

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SEARS CANADA INC., CORBEIL
ELECTRIQUE INC., S.L.H. TRANSPORT INC., THE CUT INC.,
SEARS CONTACT SERVICES INC., INITIUM LOGISTICS
SERVICES INC., INITIUM COMMERCE LABS INC., INITIUM
TRADING AND SOURCING CORP., SEARS FLOOR
COVERING CENTRES INC., 173470 CANADA INC., 2497089
ONTARIO INC., 6988741 CANADA INC., 10011711 CANADA
INC., 1592580 ONTARIO LIMITED, 955041 ALBERTA LTD.,
4201531 CANADA INC., 168886 CANADA INC., AND 3339611
CANADA INC.

**MOTION RECORD OF THE MOVING PARTY/CREDITOR,
BARRY PATRICK KENNY
(Request to Lift the Stay of Proceedings)
Vol. 2**

July 6, 2017

MCKENZIE LAKE LAWYERS LLP
140 Fullarton Street, Suite 1800
London ON N6A 5P2

Michael J. Peerless (34127P)
Sabrina Lombardi (52116R)
Emily Assini (59137J)

Tel: 519-672-5666
Fax: 519-672-2674

Lawyers for the Moving Party/ Creditor

TO:

TORYS LLP

79 Wellington St. W., Suite 3000
Box 270, TD Centre
Toronto ON M5K 1N2

William McNamara
W. Grant Worden
Irfan Kara

Tel: (416) 865-0040

Fax: (416) 865-7380

Lawyers for the Defendant in the Class Action, Sears Canada Inc.

NORTON ROSE FULBRIGHT CANADA LLP

Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800, P.O. Box 84
Toronto, Ontario M5J 2Z4

Orestes Pasparakis Tel: 416.216.4815

Virginie Gauthier Tel: 416.216.4853

Alan Merskey Tel: 416.216.4805

Evan Cobb Tel: 416.216.1929

Alexander Schmitt Tel: 416.216.2419

Catherine Ma Tel: 416.216.4838

Fax: 416.216.3930

Lawyers for the Monitor, FTI Consulting Canada Inc.

OSLER, HOSKIN & HARCOURT LLP

Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman Tel: 416.862.4908

Jeremy Dacks Tel: 416.862.4923

Tracy Sandler Tel: 416.862.5890

Michael De Lellis Tel: 416.862.5997

Shawn Irving Tel: 416.862.4733

Martino Calvaruso Tel: 416.862.6665

Karin Sachar Tel: 416.862.5949

Fax: 416.862.6666

Lawyers for the Applicants

Index

Volume One:	Tab
Notice of Motion	1
Affidavit of Sabrina Lombardi sworn July 6, 2017	2
Exhibit “A” – Fresh as Amended Statement of Claim	A
Exhibit “B” – Affidavit of Theresa Lea sworn August 11, 2016	B
Exhibit “C” - Motion Record (Certification) of the Plaintiff	C
Volume Two:	Tab
Exhibit “C” - Motion Record (Certification) of the Plaintiff (Continued...)	C
Volume Three:	Tab
Exhibit “D” – Responding Motion Record of the Defendant (Motion for Certification)	D

Court File No. 802/15

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BARRY PATRICK KENNY

Plaintiff

and

SHS SERVICES MANAGEMENT INC., SEARS CANADA INC.,
MICHEAL CLEMENTS, STEPHEN VERHOEFF and PAUL VERHOEFF

Defendants

(Proceeding under the *Class Proceedings Act, 1992*)

MOTION RECORD

CERTIFICATION

Volume 2 of 3

March 25, 2016

MCKENZIE LAKE LAWYERS LLP

140 Fullarton Street, Suite 1800

London, Ontario N6A 5P2

Michael J. Peerless (LSUC # 34127P)

Tel: 519.667.2644

Sabrina Lombardi (LSUC# 52116R)

Tel: 519.667.2645

Fax: 519.672.2674

Lawyers for the Plaintiff,
Barry Patrick Kenny

TO: MCMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, Ontario M5J 2T3

Brett Harrison
Tel: 416.865.7932
Fax: 416.865.7048

Lawyers for PricewaterhouseCoopers Inc. in its capacity as Court-Appointed
Receiver of SHS Services Management Inc./Gestion des Services SHS Inc. and SHS
Services Limited Partnership

AND TO: TORYS LLP
79 Wellington Street West, 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2

Arlen K. Sternberg
Patricia D. S. Jackson
Tel: 416.865-.8203
Fax: 416.865.7380

Lawyers for the Defendant,
Sears Canada Inc.

AND TO: MCLEOD LAW LLP
Centennial Place, West Tower
250 - 5th Street SW, Suite 2110
Calgary, Alberta T2P 0R4

Jeff W. Moroz
Tel: 403.278.9411
Fax: 403.271.1769

Lawyers for the Defendant,
Micheal Clements

AND TO: **PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**
155 Wellington Street West, 35th Floor
Toronto, Ontario M5V 3H1

Massimo Starnino
Gordon Capern
Tel: 416.646.4311
Fax: 416.646.4301

Lawyers for the Defendants,
Stephen Verhoeff and Paul Verhoeff

Index

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

BARRY PATRICK KENNY

Plaintiff

and

**SHS SERVICES MANAGEMENT INC., SEARS CANADA INC., MICHEAL
CLEMENTS, STEPHEN VERHOEFF and PAUL VERHOEFF**

Defendants

(Proceeding under the *Class Proceedings Act, 1992*)

INDEX

Tab Page No.

Volume 1:

1	Notice of Motion	1-6
2	Affidavit of Barry Patrick Kenny, sworn March 23, 2016	7-15
	Exhibit "A" Fresh as Amended Statement of Claim	16-30
	Exhibit "B" Contract of Employment	31-37
	Exhibit "C" Litigation Plan	38-47
3	Affidavit of John McNair, sworn March 24, 2016	48-56
	Exhibit "A" Statement of Claim	57-74
	Exhibit "B" Notice of Civil Claim	75-82
	Exhibit "C" Fresh as Amended Statement of Claim	83-97
	Exhibit "D" Affidavit of Micheal Clements and Exhibits A – J	98- 396

Volume 2:

Exhibit "D"	Affidavit of Micheal Clements Exhibits K – Q	397-595
Exhibit "E"	Asset Transfer Agreement	596-679
Exhibit "F"	Branded Concession Agreement	680-801

Volume 3:

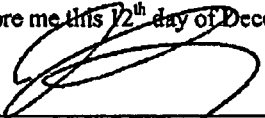
Exhibit "G"	Interim Receiver's First Report to the Court	802-917
Exhibit "H"	Interim Receiver's Second Report to the Court	918-973
Exhibit "I"	Order of Justice Brown	974-989
Exhibit "J"	Interim Receiver's Third Report to the Court	990-1009
Exhibit "K"	Interim Receiver's Supplementary Report to the Receiver's Third Report to the Court	1010-1039
Exhibit "L"	Interim Receiver's Second Supplementary Report to the Receiver's Third Report to the Court.....	1040-1043
Exhibit "M"	Interim Receiver's Fourth Report to the Court	1044-1062
Exhibit "N"	Interim Receiver's Fifth Report to the Court	1063-1112
Exhibit "O"	Interim Receiver's Sixth Report to the Court	1113-1122
Exhibit "P"	Interim Receiver's Seventh Report to the Court	1123-1131
Exhibit "Q"	Interim Receiver's Eighth Report to the Court	1132-1181
Exhibit "R"	Interim Receiver's Tenth Report to the Court	1182-1194

Tab D

TAB K

EXHIBIT K

This is the Exhibit marked "K" referred to
in the Affidavit of Micheal Clements,
sworn before me this 12th day of December, 2013.



Notary Public in and for the Province of Alberta
Nolan Ritzel
Student-at-Law

LOAN AGREEMENT dated as of the 31st day of October, 2013

BETWEEN:

SHS SERVICES LIMITED PARTNERSHIP (the "Borrower")

- and -

SEARS CANADA INC. (the "Lender")

RECITALS:

A. The Borrower, Lender and Alaris Income Growth Partnership ("Alaris") are parties to a letter of understanding dated September 30, 2013 (the "LOU").

B. Pursuant to the terms of the LOU each of the Lender and Alaris provided loans (the "Interim Loans") to the Borrower in the aggregate principal amount of Two Million Canadian Dollars (Cdn. \$2,000,000.00), as evidenced by a demand promissory note granted by the Borrower in favour of the Lender (the "Original Promissory Note" and a demand promissory note granted by the Borrower in favour of Alaris).

C. Pursuant to the terms of the LOU, each of the Interim Loans are to be replaced by non-revolving term loans (in respect of the Lender, the "Loan" and in respect of Alaris, the "Alaris Loan") in the aggregate principal amount of Two Million Canadian Dollars (Cdn. \$2,000,000.00) (the "Principal Sum") and the Lender has agreed to provide such Loan on the terms and subject to the conditions set forth herein.

AGREEMENT:

In consideration of the covenants and agreements between the Parties contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Establishment of Loan

Subject to the terms and conditions of this Agreement, the Lender hereby establishes a term credit facility (the "Credit Facility") in favour of the Borrower in the amount of Principal Sum.

2. Purpose

The Borrower shall use the Credit Facility for general operating purposes.

3. Repayment of Principal and Interest

The Principal Sum shall bear interest at rate equal 7.00% per annum ("Interest") and shall be compounded and calculated monthly and payable monthly in arrears on the second business day of each month (each such day being referred to herein as a "Payment Date") until the Maturity Date.

4. Repayment

Commencing February 16, 2015, the Borrower shall make six (6) equal monthly blended payments of principal and interest with the final payment of all outstanding principal and interest on July 16, 2015 (the "Maturity Date"), subject to terms of the Intercreditor Agreement (as defined below).

5. Optional Repayment

The Borrower may at any time and from time to time, upon two (2) days prior written notice to the Lender, repay, without penalty, to the Lender the whole or any part of the outstanding amounts owing under this Loan Agreement, subject to terms of the Intercreditor Agreement.

6. Manner, Method, Place and Time of Payment

All payments made by the Borrower to the Lender shall be made in lawful currency of Canada and in immediately available funds, and shall be paid to the Lender at #290 Yonge Street, Suite 700, Toronto, Ontario M5C 2B3 (Attention: Vice-President, Specialty Services) or by wire transfer to such account as the Lender may designate from time to time in writing. All payments shall be first applied to Interest and lastly to the Principal Sum (with any payments applied to the Principal Sum over and above the amount of scheduled payments then due being applied against any remaining installments in inverse order of maturity). Should any amounts owing hereunder become due and payable on any day other than a Business Day, the due date shall be extended to the next succeeding business day and, in the case of principal, interest shall be payable thereon at the rate per annum herein specified during such extension. As used in this Loan Agreement, a "Business Day" shall be any day that is not a Saturday, Sunday, or legal holiday in the Province of Alberta.

7. Security

The Borrower, together with SHS Services Management Inc. (the "GP"), Installation Services Org. Ltd. ("ISO", together with the GP, the "Corporate Guarantors"), Paul Verhoeff and Stephen Verhoeff (each such persons; together with the Corporate Guarantors collectively, the "Guarantors"), shall deliver the following guarantees and security agreements (collectively, unless otherwise specified, the "Security Documents") as continuing security for the obligations of the Borrower hereunder:

- (a) joint and several limited guarantee dated as of September 30, 2013 (the "J&S Guarantee") granted by Paul Verhoeff and Stephen Verhoeff, limited to amount of Cdn \$1,000,000.00 in favour of the Lender;
- (b) limited guarantee dated as of September 30, 2013 granted by ISO limited to an aggregate amount of Cdn. \$750,000.00 in favour of the Lender;
- (c) guarantee dated as of September 30, 2013 granted by the GP in favour of the Lender;
- (d) general security agreement dated as of September 30, 2013 granted by the Borrower in favour of the Lender, providing a charge on all of the present and after-acquired assets, undertaking and property of the Borrower;
- (e) general security agreement dated as of September 30, 2013 granted by the GP in favour of the Lender, providing a charge on all of the present and after-acquired assets, undertaking and property of GP;

- (f) general security agreement dated as of September 30, 2013 hereof granted by ISO in favour of the Lender, providing a charge on all of the present and after-acquired assets, undertaking and property of ISO;
- (g) a confirmation and acknowledgement granted by the Borrower and each of the Guarantors in favour of the Lender confirming and acknowledging the continued effect of the documents listed in (a)-(f) above, as applicable;
- (h) *Guarantees and Acknowledgement Act (Alberta)* Certificate dated on or about the date hereof in respect of the J&S Guarantee granted by Paul Verhoeff in favour of the Lender;
- (i) *Guarantees and Acknowledgement Act (Alberta)* Certificate dated on or about the date hereof in respect of the J&S Guarantee granted by Stephen Verhoeff in favour of the Lender;
- (j) an intercreditor agreement between the Borrower, the Lender, the Guarantors and Alaris confirming, among other things, that the Security Documents will be shared *pari passu* in right of payment between the Lender and Alaris (as amended, restated, modified or supplemented from time to time, the "Intercreditor Agreement"); and
- (k) an amended and restated postponement agreement dated as of the date hereof between the Borrower, the Lender, Alaris, the GP and ISO (as amended, restated, modified or supplemented from time to time, the "Amended and Restated Postponement Agreement").

together with such supporting certificates and opinions, as applicable, in relation to the Borrower, the Corporate Guarantors and the Security Documents, as are requested by the Lender, acting reasonably.

The Lender acknowledges to the Borrower that it has received the items listed in (a) - (f) above.

8. CONDITIONS PRECEDENT:

The effectiveness of this Loan Agreement and the obligation of the Lender to make the Principal Sum available to the Borrower hereunder is subject to and conditional upon the receipt (if not already received), in form and substance satisfactory to the Lender and its legal counsel, acting reasonably of:

- (a) a duly executed copy of this Loan Agreement;
- (b) duly executed copies of the Security Documents, which shall have been registered by the Lender in all applicable jurisdictions in order to perfect and maintain the security created by the Security Documents;
- (c) an officer's certificate of the GP, in its own capacity and in its capacity as general partner of the Borrower, and ISO certifying certain general corporate and partnership matters, as applicable:
 - (i) confirming previous delivery of its articles and by-laws and in the case of the GP, the partnership agreement of the Borrower and all amendments thereto;
 - (ii) a certified copy of a resolution of the board of directors of such party relating to such party's authority to execute, deliver and perform its obligations under this

Loan Agreement or the Security Documents to which it is a party, as applicable, and in the case of the GP, on behalf of the Borrower, and the manner in which and by whom they are to be executed and delivered;

- (iii) an incumbency certificate of an officer of the GP and ISO setting forth specimen signatures of the individuals authorized to execute this Loan Agreement or the Security Documents to which it is a party, as applicable, on such party's behalf and in the case of the GP, on behalf of the Borrower;
- (d) an amendment to the transition services agreement dated February 28, 2013 between the Lender and the GP, as assigned to and assumed by the Borrower (the "Transition Agreement"), to delete the requirement in Section 5(a)(i) thereto to pay the weekly base fee;
- (e) an amendment to the branded concession agreement dated March 2, 2013 between the Lender and the GP, as assigned to and assumed by the Borrower (the "Concession Agreement") providing, *among other things*, that:
 - (i) the Borrower shall not have to pay the Commission (as defined therein) and such Commission shall not accrue to be payable for the months of September 2013 and October 2013;
 - (ii) the amount of the Commission Guarantee (as defined therein) payable in respect of the current fiscal year shall be reduced by an amount equal to the amount of the Commission that would have been payable for the months of September 2013 and October 2013;
 - (iii) commissions for the months of November 2013, December 2013, and January 2014 (the "Deferred Commissions") shall accrue from and after November 30, 2013 but payment of the Deferred Commissions shall cease upon any enforcement of either of the Loan or the Alaris Loan; and
 - (iv) confirmation that commissions for February 2014 are due in accordance with the terms of the Concession Agreement;
- (f) an amendment (collectively with (e) above, the "Amendments") to the limited partnership agreement in respect of the Borrower dated February 25, 2013 (the "LP Agreement"); providing, *among other things*, that:
 - (i) the definition of Preferred Distributions (as defined therein) shall be amended to delete the 6% top end collar on distributions;
 - (ii) Alaris shall be entitled to a ten percent (10%) net profits interest on all profits of the Borrower (as may be specified in a separate side letter between Alaris and the Borrower);
 - (iii) amendments to the LP Agreement (and any consequential amendments to give effect thereto) will take effect after the Loans have been repaid and the Deferred Commissions referenced above have been paid by the Borrower;

- (iv) distributions payable by the Borrower under the LP Agreement shall not be payable for the months of September 2013 through and inclusive of January 2014; and
- (v) commencing February 2014, distributions shall be payable by the Borrower in accordance with the terms of the LP Agreement;
- (g) evidence of the appointment of Michael Clements as CEO of the GP;
- (h) evidence that Michael Strachan is President of the GP;
- (i) a certificate of status/compliance or partnership search, as applicable, dated on or about the date hereof in respect of the GP, ISO and the Borrower in its jurisdiction of incorporation or formation;
- (j) legal opinions from counsel to the Borrower, the GP and ISO;
- (k) consent by HSBC Bank Canada in respect of grant by ISO of the Security Documents to which it is a party;
- (l) consent by each of the Lender and Alaris in respect of the Hot Water Business Sale; and
- (m) all necessary governmental, regulatory, shareholder and other consents and approvals required to be obtained, if any, by the Borrower and the Guarantors in connection with the transactions contemplated by this Loan Agreement and the Security Documents.

The conditions in this Section 8 are inserted for the sole benefit of the Lender and may be waived by the Lender in whole or in part (with or without terms or conditions).

9. Representations and Warranties

The Borrower represents and warrants as follows:

- (a) **Creation and Power.** The Borrower is a corporation or limited partnership, as applicable, duly incorporated or formed, as applicable, and existing under the laws of its jurisdiction of incorporation or formation. The Borrower has the corporate or partnership, as applicable, power and capacity to enter into and perform its obligations under this Loan Agreement the Security Documents.
- (b) **Authorization.** The execution and delivery of, and performance by the Borrower of its obligations under, this Loan Agreement and the Security Documents to which it is a party have been authorized by all necessary corporate and partnership action, as applicable.
- (c) **No Conflict.** The execution and delivery of, and performance by the Borrower of their respective obligations under this Loan Agreement and the Security Documents to which it is a party:
 - (i) does not constitute or result in a violation or breach of, or conflict with, or allow any person to exercise any rights under, any of the terms or provisions of its respective articles or by-laws or its partnership agreement, as applicable, or under

any material contract, license or instrument to which it is a party or to which its assets or business operations are subject;

- (ii) do not result in a breach of, or cause the termination or revocation of, any governmental or other authorization held by it that is necessary to the ownership of its assets or the operation of its business; and
 - (iii) do not result in the violation of any applicable law.
- (d) **Execution and Binding Obligation.** This Loan Agreement and the Security Documents to which it is a party have been duly executed and delivered by it and constitute legal, valid and binding agreements of it, each enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies including specific performance and injunction.
- (e) **No Event of Default.** As of the date hereof, no Event of Default has occurred and is continuing and no event has occurred which with the giving of notice, lapse of time, or both, would constitute an Event of Default.
- (f) **Title to Properties.** It has good and valid title to its property, subject only to Permitted Encumbrances (as defined below). It is entitled to charge or pledge its interests in its property in favour of the Lender as provided in the Security Documents to which it is a party without the need to obtain any consent of or release from any other person which has not been obtained and such property is not held in trust by it for any person.
- (g) The sole partners of the Borrower are the GP and Alaris and its sole general partner is the GP.

10. Covenants

So long as any amounts owing hereunder remain outstanding, the Borrower covenants and agrees as follows:

- (a) **Punctual Payment.** It shall make all payments when due hereunder.
- (b) **Existence.** It shall do or cause to be done all things necessary or desirable to maintain the Borrower's corporate or partnership existence, as applicable, and the Borrower's corporate or partnership, as applicable, power and capacity to own its property and assets.
- (c) **Compliance with applicable law and contracts.** It shall comply in all material respects with the requirements of all applicable laws, rules and regulations applicable to it and all material contracts to which it is a party or by which it or its property is bound, including without limitation the Concession Agreement and the Transition Agreement.
- (d) **Payment of taxes and claims.** It shall cause to be paid and discharged all taxes, remittances, source deductions and other claims payable by it.

7.

- (e) **Insurance.** It shall maintain adequate insurance in respect of its assets, property and undertaking, as is customary in the case of businesses of established reputation engaged in the same or similar businesses and to the extent available on commercially reasonable terms, with reputable insurance companies (and in any event at least to the extent required by the Concession Agreement) and will provide the Lender with copies of all insurance policies or certificates relating thereto if so requested. All such insurance policies will contain a loss payable clause and mortgage clause in favour of the Lender and Alaris, in accordance with the Intercreditor Agreement.
- (f) **Maintain Title to Properties.** It shall maintain good and valid title to its assets, property and undertaking, subject only to the following (the "Permitted Encumbrances"):
- (i) liens for taxes, rates, assessments or other governmental charges or levies not yet due (or if overdue are being contested by such person diligently and in good faith by appropriate proceedings and then, only for so long as such contestation effectively postpones the rights of the holders thereof to enforce such liens);
 - (ii) Purchase Money Security Interests and capital leases which Purchase Money Security Interests and capital leases, in respect of the Borrower, do not at any time secure obligations exceeding \$2,000,000 in the aggregate;
 - (iii) inchoate liens, charges or encumbrances imposed or permitted by laws such as garagemens' liens, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent or if due or delinquent are being contested by such person diligently and in good faith by appropriate proceedings;
 - (iv) liens to secure its assessments or current obligations which are not at the time overdue or otherwise dischargeable by the payment of money, and which are incurred in the ordinary course of its business under workers' compensation laws, employment insurance or other social security legislation or similar legislation, provided that such liens are in amounts commensurate with such current obligations;
 - (v) liens or any rights of distress reserved in or exercisable under any lease or sublease to which it is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and it is then in compliance in all material respects with such terms;
 - (vi) the right reserved to or vested in any governmental or regulatory body by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (vii) good faith deposits made in the ordinary course of business to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money), leases, surety, customs, performance bonds and other similar obligations;

- (viii) security granted to the Lender in accordance with the Concession Agreement or Transition Agreement;
- (ix) any security in favour of the Lender which is subject to, and granted in accordance with, the terms of the Intercreditor Agreement;
- (x) any security in favour of Alaris which is subject to, and granted in accordance with, the terms of the Intercreditor Agreement;
- (xi) any security which secures the obligations of the Borrower or GP under a credit agreement that may be entered into by the GP with a financial institution or a syndicate of financial institutions as lenders thereunder (as the same may be further amended, modified, supplemented or restated from time to time in accordance with the provisions thereof, the "Senior Credit Agreement");
- (xii) any security created by any of the Security Documents; and
- (xiii) other encumbrances agreed to in writing by the Lender from time to time;

and to minor defects of title which in the aggregate do not affect its rights of ownership therein or the value thereof in any material way. In this Loan Agreement, the term "Purchase Money Security Interest" means any lien, charge or other encumbrance created by the Borrower securing indebtedness incurred to finance the acquisition of personal property; provided that (i) such encumbrance is created substantially simultaneously with the acquisition of such personal property, (ii) such encumbrance does not at any time encumber any personal property other than the personal property financed by such indebtedness, (iii) the amount of indebtedness secured thereby is not increased subsequent to such acquisition, and (iv) the principal amount of indebtedness secured by any such encumbrance at no time exceeds 100% of the original purchase price of such property at the time it was acquired.

- (g) **Operation of Properties.** It shall operate its respective property in accordance with sound industry practice, with all insurance policies and in all material respects with applicable laws.
- (h) **Protection of Security.** It shall do all things reasonably requested by the Lender to protect and maintain the Security Documents and the priority thereof contemplated hereby in relation to other persons in each jurisdiction in which it may do business or have assets.
- (i) **Security Interests.** It shall ensure that the security interest granted by it to the Lender as security for its obligations under this Loan Agreement is at all times a valid and enforceable security interest, perfected in the Provinces of Ontario and Alberta (and any other jurisdiction in which it may do business or have assets from time to time) and ranking ahead of all other liens, charges or other security interests, except as otherwise contemplated by this Loan Agreement or the Intercreditor Agreement.
- (j) **Financial Covenants.** It shall at all times maintain such financial covenants as are set out in Schedule "N" to the Concession Agreement in accordance with the terms set out therein, provided that in the case of the requirement to provide such financial covenants (or any of them) are waived under the Concession Agreement (including, for certainty, the existing waiver thereof pursuant to the LOU which is in effect as of the date hereof), such waiver shall also be effective as a waiver of such financial covenants hereunder for so long as the applicable waiver under the Concession Agreement remains in effect;

(k) Financial Reporting. The Borrower shall provide the Lender with the following:

- (i) a certificate in the form as set out in Schedule "N" to the Concession Agreement within 30 days of the end of each Fiscal Month (as such term is defined in the Concession Agreement), signed by the chief financial officer of the Borrower; provided that in the case of the requirement to provide such certificate is waived under the Concession Agreement (including, for certainty, the existing waiver thereof pursuant to the LOU which is in effect as of the date hereof), such waiver shall also be effective as a waiver of such requirement hereunder for so long as the applicable waiver under the Concession Agreement remains in effect;
 - (ii) quarterly unaudited financial statements for itself and GP within 30 days of the end of each fiscal quarter;
 - (iii) annual audited financial statements for itself and GP within 90 days of the end of each fiscal year; and
 - (iv) such other financial and operating statements and reports for itself and GP as the Lender may reasonably request from time to time.
- (l) Notice of Event of Default and other matters.** The Borrower shall, as soon as practicable after it shall become aware of the same, give notice to the Lender of the commencement of any proceeding against, any development which might have a material adverse effect upon its ability to perform its obligations under this Loan Agreement or its or the Guarantors ability (taken as a whole) to perform their respective obligations under the Security Documents to which they are a party or any Event of Default of which it has knowledge, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.
- (m) Limitation on Change or Cessation of Business.** It shall not alter the nature of the business conducted by it or cease to carry on such business.
- (n) Limitation on Indebtedness.** It shall not incur any any indebtedness for borrowed money or provide any guarantee or financial assistance to another person in respect thereof, other than the following:
- (i) indebtedness under this Loan Agreement;
 - (ii) indebtedness under the Alaris Loan Agreement;
 - (iii) indebtedness under the Concession Agreement and the Transition Agreement;
 - (iv) indebtedness to Alaris which is subject to the Amended and Restated Postponement Agreement; and
 - (v) indebtedness which is either secured by a Permitted Encumbrance or unsecured and which does not in the aggregate exceed \$3,000,000;
- (o) Limitation on Liens.** It shall not provide or permit a security interest, charge, encumbrance or other lien over any of its assets, property or undertaking, except for Permitted Encumbrances.

(p) Limitation on Distributions. It shall not make:

- (i) any declaration or payment of dividends, distributions, fees or management fees of any kind directly or indirectly to any of its unitholders or affiliates;
- (ii) any repurchase, retraction or redemption of its units;
- (iii) any repayment of any amount of principal, interest or other amounts in respect of any indebtedness for borrowed money owed to any affiliate; or
- (iv) any loan or advance that is made in favour of a holder of its units or an affiliate,

in each case whether any of the foregoing is made, paid or satisfied in or for cash, property or both, unless all indebtedness under the Loan Agreement has been fully and finally paid; provided that the Lender acknowledges and agrees that (i) the Borrower may make distributions to Alaris as permitted under, and in accordance with, the terms of the Postponement Agreement (the "Alaris Distributions"), unless and until an Event of Default has occurred and is then continuing or would reasonably be expected to occur as a result thereof; and (ii) in addition to the Alaris Distributions, the Borrower may make payments of normal salary, bonus, management fees or other remuneration to its shareholders in connection with such services rendered to the Borrower which are payable in the ordinary course.

(q) Limitation on Mergers, Amalgamation and Consolidations. It shall not merge, amalgamate or consolidate with another person or enter into any corporate reorganization or merger, or liquidate, wind-up or dissolve itself, or permit any liquidation, wind-up or dissolution;

(r) Limitation on Asset Dispositions. It shall not make any dispositions of its assets, other than the following:

- (i) inventory in the ordinary course of business;
- (ii) used, surplus, obsolete or worn-out property for nominal consideration;
- (iii) other property to arm's length third parties for fair market value, provided the aggregate amount of such asset dispositions does not exceed the amount of equal to 5% of the Borrower's consolidated tangible assets in any fiscal year; and
- (iv) in connection with the Hot Water Business Sale.

(s) Limitation on Transactions with Affiliates. It shall not enter into any transaction (including, without limitation, the purchase, sale or exchange of any property or the rendering of any services) with any of its affiliates, or with any of its or their directors or officers, or enter into, assume or suffer to exist any employment, consulting or analogous agreement or arrangement with any such affiliate or with any of its directors or officers, except a transaction or agreement or arrangement which is in the ordinary course of business of the Borrower and such affiliate and which is upon fair and reasonable terms not materially

less favourable to the Borrower or applicable affiliate than it would obtain in a comparable arm's length transaction.

(i) **Most Favoured Lender.** In the event that the Borrower or GP enters into, assumes or otherwise agrees to or becomes bound by or becomes obligated under any other agreement in respect of indebtedness which provides for any covenants which are either in addition to the covenants contained herein (each, an "Additional Covenant") or if provided for herein, are on terms which are more restrictive or onerous (each, a "Restrictive Covenant") than the terms of the equivalent covenant contained in this Loan Agreement, then this Loan Agreement shall be automatically deemed to be amended to include such Additional Covenant or to revise the equivalent existing covenant herein to correspond with the more restrictive or onerous terms of such Restrictive Covenant, as applicable, effect as of the date the Borrower or GP, as applicable, becomes subject to such Additional Covenant or Restrictive Covenant. Upon the request of the Lender, the Borrower shall promptly execute and deliver, at its expense (including the fees and expenses of the Lender and its counsel in connection therewith), an amendment to this Loan Agreement in form and substance satisfactory to the Lender; provided for certainty that the execution and delivery of such amendment shall not be a precondition to the effectiveness of the amendments deemed to be made pursuant to this subsection (s).

(u) **Hot Water Business Sale of Hot Water Business.** The Borrower shall be required to complete a sale (the "Hot Water Business Sale") of its hot water business, being on the date of this Loan Agreement, the water heater equipment owned by the Borrower and rented to customers of the Borrower, together with all rental contracts and assets and liabilities associated therewith, on the following conditions:

- a. the Hot Water Business Sale shall be completed by no later than March 31, 2014; and
- b. a minimum of \$1,000,000 of the proceeds of the Hot Water Business Sale to be paid to each of the Lender and Alaris as a repayment of the Loan and the Alaris Loan, respectively, and on an equal basis.

11. Events of Default

Any one or more of the following described events that has occurred and is continuing constitutes an "Event of Default" with respect to this Loan Agreement:

- (a) the Borrower shall fail to make any payment on account of the Principal Sum or Interest (or portion thereof) on the applicable date due hereunder and such failure remains unremedied for 3 business days;
- (b) if a decree or order of a court of competent jurisdiction is entered adjudging the Borrower or a Guarantor bankrupt or insolvent under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs and the continuance of any such decree or order remains unstayed and in effect for a period of 30 consecutive days;
- (c) if the Borrower or a Guarantor makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies'*

Creditors Arrangement Act (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding;

- (d) any of the representations and warranties of the Borrower or a Guarantor in Section 9 above, any of the Security Documents, proves to be incorrect, false or inaccurate in any material respect as of the date hereof;
- (e) the Borrower or a Guarantor fails to comply with any of the covenants contained herein not otherwise referenced in this Section 11, or in any Security Document to which it is a party, and where capable of being remedied, such failure remains unremedied for 30 days after receipt by the Borrower of written notice thereof from the Lender;
- (f) failure of the Borrower to complete and consummate the Hot Water Business Sale upon the terms and conditions specified in Section 10(t) herein;
- (g) the sale of all or substantially all of the assets of the Borrower;
- (h) a change of control occurs; where "change of control" means if after the date hereof any person acquires, directly or indirectly, alone or in concert with other persons, over a period of time or at any one time, units in the capital of the Borrower aggregating in excess of 50% of all of the then issued and outstanding voting securities of the Borrower;
- (i) an "Event of Default" as defined in the Concession Agreement, in each case has occurred and is continuing (and which has not been waived by the Lender) which results in the acceleration of indebtedness thereunder prior to the stated maturity thereof, the termination of such agreement prior to its stated termination date or the exercise of material rights and remedies by the Lender or other counterparty thereunder, as applicable; or
- (j) the Borrower or a Guarantor challenges or threatens to challenge the validity or enforceability of this Loan Agreement or any of the Security Documents to which it is a party.

12. Remedies

Subject to the provisions of the Intercreditor Agreement, upon the occurrence of any Event of Default, the Lender may declare all outstanding amounts hereunder to be immediately due and payable and pursue any right or remedy provided herein or otherwise allowed by law. The Lender may pursue any such rights or remedies separately, together or successively. Exercise of any such right or remedy shall not be deemed an election of remedies. Extension of time for payment of all or any part of the amounts owing hereunder at any time, or failure of the Lender to enforce any of its rights or remedies hereunder, shall not release the Borrower and shall not constitute a waiver of the rights of the Lender to enforce such rights and remedies thereafter.

13. Default Interest

Any amount owing hereunder which is not paid when due (including, without limitation, overdue and unpaid interest) shall bear interest at the rate aforesaid plus 2.0%, calculated and compounded on the last business day of each calendar month, and shall be paid without the necessity for any demand being made, but if demand is made, on demand.

14. Governing Law

This Loan Agreement has been executed under and shall be construed and enforced in accordance with the laws of the Province of Alberta.

15. Severability

If any provision of this Loan Agreement is found by a court of competent jurisdiction to be invalid or unenforceable as written, then the parties intend and desire that (a) such provision be enforceable to the fullest extent permitted by law, and (b) the invalidity or unenforceability of such provision shall not affect the validity and enforceability of the remainder of this Loan Agreement.

16. Amendment

This Loan Agreement may not be amended, modified or changed, nor shall any provision hereof be deemed waived, except by an instrument in writing signed by the parties.

17. Waivers

Time shall be of the essence of this Loan Agreement. The Borrower hereby waives presentment for payment, notice of non-payment, protest, or a notice of protest of this Loan Agreement and agrees that it shall remain liable in respect hereof as if presentment, notice of non-payment, protest and notice of protest had been duly made or given. No waiver by the Lender of any right contained in this Loan Agreement shall be deemed a waiver as to any future transaction or occurrence.

18. Calculation of Interest

Interest shall be calculated hereunder without deduction or allowance in respect of deemed reinvestment or otherwise and on the basis of the actual number of days elapsed in a year of 365 days. The rate of interest specified herein is intended to be a nominal rate and not an effective rate of interest.

19. Right of Setoff

Notwithstanding anything else contained herein or elsewhere, the Borrower acknowledges and agrees that upon the occurrence of an Event of Default that is continuing the Lender shall be entitled to, but not obligated to, set off any amounts or other rights owing by the Lender to the Borrower (pursuant to the Concession Agreement, the Transition Services Agreement or otherwise) against the amounts payable by the Borrower hereunder.

20. Evidence of Obligations

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrower hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. Such accounts maintained by the Lender shall, at all times and for all purposes, be conclusive

evidence of the existence and amounts of the obligations of the Borrower therein recorded, absent manifest error.

21. Successors and Assignment

This Loan Agreement shall be binding upon the successors and permitted assigns of the Borrower and the Lender. The Borrower shall not be entitled to assign its rights or obligations hereunder without the prior written consent of the Lender. Any assignment of this Loan Agreement in violation of the terms hereof shall be void *ab initio*.

The Lender shall be entitled to assign its rights or obligations hereunder without the prior written consent of the Borrower.

