

COURT FILE NUMBER            25-2251814  
   25-2251817

Clerk's Stamp

COURT                            COURT OF QUEEN'S BENCH OF ALBERTA  
   IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE            CALGARY

APPLICANT                    IN THE MATTER OF THE DIVISION I PROPOSAL  
   PROCEEDINGS OF COMFORTABLE IMAGE INC.  
   and WATCH IT! INCORPORATED

DOCUMENT                    **APPLICATION**

ADDRESS FOR SERVICE        McCARTHY TÉTRAULT LLP  
AND CONTACT                  Barristers & Solicitors  
INFORMATION OF PARTY      Sean Collins / Walker MacLeod  
FILING THIS DOCUMENT       Suite 4000, 421 - 7 Avenue S.W.  
   Calgary, AB T2P 4K9  
   Phone: 403-260-3531  
   Fax: 403-260-3501  
   Email: scollins@mccarthy.ca

### **NOTICE TO RESPONDENT(S)**

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard, as shown below:

Date:                          June 29, 2017  
Time:                          4:00 p.m.  
Where:                        Calgary Courts Center  
Before Whom:               Justice P.R. Jeffrey

Go to the end of this document to see what else you can do and when you must do it.

**Remedy Claimed or Sought:** Comfortable Image Inc. and Watchit! Incorporated (collectively, the "**Debtors**") apply for two orders, substantially in the forms attached as Schedules "**A**" and "**B**" hereto:

1.        Declaring that the time for service of this application (the "**Application**") and the Affidavit #3 of Darren Bondar (the "**Third Bondar Affidavit**"), is abridged, if necessary, the Application is properly returnable June 29, 2017, that service of the Application and the Third Bondar Affidavit on the service list, as created and maintained in respect of the within proceedings (the "**Service**

**List**”), is validated, good, and sufficient, and that no persons other than those on the Service List are entitled to service of the materials filed in connection with the Application.

2. Extending the time within which the Debtors may file a proposal from the current date of July 7, 2017 (the “**Filing Deadline**”), pursuant to section 50.4(9) the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”).

3. Approving the Purchase and Sale Agreement, dated June 6, 2017, between the Debtors, as the vendors, and 2048218 Alberta Ltd. (the “**Purchaser**”), as the purchaser, attached as Exhibit “A” to the Third Bondar Affidavit (the “**APA**”), and the sale and transfer of the Acquired Assets (as defined in the APA) and the transfer and vesting of the Acquired Assets to the Purchaser, and directing and authorizing the Debtors, to deliver the APA to the Purchaser and to take any and all such steps as the Debtors determine are necessary or advisable to close the transaction(s) concerning the purchase and sale of the Acquired Assets, as contemplated by the APA.

4. Ordering and declaring that, effective immediately upon A. Farber & Partners Inc., in its capacity as proposal trustee (the “**Proposal Trustee**”) in the within proceedings (the “**NOI Proceedings**”), filing a certificate with this Honourable Court (the “**Closing Certificate**”) confirming that all terms and conditions under the APA and any and all subsequent modifications thereto have been either satisfied or waived and that the transactions contemplated by the APA have otherwise been completed, to the satisfaction of the Proposal Trustee, all legal and beneficial ownership of and title to the Acquired Assets shall vest in the Purchaser (or its designated assignee or nominee to the extent permitted by the APA), free and clear of any and all security interests (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have been attached, registered, perfected, or filed and whether secured, unsecured, liquidated, contingent, or absolute, but that such Acquired Assets shall remain subject to the Assumed Liabilities (as defined in Schedule “**B**” hereto).

5. Ordering that the Debtors and any and all persons claiming through or under the Debtors along with any other person(s) in possession of the Acquired Assets to deliver up possession of the Acquired Assets to the Purchaser or its assignee or nominee, as at the Closing (as that term is defined in the APA).

