

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N°: 500-11-049256-155

SUPERIOR COURT
Commercial Division

(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C. c.
C-36)

IN THE MATTER OF THE PLAN OF
COMPROMISE AND ARRANGEMENT OF:

**MAGASIN LAURA (P.V.) INC. / LAURA'S
SHOPPE (P.V.) INC.**

Applicant

-and-

KPMG INC.

Monitor

-and-

**BOUTIQUE LAURA CANADA LTÉE / LAURA'S
SHOPPE CANADA LTD.**

-and-

3482731 CANADA INC.

-and-

9318-5494 QUÉBEC INC.

-and-

KALMAN FISHER

Stay Parties

-and-

THIRD EYE CAPITAL CORPORATION

-and-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL RIGHTS**

Mises-en-cause

ORDER FOR REFINANCING
**(Sections 9, 11 and 11.2 of the *Companies' Creditors Arrangement Act*,
R.S.C. 1985, c. C-36)**

THE COURT is seized with the "Application for an Order for Refinancing" (the "**Application**") filed by Laura's Shoppe (P.V.) Inc. (the "**Applicant**");

SEEING the Initial Order issued by this Honourable Court on August 12, 2015, as amended (the "**Initial Order**"), pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**");

CONSIDERING the allegations contained in the Application, the exhibits and the Affidavit in support thereof;

CONSIDERING the representations of counsel;

CONSIDERING Sections 9, 11 and 11.2 of the CCAA;

CONSIDERING that the Application was duly served to the service list and on all secured creditors who are likely to be affected by the security or charge resulting from the orders herein;

FOR THE FOREGOING REASONS, THE COURT:

- [1] **GRANTS** the Application;
- [2] **ABRIDGES** the delays to serve, file and present the Application;
- [3] **DECLARES** that the service of the Application constitutes good and sufficient service on all persons;
- [4] **DECLARES** that, unless otherwise indicated, capitalized terms found herein shall have the same meaning ascribed thereto in the Initial Order, the Order for New Financing issued by this Honourable Court on October 30, 2015 (the "**TEC DIP Order**") and the Application, as the context so requires;

Financing

- [5] **ORDERS** that each of:
 - (i) the Applicant, as borrower; and

- (ii) Laura's Shoppe Canada Ltd., 3482731 Canada Inc. and 9318-5494 Quebec Inc. (collectively the "**Additional Parties**") and together with the Applicant, collectively the "**Applicant Parties**"),

be and is hereby authorized to enter into, execute and deliver (and ratifies each Applicant Parties' execution and delivery of) the "Commitment Letter" in or substantially in the form of the "Commitment Letter" produced under seal as Exhibit P-1 to the Application (such "Commitment Letter" as well as all future amendments thereto and replacements, restatements and renewals thereof, the "**Refinancing Agreement**") and such agreements, security documents and other definitive documents (collectively with the Refinancing Agreement, the "**Refinancing Documents**") as may be required by Third Eye Capital Corporation, acting as agent and hypothecary representative (in such capacity, the "**Agent**") for and on behalf of certain affiliates and funds it manages (collectively, the "**Lender**" and together with the Agent, the "**Refinancing Parties**") in connection with the Refinancing Facility (as hereinafter defined) and the Refinancing Documents, and that the Applicant Parties are hereby authorized to perform all of their obligations under the Refinancing Documents;

[6] **ORDERS** that the Applicant be and is hereby authorized to borrow, repay and reborrow from the Lender such amounts from time to time as the Applicant may consider necessary or desirable (the "**Refinancing Facility**") in order to fund the ongoing expenditures and restructuring costs of the Applicant, and to pay such other amounts as are permitted by the terms of this Order and the Refinancing Documents;