22. Payment of Obligations

Upon the payment of the full amount of the Principal Sum and Interest and any additional amounts owing hereunder in respect thereof this Loan Agreement shall terminate, provided that the provisions of Section 25 shall survive such termination. At such time, any and all guarantees made in favour of the Lender and/or liens of the Lender on any property of the Borrower or the Guarantors or other collateral securing the Borrower's or the Guarantors' obligations or security interests hereunder shall be automatically terminated and released, and the Lender shall take such actions as the Borrower may reasonably request to accomplish and reflect on public record such termination and release.

23. Original Promissory Note

The Original Promissory Note shall be and is hereby replaced in the form of this Loan Agreement. All amounts outstanding under the Original Promissory Note as of the date hereof shall continue to be outstanding under this Loan Agreement and shall be deemed to be obligations owing by the Borrower to the Lender under this Loan Agreement.

24. Notices

Notices hereunder shall be given by the parties hereto in the manner set forth in the Intercreditor Agreement, or at such other address as either party may advise the other in writing from time to time.

25. Indemnity

The Borrower agrees to pay all expenses, including reasonable counsel fees and legal expenses, incurred by the Lender in enforcing payment of any amounts payable hereunder.

26. Survival of Transition Agreement and Concession Agreement Provisions

In the event that either the Transition Agreement or the Concession Agreement is terminated while this Loan Agreement is in effect, any provisions of the Transition Agreement or the Concession Agreement, as applicable, referenced herein, shall be deemed to be those provisions as worded and in effect immediately prior to such termination of the Transition Agreement or the Concession Agreement, as applicable, and shall survive under this Loan Agreement.

27. Counterparts

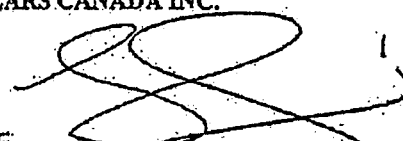
This Loan Agreement may be executed in any number of counterparts (including by facsimile transmission or other electronic transmission (including in .pdf format) and by different parties in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

[Intentionally blank signature blocks on following page]

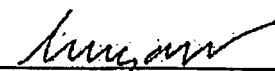
IN WITNESS WHEREOF the parties hereto have caused this Loan Agreement to be duly executed and delivered as of the date first above written.

SEARS CANADA INC.

SHS SERVICES LIMITED PARTNERSHIP,
by its general partner, SHS SERVICES
MANAGEMENT INC.


Per: _____
Name: Terri Lowe
Title: Vice-President, Hometown Stores

Per: _____
Name:
Title:

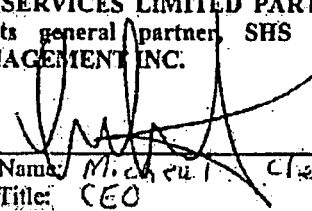

Per: _____
Name: Greg Guyatt
Title: Vice-President, Corporate Controller

IN WITNESS WHEREOF the parties hereto have caused this Loan Agreement to be duly executed and delivered as of the date first above written.

SEARS CANADA INC.

SHS SERVICES LIMITED PARTNERSHIP,
by its general partner, SHS SERVICES
MANAGEMENT INC.

Per: _____
Name:
Title:

Per: 
Name: Michael Clements
Title: CEO

Per: _____
Name:
Title:

TAB L

EXHIBIT L

This is the Exhibit marked "L" referred to
in the Affidavit of Micheal Clements,
sworn before me this 12th day of December, 2013.



Notary Public in and for the Province of Alberta

Nolan Ritzel
Student-at-Law

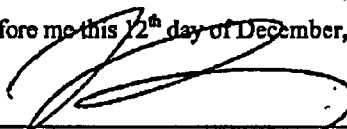
Summary of Inventory by Location

Inventory	
Region	Estimate
Calgary	144,660
Cambridge	211,979
Edmonton	127,288
Halifax	39,647
Hamilton	143,154
Montreal	410,262
Other	725
Ottawa	398,591
Quebec City	46,786
Regina	58,852
Sears DC	794,533
SICAS	55,828
Toronto	428,882
Vancouver	208,309
Victoria	64,430
Winnipeg	60,424
Grand Total	3,194,350
In-transit/ Customer	
Homes	800,000
Total	3,994,350

TAB M

EXHIBIT M

This is the Exhibit marked "M" referred to
in the Affidavit of Micheal Clements,
sworn before me this 12th day of December, 2013.



Notary Public in and for the Province of Alberta
Nolan Ritzel
Student-at-Law

Employee Head Count as at 12/7/13

Province	City	Count of Employee Name
AB	Airdrie	1
	Alberta	1
	Black Diamond	1
	Calagry	1
	Calgary	44
	Chestermere	2
	Coaldale	1
	Edmonton	21
	Red Deer	2
	Rollyview	1
	Sherwood Park	2
	Spruce Grove	1
	St Albert	1
AB Total		79
BC	Abbotsford	5
	Agassiz	1
	Aldergrove	1
	Burnaby	7
	Chilliwack	4
	Coquitlam	1
	Duncan	1
	Kamloops	4
	Kelowna	5
	Langely	1
	Langley	5
	Maple Ridge	1
	Nanaimo	2
	New WestmInst	1
	New Westminster	1
	North Vancouver	2
	Parksville	2
	Pitt Meadows	2
	Port Coquitlam	4
	Port Moody	1
Qualicum Beach	1	
Richmond	1	
Sidney	1	
Summerland	1	
Surey	1	
Surrey	4	
Vancouver	7	
Victoria	5	
West Kelowna	2	
BC Total		74
MB	Anola	1

MB	Dugald	1
	Winnipeg	10
MB Total		12
NB	Memramcook	1
	Moncton	2
	Riverview	1
NB Total		4
NS	Brookside	1
	Dartmouth	2
	Halifax	4
	Lower Sackville	2
	Middle Sackville	1
	Terence Bay	1
NS Total		11
ON	Ajax	4
	Amberstview	1
	Amherstburg	1
	Ancaster	1
	Athens	1
	Aurora	3
	Barrie	4
	Belleville	3
	Bolton	1
	Bradford	5
	Bramalea	1
	Brampton	16
	Brantford	4
	Brooklin	1
	Burlington	1
	Cambridge	5
	Carleton Place	2
	Cavan Monaghan	1
	Chatham	2
	Clarence Creek	2
	Crysler	1
	East York	1
	Elmira	1
	Etobicoke	6
	Foxboro	1
	Fraserville	1
	Gloucester	1
	Greely	1
	Grimsby	1
	Guelph	4
	Hamilton	12
	HamiltonOttawa	1
	Hammond	1

Innisfil	3
Kanata	1
Kingston	2
Kitchener	11
Kleinburg	1
Lambton Shores	1
Lansdowne	1
Lasalle	1
Locust Hill	1
London	9
Manotick	1
Maple	3
Markham	17
Mississauga	15
Nepean	2
Newcastle	1
Newmarket	6
North york	6
NOTL	1
Oakville	3
Omeme	1
Ontario	1
Orillia	1
Orleans	3
Oshawa	7
Ottawa	18
Owen Sound	2
Pickering	9
Pontypool	1
Richmand Hill	1
Richmond Hill	8
Rockland	1
Sarnia	3
Scarborough	14
Shuniah	1
St Catharines	3
Stirling	1
Stittsville	2
Stoney Creek	3
Stouffville	3
Stouville	1
Tecumseh	1
Thornhill	5
Thunder Bay	4
Toronto	28
Trenton	1
Unionville	1

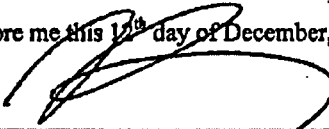
	Vaughan	2
	Wasaga Beach	1
	Waterdown	1
	Whitby	4
	Windsor	3
	Woodbridge	4
	Woodstock	1
ON Total		317
QC	Ahuntsic	1
	Blainville	4
	Boisbriand	4
	Boischatel	1
	Boucherville	2
	Brossard	1
	Charlesbourg	1
	Chomedey	1
	Chomedey Laval	1
	Cote Saint-Luc	1
	Delson	2
	Dollard des Ormeaux	1
	Dollard-des-Ormeaux	1
	Dollard-Des-Ormeaux	2
	Gatineau	5
	Greenfield Park	1
	Ile Bizard	1
	Lachine	2
	LaSallee	1
	Lasalle	2
	L'assomption	2
	Laval	18
	Lévis	1
	Longueuil	2
	Loretteville	1
	Marleville	1
	Mascouche	2
	Mercier	2
	Mirabel	3
	Monreal	1
	Montreal	2
	Montréal	7
	Montréal-Est	1
	Pierrefonds	2
	Pincourt	2
	Pointe aux Trembles	1
	Quebec	2
	Québec	9
	Repentigny	3

Répentigny	1
Rosemere	1
Roxboro	1
Saint-Amable	1
Saint-Bruno	1
Sainte-Cécile-de-Milton	1
Saint-Hubert	2
Saint-Jean-sur-Richelieu	1
Saint-Joseph-du-Lac	1
Saint-Laurent	1
Saint-Remi	1
Sherbrooke	1
St Laurent	2
St-Catherine	1
Ste-Mélanie	1
St-Hubert	2
St-Jérôme	1
St-Laurent	1
St-Nicolas	1
St-Sulpice	1
Terrebonne	2
Trois-Rivières	2
Vaudreuil-Dorion	1
Verdun	1
Ville St-Laurent	1
QC Total	127
SK	
Cupar	1
Moose Jaw	1
Regina	8
Saskatoon	8
Sedley	1
SK Total	19
Grand Total	643

TAB N

EXHIBIT N

This is the Exhibit marked "N" referred to
in the Affidavit of Micheal Clements,
sworn before me this 1st day of December, 2013.



Notary Public in and for the Province of Alberta

Nolan Bitzel
Student-at-Law



M. Rachel Colabella
 Phone: (403) 221-7301
 Fax: (403) 228-0906
rcolabella@alarisroyalty.com

December 11, 2013

Via Fax & Email

SHS Services Management Inc.
 SHS Services Limited Partnership
 Installation Services Org. Ltd.
 #245, 1209 59 Avenue SE
 Calgary, Alberta T2H 2P6
 Attention: Michael Clements, Chief Executive Officer and a Director
 BY Fax: (403)255-2839 and BY EMAIL: Mike_Clements@isocanada.com

Mr. Michael Strachan, President
 BY EMAIL: Michael.Strachan@searshomeservices.ca

With a copy to:

Sears Canada Inc.
 290 Yonge Street, Suite 700, Toronto, Ontario, M5B 2C3
 Attention: Daniel Westreich
 Divisional Vice-President, Senior Corporate Counsel by EMAIL: daniel.westreich@sears.ca

Attention: General Counsel
 Facsimile number: (416) 941-2321

Attention: Vice-President, Specialty Services
 Facsimile number (416) 941-4855

RE: Notice of Default under that Limited Partnership Agreement (the "Partnership Agreement") dated February 25, 2013, as amended on October 31, 2013 among Alaris Income Growth Fund Partnership ("Alaris"), as initial limited partner, and SHS Services Management Inc. ("SHS"), as general partner, in respect of and governing the SHS Services Limited Partnership ("SHS LP")

Reference is made to the following agreements:

1. The Partnership Agreement;
2. The Unanimous Shareholders Agreement dated February 28, 2013 between the shareholders of Installation Services Org. Ltd. ("ISO") and ISO (the "USA");
3. The Guarantee and Indemnity dated March 1, 2013 granted by ISO to Alaris (the "Guarantee"); and
4. The loan agreement dated October 31, 2012 between SHS LP and Alaris (the "Loan Agreement").

Defined terms used herein and not otherwise defined have the meanings given to them in the Partnership Agreement.

SHS LP and SHS are hereby put on notice that one or more Events of Default have occurred under the terms of the Partnership Agreement. In particular, the following provisions of the Partnership Agreement provide that the following are Events of Default:

1. Section 11.1(c) – it is an Event of Default if, without first obtaining Preferred Unit Holder Approval, SHS LP, the General Partner or SHS is in default under any term, condition or provision of any agreement evidencing or securing indebtedness or liability for borrowed money between itself and any person which results in acceleration and demand of such indebtedness or liability for borrowed money. SHS LP has failed to make any of the interest payments owing to Alaris under the Loan Agreement, which failure has resulted in an event of default under Section 11(a) of the Loan Agreement. Furthermore, we understand that SHS LP has failed to make any of the interest payments owing to Sears Canada Inc. (“Sears”) under the loan agreement (the “Sears Loan Agreement”) dated October 31, 2013 between Sears and SHS LP, which failure to pay has resulted in a event of default under the Sears Loan Agreement. Alaris, as the sole holder of Preferred Units has not provided Preferred Unit Holder Approval for the foregoing Events of Default.
2. Section 11.1(i) – it is an Event of Default if SHS LP, the General Partner of SHS proceeds with a matter that is a Preferred Unit Consent Matter to which Alaris has withheld its consent. We understand that SHS is currently contemplating taking certain actions that would lead to, among other things, a dissolution of SHS LP, the General Partner or SHS. Such actions are Preferred Unit Consent Matters. As such, Alaris wishes to confirm that it has not provided and does not intend to provide its consent to such actions.

As a result of the occurrence of such Events of Default, Alaris intends to exercise any and all remedies available to it under the Partnership Agreement, the USA and the Guarantee, including but not limited to (1) its right to have its Preferred Units repurchased by SHS LP, the General Partner, SHS or a combination thereof; (2) its right to receive any and all payments owing to it under the Partnership Agreement; and (3) its right to enforce the Guarantee.

Please govern yourselves accordingly.

Yours truly,

ALARIS INCOME GROWTH FUND PARTNERSHIP



Rachel Colabella

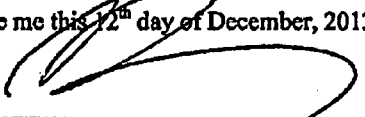
Chief Legal Officer & Corporate Secretary

Alaris Royalty Corp., a partner of Alaris Income Growth Fund Partnership

TAB 0

EXHIBIT O

This is the Exhibit marked "O" referred to
in the Affidavit of Micheal Clements,
sworn before me this 12th day of December, 2013.



Notary Public in and for the Province of Alberta

Nolan Ritzel
Student-at-Law

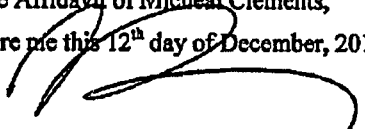
SIS Services Management Inc.
 2013 Cashflow Forecast 007's
 As at December 31, 2013
 Scenario: SIS continues to operate the business

	Mon Dec 9	Tue Dec 10	Wed Dec 11	Thu Dec 12	Fri Dec 13	Fri Dec 20	Fri Dec 27	Fri Jan 3	Mon Jan 14	Mon Jan 21	Mon Jan 28	Tue Feb 5
Cash Receipts												
Start funding	1,025	45	454	530	564	1,930	1,582	975	1,750	1,850	2,250	11,319
misc deposits					75							43
Total cash inflow	1,025	45	454	530	639	1,930	1,582	975	1,750	1,850	2,250	11,362
Disbursements												
Employee Costs				40	40	30	11	20	50	30	30	200
Employer expenses												20
Company credit cards												40
Payroll		212		101	212	312	170	350	200	500	500	2,744
Sabbic detail / medical benefits												191
Sabbic - pension, RRSP		13		13	13	13	13	13	10	45	10	45
BC Medical												10
Revenue Canada payroll deductions		72		72	72	72	72	72	76	100	76	100
FQ payroll taxes												25
WCB												22
EHT												22
Garmentment			1						1	1	1	1
Commodity Taxes												
STH commodity taxes												
Other HST												
BC PST												
SK PST												
MB PST												
Operations:												
Capital expenditures									20			
Utilities		10		10	10	15	20	30	25	475	141	3,900
Telephone		15		15	15	20	20	30	75	141	142	300
Carfax		175		175	175	150	150	150	125	142	144	600
general vendors		150		150	150	150	150	150				140
Legal services												80
PwC		50		50	50	50	50	50				200
Monthly rent/lease payments		50		50	50	50	50	50				200
Labour/Product Costs												
Labour SFT												
Indifer SFT												
Indifer - Core												
Product - Core												
Seas												
Seas - operations												
Other expenses												
Priority and Director Liability Payments												
Priority Payroll												
Priority Pension												
Estimate of commissionaire payment												
Vacation balance												
Commodity taxes (GST, HST, GST, PST)												
Employee expenses												
Total cash outflow	160	397	322	1,016	1,710	1,442	1,534	1,721	1,831	2,193	2,737	16,017
Net cash change	865	53	132	484	629	488	448	254	919	657	513	5,345
Opening Cash balance	1,850	1,892	2,104	2,588	3,217	3,705	4,153	4,607	5,526	6,183	6,696	12,041
Closing Net cash balance	2,715	1,933	2,236	3,072	3,846	4,193	4,601	5,161	6,445	6,840	7,209	17,386

TAB P

EXHIBIT P

This is the Exhibit marked "P" referred to
in the Affidavit of Micheal Clements,
sworn before me this 12th day of December, 2013.



Notary Public in and for the Province of Alberta
Nolan Ritzel
Student-at-Law

SHS Management Inc.
 AP Trade Listing
 As of 12/12/13

#	Vendor Cot	Vendor Name	Type	Doc. No.	Instal. No.	Posting Date	Due Date	BP Ref. No.	Balance Due
1	47250	Buill Connect Corp.	- L						(8,831.90)
9	47444	Florent Leclerc	- L						2,719.51
11	47728	New Look Carpet and Upholstery Cleaning Ltd.	- L						(61,504.46)
220	47729	1812731 Ontario Inc.	- L						(24,198.25)
263	47733	2177059 Ontario Inc.	- L						(13,148.59)
343	47734	484081 BC Ltd.	- L						(66,173.83)
671	47737	777911 Alberta Ltd. - Geoff Schultz	- L						(36,294.30)
778	47738	1233682 Ontario Inc.	- L						(25,536.11)
855	47740	3217722 Nova Scotia Limited	- L						(4,868.81)
871	47741	977218 Ontario Inc.	- L						(38,458.85)
963	47742	Soar Investments	- L						(1,682.34)
980	47743	709999 Alberta Ltd.	- L						(127,823.31)
1275	47745	3543978 Canada Inc. - SICAS	- L						(17,501.25)
1326	47748	1847135 Ontario Inc.	- L						(38,557.00)
1455	47750	1447000 Ontario Ltd. - Rick Ayotte	- L						(20,896.05)
1515	47758	Cuisine Summum	- L						(22,544.23)
1523	47759	Elliott Renovations Inc.	- L						(84,717.33)
1526	47761	1310294 Alberta Ltd. Caruana Interiors	- L						(8,110.73)
1528	47763	Salle De Bain Summum	- L						(12,250.00)
1530	47778	Rangement Sur Mesure	- L						(2,926.34)
1532	47826	Couvreur Louis Blais (Thermotoit)	- L						(322,741.13)
1560	47828	MCM Contracting	- L						(20,279.76)
1565	47833	1155580 Ont. Inc. - Chris Vanderheydon	- L						2,284.72
1568	47834	Roussel Eavestrough Distributors	- L						(2,691.38)
1571	47837	Chasglo Holdings Ltd.	- L						(13,211.47)
1649	47838	DDR Holdings Ltd.	- L						(2,870.70)
1674	47839	627658 BC Ltd.	- L						(756.71)
1678	47840	WHF Holdings Ltd.	- L						(10,652.45)
1730	47843	The Roaders Holding Co. Ltd	- L						(364,276.01)
3808	47845	1184003 Alberta Ltd.	- L						(14,906.64)

3882	47846	600886	AB Ltd - L	(25,103.02)
4038	47847	Jardis	Premium Home Care - L	(648.29)
4068	47849	Red Alta	Carpet Cleaning Ltd. - L	(1,522.76)
4084	47850	Tegin	Ventures Inc. - L	(19,501.77)
4149	47852	5751749	Manitoba Ltd. - L	(16,608.45)
4283	47853	Total Care	Carpet & Upholstery Cleaning - L	(9,182.16)
4315	47854	1425404	Ontario Inc. - L	(1,994.15)
4330	47855	2322-5188	Quebec Inc. - L	(22,788.84)
4425	47857	Professional	Carpet Services Limited - L	(10,030.30)
4491	47858	1324709	Ontario Inc. - L	(2,198.47)
4508	47859	Katrich	Holdings Ltd - L	(21,635.32)
4607	47860	6347011	Canada Inc. - L	(3,124.66)
4624	47862	772206	Ontario Inc. - L	(6,270.99)
4655	47864	Master Piece	Cleaning Service Inc. - L	(19,839.94)
4761	47865	S.D.W.	Services Inc. - L	(52,905.60)
4989	47866	Stewarts	Cleaning Service Inc. - L	(28,447.46)
5133	47867	1297074	Ontario Ltd. - L	(482.24)
5137	47870	Jet	Carpet Cleaning Inc. - L	(5,951.45)
5171	47871	1164208	Ontario Ltd. - L	(4,354.73)
5238	47872	3543978	Canada Inc. - L	(78,105.11)
5605	47873	1451370	Ontario Inc. - L	(20,748.58)
5701	47875	9031-6415	Quebec Inc. (Gestion Cristofaro Ltee) - L	(77,142.70)
6262	47877	630312	NB Inc. - L	(6,354.69)
6308	47878	3208833	Nova Scotia Limited - L	(3,243.65)
6339	47879	L & J	Cleaning Services Ltd. - L	(646.61)
6343	47880	RDJ	Holdings Ltd. - Richard Jardine - L	(16,368.09)
6486	47909	Gestion	Cristofaro Ltee - L	6,328.37
6491	47918	Sea to	Sea Services Ltd. - L	1,205.40
6493	47921	Direct	Painting - L	(4,646.90)
6495	47985	Jerry's	Insulating Company - L	(1,248.65)
6497	47997	Gregg	Marshall-IC	(1,480.45)
6499	48044	Peinture	Signature Inc. - L	(1,027.65)
6501	48488	Toronto	Roofing Industries Ltd. - L	(2,785.45)
6503	48619	The Home	Improvement People - L	19,039.46

6508	48645 H & J Floor Covering Inc. - L	(296.27)
6511	48648 Absolute Home Services - L	(910.46)
6513	48770 Dolega Painting LTD. - L	(3,521.08)
6516	48771 2064489 Ontario Ltd - I	(731.45)
6522	48772 K&K Plumbing - I	(1,587.65)
6536	48773 ESP Contracting - I	(4,263.58)
6561	48774 Achilles Eliopoulos - I	(887.05)
6569	48775 Westridge Water Heaters - I	(4,762.85)
6605	48776 Maple Heating Ltd. - I	(1,505.73)
6644	48777 S. Robinson Mechanical Ltd. - IC	(1,851.50)
6664	48778 A-I Plumbing - I	(2,383.47)
6690	48785 Door Design - I	(90.41)
6692	48786 Access Doors N More - I	(254.25)
6695	48787 Young Guns Plumbing and Heating - IC	(889.91)
6705	48788 P&R Plumbing And Heating - I	(1,335.08)
6719	48789 Gw Plumbing - I	(215.25)
6721	48790 Kart Co Installations - I	(5,890.51)
6768	48791 John Thomas - I	(6,050.92)
6831	48792 Adam Express - I	(193.23)
6834	48793 K & M - I	(1,029.42)
6846	48794 Edan Installation - I	(1,583.13)
6856	48795 Absolute Systems - I	(1,412.50)
6875	48797 Lc Contracting And Home Improvements - I	(1,418.15)
6890	48799 Capital Door Service - I	(917.54)
6904	48800 Gta Appliance Installations - I	(333.35)
6909	48801 Danbro Metal Systems - I	(1,237.35)
6921	48802 East City Electronics - I	(1,217.30)
6930	48803 Handy Hands Services - I	(2,182.91)
6949	48804 Quinn'S Sales & Service - I	(203.40)
6952	48806 Ricochet Mechanical Ltd - I	(3,510.92)
6985	48807 O & C Pro Appl.* - I	(485.10)
6993	48808 Done Right Appl. - I	(1,524.95)
7009	48809 G & S Communications - I	(242.95)
7013	48810 Radiant Plus - I	(1,076.25)

7021	48811 Kirkwall - I	(72.80)
7023	48812 B.C. WATER SERVICES LTD - IC	2,408.28
7033	48814 Accent Garage Door - I	(22.40)
7035	48816 Goodstep Ventures - I	(341.25)
7039	48817 Emo Residential Appliance Installation Inc. - I	(1,017.00)
7046	48820 Dave's A-1 Installs - I	(583.80)
7054	48821 Wait's Installations - I	7.77
7057	48822 Hermit - I	(723.20)
7065	48824 Phil Doors - I	(2,896.19)
7095	48825 Kay's Installations - I	(1,113.05)
7108	48826 Master Tech - I	(5,026.30)
7155	48827 The Gas Man - I	(531.12)
7166	48828 ALL KIND GAS SERVICES - IC	(237.30)
7169	48829 Jeffrey J. Thibodeau - I	(565.03)
7185	48830 Anchor Plumbing - I	(3,915.97)
7213	48831 King Richard Appliance - I	(413.00)
7218	48832 G.D.Boyd Electrical Ltd - I	(171.90)
7221	48833 Thomsen Plumbing - I	(194.77)
7227	48836 6052258 Canada Inc. - I	8.79
7234	48839 Second Wind Installtions - I	(169.50)
7237	48841 Classic Door Systems - I	(2,994.50)
7269	48843 Plomberie Ghislain Gagne Inc - I	(243.06)
7273	48844 Auclair Et Landry - I	(436.92)
7278	48845 Victor Tavares - I	(2,213.58)
7315	48846 Germar Services - I	(1,385.40)
7330	48848 Naeckels Parts & Service - I	(192.10)
7332	48849 Royal Flush Plumbing Ltd - I	(12,411.66)
7355	48850 J&D Works - I	(378.00)
7359	48852 X-Services - I	(2,213.36)
7381	48857 J.C. Waterworks - I	(413.92)
7385	48858 Donato Electric Inc. - IC	(1,144.50)
7397	48891 Reparation Outaouals - I	(2,056.07)
7422	48892 Portes Exitech - I	(105.78)
7424	48894 Southern Comfort Heating A/C - I	(259.90)

7426	48898 QuickContractors.com Inc. - Central - I	(8,664.80)
7504	48899 1447436 Ontario Ltd - I	(1,943.60)
7520	48905 Valley Home Appliances - I	(367.25)
7522	48906 Bridgeman Plumbing and Heating LTD - I	54.94
7525	48914 Fred D'Angelo Contracting - I	(2,514.25)
7552	48917 A&J Appliance - I	(247.07)
7560	48919 Renovation Roberge et fils - IC	(143.72)
7562	48928 Expert Gas Incorporated - IC	(129.95)
7565	48932 ReNu Kitchen - I	(67.80)
7567	48933 Regional Doors & Hardware - I	(90.40)
7569	48934 Baxter Overhead Doors - I	(288.15)
7575	48935 Gas Plus Installations - I	(412.45)
7580	49034 Prestige Installations - I	(1,359.75)
7591	49036 Kelowna Heating Service Ltd. - IC	(147.00)
7593	49048 abcinstore - I	(1,316.45)
7596	49148 N.R. Renovations - I	(1,737.50)
7614	49151 KC Appliance Installations - I	(364.25)
7619	49152 Gestion Cristofaro Ltée - I	(265.09)
7633	49156 QuickContractors.com Inc. - East - I	(9,815.47)
7725	49157 QuickContractors.com Inc - West - I	(8,038.37)
7796	49164 Repairware - I	(1,483.25)
7810	49165 ViBoFix Corporation - I	14.45
7819	49167 Executive Home Service - I	(3,371.72)
7850	49169 Lei Hartviksen - I	(749.76)
7856	49170 Road Dog Plumbing & Heating - I	166.08
7859	49214 B & B Window Fashions - IC	(125.43)
7861	49215 mike ko	(1,369.57)
7865	49216 Slippery Slope Roofing (2314139 Ontario Inc) - IC	(14,586.41)
7872	49217 Blue Mount Roofing Ltd. - IC	(128.99)
7874	49223 Getter Done Roofers - IC	(3,665.79)
7877	49225 Auby's Roofing - IC	(1,372.21)
7879	49256 Greg MacIsaac	(3,338.46)
7897	49257 Final Touch Drapery Installations - IC	(814.27)
7906	49267 Nika Roofing Ltd. - IC	730.91

7910	49326	AQUARIUS PLUMBING AND HEATING - IC	(424.69)
7914	49327	G.T. Mobile Electric Limited	(129.95)
7916	49329	786932 Ontario Inc. (Dave Earhart Plumbing & Heating) - IC	(5,562.14)
7924	49362	Jim Langois - I	(632.80)
7934	49373	Shamrock Heating Ltd.-I	24.29
7939	49448	1826333 Ontario Ltd. (Red K) - IC	(3,270.28)
7944	49452	A&A HEATING & AIR CONDITION - IC	(2,289.66)
7947	49455	A1 Mechanical - IC	(931.69)
7949	49460	Accurate Installations - IC	(2,347.76)
7960	49463	Aikens Carpet service - IC	(3,344.58)
7964	49466	Air Force Heating and Air Conditioning Ltd. - IC	(6,700.06)
7971	49468	AIR-ON MECHANICAL - IC	(2,988.29)
7974	49470	Essential Air (AireServ of Greater Victoria) - IC	(3,569.48)
7976	49474	Anchor Doors & Services Inc. - IC	(73.50)
7978	49475	Ariana Heating & Air Conditioning Ltd. - IC	(1,638.74)
7981	49478	Azin Installation Inc. - IC	(3,092.25)
7983	49480	BAHIA ROOFING LTD. - IC	(2,130.45)
7985	49481	BAYMUR FLOORING - IC	(832.85)
7989	49482	Affordable Roofing (Beachview Holdings Inc.)- IC	(3,994.49)
7993	49483	Ben Trink Installations - IC	(1,619.72)
8004	49484	Bohemian House - IC	1,412.78
8006	49486	BRUCE HOME COMFORT - IC	(2,468.93)
8009	49487	C&H Roofing - IC	(727.38)
8011	49489	C. Trudeau - IC	(1,414.34)
8024	49490	Can-Am Carpet Service	(459.06)
8026	49493	Central Heating and Cooling - IC	(4,111.90)
8030	49494	Certified Professional Installations - IC	(124.69)
8033	49495	CGL Mechanical Heating & Cooling - IC	(2,649.57)
8035	49496	Chauffage Blainville Inc. - IC	(8,181.63)
8042	49497	Chauffage Daniel Theriault - IC	18,028.85
8051	49498	Chauffage Et Climatisation Bond - IC	(31,699.69)
8058	49500	Chauffage Patrick DuFour - IC	(1,264.73)
8060	49503	CIADAL CONSTRUCTION - IC	(3,773.69)
8062	49504	Cinanni Heating & Cooling - IC	(2,908.46)

8066	49506	Climatisation AP Inc. - IC	(8,858.26)
8071	49508	Clean Edge Services - IC	(659.05)
8085	49509	Cleco Roofing - IC	(3,215.17)
8089	49510	Climatisation St-Hubert Inc. - IC	(11,682.62)
8097	49512	TRAN CLIMATISATION - IC	(9,808.93)
8103	49514	Couvertures Multi-Concept Inc. - IC	(7,949.42)
8108	49517	D. Cooke Heating & Cooling - IC	(5,861.93)
8115	49519	D&T Wheeler - IC	(2,641.40)
8135	49524	DIMENSIONS FLOORING - IC	(4,658.71)
8142	49526	Docam Pro Inc - IC	1,052.02
8144	49528	Dykstra Roofing & Renovations - IC	(2,457.81)
8147	49529	DYNASTAN DRAPERY & CARPET LTD - IC	(3,520.06)
8173	49531	Easy Roofing Services - IC	(4,603.57)
8176	49532	Encore Mechanical & Building Services Inc - IC	(734.50)
8178	49534	Collective Roofing - IC	(4,761.38)
8181	49536	EXPERT INSTALLATIONS - IC	(322.05)
8185	49537	BENSON HEATING AND AIR (K&S Benson Enterprises) - IC	(650.94)
8188	49539	Kel-An	(183.63)
8191	49544	Fast Track Decor Services Ltd.- IC	(2,355.80)
8212	49547	Kurt N Rod Installations - IC	(624.78)
8215	49548	L.S. GUTTERTECH - IC	(2,192.83)
8218	49550	LASER CUSTOM FIREPLACE LTD - IC	(672.35)
8220	49551	Lamberty Enterprises - IC	(359.06)
8222	49552	9117-9556 Quebec Inc. (Le Groupe Technique R.P.M.) - IC	(7,085.86)
8226	49554	Les Toitures EBM Inc. - IC	(14,455.07)
8233	49556	Les Entreprises Hamilton Inc. - IC	(10,951.95)
8239	49557	LES GOUTTIERES METROPOLES - IC	(1,660.24)
8242	49558	Les Installations Pierre-Wilfrid - IC	(1,118.50)
8255	49559	LES PEINTURES ET RENOV RAINBOW - IC	(2,001.37)
8257	49564	First Class Exteriors & Glass Ltd. - IC	(2,352.53)
8259	49565	Floor Masters - IC	(1,529.68)
8262	49568	FRANK'S FLOORING - IC	(2,562.67)
8264	49569	LES TOITURES MIRABEL - IC	(1,474.56)
8266	49573	LONGVIEW ROOFING - IC	(13,738.57)

8268	49575 GIBSON INSTALLATIONS - IC	(4,015.86)
8308	49576 Maple City Maintenance - IC	(1,252.17)
8314	49577 GLOBAL ONE ROOFING - IC	(234.00)
8316	49578 Maple Leaf Roofing (2063356 Ontario Inc.)-IC	(21,636.37)
8320	49579 Gloucester Heating	(0.73)
8322	49580 Mardale Drapery Installations - IC	(719.72)
8332	49583 Martin Steinfort	(1,027.05)
8337	49584 Gus-N-Air Systems Ltd. - IC	(5,816.51)
8347	49585 MATTSON INSTALLATIONS - IC	(1,521.34)
8363	49589 MIDDLEBENCH MECHANICAL - IC	(7,126.44)
8368	49591 Hamati Roofing Limited - IC	(2,333.18)
8370	49593 Hang In There Window Covering Installations Inc - IC	(1,143.33)
8387	49595 HAYES Heating - IC	(2,897.54)
8395	49600 Hoods Hangings Ltd. - IC	(963.90)
8398	49601 MH DESIGN AND INSTALLATION - IC	650.65
8400	49603 Natural Airflow Heating Ltd. - IC	(4,572.39)
8406	49604 HW INSTALLATIONS - IC	(1,367.25)
8424	49606 NEWBRITE VENETIAN BLIND SERVICE - IC	(1,525.64)
8440	49607 Newfoundland Roofers (1886466 Ontario Inc.) - IC	(9,948.19)
8446	49608 P.A. Broadloom Installation - IC	(3,021.53)
8453	49612 Iden Ventures Ltd. - IC	(1,294.28)
8463	49613 Impermeabilisation Soprotech- IC	(1,814.82)
8465	49615 INNOVATION DG - IC	(1,481.34)
8467	49616 INSTALLATION MSB - IC	(2,378.21)
8481	49617 INSTALLATION PRECISION - IC	(1,848.96)
8498	49622 ISLANDER DRAPERY & BLIND - IC	(395.70)
8503	49629 JJ ROOFING - IC	(12,497.16)
8508	49632 Perfect Temp Heating and Air - IC	(2,003.72)
8511	49635 PHILION RENOS - IC	(2,242.17)
8514	49664 Toitures Joel Inc. - IC	(1,130.23)
8517	49668 Total Blind Care - IC	(837.84)
8525	49671 TAPIS RICHARD ENR - IC	(5,165.84)
8534	49673 Teichroeb's Roofing - IC	(10,006.15)
8537	49678 Thompson Window Treatments- IC	(271.20)