6. Ordering and declaring that, notwithstanding the pendency of these proceedings or the provisions of any federal or provincial statute, the vesting provisions contained in any order granted in connection with the Application:

- (a) will not be void or voidable at the instance of creditors and claimants;
- (b) do not constitute and shall not be deemed to be fraudulent preferences, fraudulent conveyances, transfers at undervalue, or otherwise subject to challenge under the *Bankruptcy and Insolvency Act* (Canada), the *Fraudulent Preferences Act* (Alberta) or any other applicable federal or provincial legislation; and,
- (c) do not constitute and shall not be deemed to constitute conduct meriting an oppression remedy.

7. Sealing the Confidential Affidavit #1 of Darren Bondar (the “**Confidential Affidavit**”), on the closing of the APA.

8. Ordering and declaring that service of any orders arising from the Application by email, facsimile, registered mail, courier, regular mail, or personal delivery, shall constitute good and sufficient service of such orders and that no persons, other than those in attendance at the Application, are entitled to be served with a copy of such orders.

9. Such further and other relief as counsel for the Debtors may advise and this Honourable Court may permit.

**Grounds for Making this Application:** The grounds for the Application are as follows:

10. On May 15, 2017, the Debtors both filed a Notice of Intention to Make a Proposal (collectively, the “**NOI**”) pursuant to section 50.4 of the BIA. A. Farber & Partners Inc. was named as proposal trustee in the Debtors’ NOI.

11. As a result of the filing of the NOI, the Debtors initially had to file a proposal on or before June 14, 2017.

12. Pursuant to the Order granted on May 19, 2017, by the Honourable Justice C.M. Jones, the proceedings of WII and CII were administratively consolidated into the NOI Proceedings.

13. Prior to the Debtors filing their NOI, the Debtors completed a sales process (the “**Pre-Filing Sales Process**”). Details regarding the Pre-Filing Sales Process are set out in the Confidential Affidavit.

14. As a result of the Pre-Filing Sales Process, the Debtors, in consultation with the Proposal Trustee, developed the Sale and Investment Solicitation Procedures, attached as Exhibit “B” (the “**SISP**”) to the Affidavit #2 of Darren Bondar, sworn on June 7, 2017.

15. The SISP contemplated an open, fair, and public marketing and solicitation process. The SISP was designed to recanvas the market and source a Superior Offer (as such term is defined in the SISP).

16. Pursuant to the Order, granted by the Honourable Madam Justice K.M. Eidsvik on July 12, 2017: (i) the Filing Deadline was extended, up to and until July 7, 2017; (ii) the Debtors were authorized and empowered to enter into the APA; and, (iii) the Debtors and the Proposal Trustee were authorized, *nunc pro tunc*, to implement and carry out the SISP.

17. In order to provide stability and certainty that the Debtors would successfully restructure, the Debtors entered into the APA, as part of the SISP. The APA is binding on the Purchaser, conditional on the approval of this Honourable Court, and designed to automatically terminate, should the Proposal Trustee determine that a Superior Offer is available.

18. The Proposal Trustee commenced the SISP on June 6, 2017.

19. The Purchaser and the Debtors are related parties. The transactions contemplated by the APA constitute non-arm's length transactions. As a result of the relationship between the Debtors and the Purchaser, the Proposal Trustee had sole conduct in implementing and carrying out the SISP. Furthermore, in accordance with the terms of the SISP, the Proposal Trustee is entitled to waive any non-compliance with any one or more of the requirements of the SISP and deem any: (i) letter of intent to be a Qualified LOI (as defined in the SISP); and, (ii) any binding and definitive agreement to be a Qualified Bid (as defined in the SISP).

20. The Proposal Trustee has advised the Debtors that, the Proposal Trustee, in its sole discretion, has determined that no Qualified LOI was received, on or before the Phase 1 Bid Deadline, being June 23, 2017. As a result, pursuant to the terms of the SISP, the SISP is terminated and the Debtors are required to bring an application seeking the approval of the APA.

21. The APA is conditional on obtaining Court approval of: (i) the APA; and, (ii) the vesting of the Acquired Assets in the name of the Purchaser, free and clear of all liens other than the Assumed Liabilities.