[7] **ORDERS** that the Applicant Parties shall pay to the Refinancing Parties, when due, all amounts owing or to become owing (including principal, interest, fees, closing fees, monitoring fees, prepayment amounts, charges and expenses, all reasonable fees and disbursements of counsel and all other reasonably required advisors to or agents of the Refinancing Parties) under the Refinancing Documents or any other document or agreement relating thereto or envisaged thereby (collectively the "**Refinancing Indebtedness**") and shall perform all of its other obligations to the Refinancing Parties pursuant to the Refinancing Documents and this Order;

[8] **DECLARES** that:

- (i) the Property; and
- (ii) the Additional Parties' present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the "**Additional Property**" and together with the Property, collectively the "**Charged Property**"),

is hereby charged with and subjected to a charge and security for an aggregate amount of \$50,000,000 as well as all of the hypothecs and security interests created or to be created pursuant to the Refinancing Documents (collectively the "**Refinancing Charge**") in favour of the Agent, as hypothecary representative of and agent for the Refinancing Parties, as security for the Refinancing Indebtedness, which Refinancing Charge shall have the priorities established by this Order. Such Refinancing Charge shall subsist without necessity of any publication, registration, recording, filing or perfection;

- [9] **ORDERS** that part of the proceeds of the Refinancing Facility shall be used for the complete repayment of the New Lender Indebtedness (the "**Payout**");
- [10] **ORDERS** that, upon the occurrence of the Payout, the New Lender Charge shall be and is hereby cancelled, radiated and discharged;
- [11] **ORDERS** that the Refinancing Indebtedness, the Refinancing Charge and all claims of the Refinancing Parties pursuant to the Refinancing Documents shall not be compromised pursuant to these proceedings, any plan of arrangement filed pursuant to the CCAA and any amendments thereto (a "**Plan**") or any proposal and any amendments thereto (a "**Proposal**") filed pursuant to the *Bankruptcy and Insolvency Act, Canada* (the "**BIA**") and the Refinancing Parties, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any Plan or Proposal;
- [12] **ORDERS** that the Refinancing Parties may:
- (a) notwithstanding any other provision of this Order, take such steps from time to time as it may deem necessary or appropriate to publish, register, record, file or perfect the Refinancing Charge and the Refinancing Documents in all jurisdictions where it deems it is appropriate;
 - (b) in accordance with the Refinancing Documents, take hypothecs on and security interests in the Charged Property which shall have the same priority as the Refinancing Charge. For greater certainty, all references herein to the Refinancing Charge shall include all such hypothecs and security interests; and
 - (c) notwithstanding the terms of the paragraphs to follow, refuse to make any advance to the Applicant if any of the Applicant Parties fails to comply with the terms, conditions and provisions of the Refinancing Documents.
- [13] **ORDERS** that, until the "Certificate of Completion" as defined in the Re-Amended Plan (the "**Certificate**") is filed by the Monitor with this Court, the Refinancing Parties shall not take any enforcement steps under the Refinancing Documents or the Refinancing Charge without providing at least 2 business days written notice (the "**Notice Period**") of a default thereunder to the Applicant, to the

Monitor and to any creditors whose rights are registered or published at the appropriate registers or who have submitted a written request for such notice to the Lender. Upon expiry of such Notice Period, the Refinancing Parties shall be entitled to take any and all steps under the Refinancing Documents and the Refinancing Charge and otherwise permitted at law, but without having to send any notices under Section 244 of the *BIA*;

- [14] **ORDERS** that, once the Certificate is filed by the Monitor with this Court, the Refinancing Parties shall not be entitled to take any enforcement steps under the Refinancing Documents or the Refinancing Charge except with the notices and within the delays required by law, including the notices and delays under Section 244 of the *BIA*;
- [15] **ORDERS** that, subject to further order of this Court, no further order shall be made in respect of this Order unless either:
- (a) notice of a motion for such order is served in advance on the Agent by the moving party with a minimum 7 day delay; or
 - (b) the Refinancing Parties apply for or consent to such order.