8539	49679	TJ's Installations - IC	(610.20)
8545	49681	TOITURES CARON ET FILS INC - IC	(2,132.79)
8547	49682	Toiture Leblanc - IC	(5,757.92)
8557	49686	TOITURE STACY GOSSELIN - IC	(6,683.75)
8561	49688	TONY FERRANTE - IC	(0.73)
8563	49689	TOP RANK ROOFING - IC	(4,372.15)
8565	49691	TOTAL HOME COMFORT - IC	(4,697.30)
8573	49692	TWINTech HEATING & COOLING INC - IC	(2,063.72)
8576	49694	UNIQUE WINDOW COVERINGS - IC	(959.48)
8583	49698	XFINITY ROOFING - IC	(3,060.70)
8586	49699	Young Carpet & Flooring - IC	(1,437.26)
8590	49700	Premier Heating and Cooling - IC	(381.94)
8592	49701	Prestige Carpet Flooring Inc. - IC	(435.90)
8594	49702	Prestige Roofing - IC	(4,745.13)
8596	49703	Pro-Gas Heating and Air Services - IC	(2,140.17)
8600	49704	Protek - IC	(1,214.42)
8602	49708	Quality Home Services - IC	(250.01)
8604	49712	R.C Thermopompe Ltee- IC	(4,671.80)
8609	49720	RAINBOW DRAPERY - IC	(629.75)
8614	49721	RAISANEN ROOFING LTD - IC	(5,337.33)
8617	49723	Raymond Murphy Inc. - IC	(19,375.31)
8627	49727	Refrigeration Everest Inc- IC	(1,354.07)
8629	49729	REPERT CARPET INSTALLATION - IC	(1,148.87)
8632	49731	RGS REFRIGERATION & HEATING - IC	(9,486.81)
8639	49733	RJB Contracting - IC	(1,257.90)
8641	49735	Roof to Lawn Renovations - IC	(923.16)
8643	49736	ROOFCO ROOFING CORP - IC	(30,597.47)
8648	49741	ShadowLight Window Coverings-IC	(518.55)
8655	49744	Simply Heating and Air Conditioning - IC	73.45
8657	49746	SOLE HEATING & AIR CONDITIONING - IC	(3,400.51)
8661	49751	STS Houservices Ltd - IC	(1,070.85)
8666	49756	Universal Carpet - IC	(2,373.85)
8672	49759	MATTU ROOFING LTD. - IC	(8,633.47)
8676	49764	ACE PLUMBING AND HEATING - IC	(2,292.94)

8679	49765	Grace Mechanical Ltd- IC	(4,100.24)
8684	49766	Air LeGrand - IC	(4,719.27)
8693	49767	Springwater Blinds and Install - IC	(97.18)
8695	49768	Aylmer Heating & Cooling - IC	(1,881.29)
8699	49771	STEVE BOIVIN ENR - IC	(206.79)
8701	49773	IDEE A.L. CONFORT - IC	(3,187.39)
8703	49775	LES TOITURES CASAVANT-LAMOTHE - IC	(5,390.17)
8706	49776	BERZAN CONSULTANCY - IC	(1,242.05)
8709	49779	129654 CANADA LTEE - IC	(10,321.67)
8716	49781	LES TOITURES FRANDOR - IC	(9,327.86)
8721	49785	Carpet Installation Service - IC	(2,407.81)
8727	49791	Enterprises P. Lassonde Inc. - IC	(2,536.35)
8729	49793	Quality HVAC - IC	(2,989.42)
8740	49800	Whelan Drapery & Blinds - IC	(201.25)
8744	49802	Refrigeration Outaouais - IC	(1,533.19)
8748	49806	Domenico's Flooring & Install Ltd. - IC	(4,463.56)
8752	49807	Expert Technical Services - IC	(8,218.35)
8756	49808	G&H Heating and Cooling Solutions - IC	(4,148.95)
8760	49809	HANG-M-UP DRAPERY INSTALLATION - IC	(425.97)
8766	49812	Infinite Flooring Systems - IC	(2,086.84)
8770	49814	Les Entreprises MPH Inc. - IC	(3,451.27)
8774	49817	LJM Services Ltd. - IC	(1,967.19)
8789	49818	MAVY AIR HEATING & AIR CONDITIONING - IC	(622.21)
8793	49820	Otto Heating and Cooling - IC	(4,006.72)
8799	49823	ROD VERBRUGGE - IC	(753.18)
8808	49824	RGH Installations Ltd - IC	(1,486.44)
8820	49825	Sackville Gone West(1398544 ALBERTA LTD) - IC	(338.97)
8834	49827	Shade Control Inc. - IC	(2,516.55)
8848	49832	Tony Sidhu Installations - IC	(1,452.31)
8862	49833	True Balance Contracting Ltd. - IC	(601.49)
8865	49838	Sarauer & Co. - IC	(660.80)
8868	49845	JRA Installations - IC	(263.57)
8871	49849	Darrell Pond Home Installations - IC	(1,043.84)
8875	49855	Installation Jacques	(498.54)

8883	49857 M.J. Lessard Inc.- IC	(8,397.88)
8890	49860 Winnie's Interior Installations Limited- I	(1,102.09)
8900	49938 Maxxmar - IC	(102.08)
8906	49939 Hunter Douglas - IC	(3,777.16)
8911	49942 1310294 Alberta Ltd. - IC	(1,424.38)
8914	49943 1447000 Ontario Ltd. - IC	(4,079.31)
8920	49949 977218 Ontario Inc. - IC	(7,500.81)
8933	49952 Jerry's Insulating Co Ltd. - IC	(1,023.51)
8935	49954 Soar Investments Inc. - IC	1,682.34
8938	49955 Reitzel Insulation - IC	(2,558.89)
8941	49980 N.A.P. Windows & Doors	(0.68)
8943	49986 DIY ANTEX BEDDING	(514.15)
8945	50050 9278-9122 Quebec Inc.	(0.74)
8947	50054 Roofing F/X Ltd- IC	(1,175.58)
8949	50078 Canadian Temperature Control (Core)- IC	(1,471.43)
8954	50083 All Kind Gas Services (Core)	(1,980.04)
8956	50085 Aquarius Plumbing & Heating Ltd. (Core)- IC	(4,905.08)
8962	50086 Peace of Mind Heating (Core)	(3,583.11)
8964	50093 BC Water Heater Service Ltd. (Core)-IC	(252.00)
8968	50105 Westridge Water Heater (Core)- IC	(3,794.64)
8989	50106 Radiant Plus Plumbing & Heating Ltd. (Core)- IC	(1,080.62)
8993	50111 STS Houservices ltd (in-store)- I	(214.70)
8996	50117 Philippe Cloutier- IC	128.77
8999	50118 Thermo Solutions Inc	(1,178.21)
9001	50145 G W Plumbing and Heating ltd - IC	(798.53)
9006	50146 Petr Nemecek- IC	(205.43)
9008	50148 Rockyview Roofing Inc.- IC	(58.66)
9010	50155 1451370 Ontario Inc - Dean Lanoue - SICAS- IC	(4,451.33)
9022	50156 B.C. Fireplace Service Inc. (Core)- IC	(3,384.67)
9025	50186 Men in Kilts- IC	(638.40)
9030	50192 9250-6591 Québec Inc.-I	(1,274.88)
9041	50201 Drapery Repair-I	(200.71)
9067	50216 King's Aluminum Inc-I	(6,806.38)
9073	50219 Thermo Climat Inc	(2,483.40)

9076	50220	Le Chevalier Du Decor- I	(1,134.34)
9082	50322	SAJ Installation	(425.42)
9086	50369	BP Insulation 2003	(2,680.18)
9089	50371	Pyramid Heating & Sheet Metal (In-Store)	(332.23)
9092	50410	Gentry Exteriors Inc.	(2,468.50)
9094	50421	K & H Carpet	(1,224.76)
9098	50458	L&S Ventures 2000 Ltd	(244.13)
9100	E00207	Arangio, Joseph	706.68
9104	E00247	Potvin, Line	1,032.48
9109	E00298	Johnson, Kenneth	262.66
9114	E00408	Peppler, Daisy	493.48
9119	E00558	Jubb-Ahola, Angela	1,393.90
9122	SP10159	Shamrock Heating Limited - I	(24.29)
9124	V00002	About Staffing Ltd.	(2,727.84)
9127	V00003	Burnet, Duckworth & Palmer LLP	(2,047.76)
9129	V00005	ICR Commercial Real Estate	(5,236.88)
9131	V00008	CDW Canada Inc.	(403.83)
9133	V00010	TeraGo Networks Inc.	(787.50)
9135	V00011	Encaptis	(62,076.26)
9142	V00014	BLG - Borden Ladner Gervais	120,215.89
9152	V00021	JB Printing Limited	(11,246.44)
9155	V00023	L2 Consulting Inc.	(6,568.13)
9158	V00030	Simpson Associates	310.75
9160	V00034	Purolator Inc.	(11,163.10)
9205	V00035	Breakthrough Ads	(27,790.27)
9207	V00080	CIP Document Solutions	(1,581.62)
9211	V00082	Workopolis	(4,633.00)
9213	V00085	Cosmic Design	(2,892.80)
9217	V00087	Mark Staffing Solutions Inc.	(7,363.88)
9223	V00088	Documens	(34,006.43)
9318	V00091	Tom PepevnaK Professional Corp	(13,125.00)
9320	V00095	Roycorn 7 Limited Partnership	(5,171.82)
9322	V00097	bell	(60.17)
9324	V00100	De Lage Landen	(1,042.69)

9326 V00103	Moore Canada Corporation	(766.19)
9343 V00105	CGI Information Systems & Management Consultants Inc.	(32,447.95)
9345 V00106	Bell Canada Inc.	952.61
9347 V00107	Tips Staffing	(1,003.28)
9349 V00109	Quality Vending To	(1,033.70)
9351 V00120	Canada Revenue Agency	27,080.08
9355 V00123	Accountemps A Robert Half Company	(6,751.49)
9362 V00125	TK's Catering	38.89
9364 V00126	Creit Management L.P.	(7,590.63)
9366 V00127	OFFICETEAM	1,001.75
9368 V00130	The Bagg Group	(3,374.75)
9372 V00131	Bentall Kennedy (Canada) LP	(11,025.43)
9374 V00134	Enbridge	(1,040.42)
9379 V00138	softchoice	(26,572.06)
9387 V00142	Sun Life Financial	(101,301.00)
9395 V00145	T4G Limited	(10,565.50)
9399 V00148	OfficeMax	(4,566.38)
9402 V00152	Cornerstone Building and Property Inc	(2,584.88)
9404 V00153	Source Office Furnishings	(2,674.21)
9409 V00154	Canpar	(4,024.01)
9415 V00158	Frasmet Holdings Limited	(11,871.67)
9418 V00159	2281896 Ontario Inc.	(2,034.00)
9420 V00160	Terracon Development Ltd.	(6,863.85)
9422 V00164	emerson human capital consulting	(7,631.25)
9424 V00169	Union Gas	(664.13)
9427 V00172	Career Builder	(1,695.00)
9429 V00173	The Mason Group	(5,859.05)
9431 V00174	Urban Mobility	(991.48)
9438 V00181	Wawrenuik, Levi A	(1,365.00)
9440 V00182	Vernon, Shah Patricia	(1,312.50)
9442 V00213	Telizon Inc.	(145.53)
9446 V00216	857-861 Boyd Inc.	(11,914.72)
9448 V00218	SaskEnergy	(77.98)
9450 V00219	SaskPower	(590.38)

9452 V00220	Oshawa Puc Networks Inc	(540.05)
9458 V00222	Wilson Display	1,606.33
9462 V00229	Pitneyworks	(24.56)
9464 V00230	BottomLine Group Inc.	(42,375.00)
9466 V00234	First Class Electric Ltd.	(369.60)
9468 V00236	McAfee	(1,800.00)
9471 V00239	Vijay Jainaraine	(621.12)
9474 V00242	Fred Guy Moving & Storage	(4,466.56)
9483 V00247	TC Media	(323,775.46)
9497 V00248	EagleView Technologies, Inc.	(34,693.97)
9501 V00252	Stockwell International Trade Solutions	(343.23)
9506 V00253	Emerson	(17.33)
9508 V00265	Nebs	(11,303.62)
9529 V00275	Reliance Protectron	(17,441.21)
9536 V00688	FutureMed General Partner, Inc.	(38,623.14)
9540 V00689	Foothills Building Ltd.	(315.00)
9542 V00697	Beaulieu Canada	(51,802.78)
9610 V00698	Midcon Industries Inc. (Quickstyle)	(41,457.01)
9650 V00700	ICP Canada	(102,046.89)
9838 V00701	Carrier Enterprise	(105,273.02)
9920 V00702	Master Group	(1,362.76)
9923 V00703	Wolseley Canada	(22,256.52)
9943 V00704	Wolf Steel	(1,930.04)
9945 V00706	Hunter Douglas Canada LP.	(109,975.74)
10058 V00707	Antex Designs Inc.	(94,744.88)
10201 V00708	Newell Rubbermaid	13,589.33
10347 V00709	Maxxmar Inc.	(67,737.52)
10418 V00710	Shade-O-Matic L.P.	(17,273.92)
10462 V00711	Groupe Materiaux Coupal Inc	(59,541.51)
10492 V00712	Spar Roofing & Metal Supplies Ltd	(68,661.86)
10548 V00713	Beacon Roofing Supply Canada Company	(1,313.64)
10550 V00714	Cedar Grove Building Products Ltd.	(8,764.22)
10556 V00716	BP - Building Products of Canada Corp	48,487.99
10560 V00718	4536631 Canada Inc. / Quincaillerie R. Durand	(1,985.12)

10563 V00721	Shepherd's Home Hardware	0.49
10565 V00722	Payzant Building Products Limited	(23,532.89)
10580 V00723	Arcor Windows and Doors Inc.	(72,220.17)
10616 V00724	N.A.P. Windows and Doors LTD.	(25,643.12)
10624 V00725	Farley Group Inc.	0.49
10626 V00729	Sign-A-Rama	(3,845.80)
10631 V00744	Steve Taylor Trucking	(519.75)
10635 V00748	Johnston Equipment Raymond	(9,964.88)
10640 V00749	King Recycling and Waste Disposal Inc.	(6,667.00)
10648 V00750	UPS Canada	(48.71)
10652 V00752	Sasktel 8980203-0	(37.51)
10654 V00756	Fenêtres Magistral Windows Inc	(130,348.68)
10684 V00758	New Millenium Solutions	(418.10)
10687 V00759	Sharp Electronics of Canada Ltd.	(9,126.35)
10698 V00763	Corporate Cleaning Services Limited	(420.00)
10701 V00766	RCI Environnement	(629.05)
10704 V00768	Waste Management	(2,245.71)
10709 V00775	Parcels Plus Inc.	(7,944.02)
10712 V00777	JPR Doors Inc	(10,276.47)
10719 V00787	The Meeting Forum	(2,260.00)
10722 V00788	LPI Communications Group	(32,996.00)
10726 V00789	Kit Care Corporation	(10,110.86)
10735 V00790	Job Target	(580.52)
10739 V00792	JobShop.ca	(314.97)
10743 V00800	AllMaid	(339.00)
10745 V00801	Canada Maintenance	(1,118.70)
10748 V00802	Canadian Springs	(170.38)
10751 V00803	Loraas Disposal Services Ltd	(401.03)
10754 V00804	NorthWest Waste Solutions	(1,739.90)
10758 V00805	Canadian Office Supplies	(780.65)
10764 V00806	Randy's Janitorial Service	(1,412.50)
10767 V00807	Whole House Comfort	(2,142.71)
10770 V00810	Rival Office Solutions Inc.	(226.36)
10772 V00811	Enmax	(958.13)

10774 V00812	Camerson Advertising Displays Limited	(4,204.37)
10776 V00813	Executive Copier Systems Inc.	(130.32)
10779 V00815	Dispatch Us	(1,023.75)
10781 V00818	Action Security	(165.84)
10783 V00819	Shippers Supply Inc.	(1,016.40)
10785 V00836	Claire Deco Inc.	(1,259.72)
10796 V00839	Shred- it	(107.35)
10798 V00840	Tag	(88,106.10)
10808 V00842	Manitoba Hydro	(447.94)
10811 V00856	Magic Maintenance Inc.	(1,254.75)
10813 V00857	Cogex Inc.	(2,922.66)
10815 V00858	Cutback Connections Ltd	(262.50)
10817 V00859	Com Pro Business Solutions Ltd.	(211.19)
10819 V00860	Lock-Up Services Inc.	(150.86)
10821 V00861	Transdem S.O.S. Inc	(732.39)
10824 V00862	GAF	(3,322.20)
10826 V00873	Yayuan Zhao	(75.00)
10828 V00879	Mr T. Urciuoli	(850.00)
10830 V00887	Gus Anbara	(200.00)
10832 V00889	Saffron Windows	(309.75)
10834 V00890	Gunnebo Canada Inc.	(50.57)
10836 V00894	First Class Security	(903.32)
10838 V00895	Green Mops Building Maintenance Inc.	(699.30)
10840 V00897	All-Rite Material Handling Systems Inc.	(4,604.75)
10842 V00898	Chubb Edwards	(1,783.03)
10845 V00901	Actra	(50.00)
10847 V00902	Jean Chabassol	(63.00)
10849 V00903	Eva Chen	(166.25)
10851 V00904	Cheryl Blitz	(787.50)
10853 V00905	Media Planet	(18,979.48)
10855 V00906	Vipond Systems Group	(339.00)
10857 V00907	Anna Torres	(40.00)
10859 V00908	Jenny Norgaard	(665.70)
10861 V00909	PricewaterhouseCoopers Inc.	105,000.00

10865 V00911	Biochem Environmental Solutions	(29.40)
10867 V00912	Minister of Finance (Manitoba)	(12.81)
10869 V00914	Andrew Larbi	(50.00)
10871 V00915	Eakins Communications Inc.	14,910.00
10873 V00916	Ronna Dash	(96.04)
10875 V00917	B.J. Electric	(142.63)
10877 V00918	Urgences-santé	(143.90)
10879 V00919	City of Ottawa	(74.11)
10881 V00922	Sheila Braund	(126.00)
10883 V00923	Fern McCoy	(3,350.00)
		(4,471,174.41)

TAB Q

EXHIBIT Q

This is the Exhibit marked "Q" referred to
in the Affidavit of Micheal Clements,
sworn before me this 12th day of December, 2013.

Notary Public in and for the Province of Alberta

Nolan Ritzel
Student-at-Law

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(5594)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP

FILE CURRENCY : 08DEC 2013

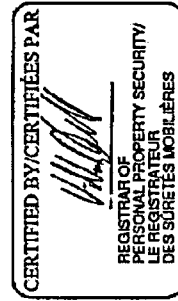
ENQUIRY NUMBER 20131209173703.60 CONTAINS 21 PAGE(S), 3 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

BORDEN LADNER GERVAIS LLP - BOX 15

ON

CONTINUED... 2



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

FOR FINANCING STATEMENTS CLICK FOR FILE

00
690637469

01
CAUTION: THIS PAGE CONTAINS INFORMATION THAT IS REGISTERED IN THE REGISTRATION SYSTEM. THE INFORMATION IS SUBJECT TO THE PROVISIONS OF THE REGISTRATION ACT AND THE REGISTRATION REGULATIONS. THE INFORMATION IS NOT TO BE USED FOR ANY OTHER PURPOSE. 20130927 1206 1590 8295 P FSA 5

02
03
04
DEBTOR NAME: SHS SERVICES MANAGEMENT INC. CALGARY
ADDRESS: 245, 1209-59 AVENUE SE
FIRST GIVEN NAME: INITIAL SURNAME
BUSINESS NAME: SHS SERVICES LIMITED PARTNERSHIP
ADDRESS: 245, 1209-59 AVENUE SE CALGARY
ONTARIO CORPORATION NO. TSH 2P6

05
06
07
DEBTOR NAME: ALARIS INCOME GROWTH FUND PARTNERSHIP
ADDRESS: 232, 2031-33 AVENUE SW CALGARY
FIRST GIVEN NAME: INITIAL SURNAME
BUSINESS NAME: SHS SERVICES LIMITED PARTNERSHIP
ADDRESS: 245, 1209-59 AVENUE SE CALGARY
ONTARIO CORPORATION NO. TSH 2P6

08
09
SECURED PARTY: ALARIS INCOME GROWTH FUND PARTNERSHIP
ADDRESS: 232, 2031-33 AVENUE SW CALGARY

10
GENERAL CLASSIFICATION: MOTOR VEHICLE
AMOUNT: NO. FIXED
DATE OF MATURITY: DATE

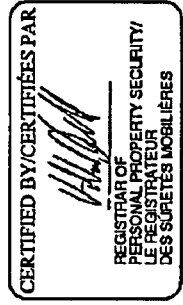
11
12
MOTOR VEHICLE: YEAR MAKE MODEL

13
14
15
GENERAL DESCRIPTION: ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

16
17
REGISTERING AGENT: BURNET, DICKWORTH & PALMER LLP
ADDRESS: 2400 - 525 - 8 AVENUE SW CALGARY AB T2P 1G1

FOR FURTHER INFORMATION CONTACT THE SECURED PARTY

CONTINUED... 3



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH COMPLETED ON : SHS SERVICES LIMITED PARTNERSHIP
FILE CURRENCY : 08DEC 2013

FORM 49 - FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION: PAGE WITHIN MOTOR VEHICLE REGISTRATION IS RESERVED FOR
FILING OF PAGE 2 OF SCHEDULE 20131009 1745 1590 9072

01 RECORD NUMBER 690632469

21 PAGE-AMENDED NON-SPECIFIC PAGE-AMENDED CHANGE-REQUIRED
REASON: X AMENDMENT

22 BUSINESS NAME SHS SERVICES MANAGEMENT INC.

23 OTHER REASONS
24 ADDITION OF DEBTORS

02/ DEBTOR/ DATE OF BIRTH

03/ TRANSFEREE BUSINESS NAME SHS SERVICES MANAGEMENT INC.

04/07 ADDRESS 125 COMMERCE VALLEY DR WEST, SUITE 500 MARKHAM

29 ASSIGNOR ONTARIO CORPORATION NO. 152-7M4

08 SECURED PARTY/ALLEN CLAIMANT/ASSIGNOR

09 COLLATERAL CLASSIFICATION

10 YEAR MAKE MODEL

11 MOTOR VEHICLE

12 VEHICLE GENERAL

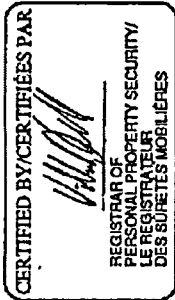
13 COLLATERAL DESCRIPTION

14 REGISTERING AGENT OR

15 SECURED PARTY/ ADDRESS BURNET, DUCKWORTH & PALMER LLP
2400 - 525 - 8 AVENUE SW CALGARY AB T2P 1G1

17 LITIGATION

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
CONTINUED...



REPORT : PSSR060
PAGE : 4
(5597)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

FROM: 02 FINANCING CHANGE BY MEMBER 2 CHANGE IN NAME

PAGE NO. OF PAGES 2
FILE NUMBER 690632469
NO. OF PAGES 2
20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072
CHANGE REQUIRED

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

REGISTRATION NO. 20131209 1745 1590 9072

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETÉS MOBILIÈRES



*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...

ONTARIO CORPORATION NO.
ON 131774

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

SEARCHED STATEMENT / CLERK FOR DEBTS

00 685006362

01 SCARLETT PAGE MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION PERIOD 10
20130301 1553 1862 0002 P PPSA

02 DEBTOR NAME SHS SERVICES LIMITED PARTNERSHIP
03 BUSINESS NAME SHS SERVICES LIMITED PARTNERSHIP
04 ADDRESS 245, 1209 59TH AVENUE SE CALGARY
DENTON CORPORATION AB T2H 2P6

05 DEBTOR NAME SHS SERVICES MANAGEMENT INC.
06 BUSINESS NAME SHS SERVICES MANAGEMENT INC.
07 ADDRESS 245, 1209 59TH AVENUE SE CALGARY
ONTARIO CORPORATION NO. 2288888888 AB T2H 2P6

08 SEARCHED PARTNER/AGENT SEARS CANADA INC.
09 ADDRESS 290 YONGE STREET, SUITE 700 TORONTO ON M5B 2C3

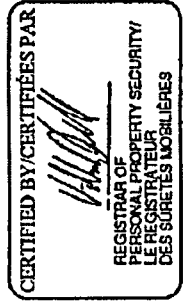
10 COLLATERAL AS SEPARATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO. FILE
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED IN Maturity or MATURITY DATE

11 MOTOR CYBERBAHN
12 VEHICLE MODEL YEAR MAKE

13 GENERAL CYBERBAHN
14 COLLATERAL 400-333 BAY STREET TORONTO ON M5H 2R2
15 DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS 400-333 BAY STREET TORONTO ON M5H 2R2

FOR FURTHER INFORMATION CONTACT THE SECURED PARTY
CONTINUED... 6



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP
FILE CURRENT : 08DEC 2013

REGULAR FINANCING INSTRUMENT / CLAIM OF HEIR

FILE NUMBER : 685006362

ACQUISITION PAGE : 002
MOTOR VEHICLE REGISTRATION : 20130301 1553 1862 0002

00
01
02
03
04
05
06
07
08
09

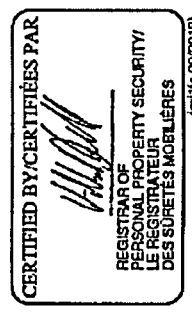
DEBTOR NAME : SHS SERVICES LIMITED PARTNERSHIP
BUSINESS NAME : GESTION DES SERVICES SHS INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY
ONTARIO CORPORATION NO. : AB 20130301 1553 1862 0002

01
02
03
04
05
06
07
08
09

DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
BUSINESS NAME : GESTION DES SERVICES SHS INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY
ONTARIO CORPORATION NO. : AB 20130301 1553 1862 0002

10
11
12
13
14
15
16
17

SECURITY PARTY / FURNITURE
COLLATERAL CLASSIFICATION :
MOTOR VEHICLE AMOUNT :
DATE OF PURCHASE :
MATERIAL :
YEAR MAKE :
GENERAL :
COLLATERAL DESCRIPTION :
REGISTERING AGENT :



CONTINUED ... 7

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

SEARCHED BY : BUSINESS DEBTOR
SEARCH COMPLETION : SHS SERVICES LIMITED PARTNERSHIP
FILE CURRENCY : 08DEC 2013

FOR A COMPLETE FINANCIAL STATEMENT, CONTACT YOUR LIAISON

FILE NUMBER : 685006367

00 DEBTOR : SHS SERVICES LIMITED PARTNERSHIP
01 FILING NUMBER : 20130301 1553 1662 0001

02 DEBTOR : SHS SERVICES LIMITED PARTNERSHIP
03 NAME : SHS SERVICES LIMITED PARTNERSHIP
04 ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AL T2H 2P6

05 DEBTOR : SHS SERVICES LIMITED PARTNERSHIP
06 NAME : SHS SERVICES LIMITED PARTNERSHIP
07 ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AL T2H 2P6

08 SECURED PARTY : SHS SERVICES LIMITED PARTNERSHIP
09 NAME : SHS SERVICES LIMITED PARTNERSHIP
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AL T2H 2P6

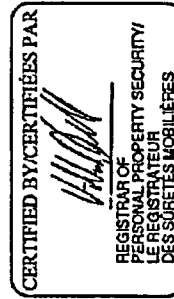
10 REGISTRATION CLASSIFICATION : MOTOR VEHICLE
AMOUNT : NO FIXED
DATE OF MATURITY/DAYP

11 MOTOR : 2008
12 VEHICLE : 2008

13 GENERAL : 2008
14 COLLATERAL : 2008
15 DESCRIPTION : 2008

16 REGISTERING : 2008
17 AGENT : 2008

ADDRESS :
FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY.
CONTINUED...



PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 INQUIRY RESPONSE
 CERTIFICATE

RUN NUMBER : 343
 RUN DATE : 2013/12/09
 ID : 20131209173703.60

BUSINESS DEBTOR
 SEARCH CONDUCTED ON SHS SERVICES LIMITED PARTNERSHIP
 FILE NO. 08DEC 2013

FORM OF PARTIAL CHANGE STATEMENT / CHANGE STATEMENT

CAPTION: SHS SERVICES LIMITED PARTNERSHIP REGISTRATION NUMBER: 20130930 1302 1862 5258

01 001 JUS 685006362
 21 REVISIONS: 001 JUS 685006362
 22 PAGE AMENDED: NO SPECIFIC PAGE AMENDED CHANGE REQUIRED BY AMENDMENT

23 FIRST GIVEN NAME: SHS SERVICES LIMITED PARTNERSHIP
 24 BUSINESS NAME: SHS SERVICES LIMITED PARTNERSHIP

25 POWER CHANGE TO REFLECT ADDITIONAL ADDRESS OF THE DEBTOR TO REGISTRATION NUMBER
 26 REASON: 20130301 1553 1862 0002.
 27 DESCRIPTION: 20130301 1553 1862 0002.

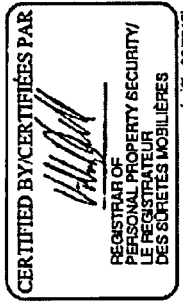
02/ DATE OF BIRTH: [REDACTED] SURNAME: [REDACTED]
 05 DEBTOR/ FIRST GIVEN NAME: [REDACTED] SURNAME: [REDACTED]
 03/ BUSINESS NAME: SHS SERVICES LIMITED PARTNERSHIP
 06 BUSINESS NAME: SHS SERVICES LIMITED PARTNERSHIP
 04/07 ADDRESS: 125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

29 ASSIGNOR: [REDACTED]
 08 ACQUIRED PARTY/CLAIMANT/ASSIGNEE: [REDACTED]
 09 ADDRESS: [REDACTED]

10 COLLATERAL CLASSIFICATION: [REDACTED] DATE OF NO. FILED: [REDACTED]
 11 MOTOR: [REDACTED] MOTOR VEHICLE: [REDACTED] ACCOUNT NUMBER: [REDACTED] SECURITY DATE: [REDACTED]
 12 GENERAL: [REDACTED]
 13 COLLATERAL: [REDACTED]
 14 DESCRIPTION: [REDACTED]
 15 ASSIGNING AGENT OR: [REDACTED]
 16 REGISTERED PARTY/ADDRESS: [REDACTED]
 17 ADDRESS: [REDACTED]

CYBERBAHN
 400-333 BAY STREET
 TORONTO ON M5H 2R2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
 CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP
FILE CURRENT : 08DEC 2013

FORM 13 - FINANCING CHANGES STATEMENTS / CHANGE STATEMENT

REGISTRATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION
FILING NO. OR PAGES OF REGISTRATION NUMBER UNDER
001 005 685006362

01 RECORD NUMBER 685006362

21 PAGE AMENDED NO. SPECIFIC PAGE AMENDED CHANGE REQUIRED YEAR
001 005 685006362

22 FIRST GIVEN NAME INITIAL SURNAME

23 BUSINESS NAME

24 OTHER CHANGE
25 PERSONAL
26 TRANSFER
27 CREATION

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05/ BUSINESS NAME SHS SERVICES MANAGEMENT INC.

06/ ADDRESS 125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

04/07

29 ASSIGNOR

08 SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

09 ADDRESS

COLLATERAL CLASSIFICATION ADDRESS NO. FINED DATE OF
SECURED PARTY / LIEN CLAIMANT / ASSIGNEE MOTOR VEHICLE INCLUDED SECURITY OR MATURITY DATE

11 YEAR MAKE MODEL

12 MOTOR VEHICLE

13 GENERAL

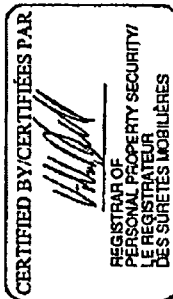
14 COLLATERAL

15 DESCRIPTION

16 SPECIAL AGENT OR

17 SECURED PARTY / LIEN CLAIMANT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED...



REPORT : P5SR060
PAGE : 10
(5603)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

FOR SEARCH BUSINESS DEBTOR
SEARCH COMPLETED ON SHS SERVICES LIMITED PARTNERSHIP
DATE 08DEC 2013

REGISTRATION STATEMENT / CHANGE STATEMENT

CATION OF SPACE BETWEEN VEHICLE REGISTRATION AND REGISTRATION NUMBER
FILE NO. 003
PAGE NO. 005
SCHEDULE NO. 20130930-1302-1862-5258

01 FILE NUMBER 685006362

21 PAGE AMENDED NO. SPECIFIC PAGE AMENDED CHANGE ACQUIRED RENEWAL CORRECT PERIOD

22 FIRST-GIVEN NAME SURNAME

23 BUSINESS NAME

24 BUSINESS NAME

25 COCHER CHANGE

26 YEAR

27 DISCHARGE

28 DATE OF BIRTH

02/ FIRST-GIVEN NAME SURNAME

05 DEPTOR BUSINESS NAME

03/ BUSINESS NAME

06 BUSINESS NAME

04/07 ADDRESS 125 COMMERCE VALLEY DRIVE M., SUITE 500 MARKHAM ONTARIO CORPORATION NO. 1378794

29 ASSIGTOR SECURED PARTY/LIB CLAIMANT/ASSIGNEE

08 ADDRESS

09 COLLATERAL CLASSIFICATION

10 YEAR MAKE MODEL

11 MOTOR VEHICLE

12 GENERAL

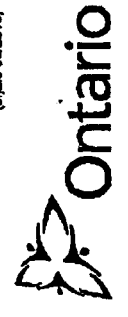
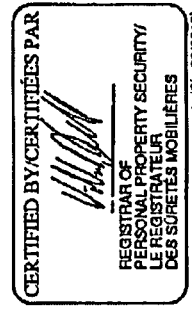
13 CO-REGISTRATION

14 DESCRIPTION

15 REGISTRATION AGENT OF SECURED PARTY ADDRESS

16 REGISTRATION AGENT OF SECURED PARTY ADDRESS

17 REGISTRATION AGENT OF SECURED PARTY ADDRESS



*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
CONTINUED...

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP
FILE CHECKED : 08DEC 2013

REGISTRATION CHANGE STATEMENT CHANGE STATEMENT

CAUTION: THIS TOTAL MOTOR VEHICLES REGISTRATION OVER THE REGISTERED
SCHEDULE NUMBER UNDER

20130530 1302 1867 5258

685006362

RENEWAL
COMPLIANCE

CHANGE REQUIRED

INITIAL SURNAME

FIRST GIVEN NAME

FIRST GIVEN NAME

BUSINESS NAME

25 OTHER REASONS

26 REASON/DESCRIPTION

27 REASON/DESCRIPTION

28

02/ DATE OF BIRTH

05/ DEBTOR/

03/ FIRST GIVEN NAME

06/ BUSINESS NAME

04/07 ADDRESS

125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

29 ASSIGNOR

08 SECURED PARTY/ALIB CLAIMANT/ASSIGNER

09 ADDRESS

COLLATERAL CLASSIFICATION

10

11 MOTOR

12 VEHICLE

13 GENERAL

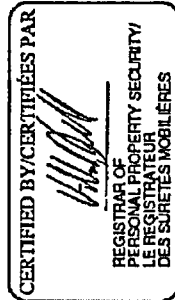
14 COLLATERAL

15 DESCRIPTIONS

16 SPECIFYING AGENT OF

17 SECURED PARTY/ALIB CLAIMANT

SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
ONTARIO CORPORATION NO. 153-7M4



REPORT : PSSR050
PAGE : 12
(5605)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

SEARCH CONDUCTED ON
FILE NUMBER 685006362

FORM 26 PENDING CHANGE STATEMENT

CAUTION: THIS MOTOR VEHICLE REGISTRATION IS SUBJECT TO THE
REGISTRATION ACT AND THE MOTOR VEHICLE REGISTRATION ACT.
FILE NO. 005 20130930 1302 1862 5258

21 REFERENCE NO. 005
22 PAGE NUMBER 685006362
23 PAGE NUMBER NO. SPECIFIC PAGE NUMBER
24 FIRST GIVEN NAME INITIAL SURNAME

25 BUSINESS NAME
26 FIRST GIVEN NAME INITIAL SURNAME

27 DATE OF BIRTH
28 FIRST GIVEN NAME INITIAL SURNAME

29 BUSINESS NAME
30 FIRST GIVEN NAME INITIAL SURNAME

31 BUSINESS NAME
32 FIRST GIVEN NAME INITIAL SURNAME

33 BUSINESS NAME
34 FIRST GIVEN NAME INITIAL SURNAME

35 BUSINESS NAME
36 FIRST GIVEN NAME INITIAL SURNAME

37 BUSINESS NAME
38 FIRST GIVEN NAME INITIAL SURNAME

39 BUSINESS NAME
40 FIRST GIVEN NAME INITIAL SURNAME

41 BUSINESS NAME
42 FIRST GIVEN NAME INITIAL SURNAME

43 BUSINESS NAME
44 FIRST GIVEN NAME INITIAL SURNAME

45 BUSINESS NAME
46 FIRST GIVEN NAME INITIAL SURNAME

47 BUSINESS NAME
48 FIRST GIVEN NAME INITIAL SURNAME

49 BUSINESS NAME
50 FIRST GIVEN NAME INITIAL SURNAME

51 BUSINESS NAME
52 FIRST GIVEN NAME INITIAL SURNAME

53 BUSINESS NAME
54 FIRST GIVEN NAME INITIAL SURNAME

55 BUSINESS NAME
56 FIRST GIVEN NAME INITIAL SURNAME

57 BUSINESS NAME
58 FIRST GIVEN NAME INITIAL SURNAME

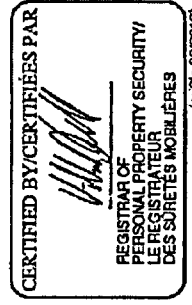
59 BUSINESS NAME
60 FIRST GIVEN NAME INITIAL SURNAME

61 BUSINESS NAME
62 FIRST GIVEN NAME INITIAL SURNAME

63 BUSINESS NAME
64 FIRST GIVEN NAME INITIAL SURNAME

65 BUSINESS NAME
66 FIRST GIVEN NAME INITIAL SURNAME

67 BUSINESS NAME
68 FIRST GIVEN NAME INITIAL SURNAME



... FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ...
CONTINUED...