22. Based on the Pre-Filing Sales Process and the SISP, the Acquired Assets being conveyed pursuant to the APA were sufficiently exposed to the relevant market in a commercially reasonable and fair marketing process. The consideration to be paid for the Acquired Assets being sold pursuant to the APA represents the highest and best price that can be obtained for the Acquired Assets in the circumstances, and the APA, as proposed, is in the best interests of the estates of the Debtors and the stakeholders of the Debtors.

23. As part of the sale and vesting of the Acquired Assets, certain contracts, being the Designated Seller Contracts (as defined in form of Order attached as Schedule “B” hereto) will also need to be assigned by the Debtors to the Purchaser.

24. The Purchaser will be able to comply with the terms and conditions of the Designated Seller Contracts and such assignment is necessary to ensure the survival of the Debtors’ businesses and that such businesses will continue to operate, albeit in a restructured format. There are no monetary defaults on the Designed Seller Contracts.

25. In order for the Debtors’ to close the transactions contemplated by the APA, the Debtors require an extension of the Filing Deadline, pursuant to section 50.4(9) of the BIA.

26. The extension of the Filing Deadline is appropriate as: (i) the Debtors have acted and continue to act in good faith and with due diligence; (ii) the extension will allow the Debtors the necessary time to close the APA and restructure their businesses in order to emerge as viable businesses, if, among the other relief sought as part of the Application, the extension of the Filing Deadline is granted; and, (iii) the extension of the Filing Deadline will not materially prejudice any of the Debtors’ creditors.

27. The Confidential Affidavit contains confidential information with respect to the Pre-Filing Sales Process, including, the marketing process, the names of all prospective financial sponsors and strategic partners contacted, the number of executed confidentiality agreements, the number of distributed financial information packages, and various other efforts made in connection thereto. The public disclosure and dissemination of the information in the

Confidential Affidavit would cause serious and irreparable harm to the estate of the Debtors, their stakeholders, and the Purchaser.

28. The limited sealing provision that the Debtors seek, in respect of the Confidential Affidavit, is a fair and reasonable method of addressing the serious and irreparable harm that would result if the Confidential Affidavit was publically disseminated.

29. Such further and other grounds as counsel for the Debtors may advise and this Honourable Court may permit.

**Material or Evidence to be Relied On:** The Debtors will rely on the following evidence:

30. The Affidavit #3 of Darren Bondar;

31. The Confidential Affidavit #1 of Darren Bondar;

32. The Third Report of the Proposal Trustee, to be filed; and

33. Such further and other evidence as counsel for the Debtors may advise and this Honourable Court may permit.

**Applicable Rules:**

34. Rules 6.3(1), 6.9, 6.28, 11.27 of the *Alberta Rules of Court*.

35. Such further and other rules as counsel for the Debtors may advise and this Honourable Court may permit.

**Applicable Acts and Regulations:**

36. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, sections 50.4(9), 65.13, 66(1), and 84.1.

37. Such further and other acts and regulations as counsel for the Debtors may advise and this Honourable Court may permit.

**Any Irregularity Complained of or Objection Relied On:**

38. There are no irregularities complained of, or objections relied on.

**How the Application is Proposed to be Heard or Considered:**

39. The Debtors propose that the Application be heard in person with one, some, or all of the parties present.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicants.

**SCHEDULE "A"**

COURT FILE NUMBER	25-2251814 25-2251817
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF COMFORTABLE IMAGE INC. and WATCH IT! INCORPORATED
DOCUMENT	<b>ORDER (Service, Extension, and Sealing)</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP Barristers & Solicitors Sean Collins / Walker MacLeod Suite 4000, 421 - 7 Avenue S.W. Calgary, AB T2P 4K9 Phone: 403-260-3531 Fax: 403-260-3501 Email: scollins@mccarthy.ca

Clerk's Stamp

**DATE ON WHICH ORDER WAS PRONOUNCED:** June 29, 2017  
**LOCATION OF HEARING OR TRIAL:** Calgary, Alberta  
**NAME OF MASTER/JUDGE WHO MADE THIS ORDER:** Justice P.R. Jeffrey

