining the prior written consent of the applicable landlord or without further Order of this Court;

(c) the Receiver shall provide the relevant landlord(s) with at least three (3) business days prior notice of the intention to repudiate or disclaim a lease on behalf of the Debtor or to remove or sell any fixtures from any leased location; and

(d) any landlord who has received notice of repudiation or disclaimer of a Lease with respect to a leased location may show the leased location to prospective tenants during normal business and operating hours upon giving the Debtor and the Receiver twenty-four (24) hours' prior written notice.

Permissive Powers

9. **THIS COURT ORDERS** that subject at all times to paragraph 5 above relating to Treasury Assets and Proceeds, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property without taking possession or control of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized, but not obligated, 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 and any;
- (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 Debtor, 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~~ and contracts of the Debtor;
- (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 such machinery, equipment, inventories, supplies, premises, or other assets to continue the business of the Debtor or ~~any part~~ or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (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 Debtor, for any purpose pursuant to this Order or the Agency Agreement Approval Order;

- (i) 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 Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ 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;
- ~~(j) to market any or all of 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;~~
- (i) ~~(k)~~ to sell, convey, transfer, lease or assign ~~the~~any Property or any part or parts thereof not subject to the Agency Agreement out of the ordinary course of business,~~(i)~~ without the approval of this Court in respect of any transaction not exceeding \$_____,25,000, provided that the aggregate consideration for all such transactions does not exceed \$_____200,000; 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~~amounts set out in ~~the preceding clause~~above, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, ~~[or section 31 of the Ontario~~

⁴ ~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

~~Mortgages Act, as the case may be,~~⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (k) ~~(l)~~ to apply for any vesting order or other 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;
- (l) ~~(m)~~ to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on 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;
- (m) ~~(n)~~ to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- ~~(o) 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 Debtor;~~
- ~~(p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor; (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and~~
- (n) ~~(r)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

⁵ ~~If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.~~

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 (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

10. ~~4.~~ **THIS COURT ORDERS** that: (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its 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, and shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

11. ~~5.~~ **THIS COURT ORDERS** that 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 Debtor, 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 ~~5~~10 or in paragraph ~~6~~11 of this Order shall require the delivery of the Records, or the granting of access to the Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

12. ~~6.~~ **THIS COURT ORDERS** that 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.

~~7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.~~

NO PROCEEDINGS AGAINST THE RECEIVER

13. ~~8.~~ **THIS COURT ORDERS** that 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 DEBTOR OR THE PROPERTY

14. ~~9.~~ **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor 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 Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. ~~10.~~ **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended 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 paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

16. ~~11.~~ **THIS COURT ORDERS** that no Person shall 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

17. ~~12.~~ **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, 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 Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtor and/or Receiver, and that the Debtor and/or Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver Debtor, or as may be ordered by this Court.

NO PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. THIS COURT ORDERS that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtor with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtor whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, without first obtaining leave of the Court on not less than seven days' notice to the Service List in these proceedings.

RECEIVER TO HOLD FUNDS

19. 13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments Treasury Assets or Proceeds received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the Sale or 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 (i) one or more of the Receiver's new accounts to be opened by the Receiver (the "Post Receivership Accounts"); or (ii) one of the Debtor's existing accounts with BMO which accounts shall be swept on a daily basis, or as soon as practicable, and the proceeds deposited into 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

20. 14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as ~~the Receiver, on the Debtor's 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.~~

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Debtor shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtor after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the directors and officers of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 30 and 32 herein.

23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Debtor's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

PIPEDA

24. ~~15.~~ **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor and Receiver shall be authorized to disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, the Agent and to its advisors, and the Agent is in turn authorized to disclose such personal information of identifiable individuals to potential purchasers, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "assist the Agent or potential purchasers with the Sale"). Each ~~The Agent and the prospective purchaser or bidder to whom such personal information is disclosed~~ purchaser shall maintain and protect the privacy of such information and limit the use of such information to ~~its~~ the conduct and evaluation of the Sale, and if it does, in the case of prospective purchasers, if they do not complete a Sale, shall return all such information to the

Agent or 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 Debtor, and shall return all other personal information to the Agent or the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

25. ~~16.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

26. ~~17.~~ **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment ~~or~~, the carrying out of the provisions of this Order, or arising from the Debtor's operation of the Business, including any liability or obligation in respect of taxes, withholdings, interest, penalties or other like claims, save and except for any gross negligence or wilful misconduct on its part, ~~or in respect of its~~ and it shall have no obligations under sections 81.4(5) or 81.6(3) of the BIA ~~or under the Wage Earner Protection Program Act~~. Nothing in this Order shall derogate from the protections afforded to the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