REPORT : PSSR060
PAGE : 13
(5606)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP
FILE REFERENCE : 08DEC 2013

FORM C-1 FINANCIAL STATEMENT CLAIM OF LIEN

00 FILE NUMBER : 085006389

01 SEARCH PAGE TOTAL : 001
PAGE NO. OF PAGES : 003
REGISTRATION NUMBER : 20130301 1554 1862 0004 P PPSA 99 (PERPETUAL)
REGISTRATION DATE : 99

02 DEBTOR NAME : SHS SERVICES LIMITED PARTNERSHIP
03 BUSINESS NAME : SHS SERVICES LIMITED PARTNERSHIP
04 ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY
INITIAL SURNAME : AS 12H 2P6
ONTARIO CORPORATION NO. :

05 DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
06 BUSINESS NAME : SHS SERVICES MANAGEMENT INC.
07 ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY
INITIAL SURNAME : AS 12H 2P6
ONTARIO CORPORATION NO. :

08 SECURED PARTY : SEARS CANADA INC.
09 ADDRESS : 290 YONGE STREET, SUITE 700
TORONTO ON M5B 2C3

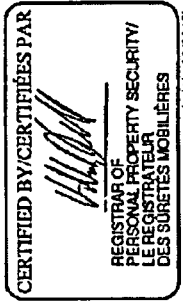
10 MOTOR VEHICLE : SEARS CANADA INC.
YEAR MAKE :
MODEL :
VIN :
REGISTRATION NO. :
REGISTRATION DATE :
MOTOR VEHICLE AMOUNT :
DATE OF PURCHASE :
WARRANTY OR MAINTENANCE DATE :
NO. FIXED :
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER :
ACCOUNTS OTHER :
ACCOUNTS OTHER :
ACCOUNTS OTHER :

11 MOTOR VEHICLE : SEARS CANADA INC.
12 YEAR MAKE :
MODEL :
VIN :
REGISTRATION NO. :
REGISTRATION DATE :
MOTOR VEHICLE AMOUNT :
DATE OF PURCHASE :
WARRANTY OR MAINTENANCE DATE :
NO. FIXED :
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER :
ACCOUNTS OTHER :
ACCOUNTS OTHER :
ACCOUNTS OTHER :

13 GENERAL COLLATERAL DESCRIPTION :
14 CYBERBAHN
15 ADDRESS : 400-333 BAY STREET
TORONTO ON M5H 2R2

16 REGISTERED AGENT :
17 ADDRESS : 400-333 BAY STREET
TORONTO ON M5H 2R2

FOR FURTHER INFORMATION CONTACT THE SECURED PARTY.
CONTINUED... 14



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

TYPE OF SEARCH BUSINESS DEBTOR

SEARCH CONDUCTED ON SHS SERVICES LIMITED PARTNERSHIP
FILE CURRENCY 08DEC 2013

FORM OF FINANCING STATEMENT CHARGE FOR FILE

FILE NUMBER 685006389

00 ZEPHYRUS PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION REGISTRATION REGISTRATION REGISTRATION
01 001 003 20130301 1554 1862 0004

02 03 04 05 06 07 08 09 10

02 DIRECTOR NAME
03 BUSINESS NAME
04 ADDRESS
05 DATE OF BIRTH
06 BUSINESS NAME
07 ADDRESS
08 SECURITY PARTY
09 COLLATERAL ASSESSMENT

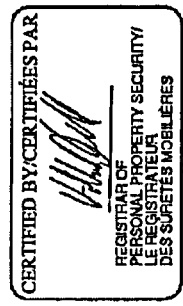
02 DIRECTOR NAME
03 BUSINESS NAME
04 ADDRESS
05 DATE OF BIRTH
06 BUSINESS NAME
07 ADDRESS
08 SECURITY PARTY
09 COLLATERAL ASSESSMENT

11 MOTOR VEHICLE
12 GENERAL COLLATERAL DESCRIPTION
13 REGISTERING AGENT

11 MOTOR VEHICLE
12 GENERAL COLLATERAL DESCRIPTION
13 REGISTERING AGENT

14 COLLATERAL ASSESSMENT
15 REGISTERING AGENT

16 REGISTERING AGENT
17



PROVINCES OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

SEARCH FOR SEARCHED BUSINESS DEBTOR
SEARCHED DEBTOR SHS SERVICES LIMITED PARTNERSHIP
FILED CURRENCY 08DEC 2013

FORM NO. 37 (REVISED 12/01) / 20130301 1551 1652 0004

00 685006389

01 SEARCHED DEBTOR SHS SERVICES LIMITED PARTNERSHIP / 20130301 1551 1652 0004
PARTNER NAME: ROBERT RUPPEL
ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY AB T2H 2P6

02 DEBTOR NAME: SHS SERVICES MANAGEMENT INC.
03 BUSINESS NAME: SHS SERVICES MANAGEMENT INC.
04 ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY

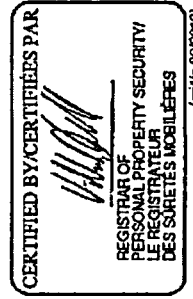
05 DEBTOR NAME: SHS SERVICES MANAGEMENT INC.
06 BUSINESS NAME: SHS SERVICES MANAGEMENT INC.
07 ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY

08 SECURED PARTY: SHS SERVICES MANAGEMENT INC.
09 DEBTOR NAME: SHS SERVICES MANAGEMENT INC.
ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY

10 COMPTABLE CLASSIFICATION: SECURED PARTY / DEBTOR
MOTOR VEHICLE AMOUNT: \$0.00
DATE OF PURCHASE: 2013/12/09
ACCOUNTS OTHER THAN: NONE

11 MOTOR VEHICLE: NONE
12 COLLATERAL: NONE
13 GENERAL: NONE
14 COLLATERAL: NONE
15 DEBTOR: NONE
16 REGISTRAR: NONE
17 AGENT: NONE

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED ...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

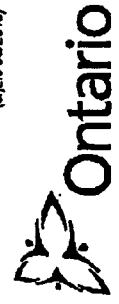
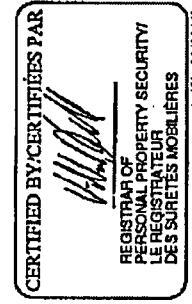
RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

SEARCH CONDUCTED ON
FILE CURRENCY
08DEC 2013

01 CUSTOMER PAGES TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
21 FILE NO. NO. OF PAGES SCHEDULE NUMBER 20130930 1301 1862 5257
22 PAGE AMENDED NO. SPECIAL PAGE AMENDED CHANGE REQUIRED YEARS
23 BUSINESS NAME SHS SERVICES LIMITED PARTNERSHIP
24 OTHER CHANGES TO REFLECT ADDITIONAL ADDRESS OF THE DEBTOR TO REGISTRATION NUMBER
25 20130301 1554 1862 0004.
26 DEBTOR NAME SHS SERVICES LIMITED PARTNERSHIP
27 FIRST GIVEN NAME
28 DATE OF BIRTH
29 DEBTOR ADDRESS 125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM
30 PARTNER NAME
31 BUSINESS NAME SHS SERVICES LIMITED PARTNERSHIP
32 ADDRESS 125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM
33 ASSIGNOR
34 REGISTERED PARTY (ALIM CLAIMANT) ASSIGNMENT
35 COLLATERAL CLASSIFICATION
36 GOODS INVENTORY EQUIPMENT ACCOUNTS RECEIVABLE DATE OF
37 NEW MAKE MOTOR VEHICLE
38 GENERAL COLLATERAL REGISTRATION
39 SECURED PARTY ADDRESS 400-333 BAY STREET TORONTO
40 CYBERBARN 400-333 BAY STREET TORONTO

ON M5H 2R2
TORONTO
*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED... 17



RUN NUMBER : 343
 RUN DATE : 2013/12/09
 ID : 20131209173703.60

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGES : 17
 (5610)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP
 FILE REFERENCE : 08DEC 2013

FOR A COMPLETE LISTING OF CHANGES, STATEMENT OF CHANGES

SEARCH NO. : 007
 TOTAL PAGES : 005
 REGISTRATION NO. : 20130930 1301 1867 5257

REGISTRATION NO. : 685006389

PAGE-AMENDED : NO-SPECIFIC PAGE-AMENDED

RENEWAL PERIOD

REFERENCE : BUSINESS NAME

DEBTOR/CLAIMANT

INITIALS

DATE OF CHANGE : 04/07

RENEWAL PERIOD

DEBTOR/CLAIMANT : SHS SERVICES MANAGEMENT INC.

INITIALS

BUSINESS NAME : SHS SERVICES MANAGEMENT INC.

INITIALS

ADDRESS : 175 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

INITIALS

ASSIGNOR : SHS SERVICES MANAGEMENT INC.

INITIALS

ADDRESS : 175 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

INITIALS

COMMODITY CLASSIFICATION : MOTOR VEHICLE

INITIALS

YEAR MAKE : 2013

INITIALS

VEHICLE : 2013

INITIALS

GENERAL : 2013

INITIALS

SECURED PARTY/CLAIMANT : SHS SERVICES MANAGEMENT INC.

INITIALS

ADDRESS : 175 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

INITIALS

DATE OF MATURITY : 04/07

INITIALS

AMOUNT : 10000.00

INITIALS

NO. OF SECURED PARTIES : 1

INITIALS

DATE OF REGISTRATION : 08DEC 2013

INITIALS

REGISTRATION NO. : 685006389

INITIALS

REGISTRATION NO. : 685006389

INITIALS

REGISTRATION NO. : 685006389

INITIALS

REGISTRATION NO. : 685006389

INITIALS

REGISTRATION NO. : 685006389

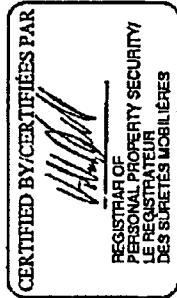
INITIALS

REGISTRATION NO. : 685006389

INITIALS

REGISTRATION NO. : 685006389

INITIALS



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

FORM AC/TRANSFERRING CHARGE STATEMENT / CHARGE STATEMENT
PARTNER NO. OF 005
TOTAL NUMBER OF REGISTRATION'S REGISTERED UNDER NUMBER 20130930 1301 1862 5257
FILES NUMBER 685006389

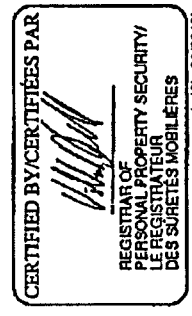
01 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE MARKLED PERIOD
02 FIRST GIVEN NAME INITIAL SURNAM
03 BUSINESS NAME
04/07 ADDRESS 125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM ONTARIO CORPORATION NO. 131774

05 DEBTOR/ FIRST GIVEN NAME INITIAL SURNAM
06 DEBTOR/ BUSINESS NAME
07 DEBTOR/ ADDRESS 125 COMMERCE VALLEY DRIVE W., SUITE 500 MARKHAM

08 ASSIGNOR PARTY/IRN CLAIMANT/ASSIGNER
09 COLLATERAL CLASSIFICATION
10 YEAR MAKE MODEL MOTOR VEHICLE NO. BILHARD

11 MOTOR VEHICLE MODEL
12 YEAR MAKE MODEL
13 CENTRAL COLLATERAL
14 COLLATERAL
15 DESCRIPTION
16 SECURED PARTY ADDRESS
17 LESSEE CLAIMANT

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
CONTINUED...



RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 19
(5612)

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18
REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

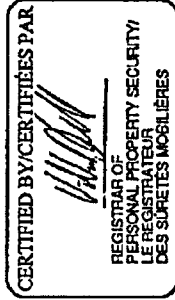
REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

REGISTRATION NUMBER : 20130330130118625237
REGISTRATION DATE : 2013-03-30 13:01:18

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209171703.60

BUSINESS DEBTOR
SHS SERVICES LIMITED PARTNERSHIP
08DEC 2013

KEY CHANGE STATEMENT CHANGE STATEMENT

COPYING OF ORIGINAL MOTOR VEHICLE REGISTRATION PRECISED
PAGE NO. OF PARTS IS 005
FILE NUMBER 20130930 1301 1862 5257

01 RECORD NO. 005
02 FILE NUMBER 685006389

03 PAGE AMENDED NO. SPECIFIC PAGE AMENDED CHANGE PROVIDED
04/07 ADDRESS 125 COMMERCE VALLEY DRIVE N., SUITE 500 MARKHAM ONTARIO CORPORATION NO. 131774

05 DEBTOR/ TRANSFEROR BUSINESS NAME
06 FIRST-GIVEN NAME COMPANY NAME

07 OTHER CHANGE
08 REASON/ DESCRIPTION

09 DEBTOR/ TRANSFEROR DATE OF BIRTH
10 BUSINESS NAME

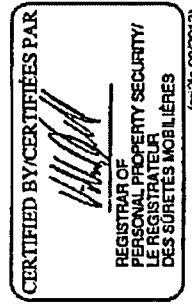
11 ASSIGNOR SECURED PARTY/ LIEN CLAIMANT/ ASSIGNEE
12 ADDRESS

13 COLLATERAL CLASSIFICATION
14 CODE INVENTORY EQUIPMENT ACCORDS TO OTHER INVENTORY FOR MATURITY DATE

15 MOTOR VEHICLE YEAR MAKE MODEL
16 DESCRIPTION OF AGENT OR SECURED PARTY ADDRESS

17 NO. FIXED SECURITY DATE OF MATURITY DATE

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



RUN NUMBER : 343
RUN DATE : 2013/12/09
ID : 20131209173703.60

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

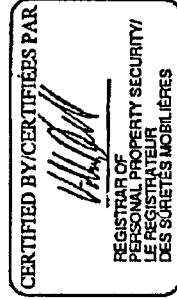
REPORT : PSSR060
PAGE : 21
(5614)

TYPE OF SEARCH : BUSINESS DESTOR
SEARCH CONDUCTED ON : SHS SERVICES LIMITED PARTNERSHIP
FILE CURRENCY : 08DEC 2013

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
692632469	20130927 1206 1590 8295	20131009 1745 1590 9072	
685006362	20130301 1553 1862 0002	20130930 1302 1862 5258	
685006389	20130301 1554 1862 0004	20130930 1301 1862 5257	

6 REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.



RUN NUMBER : 369
RUN DATE : 2013/09/26
ID : 20130926120722.47

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4501)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.

FILE CURRENCY : 25SEP 2013

ENQUIRY NUMBER 20130926120722.47 CONTAINS 23 PAGE(S), 7 FAMILY(IES).

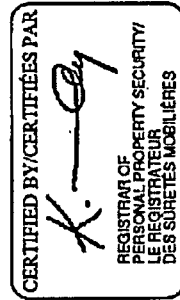
THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

BORDEN LADNER GERVAIS LLP - BOX 15

ON

CONTINUED...

2



Ontario

REPORT : FSSR060
PAGE : 2
(4502)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926130722.47

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC.
25SEP 2013

FORM 35 FINANCING STATEMENT CLAIMS

FILE NUMBER
589853249

01 001 1
 CAVIATION PAGE INITIAL MOTOR VEHICLE REGISTRATION NUMBER UNDER PERIOD
 20130829 0942 1097 4969 P PPSA 03

02 001 1
 DATE OF BIRTH INITIAL SURNAME

03 001 1
 PREVIOUS NAME SHS SERVICES MANAGEMENT INC.

04 001 1
 ADDRESS SUITE 500 - 126 COMMERCE VALLEY DRIVE W. THORNHILL
 OTTAWA ON L3T 7M4

05 001 1
 DATE OF BIRTH INITIAL SURNAME

06 001 1
 BUSINESS NAME SHS SERVICES MANAGEMENT INC.
 OTTAWA ON K1H 8P5

07 001 1
 ADDRESS 2515 ST. LAURENT BLVD.
 MISSISSAUGA ON L5R 3R2

08 001 1
 SECURED PARTY G.N. JOHNSTON EQUIPMENT CO. LTD.

09 001 1
 LIEN CHARGANT 5990 AVEBURY ROAD
 MISSISSAUGA ON L5R 3R2

10 001 1
 GENERAL CLASSIFICATION MOTOR VEHICLE ABOUT TO BE FLYED
 CONSUMER ACCOUNT OTHER RECEIVED MAJORITY OF MANDATORY DATA X

11 001 1
 YEAR 2006
 2006 RAYMOND LIFT TRUCK
 DSS-06-06547

12 001 1
 VEHICLE 2006 RAYMOND LIFT TRUCK
 DSS-06-06547

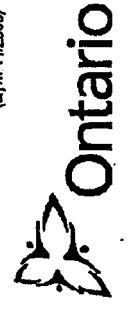
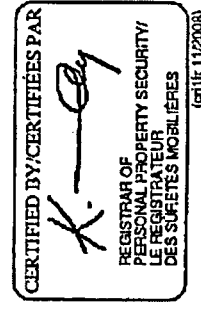
13 001 1
 GENERAL OLDHAM BATTERY N0E50053 CHARGER 202924 REP. SO 255754

14 001 1
 COLLATERAL

15 001 1
 DESCRIPTION

16 001 1
 REGISTERING ADDRESS

17 001 1
 AGENT ADDRESS



CONTINUED... 3

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

TIME OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
DATE CURRENCY : 25SEP 2013

FORMS FINANCING CHANGE STATEMENTS / CHANGE STATEMENTS

COUNTRY : CANADA TOTAL PAGES WHICH REGISTRATION APPLIED UNDER
REGISTRATION NO. OF PAGE SCHEDULE NUMBER UNDER
001 2 20130829 0952 1097 4970

01 FILE NUMBER : 609053249
21 PAGE NUMBER : 001
22 PAGE NUMBER : 002

23 PAGE NUMBER : 003
24 PAGE NUMBER : 004

25 PAGE NUMBER : 005
26 PAGE NUMBER : 006

27 PAGE NUMBER : 007
28 PAGE NUMBER : 008

02/05 DATE OF BIRTH : 1952-01-01
03/05 BUSINESS NAME : SHS SERVICES MANAGEMENT INC.
04/07 ADDRESS : SUITE 500 126 COMMERCE VALLEY DRIVE W. THORNHILL ON L1T 7W4

29 ASSIGNOR : SHS SERVICES MANAGEMENT INC.
08 RECEIVED : 2013/09/26
09 ADDRESS : SUITE 500 126 COMMERCE VALLEY DRIVE W. THORNHILL ON L1T 7W4

10 COLLATERAL CLASSIFICATION : GENERAL
11 MOTOR : NO
12 VEHICLE : NO
13 GENERAL : YES
14 COLLATERAL : NO
15 DESCRIPTION : SHS SERVICES MANAGEMENT INC.
16 REGISTERING AGENCY : ONTARIO
17 SECURITY PARTY : SHS SERVICES MANAGEMENT INC.

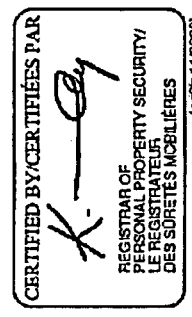
11 YEAR MAKE : 2013
12 MAKE : KIA
13 GENERAL : YES
14 COLLATERAL : NO
15 DESCRIPTION : SHS SERVICES MANAGEMENT INC.
16 REGISTERING AGENCY : ONTARIO
17 SECURITY PARTY : SHS SERVICES MANAGEMENT INC.

11 MISSISSAUGA ON L5R 3R2
12 MAKE : KIA
13 GENERAL : YES
14 COLLATERAL : NO
15 DESCRIPTION : SHS SERVICES MANAGEMENT INC.
16 REGISTERING AGENCY : ONTARIO
17 SECURITY PARTY : SHS SERVICES MANAGEMENT INC.

11 G.N. JOHNSTON EQUIPMENT CO. LTD.
12 MAKE : KIA
13 GENERAL : YES
14 COLLATERAL : NO
15 DESCRIPTION : SHS SERVICES MANAGEMENT INC.
16 REGISTERING AGENCY : ONTARIO
17 SECURITY PARTY : SHS SERVICES MANAGEMENT INC.

11 CONTACT THE SEARCHED PARTY
12 MAKE : KIA
13 GENERAL : YES
14 COLLATERAL : NO
15 DESCRIPTION : SHS SERVICES MANAGEMENT INC.
16 REGISTERING AGENCY : ONTARIO
17 SECURITY PARTY : SHS SERVICES MANAGEMENT INC.

11 CONTACT THE SEARCHED PARTY
12 MAKE : KIA
13 GENERAL : YES
14 COLLATERAL : NO
15 DESCRIPTION : SHS SERVICES MANAGEMENT INC.
16 REGISTERING AGENCY : ONTARIO
17 SECURITY PARTY : SHS SERVICES MANAGEMENT INC.



CONTINUED... 4

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 259
RUN DATE : 2013/09/26
ID : 20130926120722.47

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
FILE CURRENT : 25SEP 2013

FORM 13 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CONTIONS PAGE TOTAL FACTOR VEHICLE REGISTRATION NO. REGISTERED
FILING NO. 002 20130829 0952 1097 4970

01 RECORD NUMBER 689853249
02 PAGE NUMBER 2
03 BUSINESS NUMBER 20130829 0952 1097 4970

04 DEBTOR NAME SHS SERVICES MANAGEMENT INC. (CORPORATE)
05 DEBTOR ADDRESS 2515 ST. LAURENT BLVD. OTTAWA ONTARIO K1H 8P5

06 OTHER CHANGES
07 CREATOR/ASSIGNOR/ASSIGNEE INFORMATION
08 REGISTERED PARTY INFORMATION

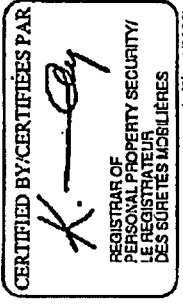
09 REGISTERED PARTY INFORMATION
10 REGISTERED PARTY INFORMATION

11 REGISTERED PARTY INFORMATION
12 REGISTERED PARTY INFORMATION

13 REGISTERED PARTY INFORMATION
14 REGISTERED PARTY INFORMATION

15 REGISTERED PARTY INFORMATION
16 REGISTERED PARTY INFORMATION

17 REGISTERED PARTY INFORMATION



CONTINUED... 5

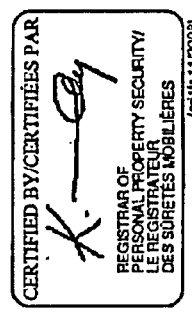
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 259
RUN DATE : 2013/09/26
ID : 20130926120722.47

SEARCH CONDUCTED ON
TYPE CURRENTLY
BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC.
25SEP 2013

00	009689386	
01	20130822 1540 6005 8857	P PPSA 04
02	SHS SERVICES MANAGEMENT INC	THORNHILL
03	125 COMMERCE VALLEY DR W SUITE 500	ON L3T 7M4
04	NATIONAL LEASING GROUP INC.	WINNIPEG
05	1525 BUFFALO PLACE (2635856)	MB R3T 1L9
06	ALL OUTDOOR FORKLIFT OF EVERY NATURE OR KIND DESCRIBED IN LEASE	
07	NUMBER 2231960 BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS	
08	LESSEE, AS ASCENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS,	
09		
10		
11		
12		
13		
14		
15		
16		
17		

CONTINUED...



REPORT : P58R060
PAGE : 6
(4506)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

DEBTOR SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON: SHS SERVICES MANAGEMENT INC.
CURRENCY: 25SEP 2013

FORMIC PENDING STATEMENT CLAIM FOR \$120

FILE NUMBER
58968386

CAUTION PAGE 02 INSTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
EFFECTIVE DATE: 02/01/2013 20130822 1540 6035 8857

002 2

01 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION NO:

02 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

03 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

04 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

05 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

06 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

07 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

08 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

09 DEBTOR NAME ADDRESS
ONTARIO CORPORATION NO:

10 COLLATERAL CLASSIFICATION MOTOR VEHICLE AMOUNT OF DEBT OF NO. INDEXED
CONSIDERED INVENTORY EQUIPMENT & ACCOUNTS IN-CHARGE IN MATCH UP OF MATURITY DATE

11 MOTOR YEAR MAKE MODEL

12 VEHICLE

ACCESSORIES AND SUBSTITUTIONS.

13 ACCESSORIES AND SUBSTITUTIONS

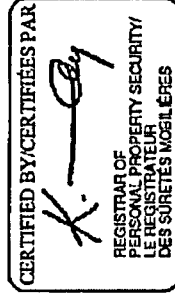
14 ACCESSORIES AND SUBSTITUTIONS

15 ACCESSORIES AND SUBSTITUTIONS

16 ACCESSORIES AND SUBSTITUTIONS

17 ACCESSORIES AND SUBSTITUTIONS

CONTINUED...

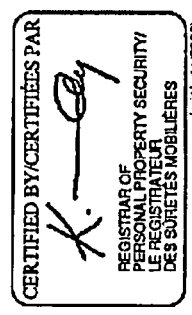


REPORT : PSSR060
 PAGE : 7
 (4507)

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120722.47

00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17
BUSINESS DEBTOR SHS SERVICES MANAGEMENT INC. 25SEP 2013 FINANCING STATEMENT CLAIM FOR LIEN 689058621 01 003 20130730 1936 1531 8413 P PTSA 6 02 SHS SERVICES MANAGEMENT INC. ETOBICOKE ON M9W 3W4 03 2200 ISLINGTON AVENUE ETOBICOKE ON M9W 3W4 04 DE LAGE LANDEN FINANCIAL SERVICES CANADA INC. OAKVILLE ON L6L 0C4 05 3450 SUPERIOR COURT, UNIT 1 OAKVILLE ON L6L 0C4 06 D-H LIMITED PARTNERSHIP BURNABY BC V5G 3S8 07 SUITE 200, 4126 NORLAND AVENUE BURNABY BC V5G 3S8 08 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 09 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 10 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 11 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 12 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 13 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 14 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 15 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 16 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO. 17 ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO, REGISTERED IN THE MOTOR VEHICLE REGISTRATION SYSTEM OF THE PROVINCE OF ONTARIO.																	



CONTINUED... 8

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
CURRENCY : 25SEP 2013

FORM 55 - FINANCING STATEMENT - CLAIM FOR LIEN

00
FILE NUMBER
689058621

01
PARTY NAME : MOTOR VEHICLE REGISTRATION
PARTY NUMBER : 20130730 1936 1531 9413
REGISTRATION PERIOD : 003

02
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

03
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

04
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

05
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

06
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

07
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

08
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

09
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

10
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

11
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

12
DEBTOR NAME : FIRST-TECH
FIRST-TECH NAME : FIRST-TECH
ADDRESS : 1000 SHEPPARD AVENUE EAST
TORONTO ONTARIO M2X 1L7

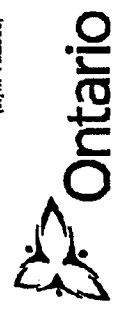
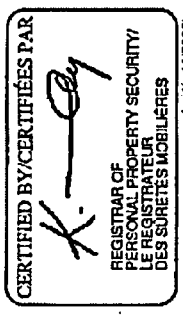
13
GENERAL DESCRIPTION

14
COLLATERAL

15
DESCRIPTION

16
REGISTERING

17
AGENT



CONTINUED...

REPORT : P5SR060
PAGE : 9
(4509)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RIN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC.
25SEP 2013

00
FILE NUMBER
689056621

01
REGISTRATION PAGE NO. OF PAGES
03 003
20130730 1936 1531 8413

02
DEBTOR NAME
03
BUSINESS NAME
04
ADDRESS
ONTARIO CORPORATION NO.

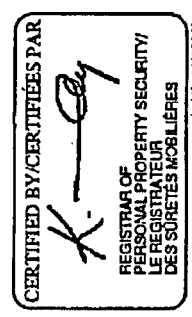
05
DEBTOR NAME
06
ADDRESS
07
ADDRESS
ONTARIO CORPORATION NO.

08
SECURED PARTY NAME
09
ADDRESS
10
GENERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE ACCOUNT NUMBER DATE OF REGISTRATION
EQUIPMENT ACCOUNTS OTHER INCLUDED IN REGISTRATION NATURALITY OF NATURALITY DATE

11
MOTOR VEHICLE MAKE
12
MOTOR VEHICLE MODEL

13
GENERAL DESCRIPTION
14
COLLATERAL DESCRIPTION
15
DESCRIPTION

16
REGISTRATION AGENT
17
ADDRESS



CONTINUED... 10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926123722.47

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC.
25SEP 2013

CHAMPION MESSAGE TOTAL MOTORS VEHICLES REGISTRATION REGISTRATION
REGISTRATION ON PAGE SCHEDULE NUMBER UNDER
01 003

20130823 1935 1531 6064

01 21

22

23 24

25 26 27

02/ 05

03/ 06

04/07

29 08 09

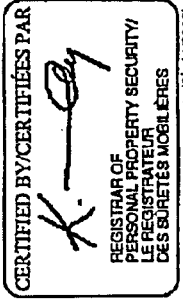
10 11 12 13 14 15 16 17

ON M9W 3W4

STOBICOKE

2200 ISLINGTON AVENUE

STOBICOKE



BC V5G 3S8

BURNABY

4126 NORLAND AVENUE

BURNABY

CONTINUED...

11

REPORT : PSSR060
PAGE : 11
(4511)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

BUSINESS DESTOR
SHS SERVICES MANAGEMENT INC.
25SEP 2013

FORM 25 (REV. 01/01) CHANGE STATEMENT / CHANGE STATEMENT

CAUTION: THIS PAGE CONTAINS INFORMATION FROM THE REGISTRATION SYSTEM. IT IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.

01 RECORD NO. 20130823 1935 1531 6064

21 FILE NUMBER 689058621

22 PAGE AMOUNTS AND SPECIFIC PAGE AMOUNTS

23 BUSINESS NAME

24 OTHER BUSINESS

25 OTHER BUSINESS

26 OTHER BUSINESS

27 OTHER BUSINESS

02/ BUSINESS NAME

05 BUSINESS NAME

03/ BUSINESS NAME

06 BUSINESS NAME

04/07 ADDRESS 2200 ISLINGTON AVENUE

29 ADDRESS 2200 ISLINGTON AVENUE

08 ADDRESS 2200 ISLINGTON AVENUE

09 ADDRESS 2200 ISLINGTON AVENUE

10 ADDRESS 2200 ISLINGTON AVENUE

11 ADDRESS 2200 ISLINGTON AVENUE

12 ADDRESS 2200 ISLINGTON AVENUE

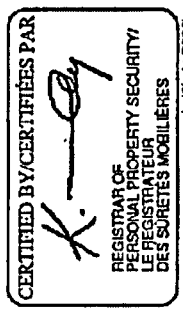
13 ADDRESS 2200 ISLINGTON AVENUE

14 ADDRESS 2200 ISLINGTON AVENUE

15 ADDRESS 2200 ISLINGTON AVENUE

16 ADDRESS 2200 ISLINGTON AVENUE

17 ADDRESS 2200 ISLINGTON AVENUE



CONTINUED... 12

ONTARIO CORPORATION
ON X9W 3W4

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED BY : SHS SERVICES MANAGEMENT INC.
FILE CURRENCY : 25SRP 2013

BODY 2L FINANCING CHANGE STATEMENT CHANGE STATEMENT

01 PAYMENT PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
02 FILE NUMBER 03 003 20130823 1935 1531 6064

03 REFERENCE NO. SPECIFIC PAGE NUMBER CHANGE REQUESTED PERIOD
04 003 689058621

05 FIRST GIVEN NAME INITIAL SURNAME
06 DEPTN / ADDR

07 OTHER CHANGE
08 REASON / DISPOSITION

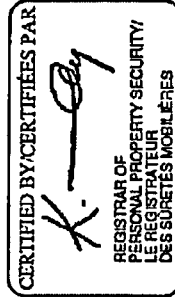
09 DATE OF BIRTH FIRST GIVEN NAME SURNAME
10 BUSINESS NAME GESTION DES SERVICES SHS INC./SHS SERVICES MANAGEMENT INC.

2200 ISLINGTON AVENUE
STOBIKOKE ON M9W 3W4

29 ASSISTANCE
08 003 689058621 003 689058621

09 REGISTRATION CERTIFICATION
10 CONSUMER OR BUSINESS ACCOUNT OTHER ACCOUNTS INCLUDED DATE OF MOTORIZED OR UNMOTORIZED

11 MOTOR VEHICLE REGISTRATION
12 REGISTRATION
13 GENERAL
14 DESCRIPTION
15 REGISTERED AS
16 DEPTN / ADDR



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
BY : CHERRY : 25SEP 2013

FORM 1 - P P S R SEARCH STATEMENT / CLAIM FOR LIEN

00
DEBTOR NUMBER
685006353

01
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6
DATE OF BIRTH : 20130301 1553 1862 0001 P PPSA 10

02
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

03
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

04
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

05
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

06
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

07
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

08
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

09
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

10
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

11
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

12
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

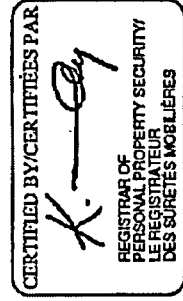
13
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

14
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

15
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

16
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6

17
DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE
CALGARY AB T2H 2P6



PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 INQUIRY RESPONSE
 CERTIFICATE

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120722.47

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
 FILE REFERENCE : 25SEP 2013

FORM OF FILING STATEMENT / CLAIM FOR FILING

00
 685006353

01
 CAUTION: THIS INFORMATION IS FOR INFORMATIONAL PURPOSES ONLY. IT IS NOT A GUARANTEE OF ACCURACY. THE INFORMATION IS PROVIDED AS IS. THE REGISTRAR OF PERSONAL PROPERTY SECURITY REGISTRATION IS NOT RESPONSIBLE FOR THE CONTENTS OF THIS INFORMATION. 20130301 1553 1862 0001

02
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

03
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

04
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

05
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

06
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

07
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

08
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

09
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

10
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

11
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

12
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

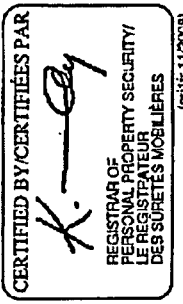
13
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

14
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

15
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

16
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

17
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. 20130301 1553 1862 0001
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
FILE CURRENCY : 25SEP 2013

FORM 1 - FINANCING STATEMENT / CLAIM FOR FLEAS

FILE NUMBER : 685006362

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

00
01
02
03
04
05
06
07

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

08
09
10
11
12
13
14
15
16
17

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

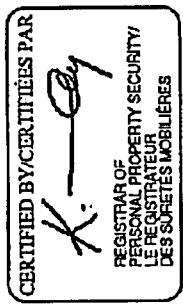
REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10

REGISTRATION NUMBER : 20130301 1553 1862 0002 P PPSA 10



CONTINUED... 16

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

SEARCH CONDUCTED ON
FILE NUMBER : 25SEP 2013
BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC.