**UPON THE APPLICATION** of Comfortable Image Inc. and WatchIt! Incorporated (collectively, the "**Debtors**"), **AND UPON** having read the Affidavit #3 of Darren Bondar, sworn on June •, 2017 (the "**Third Bondar Affidavit**"), filed; **AND UPON** having read the Third Report of A. Farber & Partners Inc., in its capacity as the Debtors' proposal trustee (the "**Proposal Trustee**"), dated •; **AND UPON** having read the Confidential Affidavit of Darren Bondar, sworn on June •, 2017 (the "**Confidential Affidavit**"), unfiled; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn June •, 2017 (the "**Service Affidavit**"), filed; **AND UPON** hearing counsel to the Debtors, counsel to the Proposal Trustee, and counsel present for other parties;

**IT IS HEREBY ORDERED AND DECLARED THAT:**



### **SERVICE**

1. The time for service of the corresponding application (the “**Application**”) and the Third Bondar Affidavit is abridged to the date parties were served, the Application is properly returnable today, service of the Application and the Third Bondar Affidavit on the service list prepared by the Debtors and maintained in these proceedings (the “**Service List**”), in the manner described in the Affidavit of Service, is validated, good, and sufficient, and no other persons are entitled to service of the Third Bondar Affidavit or the Application.

### **FILING EXTENSION**

2. The period of time within which the Debtors are required to file a proposal to their creditors, under section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”), shall be and is hereby extended up to and including •.

### **SEALING**

3. Division 4 of Part 6 of the Rules does not apply to the Application. The Confidential Affidavit shall be sealed on the Court file and shall not be made publically accessible until after the termination of the within proceedings. The Clerk of the Court be and is hereby directed to seal the Confidential Affidavit on the court file in an envelope containing the following:

THIS ENVELOPE CONTAINS THE CONFIDENTIAL AFFIDAVIT  
#1 OF DARREN BONDAR. THE CONFIDENTIAL AFFIDAVIT OF  
DARREN BONDAR HAS BEEN SEALED, PURSUANT TO AN  
ORDER ISSUED BY THE HONOURABLE JUSTICE P.R.  
JEFFREY, DATED JUNE 29, 2017, AND IS NOT TO BE PLACED  
ON THE PUBLIC RECORD UNTIL AFTER THE TERMINATION  
OF THESE PROCEEDINGS.

4. Any interested person may apply, on reasonable notice to the Debtors, the Proposal Trustee, and any other interested parties, to vary, amend, or modify paragraph 3 of this Order.

### **MISCELLANEOUS MATTERS**

5. Service of this Order by email, facsimile, registered mail, courier, or personal delivery to the persons listed on the Service List shall constitute good and sufficient service of this Order,

and no persons, other than those listed on the Service List, are entitled to be served with a copy of this Order.

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J.C.Q.B.A.

**SCHEDULE "B"**

COURT FILE NUMBER	25-2251814 25-2251817
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF COMFORTABLE IMAGE INC. and WATCH IT! INCORPORATED
DOCUMENT	<b>ORDER (Sale Approval and Vesting Order)</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP Barristers & Solicitors Sean Collins / Walker MacLeod Suite 4000, 421 - 7 Avenue S.W. Calgary, AB T2P 4K9 Phone: 403-260-3531 Fax: 403-260-3501 Email: scollins@mccarthy.ca

Clerk's Stamp

<b>DATE ON WHICH ORDER WAS PRONOUNCED:</b>	<b>June 29, 2017</b>
<b>LOCATION OF HEARING OR TRIAL:</b>	<b>Calgary, Alberta</b>
<b>NAME OF MASTER/JUDGE WHO MADE THIS ORDER:</b>	<b>Justice P.R. Jeffrey</b>