27. ~~18.~~ **THIS COURT ORDERS** that the Receiver, counsel to the Receiver, and counsel to the Receiver-Debtor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver, counsel to the Receiver and counsel to the Receiver-Debtor shall be entitled to and are hereby granted a charge (the "Receiver's Administration Charge") on the Property, which charge shall not exceed the amount of \$750,000 in the aggregate unless further ordered by the Court, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's, The Administration Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA;⁶ have the priority set out in paragraphs 31 through 33. For clarity, counsel to the Debtor's access to the Administration Charge is solely for fees incurred and accrued on and after the date of this Order.

28. ~~19.~~ **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

29. ~~20.~~ **THIS COURT ORDERS** that 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 legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel and counsel to the Debtor, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

⁶ Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

FUNDING OF THE RECEIVERSHIP

30. 21. THIS COURT ORDERS that the Receiver, in consultation with the Agent and HUK 10 shall be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$ _____ (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, utilize the funds in the Post Receivership Accounts from time to time for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, and funding the Debtor's operation of the Business in accordance with the provisions of the Agency Agreement, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receivers' Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all

VALIDITY AND PRIORITY OF CHARGES

31. THIS COURT ORDERS that the priorities of the Administration Charge, the Director's Charge and the Agents Charge as provided in the Agency Agreement Approval Order, as between them, shall be as follows:

First – the Administration Charge up to \$750,000

Second – the Directors Charge up to \$750,000

Third - the Agent's Charge

32. THIS COURT ORDERS that the filing, registration, or perfection of the Administration Charge, the Directors Charge, and the Agent's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

33. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property in priority to any security interests of the Applicant as well as all other security interests,


trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of this Order in favour of any other Person; but subordinate in priority to the Receiver's Charge and the charges as set out in subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

34. ~~22.~~ **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under any Charge created by this Order over Leases of real property in Canada shall be enforced without leave of this Court only be a Charge in the Debtor's interest in such Lease.

~~23.~~ **THIS COURT ORDERS** that 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.~~ **THIS COURT ORDERS** that 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.

SERVICE AND NOTICE

35. ~~25.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule ~~47.05~~ 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '@'.

36. ~~26.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this

Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Debtor's creditors or other interested parties~~ intended recipient at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

37. ~~27.~~ **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder. ~~28.~~ ~~THIS COURT ORDERS~~ and is hereby authorized and empowered, but not obligated, to cause the Debtor to make an assignment in bankruptcy and that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

38. ~~29.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or in the United States 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 or to assist the Receiver and its agents in carrying out the terms of this Order.

39. ~~30.~~ **THIS COURT ORDERS** that 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.

40. ~~31.~~ **THIS COURT ORDERS** that the ~~Plaintiff~~ Applicant shall have its costs of this ~~motion~~ application, up to and including entry and service of this Order, provided for by the terms of

the PlaintiffApplicant's security or, if not so provided by the PlaintiffApplicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

41. ~~32.~~ **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (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.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. ~~THIS IS TO CERTIFY~~ that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____ CL _____, 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 \$ _____ which 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 Bank of _____ 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, in priority to~~

~~the security interests of any other person, but subject to the priority of the charges set out in the Order and in 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 Toronto, Ontario.~~

~~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__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name: _____

Title: _____

10068248.1

Document comparison by Workshare Professional on Wednesday, January 25, 2017 11:15:52 AM

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Document 1 ID	file://C:\Users\elamek\Downloads\Model_Receivership_Order_amended Jan 21 2014.doc
Description	Model_Receivership_Order_amended Jan 21 2014
Document 2 ID	interwovenSite://wf-dm/Active/10068248/1
Description	#10068248v1<Active> - Receivership Order (GWLG & Richter Comments)
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
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Statistics:	
	Count
Insertions	213
Deletions	188
Moved from	4
Moved to	4
Style change	0
Format changed	0

Total changes	409
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TAB 5

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE REGIONAL)	FRIDAY, THE 27 TH DAY
)	
SENIOR JUSTICE MORAWETZ)	OF JANUARY, 2017

HUK 10 LIMITED

Applicant

- and -


HMV CANADA INC.