FORM TO FINANCING STATEMENT / CLAIM FOR LIEN

00
685006362

01
CAUTION: THIS INFORMATION IS FOR YOUR INFORMATION ONLY. THIS INFORMATION IS NOT TO BE USED AS A BASIS FOR A LEGAL OPINION.
20130301 1553 1862 0002

02
DEBTOR NAME : SHS SERVICES MANAGEMENT INC. CALGARY

03
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

04
FIRST NAME : SHS SERVICES MANAGEMENT INC. CALGARY

05
LAST NAME : SHS SERVICES MANAGEMENT INC. CALGARY

06
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

07
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

08
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

09
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

10
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

11
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

12
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

13
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

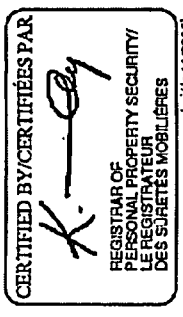
14
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

15
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

16
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

17
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY

CONTINUED... 17



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722-47

TYPE OF SEARCH : BUSINESS DESTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
PRINT NUMBER : 25SEP 2013

00 FILE NUMBER 685006362

01 REGISTRATION NUMBER 20130301 1553 1862 0002
 REGISTRATION NUMBER 20130301 1553 1862 0002
 REGISTRATION NUMBER 20130301 1553 1862 0002

02 DEBTOR NAME SHS SERVICES MANAGEMENT INC.
 ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

03 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

04 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

05 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

06 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

07 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

08 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

09 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

10 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

11 MOTOR VEHICLE YEAR MAKE MODEL

12 MOTOR VEHICLE YEAR MAKE MODEL

13 GENERAL COMMENTS

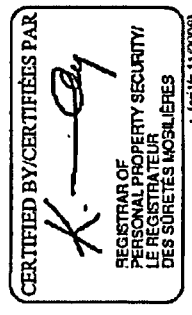
14 COMMENTS

15 DESCRIPTION

16 REGISTERING AGENT ADDRESS

17 REGISTERING AGENT ADDRESS

CONTINUED... 18



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC.
25SEP 2013

FORM 10 - FINANCING STATEMENT CLAIM FOR PRIORITY

00
685006371

01
002
20130301 1553 1862 0003

02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17

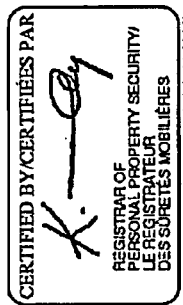
DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY, AB T2H 2P6
BUSINESS NAME: SHS SERVICES MANAGEMENT INC.
ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY, AB T2H 2P6

REGISTERED PARTY: SHS SERVICES MANAGEMENT INC.
ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY, AB T2H 2P6

SECURED PARTY: SHS SERVICES MANAGEMENT INC.
ADDRESS: 245, 1209 59TH AVENUE SE, CALGARY, AB T2H 2P6

VEHICLE: 2013 TOYOTA CAMRY
YEAR: 2013
MAKE: TOYOTA
MODEL: CAMRY

REGISTRATION: 20130301 1553 1862 0003



RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120722.47

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : P5SR060
PAGE : 22
(4522)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
SEARCH CURRENCY : 25SEP 2013

FINANCING STATEMENT / CHAIN OF TITLE

00
FILE NUMBER
685006383

01
PARTY ON REGISTER TOTAL VEHICLE REGISTRATION REGISTRATION
FINANCING INCOME OF PAGES SCHEDULE NUMBERS DUESY ALL REGION
003 003 20130301 1554 1862 0004

02
DEBTOR
DATE OF BIRTH
FIRST GIVEN NAME
SURNAME

03
BUSINESS NAME
ADDRESS
CITY
PROVINCE

04
GSTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
245, 1209 59TH AVENUE SE
CALGARY
ONTARIO CORPORATION
AB T2H 2P6

05
DEBTOR
DATE OF BIRTH
BUSINESS NAME
ADDRESS

06
NAME
ADDRESS

07
ADDRESS

08
SECURITY PARTY
ADDRESS

09
ADDRESS

10
COMMERICAL CLASSIFICATION
DATE OF REGISTRATION

11
MOTOR
YEAR MAKE MODEL

12
VEHICLE

13
MOTOR

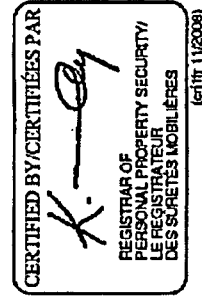
14
COLLATERAL

15
DESCRIPTION

16
REGISTRATION

17
SPIN

CONTINUED . . . 23



PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

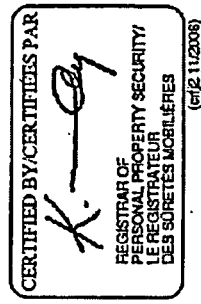
RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130936120723.47

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
 FILE CURRENCY : 25SEP 2013

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
689853249	20130829 0942 1097 4969	20130829 0952 1097 4970	
689689386	20130822 1540 6005 8857		
689058621	20130730 1936 1531 8413	20130823 1935 1531 6064	
685006353	20130301 1553 1862 0001		
685006362	20130301 1553 1862 0002		
685006371	20130301 1553 1862 0003		
685006389	20130301 1554 1862 0004		

9 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



REPORT : PSSR060
PAGE : 1
(4524)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926130746.54

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.

FILE CURRENCY : 25SEP 2013

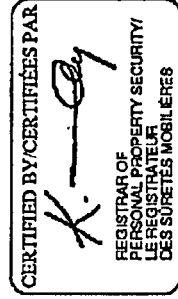
ENQUIRY NUMBER 20130926120746.54 CONTAINS 21 PAGE(S), 6 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

BORDEN LADNER GERVAIS LLP - BOX 15

ON

CONTINUED... 2



Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

TYPE OF SEARCH : BUSINESS DESTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.
DATE : 25SEP 2013

FORM OF CLAIMING STATEMENT / CLAIM OF INTEREST

FILE NUMBER
889853249

REGISTRATION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION REGISTRATION REGISTRATION
CHARGE NO. OF PAGES 001 1 20130829 0942 1097 4959 P PPSA 01

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

BUSINESS NAME SHS SERVICES MANAGEMENT INC.

ADDRESS SUITE 500 - 126 COMMERCE VALLEY DRIVE W. THORNHILL

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

BUSINESS NAME SHS SERVICES MANAGEMENT INC.

ADDRESS 2515 ST. LAURENT BLVD. OTTAWA

BUSINESS NAME G.Y. JOHNSTON EQUIPMENT CO. LTD.

ADDRESS 5990 AVEBURY ROAD MISSISSAUGA

COLLATERAL CLASSIFICATION MOTOR VEHICLE REGISTRATION DATE OF REGISTRATION DATE OF REGISTRATION DATE OF REGISTRATION
CONSIDER INVENTORY ACCOUNTS OTHER INCLUDED REALTY OF MATURED PAID X

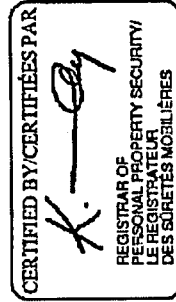
YEAR MAKE MODEL
2006 RAYMOND LIFT TRUCK DSS300

GENERAL DESCRIPTION OLDHAM BATTERY NCS50062 CHARGER 202924 REF. SO 255754

REGISTRATION TAG NO. ADDRESS

REGISTRATION TAG NO. ADDRESS

CONTINUED... 3



RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(4526)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH COMMENCED ON :
FILE CURRENCY : 25SEP 2013
GESTION DES SERVICES SHS INC.

FINANCIAL STATEMENT / ENGAGEMENT

CAUTION: THIS REPORT IS FOR YOUR PRIVATE USE ONLY. IT IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.

20130829 0952 1097 4370

01 RECORD NUMBER 001
02 FILE NUMBER 689853249
03 REGISTRATION NUMBER 20130829 0952 1097 4370
04 REGISTRATION DATE 20130829 0952 1097 4370

05 BUSINESS NAME SHS SERVICES MANAGEMENT INC.
06 FIRST GIVEN NAME
07 LAST GIVEN NAME
08 BUSINESS ADDRESS SUITE 500 126 COMMERCE VALLEY DRIVE W. THORNHILL ON L3T 7W4

09 OTHER CHANGE
10 REASON FOR CHANGE
11 DESCRIPTION

12 DATE OF BIRTH
13 FIRST GIVEN NAME
14 LAST GIVEN NAME
15 BUSINESS NAME
16 ADDRESS SUITE 500 126 COMMERCE VALLEY DRIVE W. THORNHILL ON L3T 7W4

17 ASSIGNOR
18 SECURED PARTY / LENDER / ASSIGNEE
19 ADDRESS

20 MOTOR VEHICLE
21 YEAR MAKE
22 MOTOR VEHICLE IDENTIFICATION NUMBER
23 MOTOR VEHICLE REGISTRATION NUMBER
24 MOTOR VEHICLE REGISTRATION DATE

25 REGISTERING AGENCY
26 SECURED PARTY / LENDER / ASSIGNEE
27 ADDRESS

28 MOTOR VEHICLE IDENTIFICATION NUMBER
29 MOTOR VEHICLE REGISTRATION NUMBER
30 MOTOR VEHICLE REGISTRATION DATE

31 REGISTERING AGENCY
32 SECURED PARTY / LENDER / ASSIGNEE
33 ADDRESS

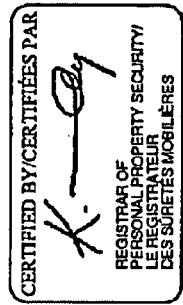
34 MOTOR VEHICLE IDENTIFICATION NUMBER
35 MOTOR VEHICLE REGISTRATION NUMBER
36 MOTOR VEHICLE REGISTRATION DATE

37 REGISTERING AGENCY
38 SECURED PARTY / LENDER / ASSIGNEE
39 ADDRESS

40 MOTOR VEHICLE IDENTIFICATION NUMBER
41 MOTOR VEHICLE REGISTRATION NUMBER
42 MOTOR VEHICLE REGISTRATION DATE

43 REGISTERING AGENCY
44 SECURED PARTY / LENDER / ASSIGNEE
45 ADDRESS

46 MOTOR VEHICLE IDENTIFICATION NUMBER
47 MOTOR VEHICLE REGISTRATION NUMBER
48 MOTOR VEHICLE REGISTRATION DATE



CONTINUED ... 4

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC.
25SEP 2013

FORM 22 - FINANCING CHANGE STATEMENT / CHANGE STATEMENT

LOCATION: PAGE: TOTAL MOTOR VEHICLES - REGISTRATION IN PROGRESS SYSTEM
FINANCING: NO. OF PAGES: 09/2
FILE NUMBER: 589853249 20130829 0952 1097 4970

PAGE NUMBER: 09/2
PAGE AMENDED: NO. SPECIFIC PAGES AMENDED: 1
BUSINESS NAME: GESTION DES SERVICES SHS INC.

OTHER CHANGES: NONE
REASON: OTHER CHANGES

DEBTOR NAME: GESTION DES SERVICES SHS INC.
ADDRESS: 2515 ST. LAURENT BLVD. OTTAWA ON K1H 8P5

REGISTRATION DATE: 20130829 0952 1097 4970

REGISTRATION NUMBER: 20130829 0952 1097 4970

REGISTRATION TYPE: MORTGAGE

REGISTRATION CLASSIFICATION: MORTGAGE

REGISTRATION STATUS: REGISTERED

REGISTRATION DATE: 20130829 0952 1097 4970

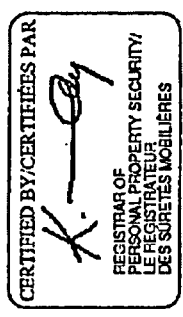
REGISTRATION NUMBER: 20130829 0952 1097 4970

REGISTRATION TYPE: MORTGAGE

REGISTRATION CLASSIFICATION: MORTGAGE

REGISTRATION STATUS: REGISTERED

REGISTRATION DATE: 20130829 0952 1097 4970



CONTINUED...

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.
FILE NUMBER : 25SEP 2013

FORM IC FINANCING STATEMENT CLAIM FOR LEND

FILE NUMBER
689058621

CAUTION: PAGE NO. OF TOTAL PAGES: 01 003
SCHEDULE NUMBER: 20130730 1936 1531 8413 P PFSA 6

00
01
02
03
04
05
06
07
08
09

DEBTOR NAME: SHE SERVICES MANAGEMENT INC.
ADDRESS: 2200 ISLINGTON AVENUE
CITY: ETOBICOKE
PROVINCE: ON
POSTAL CODE: M9W 3W4

OUTABLE CORPORATION INC.
ON M9W 3W4

10
11
12
13
14
15
16
17

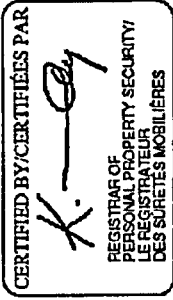
DE LACE LANDEN FINANCIAL SERVICES CANADA INC.
3450 SUPERIOR COURT, UNIT 1
OAKVILLE
ON L6L 0C4

DATE OF MOTOR VEHICLE PURCHASE: [REDACTED]
DATE OF MATURITY: [REDACTED]

YEAR MAKE: 2013 CROWN
VIN: RE571535TT210

ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO,

REGISTERED TO: D-H LIMITED PARTNERSHIP
ADDRESS: SUITE 200, 4126 NORLAND AVENUE
CITY: BURNABY
PROVINCE: BC
POSTAL CODE: V5G 3S8



CONTINUED... 6

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : REGISTRATION DES SERVICES SHS INC.
FILE COUNTRY : 25SEP 2013

REGISTRATION NUMBER : 689058621

00 REGISTRATION NUMBER : 689058621
01 REGISTRATION NUMBER : 20130730 1936 1531 8413

02 DEBTOR NAME : [REDACTED]
03 BUSINESS NAME : [REDACTED]
04 ADDRESS : [REDACTED]

05 SECURED PARTY NAME : [REDACTED]
06 ADDRESS : [REDACTED]

07 COLLATERAL CLASSIFICATION : [REDACTED]

08 YEAR MAKE : [REDACTED]
09 MOTOR VEHICLE : [REDACTED]

10 GENERAL COLLATERAL : [REDACTED]
11 REGISTRATION : [REDACTED]

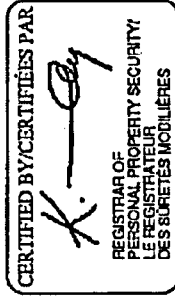
12 ADDRESS : [REDACTED]

ONTARIO CORPORATION

ONTARIO CORPORATION

ALL ATTACHMENTS, ACCESSORIES AND ACCESIONS THERETO OR THEREON, ALL REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS OF ALL OR ANY PART OF THE FOREGOING AND ALL PROCEEDS IN ANY FORM DERIVED

CONTINUED...



(enfr. 11/2008)



REPORT : P5SR060
PAGE : (4530)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

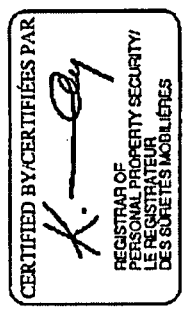
SYSTEM OF SEARCH : BUSINESS DETECTOR
SEARCH COMPLETED : GESTION DES SERVICES SHS INC.
FILE CURRENCY : 25SEP 2013

00
689058621

01
20130730 1936 1531 8413

02
03
04
05
06
07
08
09

10
11
12
13
14
15
16
17



CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES BIENS MOBILIERS
(cf/ltfr 112308)

CONTINUED...

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(4532)

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC.
25SEP 2013

TYPE OF SEARCH
SEARCHED BY
FILE CURRENCY
FILE NUMBER

FOR AN FINANCING CHANGE STATEMENT / CHANGE STATEMENT

SECTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILE NO. OF PAGES OF SUBMITTER NUMBER UNDER

02 003 20130823 1935 1531 6064

FILE NUMBER 689058621

PAGE NUMBER OF REGISTERED PAGE NUMBER CHANGE REGISTERED

FIRST GIVEN NAME

EXPANDED NAME

OTHER CHANGE
REASON?
DESCRIPTION

ID NUMBER

FIRST GIVEN NAME

BUSINESS NAME

SHS SERVICES MANAGEMENT INC./GESTION DES SERVICES SHS INC.

ADDRESS 2200 ISLINGTON AVENUE

ONTARIO CORPORATION NO. 10784 ON M9W 3M4

29 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

08 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

09 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

10 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

11 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

12 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

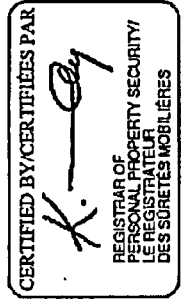
13 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

14 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

15 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

16 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE

17 MOTOR SECURED PARTY / LIEN CLAIMANT / ASSIGNEE



CONTINUED... 10

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120746.54

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 10
 (4533)

BUSINESS DEBTOR
 GESTION DES SERVICES SHS INC.
 25SEP 2013

CHANGE STATEMENT / CHANGE STATEMENT

01 REGISTRATION PAGE TOTAL MOTOR VEHICLE REGISTRATION NO. REGISTERED
 21 REGISTRATION PAGE NO. OF PAGES UNDER REGISTRATION NO. 10130823 1935 1531 6064

22 REGISTRATION PAGE NO. OF PAGES UNDER REGISTRATION NO. 10130823 1935 1531 6064

23 REPRESENTATIVE BUSINESS NAME
 24 REPRESENTATIVE BUSINESS NAME

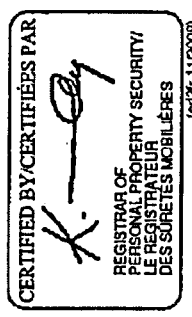
25 OTHER CHANGE
 26 REASON FOR CHANGE
 27 REASON FOR CHANGE

02/ BUSINESS NAME
 05 BUSINESS NAME
 03/ BUSINESS NAME
 06 BUSINESS NAME

04/07 ADDRESS: 2200 ISLINGTON AVENUE ETOBICOKE ON M9W 3M4

29 PASSTOOR
 08 SECURED PARTY LHM CLY DNT ASS CNE

09 COLLATERAL CLASSIFICATION
 10 CONSUMER MOTOR VEHICLE
 11 MOTOR VEHICLE EQUIPMENT ACCESSORIES
 12 YEAR MAKE
 13 CHASSIS
 14 COLLECTOR
 15 DESCRIPTION
 16 REGISTERING AGENT OF
 17 REGISTERING AGENT OF



CONTINUED ... 11

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

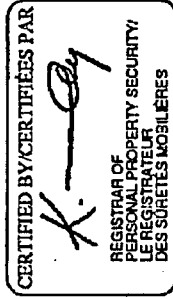
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.
FILE CHANGED ON : 25SEP 2013

FORMAL FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER : 685006353

00
01
02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17

00
01
02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17



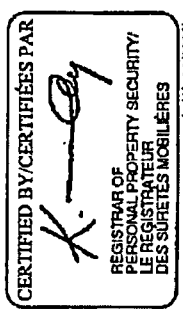
REPORT : PSSR060
PAGE : 13
(4536)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC.
25SEP 2013

00	PIAP NUMBER 685005362		
01	CAUTION PAGE NATIONAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION REMAINING PAGE OF PAGE SCHEDULES NUMBER UNDER PERIOD 001 003 20130301 1553 1862 0002 P PSSA 10		
02	DEBTOR NAME SHS SERVICES LIMITED PARTNERSHIP		
03	DEBTOR ADDRESS 245, 1209 59TH AVENUE SE	CALGARY	AB T2H 2P6
04	DEBTOR BUSINESS NAME SHS SERVICES MANAGEMENT INC.		
05	DEBTOR ADDRESS 245, 1209 59TH AVENUE SE	CALGARY	AB T2H 2P6
06	DEBTOR BUSINESS NAME SEARS CANADA INC.		
07	DEBTOR ADDRESS 290 YONGE STREET, SUITE 700	TORONTO	ON M5B 2C3
08	DEBTOR BUSINESS NAME CYBERBAHN		
09	DEBTOR ADDRESS 400-333 BAY STREET	TORONTO	ON M5H 2R2
10	DEBTOR BUSINESS NAME FOR FURTHER INFORMATION CONTACT THE SECURED PARTY		



CONTINUED... 14

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC.
25SEP 2013

FORM 39 - FINANCING STATEMENT - CLAIM FOR LIEN

FILE NUMBER
685006362

CAUTION: THIS INFORMATION IS FOR YOUR INFORMATION ONLY. IT IS NOT TO BE USED FOR ANY OTHER PURPOSE.
REGISTRATION No. OF PAGE: 003
REGISTRATION No. OF REGISTERED VEHICLES: 20130301 1553 1862 0002

01 DATE OF BIRTH: 003
FIRST GIVEN NAME: HENRI

02 DEBTOR NAME: SHS INC. 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

03 REGISTRATION No. OF BIRTH: 003
FIRST GIVEN NAME: HENRI

04 DEBTOR NAME: SHS INC. 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

05 REGISTRATION No. OF BIRTH: 003
FIRST GIVEN NAME: HENRI

06 DEBTOR NAME: SHS INC. 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

07 REGISTRATION No. OF BIRTH: 003
FIRST GIVEN NAME: HENRI

08 DEBTOR NAME: SHS INC. 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

09 REGISTRATION No. OF BIRTH: 003
FIRST GIVEN NAME: HENRI

10 DEBTOR NAME: SHS INC. 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

11 MOTOR VEHICLE: 20130301 1553 1862 0002

12 YEAR MAKE: 2013

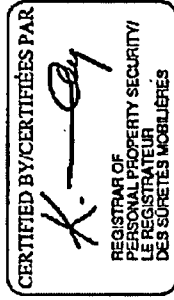
13 CURRENT COLLATERAL: 20130301 1553 1862 0002

14 COLLATERAL DESCRIPTION: 20130301 1553 1862 0002

15 REGISTRATION No. OF BIRTH: 003
FIRST GIVEN NAME: HENRI

16 DEBTOR NAME: SHS INC. 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

17 REGISTRATION No. OF BIRTH: 003
FIRST GIVEN NAME: HENRI



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

BUSINESS DEBTOR
SEARCH CONDUCTED ON
FILE COPY BY
25SEP 2013
GESTION DES SERVICES SHS INC.

FORM 11 - FINANCING STATEMENT CLAIM FOR LIEN
FILE NUMBER
685006371

01 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

02 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
03 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
04 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

05 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
06 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

07 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
08 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

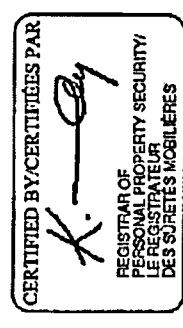
09 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
10 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

11 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
12 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

13 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
14 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

15 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)
16 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

17 001 002 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)



REPORT : PSSR060
PAGE : 17
(4540)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

TYPE OF BRANCH : BUSINESS DIRECTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.
FILE CORRENY : 25SEP 2013

FROM : FINANCIAL STATEMENT / CLAIM FOR LITIGATION

FILE NUMBER : 88506371

CAUTION: EACH PAGE TOTAL MOTOR VEHICLE REGISTRATION IS REGISTERED REGISTRATION
FILE NO. OF PAGES SCHEDULE NUMBER ORDER HEAD

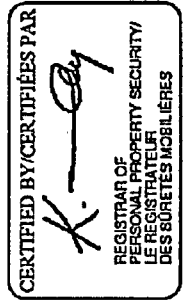
20130301 1553 1962 0003

00	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
01	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
02	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
03	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
04	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
05	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
06	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
07	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222

08	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
09	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
10	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222

11	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
12	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
13	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
14	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
15	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222

16	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222
17	002	002	SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.	ONTARIO CORPORATION 222



CONTINUED... 18

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : P5SR060
 PAGE : 18
 (4541)

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120746.54

SEARCHED FOR BUSINESS DEBTOR / GASTION DES SERVICES SHS INC.
 SEARCH CONDUCTED ON 25SEP 2013
 FILE NUMBER 685006389

00 CAUTION: THIS INFORMATION IS UNCLASSIFIED AND IS NOT TO BE USED FOR...
 01 001 003 20130301 1554 1862 0004 P PPSA 99 (PERPETUAL)

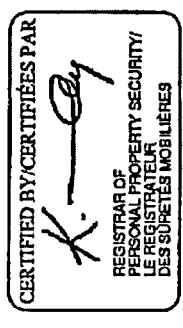
02 DATE OF BIRTH [REDACTED] SURNAME [REDACTED]
 03 BUSINESS NAME SHS SERVICES LIMITED PARTNERSHIP
 04 ADDRESS 245, 1209 59TH AVENUE SE CALGARY
 05 NAME OF BIRTH [REDACTED] SURNAME [REDACTED]
 06 BUSINESS NAME SHS SERVICES MANAGEMENT INC.
 07 ADDRESS 245, 1209 59TH AVENUE SE CALGARY

08 SEARS CANADA INC.
 09 ADDRESS 290 YONGE STREET, SUITE 700 TORONTO
 10 COLLATERAL CLASS IF CANTON
 CONSUMER [REDACTED] MOTOR VEHICLE AMOUNT [REDACTED] DATE OF [REDACTED]
 11 MOTOR [REDACTED]
 12 VEHICLE [REDACTED]

13 GENERAL [REDACTED]
 14 COLLATERAL [REDACTED]
 15 DESCRIPTION [REDACTED]
 16 REGISTERING [REDACTED]
 17 GRANT [REDACTED]

REGISTRATION CLASS IF CANTON
 ADDRESS CYBERBAEN TORONTO
 400-333 BAY STREET ON M5B 2R2

CONTINUED... 19



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120746.54

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.
FILE NUMBER : 25SEP 2013

00 FILE NUMBER : 685006389

01 CAPTAIN'S PAGE : MOTOR VEHICLE REGISTRATION
TABLE NO. OF REGISTRATION : 20130301 1554 1862 0304

02 ADMINISTRATOR : CENTRAL SUPERVISOR

03 BUSINESS NAME : GESTION DES SERVICES SHS INC.
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

04 DATE OF BIRTH :
BUSINESS NAME : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

05 DEPTO :
NAME :
ADDRESS :

06 EQUIPPED PARTY :
ITEM CLAIMANT :
ADDRESS :

07 COLLATERAL CLASSIFICATION :
CONSIDERED :
GOODS INVENTORY, EQUIPMENT, ACCOUNTS, DATE OF PURCHASE, DATE OF ACQUISITION, DATE OF PURCHASE, DATE OF ACQUISITION

10 YEAR MAKE :
MODEL :

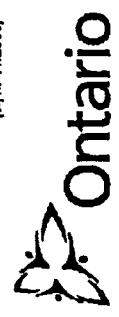
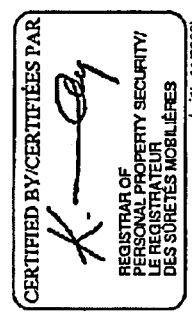
11 MOTOR :
VEHICLE :

13 GENERAL COLLATERAL DESCRIPTIONS :

16 REGISTERING PARTY :

17 ADDRESS :

CONTINUED... 20



PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120746.54

SEARCHED BY : BUSINESS DEBTOR
 SEARCH COMPLETED ON : GESTION DES SERVICES SHS INC.
 FILE REFERENCE : 25SEP 2013

FORM IS FINANCING STATEMENT & CLAIM FOR FIDUCIARY

00 FILE NUMBER
 685006389

01 REGISTRATION NUMBER 20130301 1554 1862 0004
 REGISTRATION DATE 20130301 1554 1862 0004

02 DEBTOR NAME
 03 BUSINESS NAME GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
 04 ADDRESS 245, 1209 59TH AVENUE SR CALGARY AB T2H 2P6

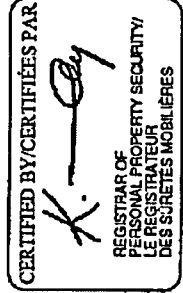
05 DEBTOR DATE OF BIRTH
 06 BUSINESS NAME
 07 ADDRESS

08 REGISTRAR'S NAME
 09 ADDRESS

10 COLLATERAL QUALIFICATION
 11 PURPOSE
 12 ARTICLE

13 GENERAL COLLATERAL DESCRIPTION
 14 COLLATERAL DESCRIPTION
 15 DESCRIPTION

16 REGISTERING PARTY
 17



REPORT : PSSR060
PAGE : 21
(4544)

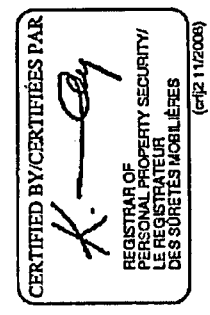
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926130746.54

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC.
FILE CURRENCY : 25SEP 2013

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
689853249	20130829 0942 1097 4969	20130829 0952 1097 4970	
689058621	20130730 1936 1531 8413	20130823 1935 1531 6064	
685006353	20130301 1553 1862 0001		
685006362	20130301 1553 1862 0002		
685006371	20130301 1553 1862 0003		
685006389	20130301 1554 1862 0004		



8 REGISTRATIONS(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4546)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.

FILE CURRENCY : 25SEP 2013

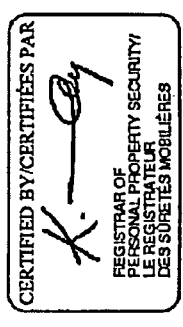
ENQUIRY NUMBER 20130926120904.49 CONTAINS 18 PAGE(S), 5 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

BORDEN LADNER GERVAIS LLP - BOX 15

ON

CONTINUED... 2



REPORT : PSSR060
PAGE : 2
(4547)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

SEARCHED BY: BUSINESS DEBTOR
SEARCH CONDUCTED BY: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FILE DUE DATED: 25SEP 2013

FORM I.C. FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
689058621

01 01 003 20130730 1936 1531 8413 P. PPSA 6

02 03 04 05 06 07 08 09

DEBTOR NAME: SHS SERVICES MANAGEMENT INC.
ADDRESS: 2100 ISLINGTON AVENUE, ETOBICOKE, ONTARIO M9W 3M4
DATE OF BIRTH: [REDACTED]
FIRST GIVEN NAME: [REDACTED]
LAST NAME: [REDACTED]
BUSINESS NAME: [REDACTED]
BUSINESS ADDRESS: [REDACTED]
REGISTRATION NUMBER: [REDACTED]
REGISTRATION JURISDICTION: ON

10 11 12 13 14 15 16 17

VEHICLE IDENTIFICATION NUMBER: [REDACTED]
YEAR: 2013
MODEL: [REDACTED]
REGISTRATION NUMBER: RR571535TT210
REGISTRATION JURISDICTION: BC
ADDRESS: SUITE 200, 4126 NORLAND AVENUE, BURNABY, BC V5G 3B8

D-4 LIMITED PARTNERSHIP
ALL PERSONAL PROPERTY OF THE DEBTOR DESCRIBED HEREIN BY VEHICLE IDENTIFICATION NUMBER OR SERIAL NUMBER, AS APPLICABLE, WHEREVER SITUATED, TOGETHER WITH ALL PARTS AND ACCESSORIES RELATING THERETO,

CERTIFIED BY/CERTIFIÉES PAR
K. [Signature]
REGISTRAR OF PERSONAL PROPERTY SECURITY / LE REGISTRATEUR DES SÛRETES MOBILIÈRES
(e/ltr 11/2009)

CONTINUED... 3



RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(4548)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCHED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
IN CURRENCY : 25SEP 2013

FOR IS FINANCIAL STATEMENT CLAIM FOR LIE

00 REL NUMBER : 689058621

01 COLLECTION PACKAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION REGISTRATION
SPILLING AND SOLE PASSES SCHEDULE MEMBER IN THIS UNDER PERIOD
02 003 20130730 1936 1531 8413

02 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

04 ADDRESS FIRST GIVEN NAME INITIAL SURNAME

05 BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

06 ADDRESS FIRST GIVEN NAME INITIAL SURNAME

07 BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

08 REGISTERED PARTY FIRST GIVEN NAME INITIAL SURNAME

09 ADDRESS FIRST GIVEN NAME INITIAL SURNAME

10 GENERAL CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO. LITGO
CONSUMER INVENTORY SOFFICIENT ACCORDS OTHER INCLDED MAINTENANCE MAINTENANCE DATE

11 YEAR MAKE MODEL

12 VEHICLE

13 GENERAL COLLATERAL RESURTECTION

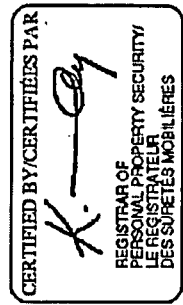
14 ALL ATTACHMENTS, ACCESSORIES AND ACCESIONS THERETO OR THERON, ALL REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS OF ALL OR ANY PART OF THE FOREGOING AND ALL PROCEEDS IN ANY FORM DERIVED

15 REGISTERING AGENT

16 ADDRESS

17 ADDRESS

CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FIRM CURRENCY : 25SEP 2013

FORM IS FINANCING STATEMENT/CHIT FOR LITEN

00 FILE NUMBER
689058621

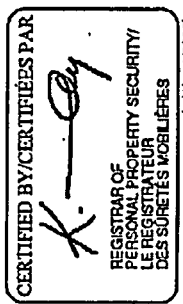
01 SCANTON ONTARIO P108 TOTAL MOTOR VEHICLE REGISTRATION ON THE REGISTERED REGISTRATION
APPLIANCE REGISTRATION PAGES 03 003 20130730 1936 1531 8413

02 DEBTOR'S NAME
03 DATE OF BIRTH
04 BUSINESS NAME
05 ADDRESS
06 DATE OF BIRTH
07 BUSINESS NAME
08 ADDRESS
09 ADDRESS

10 COLLATERAL CLASSIFICATION
11 MOTOR VEHICLE
12 YEAR MAKE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING
17 ADDRESS

STATUS: CORPORATION NOE

ONTARIO CORPORATION NO.



RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120904.49

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 5
 (4550)

DEBITOR : BUSINESS DEBTOR
 SEARCHED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
 FILE CURRENCY : 25SEP 2013

FOR THE FINANCING CHANGE STATEMENT / CHANGE STATEMENT

REVISION PAGE 01
 FILING NO. 01
 REGISTRATION NO. 20130623 1915 1531 6064

01 RECORD REFERENCE 01 003 689058621

21 REGISTERED PAGE 01 003 689058621

22 REGISTERED PAGE 01 003 689058621

23 REGISTERED PAGE 01 003 689058621

24 REGISTERED PAGE 01 003 689058621

25 REGISTERED PAGE 01 003 689058621

26 REGISTERED PAGE 01 003 689058621

27 REGISTERED PAGE 01 003 689058621

28 REGISTERED PAGE 01 003 689058621

02/05 REGISTERED PAGE 01 003 689058621

03/06 REGISTERED PAGE 01 003 689058621

04/07 REGISTERED PAGE 01 003 689058621

29 REGISTERED PAGE 01 003 689058621

08 REGISTERED PAGE 01 003 689058621

09 REGISTERED PAGE 01 003 689058621

10 REGISTERED PAGE 01 003 689058621

11 REGISTERED PAGE 01 003 689058621

12 REGISTERED PAGE 01 003 689058621

13 REGISTERED PAGE 01 003 689058621

14 REGISTERED PAGE 01 003 689058621

15 REGISTERED PAGE 01 003 689058621

16 REGISTERED PAGE 01 003 689058621

17 REGISTERED PAGE 01 003 689058621

AMENDED TO ADD ENG/FR NAME VARIATIONS PER ONTARIO BUSINESS REGISTRY

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

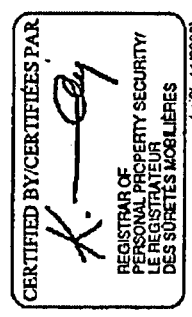
AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A

AMENDMENT A



CONTINUED... 6

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(4551)

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
255BP 2013

FORM 13 FINANCIAL STATEMENT / CHANGE STATEMENT

SALES TAX PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION
BILLING NUMBER OF REGS. IN REGS. IN REGS. IN REGS. IN REGS. IN
00 003 20130823 1935 1531 6064

01 RECORD NUMBER 689058621
21 REFERENCE NO. SPECIFIC CHANGE RECOMMENDED CHANGE REQUIRED YEARS
REGISTRATION NUMBER 20130823 1935 1531 6064

22 BUSINESS NAME SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.

23 BUSINESS NUMBER 255BP 2013

24 OTHER CHARGES
25 SALES TAX
26 SALES TAX
27 SALES TAX
28 SALES TAX

02/ BUSINESS ADDRESS 2200 ISLINGTON AVENUE ETOBICOKE

03/ BUSINESS NAME SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.