Priorities and General Provisions Relating to the Refinancing Charge

- [16] **ORDERS** and **DECLARES** that, subject to the Payout, all of the following shall automatically occur and shall become and remain effective, namely:
- (i) the New Lender Charge and all other Encumbrances held by or on behalf of the New Financing Parties over all of the Charged Property in relation to the New Loan Facility shall be cancelled, radiated and discharged against the Charged Property without the necessity for any further action and all such Encumbrances existing in favour of the New Financing Parties in relation to the New Loan Facility hypothecating or charging the Charged Property shall be deemed to be cancelled, radiated and discharged for all purposes;
 - (ii) the priorities of the Refinancing Charge, the KERP Charge and the Administration Charge (collectively the "**CCAA Charges**"), as between them with respect to the Property, shall be as follows:
 - (a) first, the Refinancing Charge;
 - (b) second, the KERP Charge;
 - (c) third, the Administration Charge.

- (iii) the Refinancing Charge shall rank in priority to any and all Encumbrances (including the KERP Charge and the Administration Charge) affecting the Property charged by such Encumbrances but such priority shall not diminish the rights of any landlords of premises now or hereafter leased to the Applicant to distress or distrain;
- (iv) the Refinancing Charge shall rank in priority to any and all Encumbrances affecting the Additional Property charged by such Encumbrances;
- (v) the Refinancing Charge shall apply to all proceeds of sales deposited in bank accounts and credit card accounts in all banks in Canada where the Applicant (or any of the other Applicant Parties) has accounts and all blocked account agreements presently in force shall be subject to the priority of the Refinancing Charge as herein set forth;
- (vi) except as otherwise expressly provided for herein, the Applicant Parties shall not grant any Encumbrances in or against the Charged Property that rank in priority to, or *pari passu* with, any of the CCAA Charges;
- (vii) the Refinancing Charge shall attach to all present and future Charged Property, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent. Notwithstanding the foregoing, nothing herein contained will create rights, if any, in favour of the Refinancing Parties in respect of the Applicant's leasehold rights and leasehold improvements which would be greater than the rights available to the Refinancing Parties, if any, under conventional hypothecs and/or pursuant to any security interests granted by the Applicant in the Refinancing Parties' favour over the Property without the consent of the applicable landlord;
- (viii) the Refinancing Charge and the rights and remedies of the beneficiaries of such Refinancing Charge, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (a) these proceedings and any Plan filed; (b) any petition for a receiving order filed pursuant to the *BIA* in respect of the Applicant or any of the Stay Parties or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Applicant or any of the Stay Parties; (c) any proceedings filed under the *BIA* in respect of the Applicant or any of the Stay Parties or any Proposal filed or a declaration of insolvency made thereunder; or (d) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Applicant or any of the Stay Parties (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) the creation of the Refinancing Charge shall not create or be deemed to constitute a breach by the Applicant or any of the Stay Parties of any Third Party Agreement to which any such party is a party; and
 - (b) the Refinancing Parties shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Refinancing Charge;
- (ix) notwithstanding:
- (a) these proceedings and any Plan;
 - (b) any petition for a receiving order filed pursuant to the *BIA* in respect of the Applicant or any of the Stay Parties and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Applicant or any of the Stay Parties;
 - (c) any proceedings filed under the *BIA* in respect of the Applicant or any of the Stay Parties or any Proposal filed or declaration of insolvency made thereunder; and
 - (d) the provisions of any federal or provincial statute,
- the payments or disposition of any of the Charged Property made by the Applicant or any of the Stay Parties pursuant to this Order and the granting of the Refinancing Charge, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law;
- (x) the Refinancing Charge shall be valid and enforceable as against the Charged Property and against any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager, interim receiver or monitor of the Applicant and any Additional Party, for all purposes;
 - (xi) the Registrar of the Quebec Register of Personal and Movable Real Rights (the "**RDPRM Registrar**"), upon application by the Agent, shall register in the Quebec Personal and Movable Real Rights Register (the "**RDPRM**") the charges created by the present Order as against the Charged Property situated in Quebec, namely: all present and future movable property, corporeal and incorporeal, wherever situated;