Respondent

APPLICATION UNDER section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended

APPROVAL ORDER – AGENCY AGREEMENT

THIS MOTION made by HUK 10 LIMITED for an Order, inter alia, (i) approving the transaction contemplated under the agency agreement entered into between a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the “**Agent**”), as agent, HMV Canada Inc. (the “**Debtor**” or the “**Merchant**”), and Richter Advisory Group Inc., solely in its capacity as Court-appointed receiver of the Company (in such capacity, “**Richter**”), provided Richter is so appointed by this Court, dated January [25], 2017 (the “**Agency Agreement**”), and for certain related relief, and (ii) the granting of the Agent’s Charge (as defined below) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Chris Emmott sworn January 24, 2017, and the Exhibits thereto, the pre-filing report of Richter to be filed by Richter in its capacity as proposed Receiver (the “**Pre-Appointment Report**”), and on hearing the submissions of counsel for HUK 10, counsel for Richter, counsel for the Debtor and those other parties listed on the counsel slip, no one appearing for any other person although duly served as appears from the affidavit of service of  sworn January 25, 2017,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record and the Pre-Appointment Report is hereby abridged and that this Application is properly returnable today and that service, including form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.

2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Appointment Order in these proceedings dated January 27, 2016 (the “**Appointment Order**”) and the Agency Agreement, including the schedules thereto, as applicable.

APPROVAL OF AGENCY AGREEMENT

3. **THIS COURT ORDERS** that the Agency Agreement, including the Sale Guidelines attached hereto as Schedule “A” (the “**Sale Guidelines**”), and the transactions contemplated therein and thereunder are hereby approved, authorized and ratified and that the execution of the Agency Agreement by each of the Debtor and Richter is hereby approved, authorized and ratified with such minor amendments to which the Debtor, Richter and the Agent may agree in writing. Subject to the provisions of this Order and the Appointment Order, the Debtor and Richter are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Agency Agreement and each of the transactions contemplated therein. Without limiting the foregoing, the Debtor and Richter are authorized to execute any other agreement, contract, deed or any other document, or take any other action, which could be required or be useful to give full and complete effect to the Agency Agreement.

4. **THIS COURT ORDERS** that subject to receipt of the Initial Guarantee Payment and the Letter of Credit (both terms as defined in the Agency Agreement) by Richter, the Agent is authorized to conduct the Sale in accordance with this Order, the Agency Agreement and Sale Guidelines and to advertise and promote the Sale within the Closing Stores in accordance with the Sale Guidelines. If there is a conflict between this Order, the Agency Agreement and the Sale Guidelines, the order of priority of documents to resolve such conflict is as follows: (i) this Order, (ii) the Sale Guidelines, and (iii) the Agency Agreement.

5. **THIS COURT ORDERS** that, the Agent, in its capacity as agent for the Debtor, is authorized to market and sell the Merchandise, Merchant Consignment Goods, any Additional Merchandise and Owned FF&E, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to the date this Order or came into existence following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively, “**Claims**”), including, without limitation, the Administration Charge and the Director’s Charge, as such terms are defined in the Appointment Order, and any other charges hereafter granted by this Court in these proceedings, and all Claims, charges, security interests or liens evidenced by registration pursuant to the *Personal Property Security Act* (Ontario) or any other personal or removable property registration system (all such Claims, charges, security interests and liens collectively referred to herein as “**Encumbrances**”), which Encumbrances, subject to this Order, will attach instead to the Guaranteed Amount and other amounts received by Richter pursuant to the Agency Agreement, in the same order and priority as they existed against the sold assets on the Sale Commencement Date.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Appointment Order and the Sale Guidelines, or any greater restrictions in the Agency Agreement, the Agent shall have the right to enter and use the Closing Stores and all related store services and all facilities and all furniture, trade fixtures and equipment, including the FF&E, located at the Closing Stores, and other assets of the Merchant as designated under the Agency Agreement, for the

purpose of conducting the Sale and for such purposes, the Agent shall be entitled to the benefit of the Merchant's and Richter's stay of proceedings provided for under the Appointment Order.

7. **THIS COURT ORDERS** that until the applicable Vacate Date for each Closing Store (which shall in no event be later than [April 30, 2017]), the Agent shall have access to the Closing Stores in accordance with the applicable leases and the Sale Guidelines on the basis that the Agent is an agent of the Merchant and the Merchant has granted the right of access to the Closing Stores to the Agent. To the extent that the terms of the applicable leases are in conflict with any term of this Order and the Sale Guidelines, it is agreed that the terms of this Order and the Sale Guidelines shall govern.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary the terms of the leases for the Merchant's leased locations. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Merchant, Richter or the Agent any additional restrictions not contained in the applicable lease or other occupancy agreement.