04/07 ADDRESS 2200 ISLINGTON AVENUE ETOBICOKE

29 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

08 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

09 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

10 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

11 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

12 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

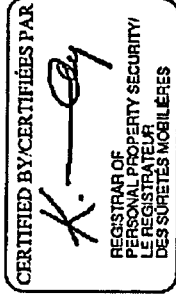
13 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

14 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

15 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

16 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE

17 BUSINESS TYPE 2200 ISLINGTON AVENUE ETOBICOKE



RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120904.49

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 7
 (4552)

SEARCH CONDUCTED ON SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
 CURRENCY 25SEP 2013

GENERAL FINANCING CHANGE STATEMENT CHANGE STATEMENT

CAUTION OF TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
 FINANCIAL NO. OF PAGES 03 003 20130823 1935 1531 6064

01 RECORD FILE NUMBER 589058621
 21 REGISTRATION NUMBER 20130823 1935 1531 6064

22 PAGE AMENDED INCISPECIFIC PAGE AMENDED CHANGE REQUIRED
 23 REFERENCE YEAR 2013
 24 BUSINESS NAME FIRST GIVEN NAME MINERAL SURNAME

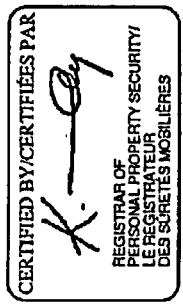
25 ADDRESS 2200 ISLINGTON AVENUE
 26 CITY TORONTO ONTARIO M5S 3M4
 27 PROVINCE ONTARIO
 28 COUNTRY CANADA

02/ DATE OF BIRTH
 05/ BUSINESS NAME SHS SERVICES MANAGEMENT INC.
 03/ BUSINESS NAME SHS SERVICES MANAGEMENT INC.
 06/ BUSINESS NAME SHS SERVICES MANAGEMENT INC.

29 ASSIGNED SECURED PARTY/DEBTOR/AS SIGNER
 08 SECURED PARTY/DEBTOR/AS SIGNER
 09 REGISTERED PARTY/DEBTOR/AS SIGNER

10 MOTOR YEAR MAKE MODEL EXHAUST
 11 VEHICLE
 12 GENERAL
 13 COLLECTOR
 14 DESCRIPTION
 15 REGISTRAL AGENT OR
 16 SECURED PARTY ADDRESS
 17 ALIAS CLAIMANT

FOR FURTHER INFORMATION CONTACT THE SECURED PARTY



REPORT : PSSR060
PAGE : 8
(4553)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
258RP 2013

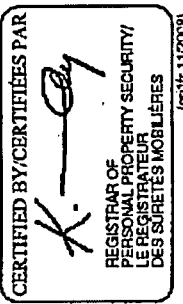
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FILE NUMBER : 685006353
FORM TO FINANCIAL STATEMENT / CLAIM FOR LEASE

00
01
02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17

01 001 002 40130301 1553 1862 0001 P PPSA 10
02 SHS SERVICES MANAGEMENT INC. CALGARY
03 SHS SERVICES MANAGEMENT INC. CALGARY
04 245, 1209 59TH AVENUE SE CALGARY
05 SHS SERVICES MANAGEMENT INC. CALGARY
06 245, 1209 59TH AVENUE SE CALGARY
07 SEARS CANADA INC. TORONTO
08 290 YONGE STREET, SUITE 700 TORONTO
09
10
11
12
13
14
15
16
17

ONTARIO CORPORATION
AB T2H 2P6

ONTARIO CORPORATION
AB T2H 2P6



CONTINUED... 9

REPORT : PSSR060
PAGE : 9
(4554)

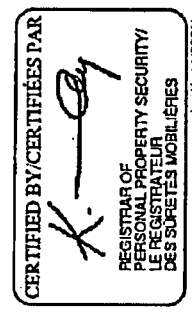
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

SEARCHED BY : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
DATE OF SEARCH : 25SEP 2013

00
01
02
03
04
05
06
07
08
09
10

02 DEBTOR NAME : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. ONTARIO CORPORATION INC. AB T2H 2P6
03 DEBTOR ADDRESS : 245, 1209 59TH AVENUE SE CALGARY
04 DEBTOR BUSINESS NAME : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. ONTARIO CORPORATION INC. AB T2H 2P6
05 DEBTOR BUSINESS ADDRESS : 245, 1209 59TH AVENUE SE CALGARY
06 DEBTOR BUSINESS PHONE :
07 DEBTOR BUSINESS FAX :
08 DEBTOR BUSINESS WEBSITE :
09 DEBTOR BUSINESS EMAIL :
10 DEBTOR BUSINESS CONTACT :
11 DEBTOR BUSINESS CONTACT PHONE :
12 DEBTOR BUSINESS CONTACT FAX :
13 DEBTOR BUSINESS CONTACT EMAIL :
14 DEBTOR BUSINESS CONTACT WEBSITE :
15 DEBTOR BUSINESS CONTACT ADDRESS :
16 DEBTOR BUSINESS CONTACT CITY :
17 DEBTOR BUSINESS CONTACT STATE :
18 DEBTOR BUSINESS CONTACT COUNTRY :
19 DEBTOR BUSINESS CONTACT ZIP :
20 DEBTOR BUSINESS CONTACT DATES OF BIRTH :
21 DEBTOR BUSINESS CONTACT DATES OF DEATH :
22 DEBTOR BUSINESS CONTACT DATES OF MARRIAGE :
23 DEBTOR BUSINESS CONTACT DATES OF DIVORCE :
24 DEBTOR BUSINESS CONTACT DATES OF SEPARATION :
25 DEBTOR BUSINESS CONTACT DATES OF REMARRIAGE :
26 DEBTOR BUSINESS CONTACT DATES OF RESEPARATION :
27 DEBTOR BUSINESS CONTACT DATES OF REANNULMENT :
28 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
29 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
30 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
31 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
32 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
33 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
34 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
35 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
36 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
37 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
38 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
39 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
40 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
41 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
42 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
43 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
44 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
45 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
46 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
47 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
48 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
49 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :
50 DEBTOR BUSINESS CONTACT DATES OF RECONVULSION :



CONTINUED... 10

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

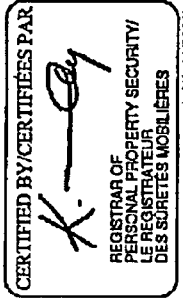
RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926123904.49

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FILE CURRENCY : 25SEP 2013

FORMERLY FINANCING STATEMENT / CLAIM FOR RETURN

00	FILE NUMBER	685006362
01	CAUTION PAGE TOTAL	001
	CAUTION PAGE OFS PAGE	003
	CAUTION PAGE OFS PAGE	003
	CAUTION PAGE OFS PAGE	003
	CAUTION PAGE OFS PAGE	003
02	DAYS ON BIRTH	20130301 1553 1863 0002 P PPSA 10
03	BUSINESS NAME	SHS SERVICES LIMITED PARTNERSHIP
04	ADDRESS	245, 1209 59TH AVENUE SE CALGARY
05	DATE OF BIRTH	
06	BUSINESS NAME	SHS SERVICES MANAGEMENT INC.
07	ADDRESS	245, 1209 59TH AVENUE SE CALGARY
08	SEARCH PARTY	SEARS CANADA INC.
09	ADDRESS	290 YONGE STREET, SUITE 700 TORONTO ON M5B 2C3
10	GOODS	ACCOUNT OTHER INCLUDED
11	VEHICLE	
12	VEHICLE	
13	GENERAL	
14	COLLATERAL	
15	DESCRIPTION	
16	REGISTERING	CYBERBAHN
17	AGENT	400-333 BAY STREET TORONTO ON M5H 2R2

CONTINUED ... 11



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926130904.49

NAME OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
BY THE CREDITORS : 25SEP 2013

00 FILE NUMBER
605006362

01 CREATION DATE: 20130301 1553 1862 0002
FILING NO.: 20130301 1553 1862 0002
REGISTRATION NO.: 20130301 1553 1862 0002

02 DEBTOR NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
03 BUSINESS NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
04 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY ONTARIO CORPORATION NO. AB T2H 2P6
05 DATE OF BIRTH: 20130301 1553 1862 0002
06 BUSINESS NAME: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
07 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY ONTARIO CORPORATION NO. AB T2H 2P6
08 REGISTER PARTY: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
09 ALIEN CLAIMANT: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
10 COLLECTION CLASSIFICATION: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
CONSUMER: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
EQUID: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
INVENTORY: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MOTOR VEHICLE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
AMOUNT: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
DATE OF EXPIRING PERIOD: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MORTGAGE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL NO.: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL DESCRIPTION: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL VALUE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL TYPE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL STATUS: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL CATEGORY: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBCATEGORY: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBTYPE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBCODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBDESCRIPTION: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBVALUE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBTYPE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBCATEGORY CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBCODE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBDESCRIPTION CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBVALUE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBTYPE CODE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBCATEGORY CODE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBCODE CODE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBDESCRIPTION CODE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
MATERIAL SUBVALUE CODE CODE: SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.

CONTINUED... 12

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SURETES MOBILIERES
(cf/1fr11z008)



REPORT : P5SR060
PAGE : 12
(4557)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/03/26
ID : 20130926130904.49

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
25SEP 2013

SEARCH CONDUCTED ON
FILE CURRENCY
25SEP 2013

00 FROM CHANGING STATEMENT CALL FOR INFO

01 REGISTRATION NUMBER 865006362

02 REGISTRATION NUMBER 20130301 1553 1862 0002

03 BUSINESS NAME SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

04 ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

05 BUSINESS NAME SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

06 ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

07 BUSINESS NAME SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

08 ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

09 BUSINESS NAME SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

10 ADDRESS 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

11 MOTOR VEHICLE REGISTRATION NUMBER

12 MOTOR VEHICLE REGISTRATION DATE

13 MOTOR VEHICLE REGISTRATION EXPIRES

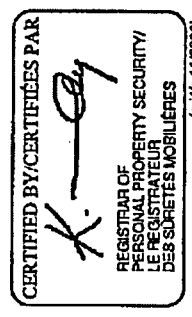
14 MOTOR VEHICLE REGISTRATION TYPE

15 MOTOR VEHICLE REGISTRATION STATUS

16 MOTOR VEHICLE REGISTRATION FEE

17 MOTOR VEHICLE REGISTRATION TAX

CONTINUED ... 13

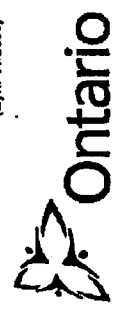
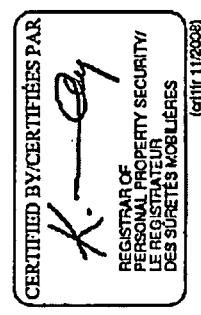


PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 259
RUN DATE : 2013/09/26
ID : 20130926130904.49

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FILE CURRENCY : 25SEP 2013

00	FILE NUMBER	605006371		
01	ACCOUNTING STATEMENT CLAIM FOR LIAISON		20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)	
02	DEBTOR'S NAME	SHS SERVICES MANAGEMENT INC.	CALGARY	ONTARIO CORPORATION NO. AB T2H 2P6
03	ADDRESS	245, 1309 59TH AVENUE SE		
04	DATE OF BIRTH			
05	DEBTOR'S FIRST GIVEN NAME			
06	DEBTOR'S LAST GIVEN NAME			
07	DEBTOR'S BUSINESS NAME	GESTION DES SERVICES SHS INC.	CALGARY	ONTARIO CORPORATION NO. AB T2H 2P6
08	DEBTOR'S ADDRESS	245, 1309 59TH AVENUE SE		
09	DEBTOR'S CITY	SEARS CANADA INC.	TORONTO	
10	DEBTOR'S ADDRESS	290 YONGE STREET, SUITE 700		
11	DEBTOR'S CITY		TORONTO	
12	DEBTOR'S ADDRESS			
13	DEBTOR'S CITY		TORONTO	
14	DEBTOR'S ADDRESS			
15	DEBTOR'S CITY		TORONTO	
16	DEBTOR'S ADDRESS			
17	DEBTOR'S CITY		TORONTO	



CONTINUED... 14

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120904.49

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 14
 (4559)

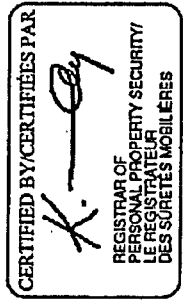
TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH COMPLETION : 25SEP 2013
 SEARCH NUMBER : 685006371

SEARCHED FOR : SHS SERVICES MANAGEMENT INC. GRESTON DES SERVICES SHS INC.
 SEARCHED IN : ONTARIO

00 FILE NUMBER : 685006371
 01 CHATGPT PAGE TOTAL : MOTOR VEHICLE REGISTRATION REGISTRATION REGISTRATION REGISTRATION
 02 DATE OF BIRTH : 20130301 1553 1862 0003
 03 BUSINESS NAME : SHS SERVICES MANAGEMENT INC. GRESTON DES SERVICES SHS INC.
 04 ADDRESS : 245, 1209 59TH AVENUE SR CALGARY AB T2H 2P6
 05 DATE OF BIRTH :
 06 BUSINESS NAME : GRESTON DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
 07 ADDRESS : 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6
 08 SECURED PARTY :
 09 ADDRESS :
 10 CONSUMER CLEARANCE :
 11 MOTOR :
 12 VEHICLE :
 13 GENERAL :
 14 COLLATERAL :
 15 DESCRIPTION :
 16 REGISTERING :
 17 AGENT :

FOR FURTHER INFORMATION CONTACT THE REGISTERED PARTY AT THE ADDRESS ABOVE

CONTINUED... 15



REPORT : PSSR060
PAGE : 15
(4560)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

BUSINESS DEBTOR
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
25SRP 2013

SEARCH CONDUCTED ON
FILE CURRENCY
FORM OF FINANCING STATEMENT / CLAIM FOR LIBERATION

00
01
02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17

FILE NUMBER
685006389

LOCATION PAGE MOTOR VEHICLE REGISTRATION REGISTRATION PERIOD
SERIALS NO. OF PAGES SCHEDULE NUMBER UNDER WHICH PERIOD

001 003 20130301 1554 1862 0004 P PFSA 99 (PERPETUAL)

DATE OF BIRTH
FIRE SERVICES NAME
SHS SERVICES LIMITED PARTNERSHIP
CALGARY AB T2H 2P6

ADDRESS
245, 1209 59TH AVENUE SE
CALGARY

DATE OF BIRTH
FIRE SERVICES NAME
SHS SERVICES MANAGEMENT INC.
CALGARY

ADDRESS
245, 1209 59TH AVENUE SE
CALGARY

SECURED PARTY /
DEBTOUR
SEARS CANADA INC.
TORONTO ON M5B 2C3

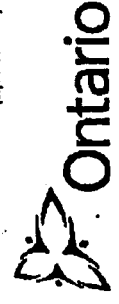
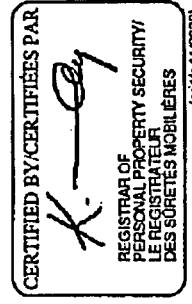
ADDRESS
290 YONGE STREET, SUITE 700
TORONTO ON M5B 2C3

COLLATERAL CLASSIFICATION
CONSUMER
EQUIPMENT OTHER INCLUDED
DATE OF PURCHASE
MANY OF MANUFACTURED

TYPE MAKE
MODEL
VALUATION

REGISTRATION
CYBERBAHN
400-333 BAY STREET
TORONTO ON M5H 2R2

CONTINUED... 16



RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120904.49

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PPSR060
 PAGE : 16
 (4561)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
 FILE CURRENCY : 25SEP 2013

FROM : SECURING STATEMENT / CLAIM POSITION

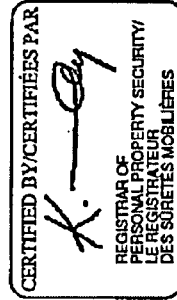
FILE NUMBER
 685006389

00
 01
 CATION: 002 003
 20130301 1554 1862 0004

02
 03
 04
 05
 06
 07
 08
 09
 10
 11
 12
 13
 14
 15
 16
 17

ONTARIO CORPORATION INC
 AB T2H 2P6

ONTARIO CORPORATION INC
 AB T2H 2P6



(e)11r 11(2008)

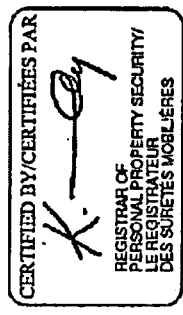


PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH COMPLETED : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FILE NUMBER : 25SEP 2013

00 [REDACTED]
01 [REDACTED] 20130301 1554 1862 0004
02 [REDACTED]
03 [REDACTED] 245, 1209 59TH AVENUE SS CALGARY
04 [REDACTED] 245, 1209 59TH AVENUE SS CALGARY
05 [REDACTED]
06 [REDACTED]
07 [REDACTED]
08 [REDACTED]
09 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]



REPORT : PSSR050
PAGE : 18
(4563)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

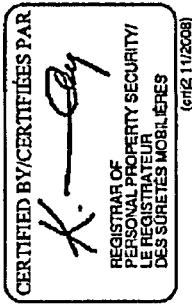
RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120904.49

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
FILE CURRENCY : 25SEP 2013

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
689058621	20130730 1936 1531 8413	20130823 1935 1531 6064	
685006353	20130301 1553 1862 0001		
685006362	20130301 1553 1862 0002		
685006371	20130301 1553 1862 0003		
685006389	20130301 1554 1862 0004		

6 REGISTRATIONS(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4564)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : GESTION DBS SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

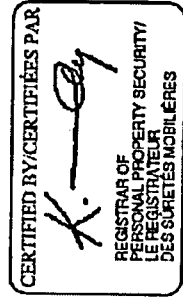
FILE CURRENCY : 25SEP 2013

ENQUIRY NUMBER 20130926120952.60 CONTAINS 18 PAGE(S), 5 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

BORDEN LADNER GERVAIS LLP - BOX 15

ON



CONTINUED... 2

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(4565)

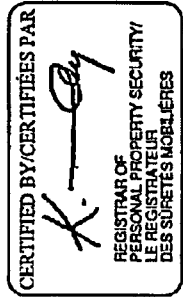
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH COMPLETED ON : REGISTRATION OF SHS SERVICES MANAGEMENT INC.
THIS CURRENTLY : 25SEP 2013

FORM 15 - FINANCING STATEMENT CLAIM FOR LIEN

FILE NUMBER
689058621

00
01
02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17

01 01 003 20130730 1936 1531 8413 P PPSA 6
02 01 003 20130730 1936 1531 8413 P PPSA 6
03 01 003 20130730 1936 1531 8413 P PPSA 6
04 01 003 20130730 1936 1531 8413 P PPSA 6
05 01 003 20130730 1936 1531 8413 P PPSA 6
06 01 003 20130730 1936 1531 8413 P PPSA 6
07 01 003 20130730 1936 1531 8413 P PPSA 6
08 01 003 20130730 1936 1531 8413 P PPSA 6
09 01 003 20130730 1936 1531 8413 P PPSA 6
10 01 003 20130730 1936 1531 8413 P PPSA 6
11 01 003 20130730 1936 1531 8413 P PPSA 6
12 01 003 20130730 1936 1531 8413 P PPSA 6
13 01 003 20130730 1936 1531 8413 P PPSA 6
14 01 003 20130730 1936 1531 8413 P PPSA 6
15 01 003 20130730 1936 1531 8413 P PPSA 6
16 01 003 20130730 1936 1531 8413 P PPSA 6
17 01 003 20130730 1936 1531 8413 P PPSA 6



CONTINUED... 3

REPORT : PSSR060
PAGE : 3
(4566)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : SHS SERVICES MANAGEMENT INC.
FILE CURRENCY : 25SEP 2013

FINANCING STATEMENT CLAIM FOR LIEN

00
FILE NUMBER
689056621

01
SECTION PAGE TO ALIEN MOTOR VEHICLE REGISTRATION REGISTRATION
FILE NUMBER OF PAGES 20130730 1936 1531 8413

02
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

03
BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

04
ADDRESS FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

05
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

06
BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

07
ADDRESS FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

08
SECURED PARTY FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

09
ADDRESS FIRST GIVEN NAME INITIAL SURNAME
ONTARIO CORPORATION INC

10
LOCALITY CLASSIFICATION MOTOR VEHICLE ACCOUNT DATE OF
CONSIGNMENT TO SECURED PARTY DATE OF SALE OR TRANSFER DATE

11
MOTOR VEHICLE MAKE MODEL YEAR MAKE MODEL YEAR

12
VEHICLE MAKE MODEL YEAR MAKE MODEL YEAR

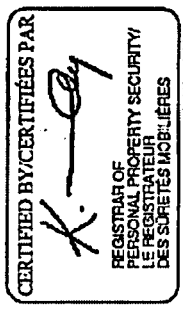
13
GENERAL COLLATERAL ALL ATTACHMENTS, ACCESSORIES AND ACCESSIONS THERETO OR THEREON, ALL
REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS OF ALL OR

14
DESCRIPTION ANY PART OF THE FOREGOING AND ALL PROCEEDS IN ANY FORM DERIVED

15
REGISTRATION AGENT ADDRESS

16
REGISTRATION AGENT ADDRESS

17
REGISTRATION AGENT ADDRESS



CONTINUED...

REPORT : PSSR060
PAGE : 4
(4567)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SH9 INC. SHS SERVICES MANAGEMENT INC.
FILE CORRENCY : 25SEP 2013

FORM IS FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
689058621

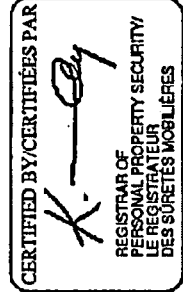
01 CAUTION: THIS PAGE CONTAINS INFORMATION FROM THE REGISTRATION SYSTEM. REGISTRATION
FILE NUMBER OF PAGE: 03 20130730 1936 1531 8413

02 DATE OF BIRTH
03 BUSINESS NAME
04 ADDRESS
05 DATE OF BIRTH
06 BUSINESS NAME
07 ADDRESS

08 SPENDING PARTY
09 LIEN CLAIMANT
10 COMPLETE CLASSIFICATION
11 MOTOR
12 VEHICLE
13 GENERAL
14 CONTAINER
15 DESCRIPTION
16 REGISTRATION
17

01 ONTARIO GOVERNMENT
02 ONTARIO GOVERNMENT

03 20130730 1936 1531 8413
04
05
06
07
08
09
10
11
12
13
14
15
16
17



CONTINUED... 5

REPORT : PSSR060
PAGE : 5
(4568)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120853.60

SEARCH FOR BUSINESS DEBTOR
SESSION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
25SEP 2013

FOR AN FINANCING CHANGE STATEMENT/ CHANGE STATEMENT

CAUTION: THIS REPORT CONTAINS INFORMATION THAT IS UNCLASSIFIED AND NOT FOR
DISSEMINATION TO THE PUBLIC. IT IS THE PROPERTY OF THE REGISTRAR OF
PERSONAL PROPERTY SECURITY AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY
FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING,
RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.

01 REGISTRATION NO. 01
21 REGISTRATION NO. 003
22 REGISTRATION NO. 20130823 1935 1531 6064

03/05/06/07/08/09/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/100

AMENDED TO ADD ENG/FR NAME VARIATIONS PER ONTARIO BUSINESS REGISTRY

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

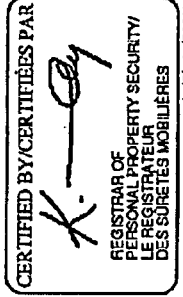
2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4

2200 ISLINGTON AVENUE
ETOBICOKE
ONTARIO
M9W 3W4



CONTINUED...

6

RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130976120952.60

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 6
 (4569)

REGISTRATION OF SEARCHED BUSINESS DEBTOR
 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
 25SEP 2013

FORM 24 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION: THIS IS A NOTIFICATION OF REGISTRATION. THE REGISTRATION IS NOT A GUARANTEE OF THE ACCURACY OF THE INFORMATION PROVIDED. THE REGISTRATION IS SUBJECT TO THE TERMS AND CONDITIONS OF THE REGISTRATION ACT AND THE REGISTRATION REGULATIONS.

01 RECORD NUMBER 669058621
 21 REGISTRATION NUMBER 20130823 1935 1531 6064
 22 REGISTRATION DATE 20130823 1935 1531 6064

23 REGISTRATION TYPE REGISTRATION
 24 REGISTRATION STATUS REGISTERED

25 DEBTOR NAME SHS SERVICES MANAGEMENT INC.
 26 DEBTOR TYPE CORPORATION
 27 DEBTOR ADDRESS 2200 ISLINGTON AVENUE
 28 DEBTOR CITY ETOBICOKE

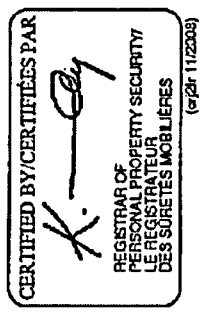
02/03/04/07 DEBTOR BUSINESS NAME SHS SERVICES MANAGEMENT INC./GESTION DES SERVICES SHS INC.
 DEBTOR BUSINESS ADDRESS 2200 ISLINGTON AVENUE ETOBICOKE

29 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION
 08 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION NAME
 09 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION ADDRESS

10 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION TYPE
 11 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION BUSINESS NAME
 12 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION ADDRESS

13 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION TYPE
 14 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION BUSINESS NAME
 15 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION ADDRESS

16 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION TYPE
 17 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION BUSINESS NAME
 SECURED PARTY / CREDITOR / FINANCIAL INSTITUTION ADDRESS



REPORT : PSSR060
PAGE : 7
(4570)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
25SEP 2013

SEARCH CONDUCTED ON
FILE CURRENCY
25SEP 2013

FORM 22 FINANCING CHANGE STATEMENT OF CHANGE STATEMENT

CAUTION: PAGE 03
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

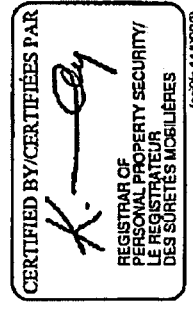
REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064

REGISTRATION NUMBER: 20130823 1935 1531 6064
REGISTRATION NUMBER: 20130823 1935 1531 6064



CONTINUED... 8

REPORT : PSSR060
PAGE : 8
(4571)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
FILE CURRENCY : 25SEP 2013

FOR A MORE DETAILED STATEMENT OF CLAIM FOR LIEN

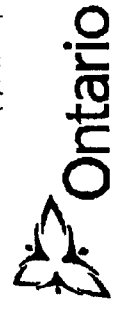
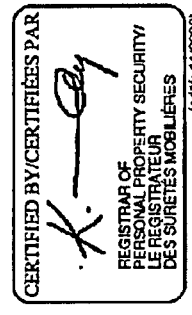
00 FILE NUMBER : 685006353

01 001 002 20130301 1553 1862 0001 P PPSA 10
SECTION 14(1) OF THE REGISTRATION ACT, 1987, APPLIES TO THIS REGISTRATION
FILED IN THE OFFICE OF THE REGISTRAR OF PERSONAL PROPERTY SECURITY REGISTRATION
ON SEPTEMBER 25, 2013 AT 10:00 AM

02 DEBTOR : SHS SERVICES MANAGEMENT INC. CALGARY AB T2H 2P6
03 NAME : SHS SERVICES MANAGEMENT INC.
04 ADDRESS : 245, 1209 59TH AVENUE SE
05 DATE OF BIRTH :
06 BUSINESS NAME : GESTION DES SERVICES SHS INC.
07 ADDRESS : 245, 1209 59TH AVENUE SE
08 REGISTERED PARTY : SEARS CANADA INC. TORONTO ON M5B 2C3
09 ADDRESS : 290 YONGE STREET, SUITE 700

10 COLLATERAL CLASSIFICATION : X
CONSUMER : X
GOODS : INVENTORY EQUIPMENT ACCOUNTS OTHER : INCLUDED : X
MOTOR VEHICLE : X
AMOUNT : \$0.00
REGISTRATION : X
MATERIAL : X
11 MOTOR : X
12 VEHICLE : X
13 GENERAL : X
14 CONTRACTUAL : X
15 DESCRIPTION : X
16 REGISTERING : X
17 AGENT : X

01 001 002 20130301 1553 1862 0001 P PPSA 10
SECTION 14(1) OF THE REGISTRATION ACT, 1987, APPLIES TO THIS REGISTRATION
FILED IN THE OFFICE OF THE REGISTRAR OF PERSONAL PROPERTY SECURITY REGISTRATION
ON SEPTEMBER 25, 2013 AT 10:00 AM
02 DEBTOR : SHS SERVICES MANAGEMENT INC. CALGARY AB T2H 2P6
03 NAME : SHS SERVICES MANAGEMENT INC.
04 ADDRESS : 245, 1209 59TH AVENUE SE
05 DATE OF BIRTH :
06 BUSINESS NAME : GESTION DES SERVICES SHS INC.
07 ADDRESS : 245, 1209 59TH AVENUE SE
08 REGISTERED PARTY : SEARS CANADA INC. TORONTO ON M5B 2C3
09 ADDRESS : 290 YONGE STREET, SUITE 700
10 COLLATERAL CLASSIFICATION : X
CONSUMER : X
GOODS : INVENTORY EQUIPMENT ACCOUNTS OTHER : INCLUDED : X
MOTOR VEHICLE : X
AMOUNT : \$0.00
REGISTRATION : X
MATERIAL : X
11 MOTOR : X
12 VEHICLE : X
13 GENERAL : X
14 CONTRACTUAL : X
15 DESCRIPTION : X
16 REGISTERING : X
17 AGENT : X



CONTINUED... 9

REPORT : PSSR060
PAGE : 9
(4572)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATES

RUN NUMBER : 259
RUN DATE : 2013/09/26
ID : 20130926120952.60

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
25SEP 2013

FORM 1 - FINANCING STATEMENT - CREDIT FOR DEBTOR

00
FILE NUMBER
88506353

01
CAUTION: PAGE TOTAL MOTOR VEHICLE REGISTRATION FEE STATED IN REGISTRATION
RETURNING TOTAL OF PAGES. SEE INSTRUCTIONS UNDER NUMBER 21. UNDER NUMBER 21 PERIOD OF SH
20130301 1553 1862 0001

02
DATE OF BIRTH
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

03
BUSINESS NAME
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

04
ADDRESS
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

05
DATE OF BIRTH
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

06
BUSINESS NAME
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

07
ADDRESS
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

08
SECURITY PARTY
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

09
LIEN CLAIMANT
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

10
COLLATERAL CLASSIFICATION
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

11
MOTOR VEHICLE
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

12
GENERAL COLLATERAL
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

13
GENERAL COLLATERAL
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

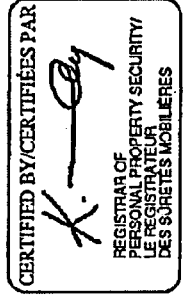
14
GENERAL COLLATERAL
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

15
GENERAL COLLATERAL
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

16
REGISTRATION
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

17
REGISTRATION
SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1409 59TH AVENUE SE CALGARY AB T2H 2P6

CONTINUED...



REPORT : PSSR060
PAGE : 10
(4573)

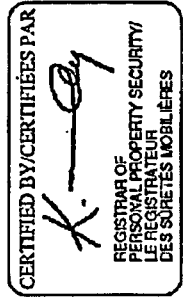
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

BUSINESS DEBTOR
SECTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
25SEP 2013

00 FILE NUMBER 685006364

01 REGISTRATION PAGE 001 003 20130301 1553 1862 0002 P PPSA 10
 02 DEBTOR NAME SHS SERVICES LIMITED PARTNERSHIP
 03 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE CALGARY
 04 DEBTOR CITY/TOWN/VILLAGE CALGARY
 05 DEBTOR PROVINCE AB
 06 DEBTOR POSTAL CODE T2H 2P6
 07 DEBTOR BUSINESS NAME SHS SERVICES MANAGEMENT INC. CALGARY
 08 DEBTOR ADDRESS 245, 1209 59TH AVENUE SE
 09 DEBTOR CITY/TOWN/VILLAGE SEARS CANADA INC. TORONTO
 10 DEBTOR ADDRESS 290 YONGE STREET, SUITE 700
 11 DEBTOR CITY/TOWN/VILLAGE TORONTO
 12 DEBTOR PROVINCE ON
 13 DEBTOR POSTAL CODE M5H 2R2
 14 DEBTOR BUSINESS NAME CYBERBAHN
 15 DEBTOR ADDRESS 400-333 BAY STREET
 16 DEBTOR CITY/TOWN/VILLAGE TORONTO
 17 DEBTOR PROVINCE ON



CONTINUED ... 11

REPORT : PSSR060
PAGE : (4574)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

SEARCHED BUSINESS DEBTOR
SEARCH CONDUCTED ON GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
DATE 25 SEP 2013

FILE NUMBER 085006362

00
01
02
03
04
05
06
07

DEBTOR NAME
Gestion des Services SHS Inc.
245, 1209 59th Avenue SE
Calgary
Alberta T2H 2P6

DEBTOR NAME
SHS Services Management Inc. Gestion des Services SHS Inc.
245, 1209 59th Avenue SE
Calgary
Alberta T2H 2P6

08
09
10

REGISTRATION NUMBER
20130301 1553 1862 0002

REGISTRATION DATE
2013-03-01

REGISTRATION TYPE
MOTOR VEHICLE

REGISTRATION STATUS
REGISTERED

11
12
13
14
15
16
17

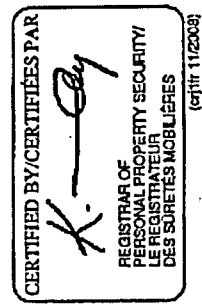
REGISTRATION NUMBER
20130301 1553 1862 0002

REGISTRATION DATE
2013-03-01

REGISTRATION TYPE
MOTOR VEHICLE

REGISTRATION STATUS
REGISTERED

CONTINUED...