**UPON THE APPLICATION** of Comfortable Image Inc. and WatchIt! Incorporated (collectively, the "**Debtors**"), **AND UPON** having read the Affidavit #3 of Darren Bondar, sworn on June •, 2017 (the "**Third Bondar Affidavit**"), filed; **AND UPON** having read the Third Report of A. Farber & Partners Inc., in its capacity as the Debtors' proposal trustee (the "**Proposal Trustee**"), dated, •; **AND UPON** having read the Confidential Affidavit of Darren Bondar, sworn on June •, 2017 (the "**Confidential Affidavit**"), unfiled; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn June •, 2017 (the "**Service Affidavit**"), filed; **AND UPON** hearing counsel to the Debtors, counsel to the Proposal Trustee, and counsel present for other parties;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

## **DEFINED TERMS**

1. Any and all capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Asset Purchase Agreement, dated June 6, 2016, between the Debtors, as the vendors, and 2048218 Alberta Ltd. (the “**Purchaser**”), as the purchaser, attached as Exhibit “A” to the Third Bondar Affidavit (the “**APA**”).

## **APPROVAL OF THE APA AND THE TRANSACTIONS**

2. The Debtors are hereby authorized and directed, *nunc pro tunc*, to execute and deliver the APA to the Purchaser, to conclude the transactions contemplated by the APA (collectively, the “**Transactions**”) and to take all such steps and execute all such deeds, documents, and instruments as may reasonably be necessary to consummate the Transactions contemplated therein, substantially in accordance with the terms of the APA. Following execution and delivery of the APA the Debtors, the Purchaser, and the Proposal Trustee may agree to any amendments to the APA which do not materially and adversely alter the Transactions or the APA.

3. The Transactions and the APA are hereby approved and ratified and it is hereby declared that the Transactions are commercially reasonable.

## **VESTING OF PROPERTY**

4. Upon the delivery of the Proposal Trustee’s certificate to the Purchaser (or its nominee) substantially in the form set out in Schedule “A” hereto (the “**Closing Certificate**”), all of the Debtors’ rights, title, and interests in and to the Acquired Assets (as defined in the APA), shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts, or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, judgments, licenses, taxes, or other financial or monetary claims, whether or not they have attached or been perfected, registered, or filed, and whether secured, unsecured, or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by any Order granted in these NOI Proceedings; and,

- (b) all charges, security interests, or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Personal Property Security Act* (Alberta), *Personal Property Security Act* (British Columbia), *Personal Property Security Act* (Manitoba), *The Personal Property Security Act* (Saskatchewan), or any other personal property registry system

(all of which are collectively referred to as, the “**Encumbrances**”, which term shall not include the Assumed Liabilities (as defined below)); and,

for greater certainty, this Court orders that all of the Encumbrances and Claims affecting or relating to the Acquired Assets (other than Assumed Liabilities (as defined under the APA) are hereby expunged and discharged, as against the Acquired Assets; provided however, that with respect to the Designated Seller Contracts, as set out in Schedule “**B**” hereto, the Purchaser shall remain liable for and obtain the benefit of any obligations or liabilities arising pursuant to and in accordance with the terms of the Designated Seller Contracts.

5. Upon the delivery of the Closing Certificate to the Purchaser, as part of the transfer and vesting of the Acquired Assets, all of the Debtors’ rights and obligations under the Designated Seller Contracts shall be absolutely assigned to the Purchaser and the Purchaser shall be entitled to all of the rights, remedies, and benefits and subject to all of the obligations and restrictions of the Debtors, in accordance with and pursuant to the Designated Seller Contracts and any and all corresponding registrations thereof. Following the delivery of the Closing Certificate to the Purchaser, the Purchaser may enter into and upon and hold and have quiet enjoyment of any and all of the lands and premises subject to the Designated Seller Contracts, in accordance with the terms and conditions therein.

6. The assignment to the Purchaser of the rights and obligations of the Debtors, under the Designated Seller Contracts is hereby declared to be valid and binding upon all of the counterparties to the Designated Seller Contracts, notwithstanding any restrictions or prohibitions contained in any or all of the Designated Seller Contracts, relating to the assignment thereof, including, without limitation, any provision requiring the consent of any party to the assignment of the Designated Seller Contracts.