9. **THIS COURT ORDERS** that except as provided for in paragraph 4 hereof in respect of the advertising and promotion of the Sale within the Closing Stores, subject to, and in accordance with this Order, the Agency Agreement and the Sale Guidelines, the Agent, as agent for the Merchant, is authorized to advertise and promote the Sale, without further consent of any Person other than the Merchant and Richter as provided under the Agency Agreement or a Landlord as provided under the Sale Guidelines.

10. **THIS COURT ORDERS** that until the Sale Termination Date, the Agent shall have the right to use the Merchant's trademarks and logos relating to and used in connection with the operation of the Closing Stores solely for the purpose of advertising and conducting the Sale in accordance with the terms of the Agency Agreement, the Sale Guidelines, and this Order.

11. **THIS COURT ORDERS** that upon delivery of a Receiver's certificate to the Agent substantially in the form attached as Schedule "B" hereto (the "**Receiver's Certificate**") and subject to payment in full by the Agent to Richter of the Guaranteed Amount, the [Expenses], Net FF&E Proceeds, any Merchant Sharing Recovery Amount, and all other amounts due to the

Merchant and Richter under the Agency Agreement, all of the Merchant's right, title and interest in and to any Remaining Merchandise and shall vest absolutely in the Agent, free and clear of and from any and all Claims, including without limiting the generality of the foregoing, the Encumbrances, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Remaining Merchandise shall be expunged and discharged as against the Remaining Merchandise upon the delivery of the Receiver's Certificate to the Agent; provided however that nothing herein shall discharge the obligations of the Agent pursuant to the Agency Agreement, or the rights or claims of the Merchant or Richter in respect thereof, including without limitation, the obligations of the Agent to account for and remit the proceeds of sale of the Remaining Merchandise to the Merchant's Designated Deposit Accounts. The Agent shall comply with the Agency Agreement and the Sale Guidelines regarding the removal and/or sale of any FF&E.

12. **THIS COURT ORDERS AND DIRECTS** Richter to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

AGENT LIABILITY

13. **THIS COURT ORDERS** that the Agent shall act as an agent to the Merchant and that it shall not be liable for any claims against the Merchant other than as expressly provided in the Agency Agreement (including the Agent's indemnity obligations thereunder) or the Sale Guidelines. More specifically:

- (a) the Agent shall not be deemed to be an owner or in possession, care, control or management of the Closing Stores, of the assets located therein or associated therewith or of the Merchant's employees (including the Retained Employees) located at the Closing Stores or any other property of the Merchant;
- (b) the Agent shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or

equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever; and

- (c) The Merchant shall bear all responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines, or awards) relating to claims of customers, employees and any other persons arising from events occurring at the Closing Stores and at the Distribution Centers during and after the term of the Agency Agreement, or otherwise in connection with the Sale, except in accordance with the Agency Agreement. To the extent the Landlords (or any of them) have claims against the Merchant arising solely out of the conduct of the Agent in conducting the Sale for which the Merchant has claims against the Agent under the Agency Agreement, the Merchant hereby assigns free and clear such claims to the applicable Landlord (the “**Assigned Landlord Rights**”).

AGENT AN UNAFFECTED CREDITOR

- 14. **THIS COURT ORDERS** that the Agency Agreement shall not be repudiated, resiliated or disclaimed by Richter or the Merchant, subject to further order of the Court.
- 15. **THIS COURT ORDERS** that Richter is hereby authorized and directed, in accordance with the Agency Agreement, to remit all amounts that become due to the Agent thereunder.
- 16. **THIS COURT ORDERS** that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Agent pursuant to the Agency Agreement, including, without limitation, any amounts to be reimbursed by the Merchant or Richter to the Agent pursuant to the Agency Agreement, and Richter will pay such amounts to the Agent within five (5) Business Days after the Agent’s written request for such reimbursement, and at all times the Agent will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Agency Agreement.