REPORT : P58R060
PAGE : 12
(4575)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH/CONJECTURE : GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
FILE NUMBER : 685006362
FILE NUMBER : 25SEP 2013

00
FILE NUMBER : 685006362

01
REGISTRATION NUMBER : 20130301 1553 1962 0002

02
DATE OF BIRTH : [REDACTED]

03
BUSINESS NAME : GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
ADDRESS : 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6

04
DATE OF BIRTH : [REDACTED]

05
BUSINESS NAME : [REDACTED]

06
DATE OF BIRTH : [REDACTED]

07
BUSINESS NAME : [REDACTED]

08
SECURE PARTY : [REDACTED]

09
SECURE PARTY : [REDACTED]

10
COLLATERAL CLASSIFICATION : [REDACTED]

11
MOTOR VEHICLE : [REDACTED]

12
GENERAL COLLATERAL : [REDACTED]

13
GENERAL COLLATERAL : [REDACTED]

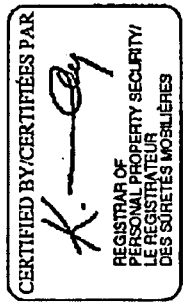
14
GENERAL COLLATERAL : [REDACTED]

15
GENERAL COLLATERAL : [REDACTED]

16
GENERAL COLLATERAL : [REDACTED]

17
GENERAL COLLATERAL : [REDACTED]

CONTINUED . . . 13



REPORT : P5SR060
PAGE : 13
(4576)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

BUSINESS DEBTOR
GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
25 SEP 2013

00
01
02
03
04
05
06
07
08
09
10
11
12
13
14
15
16
17

FILE NUMBER
685006371

CAUTION: PAGE 001 OF 002
REGISTRATION NUMBER: 20130301 1553 1862 0003 P PPSA 99 (PERPETUAL)

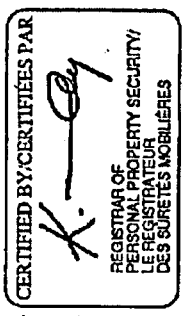
DATE OF BIRTH: [REDACTED] INITIAL: [REDACTED] SURNAME: [REDACTED]

REGISTERED ADDRESS: SHS SERVICES MANAGEMENT INC.
245, 1209 59TH AVENUE SE CALGARY
FIRST GIVEN NAME: [REDACTED] INITIAL: [REDACTED] SURNAME: [REDACTED]

REGISTERED ADDRESS: GESTION DES SERVICES SHS INC.
245, 1209 59TH AVENUE SE CALGARY
SEARS CANADA INC.
290 YONGE STREET, SUITE 700 TORONTO ON M5B 2C3

VEHICLE MAKE: [REDACTED] MODEL: [REDACTED]

REGISTRATION AGENT: CYBERBAHN
400-333 BAY STREET TORONTO ON M5H 2R2



CONTINUED... 14

REPORT : P5SR060
PAGE : 14
(4577)

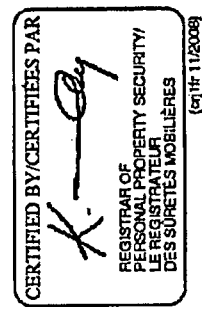
PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

PROPERTY OF SEARCHED BUSINESS DEBTOR
SEARCH CONDUCTED ON
THIS SYSTEM
25 SEP 2013
GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

00
 685006371
 01
 20130301 1553 1862 0003
 02
 03
 04
 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6
 05
 06
 245, 1209 59TH AVENUE SE CALGARY AB T2H 2P6
 07
 08
 09
 10
 11
 12
 13
 14
 15
 16
 17

CONTINUED... 15



RUN NUMBER : 269
 RUN DATE : 2013/09/26
 ID : 20130926120952.60

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGES : 15
 (4578)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
 FILE NUMBER : 25SEP 2013

FORMIC FILING STATEMENT CLAIM FOR LIEG

00 FILE NUMBER : 885006389

01 CANTON AND DISTRICT : 001 003 20130301 1554 1862 0004 P PPSA 99 (PERPETUAL)
 TABLES : 001 003

02 DEBTOR NAME : SHS SERVICES LIMITED PARTNERSHIP
 03 BUSINESS NUMBER : 245, 1209 59TH AVENUE SE CALGARY
 04 ADDRESS : 245, 1209 59TH AVENUE SE CALGARY
 ONTARIO CORPORATION NO : AB T2H 2P6

05 DEBTOR NAME : SHS SERVICES MANAGEMENT INC.
 06 BUSINESS NUMBER : 245, 1209 59TH AVENUE SE CALGARY
 07 ADDRESS : 245, 1209 59TH AVENUE SE CALGARY
 ONTARIO CORPORATION NO : AB T2H 2P6

08 SECURED PARTY : SEARS CANADA INC.
 09 ADDRESS : 290 YONGE STREET, SUITE 700 TORONTO ON M5B 2C3

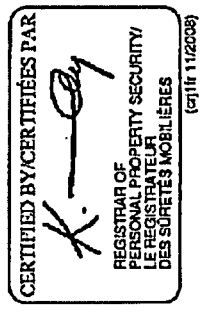
10 COLLATERAL CLASSIFICATION : X
 CONSUMER : X
 MOTOR VEHICLE : X
 MOTOR VEHICLE AMOUNT : X
 MOTOR VEHICLE MAKE : X
 MOTOR VEHICLE MODEL : X
 MOTOR VEHICLE YEAR : X
 MOTOR VEHICLE VIN : X
 MOTOR VEHICLE TITLE : X
 MOTOR VEHICLE REGISTRATION : X
 MOTOR VEHICLE SALES TAX : X
 MOTOR VEHICLE LICENSE : X
 MOTOR VEHICLE INSURANCE : X
 MOTOR VEHICLE FINANCING : X
 MOTOR VEHICLE LEASE : X
 MOTOR VEHICLE OTHER : X
 MOTOR VEHICLE MAKE : X
 MOTOR VEHICLE MODEL : X
 MOTOR VEHICLE YEAR : X
 MOTOR VEHICLE VIN : X
 MOTOR VEHICLE TITLE : X
 MOTOR VEHICLE REGISTRATION : X
 MOTOR VEHICLE SALES TAX : X
 MOTOR VEHICLE LICENSE : X
 MOTOR VEHICLE INSURANCE : X
 MOTOR VEHICLE FINANCING : X
 MOTOR VEHICLE LEASE : X
 MOTOR VEHICLE OTHER : X

11 MOTOR MAKE : X
 12 MOTOR MODEL : X
 13 GENERAL COLLATERAL : X
 14 COLLATERAL : X
 15 DISPOSITION : X

16 REGISTRAR : CYBERBAHN
 17 ADDRESS : 400-333 BAY STREET TORONTO ON M5H 2R2

FOR FURTHER INFORMATION CONTACT THE SEARCHED PARTY

CONTINUED... 16



REPORT : PSSR060
 PAGES : 16
 (4579)

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

RUN NUMBER : 259
 RUN DATE : 2013/09/25
 ID : 20130926120952.60

BUSINESS DEBTOR
 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.

25SEP 2013

SEARCHED INDEXED
 SERIALIZED FILED
 SEP 25 2013
 REGISTRY

00
 REGISTRATION NO. 685006389

01
 REGISTRATION NO. 20130301 1554 1862 0004

02
 DEBTOR NAME: SHS SERVICES MANAGEMENT INC.
 03
 BUSINESS NAME: SHS SERVICES MANAGEMENT INC.

ONTARIO CORPORATION NO. AB T2H 2P6

245, 1209 59TH AVENUE SE CALGARY

04
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY

05
 DEBTOR ADDRESS: 245, 1209 59TH AVENUE SE CALGARY

ONTARIO CORPORATION NO. AB T2H 2P6

245, 1209 59TH AVENUE SE CALGARY

06
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY

07
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY

08
 SECURED PARTY: SHS SERVICES MANAGEMENT INC.

09
 ADDRESS: 245, 1209 59TH AVENUE SE CALGARY

10
 COLLATERAL CLASSIFICATION: SECURED PARTY ACCOUNTS OTHER INCLUDES MOTOR VEHICLES DATE OF PURCHASE MATTER IN OF MATURITY DATE

11
 MOTOR MAKE: JODEN

12
 MOTOR MAKE: JODEN

13
 GENERAL COLLATERAL CLASSIFICATION

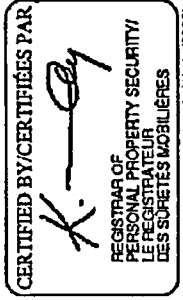
14
 COLLATERAL CLASSIFICATION

15
 COLLATERAL CLASSIFICATION

16
 REGISTRY NO. ADDRESS

17
 ADDRESS

CONTINUED... 17



REPORT : PSSR060
PAGE : 18
(4581)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

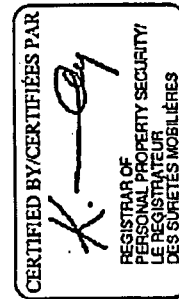
RUN NUMBER : 269
RUN DATE : 2013/09/26
ID : 20130926120952.60

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
FILE CURRENCY : 25SEP 2013

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
689058621	20130730 1936 1531 8413	20130823 1935 1531 6064	
685006353	20130301 1553 1862 0021		
685006362	20130301 1553 1862 0022		
685006371	20130301 1553 1862 0023		
685006389	20130301 1554 1862 0024		

6 REGISTRATIONS(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



Registre
des droits personnels
et réels mobiliers

Québec 

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC.

Résultat exact (1)

Fiche	Inscription	Date	h:m:n
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉFOSSION 13-0165915-0001	2013-01-06	09:12

Registre
des droits personnels
et réels mobiliers

Québec

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC.

Noms présentant des similarités (87)

Nom	Code postal	Nombre de fiches détaillées
6644511 CANADA LIMITED AS GENERAL PARTNER OF DELO...	M5C 3G7	
AQUATECH SOCIETE DE GESTION DE L'EAU INC AQUATECH...	J4H 4B9	
AQUATECH WATER MANAGEMENT SERVICES INC	J4G 4B9	
AQUATECH WATER MANAGEMENT SERVICES INC	J4H 4B9	
ATCON MANAGEMENT SERVICES INC	E1V 2L3	
BROOKFIELD LEPAGE JOHNSON CONTROLS FACILITY MANAG...	L3R 4E6	
BROOKFIELD LEPAGE JOHNSON CONTROLS FACILITY MANAG...	L3R 4E6	
BROOKFIELD LEPAGE JOHNSON CONTROLS FACILITY MANAG...	L3R 4E6	
BT MANAGEMENT SERVICES PTY LTD		
CS RICHARD ELLIS MANAGEMENT SERVICES	H4P 1H7	
CS RICHARD ELLIS MANAGEMENT SERVICES	M5H 1J8	
CCPL MANAGEMENT SERVICES LTD	H3A 3J6	
CERPANOI MANAGEMENT SERVICES INC	H1R 1X9	
DATA CENTRES MANAGEMENT SERVICES INC SERVICES DE ...	M5X 1B8	
DELOITTE MANAGEMENT SERVICES LP	H3B 4T9	
DELOITTE MANAGEMENT SERVICES LP	J2R 4B6	
DELOITTE MANAGEMENT SERVICES LP	M2N 6L7	
DELOITTE MANAGEMENT SERVICES LP	M5C 3G7	
DELOITTE MANAGEMENT SERVICES LP	M5H 3T9	
DELOITTE MANAGEMENT SERVICES LP BY ITS GENERAL PA...	H3B 4T9	
DXD SERVICES CONSEILS INC DXD MANAGEMENT CONSULTI...	G0S 2W0	
DYNATECH ENERGY MANAGEMENT SERVICES INC	J4G 4B9	
DYNATECH ENERGY MANAGEMENT SERVICES INC	J4H 4B9	
DYNATECH ENERGY MANAGEMENT SERVICES INC DYNATECH ...	J4H 4B9	
DYNATECH SERVICES DE GESTION DE L'ENERGIE INC DYN...	J4H 4B9	
FCS PROPERTY MANAGEMENT SERVICES LP	L3R 4E6	
FCS PROPERTY MANAGEMENT SERVICES LP BY ITS GENERA...	M5J 2S1	
FELDHAMMER MANAGEMENT SERVICES INC	H4P 1G5	
GESTION DES SERVICES SHS INC	T2H 2P6	
GESTION DES SERVICES SHS INC SHS SERVICES MANAGEM...	T2H 2P6	
GO MANAGEMENT SERVICES INC	J7A 4A5	
GROUPE HELIOS GESTION DELEGUEE D'INFRASTRUCTURES ...	J4H 4B9	
IRON MOUNTAIN INFORMATION MANAGEMENT SERVICES CAN...	V7X 1L3	
KPMG MANAGEMENT SERVICES INC	H3A 0A3	
KPMG MANAGEMENT SERVICES INC	M5H 2S5	
KPMG MANAGEMENT SERVICES INC	M5L 1B2	
KPMG MANAGEMENT SERVICES INC SERVICES DE GESTION ...	M5L 1B2	
KPMG MANAGEMENT SERVICES LP	H3A 0A3	
KPMG MANAGEMENT SERVICES LP	M5H 2S5	

⊞ KPMG MANAGEMENT SERVICES LP	MSL 1B2
⊞ KPMG MANAGEMENT SERVICES LP SOCIETE EN COMMANDITE...	MSH 2S5
⊞ KPMG MANAGEMENT SERVICES LP SOCIETE EN COMMANDITE...	MSL 1B2
⊞ LA FIDUCIE SHSTD	H3X 3L8
⊞ LARRY FAIRHOLM MANAGEMENT SERVICES LTD	H9C 2W3
⊞ LH SERVICE	H4S 1A7
⊞ LES SERVICES DE CONSULTATION MANAGEMENT DESIGN	J9J 1M8
⊞ LEXPAR MANAGEMENT SERVICES INC	H3E 2P8
⊞ MACQUARIE AUSTRALIA MANAGEMENT SERVICES PTY LTD	
⊞ MANAGEMENT INC	H3Z 2P9
⊞ METRO PROPERTY MANAGEMENT SERVICES INC	H1L 2S1
⊞ MIBARR MANAGEMENT SERVICES LTD	H2Y 1X4
⊞ NASKAPI MANAGEMENT SERVICES INC	G1Y 1P2
⊞ PH 4H VEHICLE MANAGEMENT SERVICES	L5B 3P9
⊞ PHH SERVICE SE GESTIONS DE VEHICULES INC PHH VEHI...	L5N 2X7
⊞ PHH SERVICES DE GESTION DE VEHICULES INC PHH VEHI...	LSN 2X7
⊞ PHH VEHICLE MANAGEMENT SERVICES	L5B 2P9
⊞ PHH VEHICLE MANAGEMENT SERVICES	L5N 2X7
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	H4M 2V9
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	L5A 3P7
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	L5B 3P9
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	L5N 2X5
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	L5N 2X7
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	L5P 3P9
⊞ PHH VEHICLE MANAGEMENT SERVICES INC PHH SERVICES ...	L5A 3P7
⊞ PHH VEHICLE MANAGEMENT SERVICES INC PHH SERVICES ...	L5N 2X7
⊞ PHH VEHICLE MANAGEMENT SERVICE	L5B 3P9
⊞ PHH VEHICLE MANAGEMENT SERVICES INC	L5R 3P9
⊞ QUANTUM MANAGEMENT SERVICES LIMITED LES SERVICES ...	H3A 3H3
⊞ QUANTUM MANAGEMENT SERVICES LTD	H3A 3H3
⊞ QUANTUM MANAGEMENT SERVICES LTD	K1P 5H9
⊞ REALMINDR PROPERTY MANAGEMENT SERVICES INC	H3N 1W7
⊞ ROSDEV HOTEL MANAGEMENT SERVICE INC	H3N 1X7
⊞ SCM RISK MANAGEMENT SERVICES INC	T5S 1J8
⊞ SCM RISK MANAGEMENT SERVICES INC	T6W 0J5
⊞ SCM RISK MANAGEMENT SERVICES INC SCM GESTION DE R...	T5S 1J8
⊞ SERVICE DE GESTION DE BATIMENTS BROOKFIELD LEPAGE...	L3R 4E6
⊞ SERVICEAU	H7R 4N3
⊞ SERVICES DE GESTION KPMG KPMG MANAGEMENT SERVICES...	MSH 2S5
⊞ SERVICES DE GESTION KPMG KPMG MANAGEMENT SERVICES...	MSL 1B2
⊞ SERVISYS INC	J2L 1J5
⊞ SERVIK INC	J9P 7A9
⊞ SHS SERVICES LIMITED PARTNERSHIP	T2H 2P6
⊞ SHS SERVICES MANAGEMENT INC GESTION DES SERVICES ...	T2H 2P6
⊞ SHSTD	H3X 3L8
⊞ TRIAD MANAGEMENT SERVICE INC	H9R 0A2
⊞ TRIAD MANAGEMENT SERVICE INC	H9R 0A5



Date, heure, minute de certification : 2013-09-30 09:14

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC.

Critère de sélection Nom d'organisme : SHS SERVICES MANAGEMENT INC Code Postal : T2H2P6

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0001	2013-03-06	09:32



Date, heure, minute de certification : 2013-09-30 09:14

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC.

Critère de sélection Nom d'organisme : SHS SERVICES MANAGEM... Code Postal : T2H2P6

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
13-0165915-0001	2013-03-06 09:32	2023-03-06
HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION		

PARTIES

Titulaire

SEARS CANADA INC.

290 Yonge Street, Suite 700, Toronto, Ontario

M5B 2C3

Constituant

SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

SHS SERVICES MANAGEMENT INC./GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC./SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

BIENS

The following property ("hypothecated property"):

1. The universality of SHS Services Limited Partnership's (the "Grantor") moveable property, corporeal or incorporeal present and future wherever situated, including and without restricting the generality of the foregoing: all of the Grantor's debts, book accounts, receivables, securities, security entitlements and other financial assets, claims and rights of action, present and future, regardless of where the debtors of these debts, claims and rights are located; all of the Grantor's inventory, present and future wherever situated; all trademarks, patents, licenses, copyrights as well as any intellectual right of the Grantor or of which the Grantor benefits; all monies which stand to the credit of the Grantor in any accounts at Sears Canada Inc. (the "Creditor"); the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the Grantor pursuant to the terms of any and all deposit instruments issued by the Creditor in the name of the Grantor, and the entire title and interest of the Grantor in and to any deposit instruments issued by the

Creditor, including all renewals and replacements thereof.

2. The following property constitutes "hypothecated property" and, to the extent that it is not already specifically included in the property described in paragraph 1, is also charged by the hypothec and security interest:

a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the hypothecated property, the Grantor not being hereby permitted to dispose of the hypothecated property in violation of the provisions hereof;

b) any insurance or expropriation indemnity payable in respect of the hypothecated property;

c) any rights attached to the hypothecated property, as well as the fruits and revenues produced thereby;

d) where the hypothecated property includes securities, shares and other financial assets, all securities, shares and other financial assets issued in replacement of these securities, shares and other financial assets;

e) all deeds, documents, registers, invoices and books of account evidencing the hypothecated property or relating thereto.

MENTIONS

Somme de l'hypothèque

\$20,400,000.00 (including an additional amount equal to 20% of the principal amount of the hypothec), with interest at the rate of 25% per annum

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2013-03-01

Lieu : Alberta

AVIS D'ADRESSE

N° 048217

Registre
des droits personnels
et réels mobiliers
Québec

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC. / SHS SERVICES MANAGEMENT INC.

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	HYFOTHEQUE CONVENTIONNELLE SANS DEPOSSESSION 13-0169915-0001	2013-03-06	09:32

Registre
des droits personnels
et réels mobiliers

Québec 

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC. / SHS SERVICES MANAGEMENT INC.

Noms présentant des similarités (45)

Nom	Code postal	Nombre de fiches détaillées
6644511 CANADA LIMITED AS GENERAL PARTNER OF DELO...	M5C 3G7	
AQUATECH SOCIETE DE GESTION DE L'EAU INC AQUATECH...	J4H 4B9	
ATCON MANAGEMENT SERVICES INC	E1V 2L3	
BROOKFIELD LEPAGE JOHNSON CONTROLS FACILITY MANAG...	L3R 4E6	
CCFL MANAGEMENT SERVICES LTD	H3A 3J6	
CERPANOI MANAGEMENT SERVICES INC	H1S 1X9	
DATA CENTRES MANAGEMENT SERVICES INC SERVICES DE ...	M5X 1B8	
DYNATECH ENERGY MANAGEMENT SERVICES INC DYNATECH ...	J4H 4B9	
DYNATECH SERVICES DE GESTION DE L'ENERGIE INC DYN...	J4H 4B9	
FELDHAMMER MANAGEMENT SERVICES INC	H4P 1G5	
GESTION BALMORAL MANAGEMENT INC	B8E 2W7	
GESTION DES SERVICES SHS INC	T2H 2P6	
GESTION JADOU MANAGEMENT INC	J8Y 2V5	
GESTION KHEOPS MANAGEMENT INC	J3R 1D9	
GESTION NKT MANAGEMENT INC	H3H 4Z3	
GESTION SGVM MANAGEMENT INC	H4N 2P7	
GO MANAGEMENT SERVICES INC	J7A 4A5	
GROUPE HELIOS GESTION DELEGUEE D'INFRASTRUCTURES ...	J4H 4B9	
KPMG MANAGEMENT SERVICES INC	H3A 0A3	
KPMG MANAGEMENT SERVICES INC	M5H 2S5	
KPMG MANAGEMENT SERVICES INC	M5L 1B2	
KPMG MANAGEMENT SERVICES INC SERVICES DE GESTION ...	M5L 1B2	
KPMG MANAGEMENT SERVICES LP SOCIETE EN COMMANDITE...	M5H 2S5	
KPMG MANAGEMENT SERVICES LP SOCIETE EN COMMANDITE...	M5L 1B2	
LA FIDUCIE SHSTD	H3X 3L8	
LEXPAN MANAGEMENT SERVICES INC	H3B 2P8	
MIBARR MANAGEMENT SERVICES LTD	H2Y 1X4	
NASKAPI MANAGEMENT SERVICES INC	G1Y 1P2	
PHH SERVICE SE GESTIONS DE VEHICULES INC PHH VEHI...	L5N 2X7	
PHH SERVICES DE GESTION DE VEHICULES INC PHH VEHI...	L5N 2X7	
PHH VEHICLE MANAGEMENT SERVICES INC PHH SERVICES ...	L5A 3P7	
PHH VEHICLE MANAGEMENT SERVICES INC PHH SERVICES ...	L5N 2X7	
QUANTUM MANAGEMENT SERVICES LIMITED LES SERVICES ...	H3A 3H3	
QUANTUM MANAGEMENT SERVICES LTD	H3A 3H3	
QUANTUM MANAGEMENT SERVICES LTD	R1P 5H9	
SCM RISK MANAGEMENT SERVICES INC SCM GESTION DE R...	T5S 1J8	
SERVICE DE GESTION DE BATIMENTS BROOKFIELD LEPAGE...	L3R 4E6	
SERVICES DE GESTION KPMG KPMG MANAGEMENT SERVICES...	M5H 2S5	
SERVICES DE GESTION KPMG KPMG MANAGEMENT SERVICES...	M5L 1B2	

SHS SERVICES LIMITED PARTNERSHIP	T2H 2P6
SHS SERVICES MANAGEMENT INC	T2H 2P6
SHS SERVICES MANAGEMENT INC GESTION DES SERVICES ...	T2H 2P6
SHSTD	H3X 3L8
TRIAD MANAGEMENT SERVICE INC	H9R 0A2
TRIAD MANAGEMENT SERVICE INC	H9R 0A5

Registre
des droits personnels
et réels mobiliers

Québec

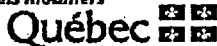
Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC. / SHS SERVICES MANAGEMENT INC.

Critère de sélection Nom d'organisme : GESTION DES SERVICES SHS INC SHS SERVICES Code Postal : T2H2P6
MANAGEMENT INC

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0001	2013-03-06	09:32

Registre
des droits personnels
et réels mobiliers



Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC. / SHS SERVICES MANAGEME...

Critère de sélection Nom d'organisme : GESTION DES SERVICES... Code Postal : T2H2P6

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
13-0165915-0001	2013-03-06 09:32	2023-03-06
HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION		

PARTIES

Titulaire

SEARS CANADA INC.

290 Yonge Street, Suite 700, Toronto, Ontario

M5B 2C3

Constituant

SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

SHS SERVICES MANAGEMENT INC./GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC./SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

BIENS

The following property ("hypothecated property"):

1. The universality of SHS Services Limited Partnership's (the "Grantor") moveable property, corporeal or incorporeal present and future wherever situated, including and without restricting the generality of the foregoing: all of the Grantor's debts, book accounts, receivables, securities, security entitlements and other financial assets, claims and rights of action, present and future, regardless of where the debtors of these debts, claims and rights are located; all of the Grantor's inventory, present and future wherever situated; all trademarks, patents, licenses, copyrights as well as any intellectual right of the Grantor or of which the Grantor benefits; all monies which stand to the credit of the Grantor in any accounts at Sears Canada Inc. (the "Creditor"); the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the Grantor pursuant to the terms of any and all deposit instruments issued by the Creditor in the name of the Grantor, and the entire title and interest of the Grantor in and to any deposit instruments issued by the

Creditor, including all renewals and replacements thereof.

2. The following property constitutes "hypothecated property" and, to the extent that it is not already specifically included in the property described in paragraph 1, is also charged by the hypothec and security interest:

a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the hypothecated property, the Grantor not being hereby permitted to dispose of the hypothecated property in violation of the provisions hereof;

b) any insurance or expropriation indemnity payable in respect of the hypothecated property;

c) any rights attached to the hypothecated property, as well as the fruits and revenues produced thereby;

d) where the hypothecated property includes securities, shares and other financial assets, all securities, shares and other financial assets issued in replacement of these securities, shares and other financial assets;

e) all deeds, documents, registers, invoices and books of account evidencing the hypothecated property or relating thereto.

MENTIONS

Somme de l'hypothèque

\$20,400,000.00 (including an additional amount equal to 20% of the principal amount of the hypothec), with interest at the rate of 25% per annum

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2013-03-01

Lieu : Alberta

AVIS D'ADRESSE

N° 048217



Date, heure, minute de certification : 2013-09-30 09:15

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC.

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	HYPOTHEQUE CONVENTIONNELLE SANS DEPOSSESSION 13-0165915-0001	2013-03-06	09:32



Date, heure, minute de certification : 2013-09-30 09:15

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC.

Noms présentant des similarités (10)

Nom	Code postal	Nombre de fiches détaillées
<input checked="" type="checkbox"/> GESTION DES SERVICES SHS INC SHS SERVICES MANAGEM...	T2H 2P6	
<input checked="" type="checkbox"/> LA FIDUCIE SHSTD	H3X 3L8	
<input checked="" type="checkbox"/> LE SERVICE	H4S 1A7	
<input checked="" type="checkbox"/> SERVICEAU	H7R 4N3	
<input checked="" type="checkbox"/> SERVISYS INC	J2L 1J5	
<input checked="" type="checkbox"/> SERVIX INC	J9P 7A9	
<input checked="" type="checkbox"/> SHS SERVICES LIMITED PARTNERSHIP	T2H 2P6	
<input checked="" type="checkbox"/> SHS SERVICES MANAGEMENT INC	T2H 2P6	
<input checked="" type="checkbox"/> SHS SERVICES MANAGEMENT INC GESTION DES SERVICES ...	T2H 2P6	
<input checked="" type="checkbox"/> SHSTD	H3X 3L8	



Date, heure, minute de certification : 2013-09-30 09:15

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC.

Critère de sélection Nom d'organisme : GESTION DES SERVICES SHS INC Code Postal : T2H2P6

Fiche	Inscription	Date	h:min
-------	-------------	------	-------

001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0001	2013-03-06	09:32
-----	---	------------	-------

Registre
des droits personnels
et réels mobiliers

Québec

Date, heure, minute de certification : 2013-09-30 09:15

Critère de recherche Nom d'organisme : GESTION DES SERVICES SHS INC.

Critère de sélection Nom d'organisme : GESTION DES SERVICES... Code Postal : T2H2P6

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
13-0165915-0001	2013-03-06 09:32	2023-03-06
HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION		

PARTIES

Titulaire

SEARS CANADA INC.

290 Yonge Street, Suite 700, Toronto, Ontario

M5B 2C3

Constituant

SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

SHS SERVICES MANAGEMENT INC./GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC./SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

BIENS

The following property ("hypothecated property"):

1. The universality of SHS Services Limited Partnership's (the "Grantor") moveable property, corporeal or incorporeal present and future wherever situated, including and without restricting the generality of the foregoing: all of the Grantor's debts, book accounts, receivables, securities, security entitlements and other financial assets, claims and rights of action, present and future, regardless of where the debtors of these debts, claims and rights are located; all of the Grantor's inventory, present and future wherever situated; all trademarks, patents, licenses, copyrights as well as any intellectual right of the Grantor or of which the Grantor benefits; all monies which stand to the credit of the Grantor in any accounts at Sears Canada Inc. (the "Creditor"); the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the Grantor pursuant to the terms of any and all deposit instruments issued by the Creditor in the name of the Grantor, and the entire title and interest of the Grantor in and to any deposit instruments issued by the

Creditor, including all renewals and replacements thereof.

2. The following property constitutes "hypothecated property" and, to the extent that it is not already specifically included in the property described in paragraph 1, is also charged by the hypothec and security interest:

a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the hypothecated property, the Grantor not being hereby permitted to dispose of the hypothecated property in violation of the provisions hereof;

b) any insurance or expropriation indemnity payable in respect of the hypothecated property;

c) any rights attached to the hypothecated property, as well as the fruits and revenues produced thereby;

d) where the hypothecated property includes securities, shares and other financial assets, all securities, shares and other financial assets issued in replacement of these securities, shares and other financial assets;

e) all deeds, documents, registers, invoices and books of account evidencing the hypothecated property or relating thereto.

MENTIONS

Somme de l'hypothèque

\$20,400,000.00 (including an additional amount equal to 20% of the principal amount of the hypothec), with interest at the rate of 25% per annum

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2013-03-01

Lieu : Alberta

AVIS D'ADRESSE

N° 048217



Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES LIMITED PARTNERSHIP

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0002	2013-03-06	09:32



Date, heure, minute de certification : 2013-09-27 16:00

Critère de recherche Nom d'organisme : SHS SERVICES LIMITED PARTNERSHIP

Noms présentant des similarités (10)

Nom	Code postal	Nombre de fiches détaillées
<input type="checkbox"/> GESTION DES SERVICES SHS INC	T2H 2P6	
<input type="checkbox"/> GESTION DES SERVICES SHS INC SHS SERVICES MANAGEM...	T2H 2P6	
<input type="checkbox"/> LA FIDCIE SHSTD	H3X 3L8	
<input type="checkbox"/> LE SERVICE	H4S 1A7	
<input type="checkbox"/> SERVICEAU	H7R 4N3	
<input type="checkbox"/> SERVISYS INC	J2L 1J5	
<input type="checkbox"/> SERVIX INC	J9P 7A9	
<input type="checkbox"/> SHS SERVICES MANAGEMENT INC	T2H 2P6	
<input type="checkbox"/> SHS SERVICES MANAGEMENT INC GESTION DES SERVICES ...	T2H 2P6	
<input type="checkbox"/> SHSTD	H3X 3L8	



Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES LIMITED PARTNERSHIP

Critère de sélection Nom d'organisme : SHS SERVICES LIMITED PARTNERSHIP Code Postal : T2H2P6

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0002	2013-03-06	09:32



Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES LIMITED PARTNERSHIP

Critère de sélection Nom d'organisme : SHS SERVICES LIMITED... Code Postal : T2H2P6

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
13-0165915-0002	2013-03-06 09:32	2023-03-06

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

SEARS CANADA INC.

290 Yonge Street, Suite 700, Toronto, Ontario

M5B 2C3

Constituant

SHS SERVICES LIMITED PARTNERSHIP

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

BIENS

The following property ("hypothecated property"):

1. The universality of SHS Services Limited Partnership's (the "Grantor") moveable property, corporeal or incorporeal present and future wherever situated, including and without restricting the generality of the foregoing; all of the Grantor's debts, book accounts, receivables, securities, security entitlements and other financial assets, claims and rights of action, present and future, regardless of where the debtors of these debts, claims and rights are located; all of the Grantor's inventory, present and future wherever situated; all trademarks, patents, licenses, copyrights as well as any intellectual right of the Grantor or of which the Grantor benefits; all monies which stand to the credit of the Grantor in any accounts at Sears Canada Inc. (the "Creditor"); the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the Grantor pursuant to the terms of any and all deposit instruments issued by the Creditor in the name of the Grantor, and the entire title and interest of the Grantor in and to any deposit instruments issued by the Creditor, including all renewals and replacements thereof.

2. The following property constitutes "hypothecated property" and, to the extent that it is not already specifically included in the property described in paragraph 1, is also charged by the hypothec and security interest:

a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the hypothecated property, the Grantor not being hereby permitted to dispose of the hypothecated property in violation of the provisions

hereof;

b) any insurance or expropriation indemnity payable in respect of the hypothecated property;

c) any rights attached to the hypothecated property, as well as the fruits and revenues produced thereby;

d) where the hypothecated property includes securities, shares and other financial assets, all securities, shares and other financial assets issued in replacement of these securities, shares and other financial assets;

e) all deeds, documents, registers, invoices and books of account evidencing the hypothecated property or relating thereto.

MENTIONS

Somme de l'hypothèque

\$20,400,000.00 (including an additional amount equal to 20% of the principal amount of the hypothec), with interest at the rate of 25% per annum

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2013-03-01

Lieu : Alberta

Autres mentions :

SHS SERVICES LIMITED PARTNERSHIP is represented by its general partner SHS SERVICES MANAGEMENT INC.

AVIS D'ADRESSE

N° 048217

Registre
des droits personnels
et réels mobiliers

Québec 

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche

Nom d'organisme : SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0001	2013-03-06	09:32

Registre
des droits personnels
et réels mobiliers

Québec

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.

Noms présentant des similarités (45)

Nom	Code postal	Nombre de fiches détaillées
6644511 CANADA LIMITED AS GENERAL PARTNER OF DELO...	MSC 307	
AQUATECH SOCIETE DE GESTION DE L'EAU INC AQUATECH...	J4H 4D9	
ATCON MANAGEMENT SERVICES INC	E1V 2L3	
BROOKFIELD LEPAGE JOHNSON CONTROLS FACILITY MANAG...	L3R 4E6	
COPL MANAGEMENT SERVICES LTD	H3A 3J6	
CERPANOH MANAGEMENT SERVICES INC	H1S 1X9	
DATA CENTRES MANAGEMENT SERVICES INC SERVICES DE ...	M5X 1B8	
DYNATECH ENERGY MANAGEMENT SERVICES INC DYNATECH ...	J4H 4B9	
DYNATECH SERVICES DE GESTION DE L'ENERGIE INC DYN...	J4H 4B9	
FELDHAMMER MANAGEMENT SERVICES INC	H4P 1G5	
GESTION BALMORAL MANAGEMENT INC	E8E 2W7	
GESTION DES SERVICES SHS INC	T2H 2P6	
GESTION DES SERVICES SHS INC SHS SERVICES MANAGEM...	T2H 2P6	
GESTION JADOU MANAGEMENT INC	J8Y 2V5	
GESTION KHEOPS MANAGEMENT INC	J3R 1B9	
GESTION NKT MANAGEMENT INC	H9H 4Z3	
GESTION SGVM MANAGEMENT INC	H4N 2P7	
GO MANAGEMENT SERVICES INC	J7A 4A5	
GROUPE HELIOS GESTION DELEGUEE D'INFRASTRUCTURES ...	J4H 4B9	
KPMG MANAGEMENT SERVICES INC	H3A 0A3	
KPMG MANAGEMENT SERVICES INC	M5H 2S5	
KPMG MANAGEMENT SERVICES INC	M5L 1B2	
KPMG MANAGEMENT SERVICES INC SERVICES DE GESTION ...	M5L 1B2	
KPMG MANAGEMENT SERVICES LP SOCIETE EN COMMANDITE...	M5H 2S5	
KPMG MANAGEMENT SERVICES LP SOCIETE EN COMMANDITE...	M5L 1B2	
LA FIDUCIE SHSD	H3X 3L8	
LEXPAN MANAGEMENT SERVICES INC	H3B 2P8	
MIBARR MANAGEMENT SERVICES LTD	H2Y 1X4	
NASKAPI MANAGEMENT SERVICES INC	G1Y 1P2	
PHH SERVICE SE GESTIONS DE VEHICULES INC PHH VEHI...	L5N 2X7	
PHH SERVICES DE GESTION DE VEHICULES INC PHH VEHI...	L5N 2X7	
PHH VEHICLE MANAGEMENT SERVICES INC PHH SERVICES ...	L5A 3P7	
PHH VEHICLE MANAGEMENT SERVICES INC PHH SERVICES ...	L5N 2X7	
QUANTUM MANAGEMENT SERVICES LIMITED LES SERVICES ...	H3A 3H3	
QUANTUM MANAGEMENT SERVICES LTD	H3A 3H3	
QUANTUM MANAGEMENT SERVICES LTD	K1P 5H9	
SCM RISK MANAGEMENT SERVICES INC SCM GESTION DE R...	T5S 1J8	
SERVICE DE GESTION DE BATIMENTS BROOKFIELD LEPAGE...	L3R 4E6	
SERVICES DE GESTION KPMG KPMG MANAGEMENT SERVICES...	M5H 2S5	

▣ SERVICES DE GESTION KPMG KPMG MANAGEMENT SERVICES...	M5L 1B2
▣ SHS SERVICES LIMITED PARTNERSHIP	T2H 2P6
▣ SHS SERVICES MANAGEMENT INC	T2H 2P6
▣ SHSTD	H3X 3L8
▣ TRIAD MANAGEMENT SERVICE INC	H9R 0A2
▣ TRIAD MANAGEMENT SERVICE INC	H9R 0A5

Registre
des droits personnels
et réels mobiliers

Québec

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.