7. Each and every counterparty to an Assigned Contract is prohibited from exercising any right or remedy, as against the Purchaser, by reason of any defaults arising under the Designated Seller Contracts due to: (i) the assignment of the Designated Seller Contracts; (ii)

these NOI Proceedings; (iii) the insolvency or potential bankruptcy of the Debtors; or (iv) as a result of the Debtors committing any non-monetary breach of the Designated Seller Contracts. For greater clarity, no counterparty shall rely on a notice of default sent to the Debtors to terminate an Assigned Contract, as against the Purchaser.

8. With the sole exception of the assignment of the Designated Seller Contracts, to the Purchaser, nothing in this Order or the APA shall amend or vary, or be deemed to amend or vary, any other terms of the Designated Seller Contracts.

9. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transactions, have no liability of any kind whatsoever in respect of any Claims against the Debtors, other than the Assumed Liabilities.

10. The Debtors and all persons who claim by, through, or under the Debtors, in respect of the Acquired Assets, save and except for the persons entitled to the benefit of the Assumed Liabilities, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental, and equity of redemption of the Acquired Assets and, to the extent that any such persons remain in possession or control of any of the Acquired Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

11. The Purchaser (or its nominee) shall be entitled to enter into and upon, and hold and enjoy, the Acquired Assets for its own use and benefit without any interference of or by the Debtors, or any person(s) claiming by or through or against the Debtors.

12. The Proposal Trustee is to file with the Court a copy of the Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

13. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, and any similar provisions under the *Alberta Personal Information Protection Act*, the *British Columbia Personal Information Protection Act*, and any other similar provincial legislation, the Debtors' are hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects is identical to the prior use of such information by the Debtors.

14. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of either or both of the Debtors and any bankruptcy order issued pursuant to any such applications; and.
- (c) any assignment in bankruptcy made in respect of the Debtors

the vesting of the Acquired Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

15. Nothing in this Order shall prejudice any person's *in personam* claim against the Debtors.

#### **MISCELLANEOUS MATTERS**

16. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the Debtors, the Proposal Trustee, and their respective 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 Debtors, as may be necessary or desirable to give effect to this Order, or to assist the Debtors and their respective agents in carrying out the terms of this Order.

17. The Debtors and the Proposal Trustee are hereby authorized and empowered to apply to this Honourable Court to amend, vary, or seek any advice or directions in connection with the APA or the closing of the Transactions.

18. Service of this Order by email, facsimile, registered mail, courier or personal delivery to the persons listed on the service list prepared by the Debtors and maintained in these proceedings (the "**Service List**"), shall constitute good and sufficient service of this Order, and

no persons other than those listed on the Service List are entitled to be served with a copy of this Order.

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J.C.Q.B.A.



## **SCHEDULE "A" TO THE FORM OF ORDER (Sale Approval and Vesting Order)**

COURT FILE NUMBER	25-2251814 25-2251817	<div>Clerk's Stamp</div>
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANT	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF COMFORTABLE IMAGE INC. and WATCH IT! INCORPORATED	
DOCUMENT	<b>PROPOSAL TRUSTEE'S CLOSING CERTIFICATE</b>	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP Barristers & Solicitors Sean Collins / Walker MacLeod Suite 4000, 421 - 7 Avenue S.W. Calgary, AB T2P 4K9 Phone: 403-260-3531 Fax: 403-260-3501 Email: scollins@mccarthy.ca	

### **CLOSING CERTIFICATE**

1. All capitalized terms used in this Closing Certificate and not otherwise defined shall have the meaning ascribed to them in the Order issued by The Honourable Justice P.R. Jeffrey of the Court of Queen's Bench of Alberta, in the within proceedings, granted on June 29, 2017 (the "**Vesting Order**").
2. Pursuant to the Vesting Order, the Court:
  - (a) Approved the APA; and
  - (b) Provided for the vesting of the Debtors' rights, title and interests in and to the Acquired Assets, upon the filing of this certificate by the Proposal Trustee confirming that:
    - (i) all terms and conditions under the APA and all modifications thereto have been either satisfied or waived; and
    - (ii) the Transactions contemplated by the APA have otherwise been completed to the satisfaction of the Proposal Trustee.