DESIGNATED DEPOSIT ACCOUNTS

17. **THIS COURT ORDERS** that no Person shall take any action, including any collection or enforcement steps, with respect to amounts deposited into the Designated Deposit Accounts pursuant to the Agency Agreement, including any collection or enforcement steps, in relation to any Proceeds or FF&E Proceeds, that are payable to the Agent or in relation to which the Agent has a right of reimbursement or payment under the Agency Agreement.

18. **THIS COURT ORDERS** that amounts deposited in the Designated Deposit Accounts by or on behalf of the Agent or Richter pursuant to the Agency Agreement including Proceeds and FF&E Proceeds shall be and be deemed to be held in trust for the Merchant and the Agent, as the case may be, and, for clarity, no Person shall have any claim, ownership interest or other entitlement in or against such amounts, including, without limitation, by reason of any claims, disputes, rights of offset, set-off, or claims for contribution or indemnity that it may have against or relating to the Merchant.

AGENT'S CHARGE AND SECURITY INTEREST

19. **THIS COURT ORDERS** that subject to the receipt by Richter of the Letter of Credit, the Agent be and is hereby granted a charge (the "**Agent's Charge**") on all of the Merchandise, Proceeds, the FF&E Proceeds (to the extent of the FF&E Commission) and, if any, the proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to Agent with respect thereto) as security for all of the obligations of the Merchant and Richter to the Agent under the Agency Agreement, including, without limitation, all amounts owing or payable to the Agent from time to time under or in connection with the Agency Agreement, which charge shall rank in priority to all Encumbrances but shall be subordinate only to the Administration Charge and the Director's Charge.

PRIORITY OF CHARGES

20. **THIS COURT ORDERS** that the priorities of the Agent's Charge, the Administration Charge and the Directors' Charge, as among them, shall be as set out in the Appointment Order.

21. **THIS COURT ORDERS** that absent the Agent's written consent or further Order of this Court (on notice to the Agent), the Merchant shall not grant or suffer to exist any Encumbrances

over any Merchandise, Proceeds, FF&E Proceeds (to the extent of the FF&E Commission) and, if any, proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to the Agent with respect thereto) that rank in priority to, or *pari passu* with the Agent's Charge.

22. **THIS COURT ORDERS** that the Agent's Charge shall constitute a mortgage, hypothec, security interest, assignment by way of security and charge over the Merchandise, the Proceeds, the FF&E Proceeds (to the extent of the FF&E Commission) and the proceeds of the Designated Company Consignment Goods (to the extent of the commission payable to the Agent with respect thereto) and, if any, shall rank in priority to all other Encumbrances of or in favour of any Person, except as otherwise provided for herein.

23. **THIS COURT ORDERS** that notwithstanding (a) the pendency of these proceedings; (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**"), in respect of the Merchant, or any bankruptcy order made pursuant to any such applications; (c) any assignment in bankruptcy made in respect of the Merchant; (d) the provisions of any federal or provincial statute; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement which binds the Merchant:

- (a) the Agency Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Agent thereunder and any transfer of Remaining Merchandise,
- (b) the Agent's Charge, and
- (c) Assigned Landlord Rights,

shall be binding on any trustee in bankruptcy that may be appointed in respect to the Merchant and shall not be void or voidable by any Person, including any creditor of the Merchant, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer

at undervalue or other challengeable reviewable transaction, under the BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

BULK SALES ACT AND OTHER LEGISLATION

24. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Agency Agreement and any transfer of Remaining Merchandise shall be exempt from the application of *Bulk Sales Act* (Ontario) and any other equivalent federal or provincial legislation.

25. **THIS COURT ORDERS** that the Merchant and Richter are authorized and permitted to transfer to the Agent personal information in each's custody and control, and Agent is permitted to use and disclose such personal information subject to and in accordance with the terms of the Agency Agreement.

GENERAL

26. **THIS COURT ORDERS** that Richter may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

28. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or in the United States to give effect to this Order and to assist Richter, the Merchant 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist Richter and its agents in carrying out the terms of this Order.

29. **THIS COURT ORDERS** that Richter 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 Richter 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.

30. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to Richter 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.

31. **THIS COURT ORDERS AND DECLARES** that Confidential Appendix "1" to the Receiver's Pre-Appointment Report be sealed pending further Order of this Court.

SCHEDULE A SALE GUIDELINES

The following procedures shall apply to the Sale to be conducted at the Closing Stores of HMV Canada Inc. (the "**Merchant**"). All terms not herein defined shall have the meaning set forth in the Agency Agreement, dated as of January 25, 2017, between Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the "**Agent**") the Merchant, and Richter Advisory Group Inc. solely in its capacity as Court-appointed receiver of the Company (in such capacity, "**Richter**") provided so appointed by the Court.