- (xii) the Registrars of the Personal Property Security registries for the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador (collectively, the "PPSA Registrars"), upon application by the Agent, shall register in the said registries the charges created by the present Order as against the Charged Property that fall within the respective jurisdictions of the foregoing registries, namely: all present and future personal property, tangible and intangible, wherever situated;
- (xiii) the RDPRM Registrar, upon presentation of the required form with a true copy of this Order, shall radiate and strike the following registrations from the RDPRM (although it may not be all of the Charged Property that is encumbered by such registrations), which registrations shall be totally and entirely radiated in respect of all of the Charged Property:

Deed	Registration Number	Date of Registration	Grantor(s)	Secured Party
Conventional Hypothec Without Delivery	15-1062169-0002	2015-10-30	Laura's Shoppe (P.V.) Inc.	Third Eye Capital Corporation
Conventional Hypothec Without Delivery	15-1062169-0001	2015-10-30	Laura's Shoppe Canada Ltd. 3482731 Canada Inc. 119605 Canada Inc. 9318-5494 Quebec Inc.	Third Eye Capital Corporation
Conventional Hypothec Without Delivery	14-1003636-0001	2014-10-27	Laura's Shoppe (P.V.) Inc.	Riocan Holdings (Québec) Inc.

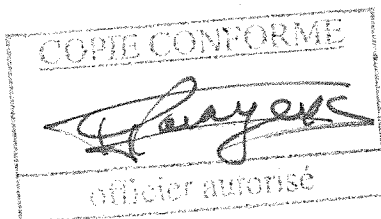
- (xiv) the PPSA Registrars, upon application by the Agent, shall take all such steps as may be necessary to effect the discharge of all Encumbrances registered against the Charged Property by the Lender, including filing such financing change statements in the Personal Property Security registries of the respective jurisdictions as may be necessary, from any registration filed against the Applicant and/or the Stay Parties in any such Personal Property Security registry and the Agent (or its counsel) shall be authorized to take any further steps necessary to effect such discharge;

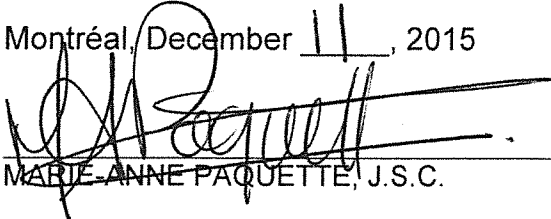
Cash Management

[17] **ORDERS** that, upon occurrence of the Payout and from and after the occurrence of the Payout, all Orders issued by this Court with respect to the Cash Management System as set forth in paragraphs [33] to [38] of the Initial Order and paragraphs [15] and [16] (with the exception of subparagraph (viii) thereof) of the TEC DIP Order shall be terminated and cease to have any effect. Notwithstanding subsection (viii) of paragraph [16] of the TEC DIP Order, the Monitor shall, not without the consent of the Agent, be entitled to withdraw funds from any of the Applicant's bank accounts.

General Provisions

- [18] **ORDERS** and **DECLARES** that, subject to the provisions of this Order, all powers of the Monitor provided for under law or pursuant to the Initial Order shall remain unchanged and that, in the event of any inconsistencies between this Order and the Initial Order, the provisions of this Order shall prevail notwithstanding any provisions of the Initial Order;
- [19] **ORDERS** the sealing of Exhibit P-1 to the Application until further order of this Court;
- [20] **DECLARES** that this Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada;
- [21] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order;
- [22] **ORDERS** the provisional execution of this Order notwithstanding any appeal;
- [23] **THE WHOLE** without costs.



Montréal, December 11, 2015

MARIE-ANNE PAQUETTE, J.S.C.