**THE PROPOSAL TRUSTEE HEREBY CONFIRMS AND CERTIFIES THE FOLLOWING:**

1. All terms and conditions under the APA and all modifications thereto have been either satisfied or waived; and
2. The Transactions contemplated by the APA have otherwise been completed to the satisfaction of the Proposal Trustee.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2017.

**A. FARBER & PARTNERS INC.**, in its capacity as the Proposal Trustee of Comfortable Image Inc. and Watch It! Incorporated, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "B" TO THE FORM OF ORDER (Sale Approval and Vesting Order)  
DESIGNATED SELLER CONTRACTS**

	<b>Assigned Contract</b>	<b>Date</b>	<b>Location</b>
1.	Lease Agreement, between West Edmonton Mall Property Inc., as landlord, and Comfortable Image Inc., as tenant	October 1, 2002	Edmonton, AB (West Edmonton Mall)
2.	Lease of Retail Space, between Ivanhoe Cambridge II Inc., as landlord, and Watch It Incorporated, as tenant	August 17, 2011	Burnaby, BC (Metropolis at Metrotown)
3.	Retail Space Lease, between Midtown Plaza Inc., as landlord, and Watch It! Incorporated, as tenant	April 1, 2015	Saskatoon, SK (Midtown Plaza)
4.	Lease, between Ontrea Inc., by its duly authorized agent The Cadillac Fairview Corporation Limited, as landlord, and Comfortable Image Inc. t/a "Watch It!", as tenant	June 11, 2008	Calgary, AB (Chinook Centre Mall)
5.	Lease, between Ontrea Inc., by its duly authorized agent The Cadillac Fairview Corporation Limited, as landlord, and Comfortable Image Inc. t/a "Watch It!", as tenant	March 31, 2015	Etobicoke, ON (Sherway Gardens)
6.	Lease Amending Agreement, between Market Mall Leaseholds Inc., as landlord, and Comfortable Image Inc. t/a "Watch It", as tenant	July 7, 2016	Calgary, AB (Market Mall)
7.	Lease, between Ontrea Inc., by its duly authorized agent The Cadillac Fairview Corporation Limited, as landlord, and Comfortable Image Inc. t/a "Watch It!", as tenant	November 8, 2013	Winnipeg, MB (Polo Park Shopping Centre)
8.	Lease, between Orchard Park Shopping Centre Holdings Inc., as landlord, and Watch It! Incorporated, as tenant	January 28, 2008	Kelowna, BC (Orchard Park Shopping Centre))

	Assigned Contract	Date	Location
9.	Watch It! Incorporated Franchise Agreement, between Watch It! Incorporated, as franchisor, and 1114019 Alberta Inc. (o/a Watch It! – Kingsway), as Franchisee	July 21, 2014	Edmonton, AB (Kingsway Mall)
10.	Lease between Kingsway Garden Holdings Inc., as landlord, and Watch It Incorporated, as tenant, and various amending agreements	July 21, 2004	Edmonton, AB (Kingsway Mall)
11.	Sublease, between Watch It! Incorporated, as Franchisor, and 1114019 Alberta Inc. (o/a Watch It! – Kingsway), as sublessee	July 21, 2014	Edmonton, AB (Kingsway Mall)
12.	Franchise Extension Agreement, between Watch It! Incorporated, as franchisor, and 2085240 Ontario Inc., as franchisee	November 23, 2015	Niagara Falls, ON (Niagara Falls Casino)
13.	Lease, between Falls Management Company, as landlord, and Watch It! Incorporated, as tenant, and various amending agreements	May 1, 2006	Niagara Falls, ON (Niagara Falls Casino)
14.	Sublease Agreement, between Watch It! Incorporated, as sublessor, and 2085240 Ontario Inc., as sublessee	November 23, 2015	Niagara Falls, ON (Niagara Falls Casino)
15.	Watch It! Incorporated Franchise Agreement, between Watch It! Incorporated, as franchisor, and 1516625 Ontario Inc. (o/a Watch It! – Vaughn Mills), as franchisee	February 25, 2015	Vaughn, Ontario (Vaughn Mills Shopping Centre)
16.	Sublease Agreement, between Watch It! Incorporated, as Sublessor, and 1516625 Ontario Inc., as sublessee	February 25, 2015	Vaughn, Ontario (Vaughn Mills Shopping Centre)
17.	Lease of Retail Space, between Ivanhoe Cambridge II Inc., as landlord, and Watch It! Incorporated, as tenant	August 29, 2013	Vaughn, Ontario (Vaughn Mills Shopping Centre)
18.	Franchise Agreement, between Watch It! Incorporated, as franchisor, and 2136791 Ontario Inc. (o/a Watch It! – Rideau), as franchisee	May 5, 2015	Ottawa, ON (Rideau Centre)