1. Except as otherwise expressly set out herein, and subject to: (i) the Approval Order or any further Order of the Court; (ii) any subsequent written agreement between the Merchant or Richter and the applicable landlord(s) (individually, a "**Landlord**" and, collectively, the "**Landlords**") and approved by the Agent; or (iii) as otherwise set forth herein, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements to which the affected landlords are privy for each of the affected Closing Stores (individually, a "**Lease**" and, collectively, the "**Leases**"). However, nothing contained herein shall be construed to create or impose upon the Merchant or Richter or the Agent any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Closing Stores remain open during their normal hours of operation provided for in the respective Leases for the Closing Stores until the respective Vacate Date of each Closing Store. The Sale at the Closing Stores shall end by no later than Sale Termination Date. Any Rent payable under the respective Leases shall be paid as provided in the Appointment Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. The Agent may advertise the Sale at the Closing Stores as a "store closing", "everything on sale", "everything must go", or similar theme sale at the Closing Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "going out of business" sale or a "liquidation" sale it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request from a Landlord, the Landlord's counsel, the Merchant or Richter, the Agent shall provide the proposed signage packages along with the proposed dimensions and number of signs (as approved by the Merchant pursuant to the Agency Agreement) by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Agent and the Company of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. The Agent shall not use neon or day-glow or handwritten signage (unless otherwise contained in the sign package, including "you pay" or "topper" signs). In addition, the Agent shall be permitted to utilize exterior banners/signs at stand alone or strip mall Closing Stores or enclosed mall Closing Stores with a separate entrance from the exterior of the enclosed mall; provided, however, that where such banners are not permitted by the applicable Lease or the

Landlord requests in writing that the banner are not to be used, no banner shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Landlord. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the affected Closing Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Agent. If a Landlord is concerned with "store closing" signs being placed in the front window of a Closing Store or with the number or size of the signs in the front window, the Agent and the Landlord will discuss the Landlord's concerns and work to resolve the dispute.

5. The Agent shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.

6. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final".

7. The Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores on any Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Agent may solicit customers in the Closing Stores themselves. The Agent shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease, or agreed to by the Landlord.

8. At the conclusion of the Sale in each Closing Store, the Agent shall arrange that the premises for each Closing Store are in "broom-swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. Subject to the foregoing, the Agent shall vacate the Closing Stores in accordance with the terms and conditions of the Agency Agreement. Any fixtures or personal property left in a Closed Store after it has been vacated by the Agent or in respect of which the applicable Lease has been disclaimed by Richter shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord.

9. Subject to the terms of paragraph 8 above, the Agent may sell Owned FF&E located in the Closing Stores during the Sale. The Merchant and the Agent may advertise the sale of Owned FF&E consistent with these guidelines on the understanding that any Landlord may require that such signs be placed in discreet locations within the Closing Stores acceptable to the Landlord, acting reasonably. Additionally, the purchasers of any Owned FF&E sold during the Sale shall only be permitted to remove the Owned FF&E either through the back shipping areas designated by the Landlord or through other areas after regular store business hours or through the front door of the Store during Store business hours if the Owned FF&E can fit in a shopping bag, with

Landlord's supervision as required by the Landlord. The Agent shall repair any damage to the Closing Stores resulting from the removal of any FF&E by the Agent or by third party purchasers of Owned FF&E from the Agent.

10. The Agent shall not make any alterations to interior or exterior Closing Store lighting, except as authorized pursuant to the applicable Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these guidelines, shall not constitute an alteration to a Closing Store.

11. The Agent hereby provides notice to the Landlords of the Agent's intention to sell and remove FF&E from the Closing Stores. The Agent will arrange with each Landlord represented by counsel on the service list or directed by the Landlord and with any other Landlord that so requests, a walk through with the Agent to identify the FF&E subject to the sale. The relevant Landlord shall be entitled to have a representative present in the Closing Store to observe such removal. If the Landlord disputes the Agent's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed to between the Merchant, Richter, the Agent and such Landlord, or by further Order of the Court upon a motion by Richter on at least two (2) days' notice to such Landlord. If Richter has disclaimed or resiliated the Lease governing such Closing Store in accordance with the Appointment Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the Appointment Order), and the disclaimer or resiliation of the Lease shall be without prejudice to Richter's or the Merchant's or the Agent's claim to the FF&E in dispute.

12. If a notice of disclaimer or resiliation is delivered pursuant to the Appointment Order to a Landlord while the Sale is ongoing and the Closing Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving Richter and the Agent 24 hours' prior written notice; and (b) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Closing Store without waiver of or prejudice to any claims or rights such landlord may have against the Merchant in respect of such Lease or Closing Store, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith. Absent the Agent's consent, Richter shall not seek to disclaim or resiliate any Lease of a Closing Store prior to the earlier of (i) the applicable Vacate Date for such Closing Store and (ii) the Sale Termination Date.

13. The Agent and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant and Richter under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Closing Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).

14. The Agent, the Merchant and, where appropriate, Richter, shall not conduct any auctions of Merchandise or FF&E at any of the Closing Stores.

15. The Agent shall be entitled to include in the Sale the Additional Merchandise, to the extent permitted under the Agency Agreement; provided that: (i) the Additional Merchandise


will not exceed \$<6.5> million at cost in the aggregate; (ii) the Additional Merchandise will be distributed among the Closing Stores such that no Closing Store will receive more than <15>% of the Additional Merchandise; and (iii) the Additional Merchandise is of like kind and category and no lessor quality to the Merchandise, and consistent with any restriction on usage of the Closing Stores set out in the applicable Leases.

16. The Agent shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Agent shall be <@> who may be reached by phone at <@> or email at <@>. If the parties are unable to resolve the dispute between themselves, the Landlord or Richter shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Agent shall cease all activity in dispute other than activity expressly permitted herein, pending the determination of the matter by the Court; provided, however, that if a banner has been hung in accordance with these Sale Guidelines and is thereafter the subject of a dispute, the Agent shall not be required to take any such banner down pending determination of the dispute.

17. Nothing herein is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or to grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.

18. These Sale Guidelines may be amended by written agreement between the Merchant, Richter, the Agent and any applicable Landlord (provided that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving the amended Sale Guidelines).

SCHEDULE B
FORM OF RECEIVER'S CERTIFICATE

Court File No. 

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

HUK 10 LIMITED

Applicant

- and -




HMV CANADA INC.

Respondent

APPLICATION UNDER section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended

RECEIVER'S CERTIFICATE

RECITALS

All undefined terms in this Receiver's Certificate have the meanings ascribed to them in the Agency Agreement entered into between a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the "**Agent**"), as agent, and HMV Canada Inc. (the "**Merchant**"), and Richter Advisory Group, Inc., solely in its capacity as Court-appointed receiver of the Company (in such capacity, "**Richter**") on January , 2017, a copy of which is attached as Appendix  to the Pre-Appointment Report of Richter dated January , 2017.

Pursuant to an Order of the Court dated January 27, 2017, the Court ordered that all of the Remaining Merchandise vest absolutely in the Agent, free and clear of and from any and all claims and encumbrances, upon the delivery by Richter to the Agent of a certificate certifying that (i) the Sale has ended, and (ii) the Guaranteed Amount, the Expenses, Net FF&E Proceeds, any Merchant Sharing Recovery Amount, and all other amounts due to the Merchant and Richter under the Agency Agreement have been paid in full to the Merchant.

RICHTER ADVISORY GROUP INC., in its capacity as Court-appointed Receiver in the BIA receivership proceedings of the Merchant certifies that it has been informed by the Agent and the Merchant that:

- i. The Sale has ended.
- ii. The Guaranteed Amount, the Expenses, Net FF&E Proceeds, any Merchant Sharing Recovery Amount, and all other amounts due to Richter under the Agency Agreement have been paid in full to the Merchant.
- iii. The Remaining Merchandise includes the Merchandise listed on Appendix "A" hereto.

DATED as of this ____ day of _____, 2017.

**RICHTER ADVISORY GROUP INC., in its
capacity as Court-appointed Receiver of HMV
Canada Inc. and not in its personal capacity**

APPENDIX "A"

LIST OF REMAINING MERCHANDISE

27969800.4
10068614.1

HUK 10 LIMITED

- and - HMY CANADA INC.

Applicant

Respondent

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

PROCEEDINGS COMMENCED AT TORONTO

**ORDER
(APPROVING AGENCY AGREEMENT)**

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HMV CANADA INC.

Applicant

Respondent

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**APPLICATION RECORD
(RETURNABLE JANUARY 27, 2017)**

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