	<b>Assigned Contract</b>	<b>Date</b>	<b>Location</b>
19.	Sublease, between Comfortable Image Inc., as sublessor, Watch It! Incorporated, as franchisor, and 2136791 Ontario Ltd., as sublessee	May 5, 2015	Ottawa, ON (Rideau Centre)
20.	Lease, between Viking Rideau Corporation, as landlord, and Comfortable Image Inc., as tenant	September 29, 2015	Ottawa, ON (Rideau Centre)
21.	Watch It! Incorporated Franchise Agreement, between Watch It! Incorporated, as franchisor, and 2136791 Ontario Inc. (o/a Watch It! – Ottawa), as franchisee	June 1, 2007	Ottawa, ON (Place D'Orleans)
22.	Lease, between Place D'Orleans Holdings Inc., as landlord, and Watch It! Incorporated, as tenant	April 15, 2008	Ottawa, ON (Place D'Orleans)
23.	Sublease, between Watch It! Incorporated, as sublessor, and 2136791 Ontario Ltd., as sublessee	June 1, 2007	Ottawa, ON (Place D'Orleans)
24.	Watch It! Incorporated Franchise Agreement, between Watch It! Incorporated, as franchisor, and 1516625 Ontario Inc. (o/a Watch It! – Square One), as franchisee	October 1, 2013	Mississauga, ON (Square One Shopping Centre)
25.	Shopping Centre Lease, between Omers Realty Management Corporation, as landlord, and Watch It! Incorporated, as tenant	April 29, 2008	Mississauga, ON (Square One Shopping Centre)
26.	Sublease, between Watch It! Incorporated, as sublessor, and 1516625 Ontario Ltd., as sublessee	October 1, 2013	Mississauga, ON (Square One Shopping Centre)
27.	Watch It! Incorporated Franchise Agreement, between Watch It! Incorporated, as franchisor, and 1682447 Ontario Inc. (o/a Watch It! – London, Ontario, Watch It! – Square One, and Watch It! – Masonville), as franchisee	February 14, 2012	London, ON (Masonville Place)

	<b>Assigned Contract</b>	<b>Date</b>	<b>Location</b>
28.	Lease Agreement, between CF/Realty Holdings Inc., as landlord, and Comfortable Image Inc., as tenant	July 9, 2012	London, ON (Masonville Place)
29.	Sublease, between Comfortable Image Inc. and/or Watch It! Incorporated, as sublessor, and 1682447 Ontario Ltd., as sublessee	February 14, 2012	London, ON (Masonville Place)
30.	Watch It! Incorporated Franchise Agreement, between Watch It! Incorporated, as franchisor, and 2136791 Ontario Inc. (o/a Watch It! – Ottawa), as franchisee	September 15, 2009	Ottawa, ON (St. Laurent Shopping Centre)
31.	Lease, between 713949 Ontario Limited, as landlord, and Watch It! Incorporated, as tenant	September 14, 2009	Ottawa, ON (St. Laurent Shopping Centre)
32.	Sublease, between Comfortable Image Inc. and/or Watch It! Incorporated, as sublessor, and 2136791 Ontario Ltd., as sublessee	September 15, 2009	Ottawa, ON (St. Laurent Shopping Centre)