Critère de sélection Nom SHS SERVICES MANAGEMENT INC GESTION DES Code T2H2P6
d'organisme : SERVICES SHS INC Postal :

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 13-0165915-0001	2013-03-06	09:32

Registre
des droits personnels
et réels mobiliers

Québec

Date, heure, minute de certification : 2013-09-27 15:00

Critère de recherche Nom d'organisme : SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES S...

Critère de sélection Nom d'organisme : SHS SERVICES MANAGEM... Code Postal : T2H2P6

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
13-0165915-0001	2013-03-06 09:32	2023-03-06
HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION		

PARTIES

Titulaire

SEARS CANADA INC.

290 Yonge Street, Suite 700, Toronto, Ontario

M5B 2C3

Constituant

SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

SHS SERVICES MANAGEMENT INC./GESTION DES SERVICES SHS INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

Constituant

GESTION DES SERVICES SHS INC./SHS SERVICES MANAGEMENT INC.

245, 1209 59th Avenue S.E., Calgary, Alberta

T2H 2P6

BIENS

The following property ("hypothecated property"):

1. The universality of SHS Services Limited Partnership's (the "Grantor") moveable property, corporeal or incorporeal present and future wherever situated, including and without restricting the generality of the foregoing: all of the Grantor's debts, book accounts, receivables, securities, security entitlements and other financial assets, claims and rights of action, present and future, regardless of where the debtors of these debts, claims and rights are located; all of the Grantor's inventory, present and future wherever situated; all trademarks, patents, licenses, copyrights as well as any intellectual right of the Grantor or of which the Grantor benefits; all monies which stand to the credit of the Grantor in any accounts at Sears Canada Inc. (the "Creditor"); the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the Grantor pursuant to the terms of any and all deposit instruments issued by the Creditor in the name of the Grantor, and the entire title and interest of the Grantor in and to any deposit instruments issued by the

Creditor, including all renewals and replacements thereof.

2. The following property constitutes "hypothecated property" and, to the extent that it is not already specifically included in the property described in paragraph 1, is also charged by the hypothec and security interest:

a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the hypothecated property, the Grantor not being hereby permitted to dispose of the hypothecated property in violation of the provisions hereof;

b) any insurance or expropriation indemnity payable in respect of the hypothecated property;

c) any rights attached to the hypothecated property, as well as the fruits and revenues produced thereby;

d) where the hypothecated property includes securities, shares and other financial assets, all securities, shares and other financial assets issued in replacement of these securities, shares and other financial assets;

e) all deeds, documents, registers, invoices and books of account evidencing the hypothecated property or relating thereto.

MENTIONS

Somme de l'hypothèque

\$20,400,000.00 (including an additional amount equal to 20% of the principal amount of the hypothec), with interest at the rate of 25% per annum

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2013-03-01

Lieu : Alberta

AVIS D'ADRESSE

N° 048217

**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Page 1 of 6

Search ID#: Z05039820

Transmitting Party

BORDEN LADNER GERVAIS LLP

Centennial Place, East Tower
1900, 520-3rd Avenue SW
CALGARY, AB T2P 0R3

Party Code: 50008002
Phone #: 403 232 9500
Reference #: 441209-000001

Search ID #: Z05039820

Date of Search: 2013-Sep-25

Time of Search: 16:20:58

Business Debtor Search For:

SHS LIMITED PARTNERSHIP

Inexact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID#: Z05039820

Business Debtor Search For:

SHS LIMITED PARTNERSHIP

Search ID #: Z05039820

Date of Search: 2013-Sep-25

Time of Search: 16:20:58

Registration Number: 10102706274

Registration Type: SECURITY AGREEMENT

Registration Date: 2010-Oct-27

Registration Status: Current

Expiry Date: 2015-Oct-27 23:59:59

Inexact Match on: Debtor

No: 1

Debtor(s)**Block**

1 SNS LIMITED PARTNERSHIP
155 GLENDEER CIRCLE SE
CALGARY, AB T2H 2S8

Status

Current

Block

2 KILLI, JOSEPH, F
2220 HOPE ST SW
CALGARY, AL T2S 2H1

Status

Current

Birth Date:
1950-Jan-01

Secured Party / Parties**Block**

1 TOYOTA CREDIT CANADA INC.
80 Micro Court, Suite 200
Markham, ON L3R 9Z5

Status

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	5TDZK3DC7BS080887	2011	TOYOTA SIENNA	MV - Motor Vehicle	Current

Search ID#: Z05039820

Business Debtor Search For:

SHS LIMITED PARTNERSHIP

Search ID #: Z05039820

Date of Search: 2013-Sep-25

Time of Search: 16:20:58

Registration Number: 13030128083

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Mar-01

Registration Status: Current

Expiry Date: 2023-Mar-01 23:59:59

Inexact Match on: Debtor

No: 1

Debtor(s)**Block**

1 SHS SERVICES LIMITED PARTNERSHIP
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

2 SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

3 GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

4 SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

5 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Secured Party / Parties**Block****Status**

**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Search ID#: Z05039820

Page 4 of 6

1 SEARS CANADA INC.
290 Yonge Street, Suite 700
Toronto, ON M5B 2C3

Current

Collateral: General

Block **Description**

1 All present and after acquired personal property of the debtor.

Status

Current

Search ID#: Z05039820

Business Debtor Search For:

SHS LIMITED PARTNERSHIP

Search ID #: Z05039820

Date of Search: 2013-Sep-25

Time of Search: 16:20:58

Registration Number: 13030128163

Registration Type: LAND CHARGE

Registration Date: 2013-Mar-01

Registration Status: Current

Registration Term: Infinity

Inexact Match on: Debtor

No: 1

Debtor(s)**Block**

1 SHS SERVICES LIMITED PARTNERSHIP
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

2 SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

3 GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

4 SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

5 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Secured Party / Parties**Block****Status**

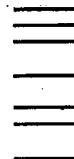
**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Search ID#: Z05039820

Page 6 of 6

Current



1 SEARS CANADA INC.
290 Yonge Street, Suite 700
Toronto, ON M5B 2C3

Result Complete

**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Page 1 of 8

Search ID#: Z05039814

Transmitting Party

BORDEN LADNER GERVAIS LLP

Centennial Place, East Tower
1900, 520-3rd Avenue SW
CALGARY, AB T2P 0R3

Party Code: 50008002

Phone #: 403 232 9500

Reference #: 441209-000001

Search ID #: Z05039814

Date of Search: 2013-Sep-25

Time of Search: 16:20:00

Business Debtor Search For:

SHS SERVICES MANAGEMENT INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z05039814

Business Debtor Search For:

SHS SERVICES MANAGEMENT INC.

Search ID #: Z05039814

Date of Search: 2013-Sep-25

Time of Search: 16:20:00

Registration Number: 13030128048

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Mar-01

Registration Status: Current

Expiry Date: 2023-Mar-01 23:59:59

Exact Match on: Debtor No: 1
 Inexact Match on: Debtor No: 3

Debtor(s)**Block**

1 SHS SERVICES MANAGEMENT INC.
 245, 1209 59th Avenue SE
 Calgary, AB T2H 2P6

Status

Current

Block

2 GESTION DES SERVICES SHS INC.
 245, 1209 59th Avenue SE
 Calgary, AB T2H 2P6

Status

Current

Block

3 SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
 245, 1209 59th Avenue SE
 Calgary, AB T2H 2P6

Status

Current

Block

4 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
 245, 1209 59th Avenue SE
 Calgary, AB T2H 2P6

Status

Current

Secured Party / Parties**Block**

1 SEARS CANADA INC.
 290 Yonge Street, Suite 700
 Toronto, ON M5B 2C3

Status

Current

**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Search ID#: Z05039814

Page 3 of 8

Collateral: General

Block **Description**

Status

1 All present and after acquired personal property of the debtor.

Current

Search ID#: Z05039814

Business Debtor Search For:

SHS SERVICES MANAGEMENT INC.

Search ID #: Z05039814

Date of Search: 2013-Sep-25

Time of Search: 16:20:00

Registration Number: 13030128061

Registration Type: LAND CHARGE

Registration Date: 2013-Mar-01

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Inexact Match on: Debtor

No: 3

Debtor(s)**Block**

1 SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

2 GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

3 SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

4 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Secured Party / Parties**Block**

1 SEARS CANADA INC.
290 Yonge Street, Suite 700
Toronto, ON M5B 2C3

Status

Current

Search ID#: Z05039814

Business Debtor Search For:

SHS SERVICES MANAGEMENT INC.

Search ID #: Z05039814

Date of Search: 2013-Sep-25

Time of Search: 16:20:00

Registration Number: 13030128083

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Mar-01

Registration Status: Current

Expiry Date: 2023-Mar-01 23:59:59

Exact Match on: Debtor No: 2
Inexact Match on: Debtor No: 4

Debtor(s)**Block**

1 SHS SERVICES LIMITED PARTNERSHIP
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

2 SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

3 GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

4 SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

5 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Secured Party / Parties

**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Page 6 of 8

Search ID#: Z05039814

Block

1 SEARS CANADA INC.
290 Yonge Street, Suite 700
Toronto, ON M5B 2C3

Status

Current

Collateral: General

Block **Description**

1 All present and after acquired personal property of the debtor.

Status

Current

Search ID#: Z05039814

Business Debtor Search For:

SHS SERVICES MANAGEMENT INC.

Search ID #: Z05039814

Date of Search: 2013-Sep-25

Time of Search: 16:20:00

Registration Number: 13030128163

Registration Type: LAND CHARGE

Registration Date: 2013-Mar-01

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 2
Inexact Match on: Debtor No: 4

Debtor(s)**Block**

1 SHS SERVICES LIMITED PARTNERSHIP
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

2 SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

3 GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

4 SHS SERVICES MANAGEMENT INC. GESTION DES SERVICES SHS INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Block

5 GESTION DES SERVICES SHS INC. SHS SERVICES MANAGEMENT INC.
245, 1209 59th Avenue SE
Calgary, AB T2H 2P6

Status

Current

Secured Party / Parties

**Government
of Alberta** ■

**Personal Property Registry
Search Results Report**

Search ID#: Z05039814

Page 8 of 8

Block

1

SEARS CANADA INC.
290 Yonge Street, Suite 700
Toronto, ON M5B 2C3

Status

Current

Result Complete

Court File No.

IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED PARTNERSHIP

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 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

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

PROCEEDINGS COMMENCED AT TORONTO

**AFFIDAVIT OF MICHEAL CLEMENTS
(Sworn December 12, 2013)**

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4

ROGER JAIPARGAS
Tel: 416.367.6266
Email: rjaipargas@blg.com
LSUC# 43275C

MARY ARZOUAMANIDIS
Tel: 416.367.6304
Email: marzoumanidis@blg.com
LSUC #53915V

Lawyers for SHS Services Management Inc. / Gestion Des Services SHS Inc. and SHS Services Limited Partnership
TOR01: 5424196: v9

TAB E

This is Exhibit "E" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Kaul", written over a horizontal line.

A Commissioner for Taking Affidavits

SEARS CANADA INC.

as Transferor

and

SHS SERVICES MANAGEMENT INC.

as Transferee

ASSET TRANSFER AGREEMENT

December 20, 2012

TABLE OF CONTENTS

**ARTICLE 1
INTERPRETATION**

Section 1.1	Defined Terms.....	1
Section 1.2	Gender and Number.....	10
Section 1.3	Headings, etc.....	10
Section 1.4	Currency.....	10
Section 1.5	Certain Phrases, etc.....	10
Section 1.6	Knowledge.....	10
Section 1.7	Accounting Terms.....	10
Section 1.8	Schedules.....	10
Section 1.9	Statutes.....	11
Section 1.10	Non-Business Days.....	11

**ARTICLE 2
TRANSFERRED ASSETS, ASSUMED LIABILITIES AND PURCHASE PRICE**

Section 2.1	Asset Transfer.....	11
Section 2.2	Purchase Price and Closing Cash Payment.....	12
Section 2.3	Satisfaction of the Closing Cash Payment.....	12
Section 2.4	Payment of the Purchase Price Balance.....	12
Section 2.5	Source Revenue.....	13
Section 2.6	Sales Taxes.....	14
Section 2.7	Income Tax Act Section 20(24) Election.....	14
Section 2.8	Transferred Assets.....	14
Section 2.9	Excluded Assets.....	15
Section 2.10	Post-Closing Receipts.....	16
Section 2.11	Assumed Liabilities.....	16
Section 2.12	Excluded Liabilities.....	17

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR**

Section 3.1	Representations and Warranties of the Transferor.....	18
-------------	---	----

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEREE**

Section 4.1	Representations and Warranties of the Transferee.....	24
-------------	---	----

**ARTICLE 5
PRE-CLOSING COVENANTS OF THE PARTIES**

Section 5.1	Conduct of Business Prior to Closing.....	27
Section 5.2	Access for Due Diligence.....	27
Section 5.3	Confidentiality.....	28
Section 5.4	Actions to Satisfy Closing Conditions.....	28
Section 5.5	Notice of Assignment to Licensees and Contractors.....	28

Section 5.6	Filings and Authorizations.....	29
Section 5.7	Notice of Untrue Representation or Warranty.....	30
Section 5.8	Risk of Loss.....	30
Section 5.9	Home Services Employee Personal Information and Access.....	30
Section 5.10	Notice of Non-Transferring Employees.....	31
Section 5.11	Employee Transfer.....	31
Section 5.12	Employment and Benefit Arrangements Prior to Closing.....	32
Section 5.13	Business Personal Information.....	33
Section 5.14	BlackBerrys.....	34

**ARTICLE 6
CONDITIONS OF CLOSING**

Section 6.1	Conditions for the Benefit of the Transferee.....	34
Section 6.2	Conditions for the Benefit of the Transferor.....	35

**ARTICLE 7
CLOSING**

Section 7.1	Date, Time and Place of Closing.....	37
Section 7.2	Closing Procedures.....	37

**ARTICLE 8
TERMINATION**

Section 8.1	Termination Rights.....	37
Section 8.2	Effect of Termination.....	38

**ARTICLE 9
INDEMNIFICATION**

Section 9.1	Survival.....	38
Section 9.2	Indemnification in Favour of the Transferee.....	38
Section 9.3	Indemnification in Favour of the Transferor.....	39
Section 9.4	Limitations.....	39
Section 9.5	Notification.....	41
Section 9.6	Procedure for Third Party Claims.....	41
Section 9.7	Exclusion of Other Remedies.....	42
Section 9.8	One Recovery.....	43
Section 9.9	Duty to Mitigate.....	43

**ARTICLE 10
POST-CLOSING COVENANTS**

Section 10.1	Termination Payment Contribution for Terminated Employees.....	43
Section 10.2	Non-Termination of Hired Employees.....	44
Section 10.3	Access to Books and Records.....	44
Section 10.4	Litigation Assistance.....	45
Section 10.5	Business Personal Information.....	45
Section 10.6	Further Assurances.....	45

ARTICLE 11
MISCELLANEOUS

Section 11.1	Notices.....	46
Section 11.2	Time of the Essence.....	47
Section 11.3	Brokers.....	47
Section 11.4	Announcements.....	47
Section 11.5	Third Party Beneficiaries.....	47
Section 11.6	Expenses.....	47
Section 11.7	Amendments.....	48
Section 11.8	Waiver.....	48
Section 11.9	Non-Merger.....	48
Section 11.10	Entire Agreement.....	48
Section 11.11	Successors and Assigns.....	48
Section 11.12	Severability.....	48
Section 11.13	Governing Law.....	49
Section 11.14	Counterparts.....	49

ASSET TRANSFER AGREEMENT

Asset Transfer Agreement dated December 20, 2012 between Sears Canada Inc. (the "Transferor") and SHS Services Management Inc. (the "Transferee").

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Accounting Standards" means accounting principles generally accepted in Canada as contemplated by the handbook of the Canadian Institute of Chartered Accountants (the "Handbook"), as amended from time to time, applied on a consistent basis and which incorporates International Financial Reporting Standards under Part 1 of the Handbook for periods beginning on and after January 1, 2011, and Canadian generally accepted accounting principles under Part V of the Handbook prior to January 1, 2011; if the Handbook contains more than one recommendation as to treatment of a matter, the recommendation that shall constitute Accounting Principles shall be the one most appropriate in the context of the Transferor.

"Affected Employees" means the Home Services Employees who will, pursuant to this Agreement, be provided with Offers of Employment by the Transferee.

"Affiliate" has the meaning ascribed thereto in National Instrument 45-106 as of the date hereof.

"Agreement" means this Asset Transfer Agreement, as it may be amended, and all Schedules to it.

"ARC" means a certificate issued by the Commissioner pursuant to subsection 102(1) of the Competition Act in respect of the transactions contemplated by this Agreement.

"Assumed Liabilities" has the meaning specified in Section 2.11.

"Assumed Warranty Work" has the meaning specified in Section 2.11(c).

"Authorization" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"BlackBerrys" has the meaning specified in Section 2.8(e).

"Branded Concession Agreement" means the Branded Concession Agreement between Transferor and Transferee dated of even date herewith.

- 2 -

"Business" means the Transferor's business operating under the 'Sears Home Services/Services résidentiels Sears' banner, relating to the retail sale of goods for installation in or about private residences as well as the provision of home-related services to be conducted in private residences, but excluding

- (i) services relating to home delivery of goods purchased in Sears retail outlets (other than delivery of Products);
- (ii) parts and services relating to repair of goods located in residential housing (including, for greater certainty, parts and services relating to repair of Products);
- (iii) business conducted under the 'Sears Floor Covering Centre / Centre de revêtements de sol Sears' banner; and
- (iv) any business related to fuel oil-powered equipment, including parts and service related thereto.

"Business Books and Records" means copies of books, records, files and documents relating to the Business, including, without limitation, any books of account, ledgers, journals, records of accounts receivable and payable, cost and pricing information, inventory records, maintenance asset history records, blueprints, drawings, technical papers, business reports, plans and projections, credit information, files, lists, data and other information relating to customers of and suppliers to the Business, and other correspondence, data and information in any format or media whatsoever.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"Business Personal Information" means (i) the Home Services Employee Personal Information; (ii) information about an identifiable individual who is a customer of the Business; and (iii) information about an identifiable individual who is one of the Licensees or Contractors or who is an employee of any of the Licensees or Contractors.

"Closing" means the completion of the transaction of purchase and sale contemplated in this Agreement.

"Closing Cash Payment" has the meaning specified in Section 2.2.

"Closing Date" means March 2, 2013, if such date is at least one day subsequent to the day on which all conditions precedent set forth in Sections 6.1 and 6.2 have been satisfied or waived by the Parties (other than those that, by their terms, cannot be satisfied until the time of Closing), or, if such conditions precedent have not been so satisfied or waived at least one Business Day prior to such date, the last day of the Fiscal Month (as such term is defined in the Branded Concession Agreement) during which such conditions are satisfied or waived as aforesaid, or, in any event, such earlier or later date as the Parties may mutually agree in writing.

- 3 -

"Closing Time" has the meaning given in Section 7.1.

"Commissioner" means Commissioner of Competition appointed under subsection 7(1) of the Competition Act or a person designated or duly authorized under the Competition Act to exercise the powers and perform the duties of the Commissioner of Competition.

"Competition Act" means the *Competition Act* (Canada) and the regulations promulgated thereunder, as amended.

"Competition Act Clearance" means that, with respect to the transactions contemplated by this Agreement, either (a) (i) the applicable waiting period under subsection 123(1) of the Competition Act shall have expired or shall have been terminated under subsection 123(2) of the Competition Act, or the Commissioner shall have waived the requirement to submit a notification pursuant to paragraph 113(c) of the Competition Act, and (ii) the Transferee shall have received a No Action Letter and the form of and any terms and conditions attached to the No Action Letter are acceptable to the Transferee, acting reasonably; or (b) the Transferee shall have received an ARC.

"Contracts" has the meaning specified in Section 2.8(f).

"Contractors" means the counterparties to the following agreements with the Transferor with respect to the Business only: "Sell, Furnish & Install" agreements, "Furnish and Install" agreements, and contracts regarding the installation of Products and Services.

"Customer Contracts" has the meaning specified in Section 2.8(f).

"Customer Deposit Value" means the total, as at the Closing Time, of deposits received by Transferor from counterparties to the Open Customer Contracts.

"Damages" means any actual losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses, but excluding loss of profits and special, indirect, consequential, punitive or aggravated damages) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, or a cause, matter, thing, act, omission or state of facts not involving a third party.

"Direct Claim" means any cause, matter, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Party to make a claim for indemnification under this Agreement.

"Distressed Inventory" means any inventory that is distressed, obsolete or damaged.

"Employee Claims" means the claims, pending claims, and potential claims referenced under Section 3.1(t).

"Employee Plans" means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, restricted stock rights, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the Home Services Employees maintained, sponsored or funded by the Transferor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered.

"Employee Personal Information" has the meaning specified in Section 3.1(v).

"Environmental Laws" means all applicable Laws and agreements with Governmental Entities and all other statutory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such Laws, agreements or statutory requirements.

"Estimated Customer Deposit Value" has the meaning specified in Schedule 2.2.

"Estimated Inventory Purchase Price" has the meaning specified in Schedule 2.2.

"Estimated Rental Equipment Purchase Price" has the meaning specified in Schedule 2.2.

"Estimated Vacation Pay Accrual" has the meaning specified in Schedule 2.2.

"Estimated Work In Progress Price" has the meaning specified in Schedule 2.2.

"Excluded Assets" has the meaning specified in Section 2.9.

"Furniture & Equipment Purchase Price" has the meaning specified in Schedule 2.2.

"Governmental Entity" means (i) any international, multinational, national, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any stock exchange and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

"Hired Employees" means those Home Services Employees who become employees of the Transferee effective at the Closing Time.

"Home Services Employees" means the following employees of the Transferor as at the signing of this Agreement: Divisional Vice-President, Home Improvements and all employees of Transferor reporting directly or indirectly to him (other than Director, Oil and all employees of Transferor reporting directly or indirectly to him and other than the following six employees: National Installation Manager; Installation Manager, BC; Installation Manager, Toronto; Senior Director, HVAC; District Sales Manager, HVAC; Product Manager, In-Home Service); plus the

- 5 -

following three employees: District Operations Manager, Quebec; Associate Vice-President, Digital Marketing, Home Services; and Manager, Home Services Finance.

"Home Services Employee Personal Information" has the meaning specified in Section 5.9(2).

"Home Shows" has the meaning specified in Section 2.8(h).

"Home Shows Assumption Price" means the "Total Cost to Sears" as set out in Schedule 2.8(h).

"Indemnification Cap" has the meaning specified in Section 9.4(6).

"Indemnified Party" means a Party with indemnification rights or benefits under Section 9.2 or Section 9.3, or otherwise under this Agreement.

"Indemnifying Party" means a Party against which a claim may be made for indemnification under this Agreement, including pursuant to Article 9.

"Intellectual Property" means domestic and foreign intellectual property rights, including: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) copyrights, copyright registrations and applications for copyright registration; (iii) designs, design registrations, design registration applications and integrated circuit topographies; (iv) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos; and (v) the goodwill associated with any of the foregoing.

"Interim Period" means the period between the close of business on the date of this Agreement and the Closing.

"Inventory Purchase Price" means the depreciated value, in accordance with Accounting Principles, of the Working Inventory at the Closing.

"ISO" means Installation Services Org. Ltd., an Alberta corporation that is an Affiliate of Transferee.

"Laws" means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations, by-laws, and (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity.

"Liabilities" means any and all liabilities, whether known or unknown, including, without limitation, all obligations and other liabilities, whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due.

"Licensed Areas" has the meaning specified in the Branded Concession Agreement.

"Licensee Contracts" has the meaning specified in Section 2.8(f).

- 6 -

"Licensees" means the counterparties to the following agreements with the Transferor with respect to the Business only: "Sears Carpet and Upholstery Services" license agreements and "Sears Indoor Clean Air Services" license agreements.

"Lien" means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature which, in substance, secures payment or performance of an obligation.

"Loan" means a vendor take-back loan granted by Transferor to Transferee, the key terms of which are as set out in Schedule 2.3.

"Loan Documents" means the "Documentation" as set out in Schedule 2.3.

"Material Adverse Effect" means any effect that, when considered either individually or in the aggregate, is material and adverse to the financial condition of the Business taken as a whole, except to the extent that the material adverse effect results from or is caused by (i) worldwide, national or local conditions or circumstances whether they are economic, political, regulatory or otherwise, including war, armed hostilities, acts of terrorism, emergencies, crises and natural disasters, (ii) changes in the markets or industry in which the Business operates, (iii) the announcement of this Agreement and the transactions contemplated by it, (iv) any act or omission of the Business prior to the Closing Date taken with the prior consent or at the request of the Transferee, (v) general economic, regulatory or political conditions or changes, (vi) changes in the law or accounting standards, (vii) compliance with the terms of this Agreement, (viii) the failure of the Business to meet or achieve the results set forth in any internal projection, (ix) military action or any act of terrorism, (x) any natural disaster, (xi) any matter or event that is known by the Transferee (or of which the Transferee has been notified) as of the date hereof, or (xii) any matter set forth in the Schedules attached hereto.

"No Action Letter" means a written notice from the Commissioner confirming that she does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the transactions contemplated by this Agreement.

"Non-Quebec Home Services Employees" means the Home Services Employees who are not Quebec Home Services Employees.

"Non-Transferring Employees" means the Non-Quebec Home Services Employees who, in accordance with the procedures set out in this Agreement, will not be provided Offers of Employment.

"Notice" has the meaning specified in Section 11.1.

"Notices of Continuation of Employment" means notices given by the Transferee to Quebec Home Services Employees of the continuation of their employment with Transferee, on terms and conditions substantially similar, in the aggregate, to those

- 7 -

upon which such Quebec Home Services Employees are employed by the Transferor at the time of the execution of this Agreement, conditional upon Closing and effective at the Closing Time, substantially in the French and English forms attached hereto as Schedule 5.11(4).

"Offers of Employment" means offers of employment by the Transferee to the Affected Employees on terms and conditions substantially similar, in the aggregate, to those upon which such Affected Employees are employed by the Transferor at the time of the execution of this Agreement, conditional upon Closing and effective at the Closing Time, substantially in the form attached hereto as Schedule 5.11(3).

"Open Customer Contracts" means Customer Contracts entered into prior to the Closing Time for which Transferor's work has not yet been completed at the Closing Time.

"Ordinary Course of Business" means an action taken by a Person where that action:

- (a) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person;
- (b) does not require authorization by the board of directors or shareholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and
- (c) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line as such Person.

"Parties" means the Transferor and the Transferee and any other Person who becomes a party to this Agreement.

"Permits" means all permits, licenses, approvals, consents, registrations and qualifications relating to the Business required by any Governmental Authority or by any Person.

"Permitted Liens" means

- (i) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, materially detract from the value of or impair the use or marketability of any real property,
- (ii) mechanics', carriers', workers', repairers' and similar statutory liens arising or incurred in the Ordinary Course of Business for amounts which are not delinquent, or which are being contested in good faith

by appropriate proceedings and which are not, individually or in the aggregate, significant,

- (iii) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over leased property which are not violated by the current use and operation of the leased property,
- (iv) covenants, conditions, restrictions, easements and other similar matters of record affecting title to leased property which do not materially impair the occupancy or use of leased property for the purposes for which it is currently used in connection with the Business.

"Person" means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

"Products and Services", "Products" and "Services" have the meanings specified in the Branded Concession Agreement.

"Purchase Price" has the meaning specified in Section 2.2.

"Purchase Price Certificate" has the meaning specified in Section 2.4(1).

"Quebec Home Services Employees" means the Home Services Employees who are employed in the Province of Quebec.

"Rental Equipment" means equipment owned by the Business which is rented by customers of the Business.

"Rental Equipment Purchase Price" means the depreciated value, in accordance with Accounting Principles, of the Rental Equipment at the Closing.

"Sales Taxes" has the meaning specified in Section 2.5.

"Sears Trademarks" has the meaning specified in the Branded Concession Agreement.

"Source Revenue" means revenue obtained by Transferee from manufacturers and suppliers of inventory purchased by Transferee in conjunction with the completion of work-in-progress transferred to the Transferee at Closing.

"Tax Act" means the *Income Tax Act* (Canada), as amended.

"Tax Benefit" has the meaning specified in Section 9.4(4).

"Tax Returns" means any and all returns, reports, declarations and elections, filed or required to be filed in respect of Taxes.

"Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, and (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii).

"Terminated Employee" has the meaning specified in Section 10.1.

"Termination Pay Formula" means the formula used by Sears to determine the Termination Payment for each Terminated Employee.

"Termination Payment Contribution" has the meaning specified in Section 10.1(2).

"Termination Payments" has the meaning specified in Section 10.1(2).

"Third Party Claim" means any action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, against an Indemnified Party which entitles the Indemnified Party to make a claim for indemnification under this Agreement.

"Transferee" means SHS Services Management Inc., a corporation incorporated pursuant to the laws of Canada.

"Transferor" means Sears Canada Inc., a corporation incorporated pursuant to the laws of Canada.

"Transferor Pension Plan" means the Sears Canada Inc. Registered Retirement Plan, Financial Services Commission of Ontario Registration No. 0360065.

"Transferred Assets" has the meaning specified in Section 2.8.

"Vacation Pay Accrual" has the meaning specified in Section 2.11(d).

"Warranty Work" means the Transferor's warranty obligations to Transferor's customers related to Products and Services sold by the Business, in accordance with the contracts with such customers and in accordance with applicable Law.

"Warranty Work Reserve (Non-HVAC)" means the reserve established by the Transferor in accordance with Accounting Principles with respect to Warranty Work obligations related to Products and Services sold by the Business that are not heating, ventilation and air conditioning equipment.

"Working Inventory" means new inventory pertaining to the Business which is still in the original packaging, saleable at market margins and is not Distressed Inventory or otherwise incomplete, reconditioned, altered, damaged, defective, non-functional, discontinued or obsolete.

- 10 -

"Work-in-Progress Price" means the amount that is the result of the following formula: 5.532% of the total Customer payment obligations (excluding Sales Taxes) (including any amount of Customer Deposit Value) pursuant to the Open Customer Contracts.

Section 1.2 Gender and Number.

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a table of contents, the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and do not affect the interpretation of this Agreement.

Section 1.4 Currency.

All references in this Agreement to dollars, or to \$ are expressed in Canadian currency, unless otherwise specifically indicated.

Section 1.5 Certain Phrases, etc.

In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless otherwise specified, the words "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement.

Section 1.6 Knowledge.

Where any representation or warranty contained in this Agreement is qualified by reference to the knowledge of the Transferor or of the Transferee, it refers to the actual knowledge (without further inquiry) of the appropriate employees and/or officers of the Transferor or of the Transferee, as applicable, without personal liability on the part of any of such individuals.

Section 1.7 Accounting Terms.

All accounting terms not specifically defined in this Agreement are to be interpreted in accordance with Accounting Standards.

Section 1.8 Schedules.

- (1) The Schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.
- (2) The purpose of the Schedules is to set out the qualifications, exceptions and other information called for in this Agreement. The Parties acknowledge and agree that the Schedules and the information and disclosures contained in them do not constitute or imply, and will not be construed as:

- 11 -

- (a) any representation, warranty, covenant or agreement which is not expressly set out in this Agreement;
 - (b) an admission of any liability or obligation of the Transferor;
 - (c) an admission that the information is material;
 - (d) a standard of materiality, a standard for what is or is not in the ordinary course of business, or any other standard contrary to the standards contained in the Agreement; or
 - (e) an expansion of the scope of effect of any of the representations, warranties and covenants set out in the Agreement.
- (3) Disclosure of any information in the Schedules that is not strictly required under this Agreement has been made for informational purposes only and does not imply disclosure of all matters of a similar nature. Inclusion of an item in any section of the Schedules is deemed to be disclosure for all purposes for which disclosure is required under this Agreement.
- (4) The Schedules themselves are confidential information and may not be disclosed by the Transferee unless (i) any such information is required to be disclosed pursuant to applicable Law, unless such Law permits the Transferee to refrain from disclosing the information for confidentiality or other purposes, or (ii) the Transferee needs to disclose it in order to enforce or exercise its rights under this Agreement.

Section 1.9 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted.

Section 1.10 Non-Business Days.

Whenever payments are required to be made or an action is required to be taken on a day which is not a Business Day, such payment shall be required to be made or such action shall be required to be taken on or not later than the next succeeding Business Day.

ARTICLE 2 TRANSFERRED ASSETS, ASSUMED LIABILITIES AND PURCHASE PRICE

Section 2.1 Asset Transfer.

In consideration of payment of the Purchase Price, Transferor does hereby grant, gain, transfer, sell, assign, convey and deliver to Transferee, and its successors and assigns, good and valid right, title and interest in and to the Transferred Assets to have and hold such Transferred Assets to and for its and their own use forever.

Section 2.2 Purchase Price and Closing Cash Payment.

The "Purchase Price" means the Furniture & Equipment Purchase Price plus the Inventory Purchase Price plus the Rental Equipment Purchase Price plus the Work In Progress Price plus the Home Shows Assumption Price minus the Warranty Work Reserve (Non-HVAC) minus the Customer Deposit Value minus the Vacation Pay Accrual.

The "Closing Cash Payment" means the Furniture & Equipment Purchase Price plus the Estimated Inventory Purchase Price plus the Estimated Rental Equipment Purchase Price plus the Estimated Work In Progress price plus the Home Shows Assumption Price minus the Warranty Work Reserve (Non-HVAC) minus the Estimated Customer Deposit Value minus the Estimated Vacation Pay Accrual.

Section 2.3 Satisfaction of the Closing Cash Payment.

The Closing Cash Payment shall be satisfied by the Transferee delivering to the Transferor the executed Loan Documents.

Section 2.4 Reconciliation of the Purchase Price.

- (1) No later than 22 days after Closing (or such other time as agreed to by the Parties), the Transferor shall deliver to the Transferee a certificate ("Purchase Price Certificate") setting out the Purchase Price, the amount of the Inventory Purchase Price, Rental Equipment Purchase Price, Work-in-Progress Price, Customer Deposit Value, Vacation Pay Accrual as well as the Open Customer Contract Value, together with the reconciled amount to the Closing Cash Payment (as well as any amount owing pursuant to Section 5.6(9)) owing by one Party to the other.
- (2) No later than the later of (i) 30 days after Closing; or (ii) five days after delivery of the Purchase Price Certificate; the reconciled amount shall be paid by the Party owing to the Party owed. Where the Transferor is the party owing, the reconciled amount shall be used to reduce the principal amount of the Loan, retroactive to the Closing. Where the Transferee is the party owing, the reconciled amount shall be added to the principal amount of the Loan, retroactive to the Closing.
- (3) If the Transferee does not agree with the Purchase Price as provided in the Purchase Price Certificate, the Transferee shall so inform the Transferor in writing within fifteen (15) Business Days after the Transferee's receipt of the Purchase Price Certificate, such writing to set forth the objections of the Transferee in reasonable detail. If the Transferee and the Transferor cannot reach agreement as to the Purchase Price within fifteen (15) Business Days after notification by the Transferee to the Transferor of a dispute, they shall forthwith refer the dispute to an accounting firm of recognized standing in Canada and mutually agreeable to the Transferee and the Transferor for resolution (the "Independent Accountant"). If the Transferee and the Transferor are unable to agree on the accounting firm that should serve as the Independent Accountant, then, no later than 15 Business Days after the first Party notified the other Party of its choice of Independent Accountant, each of the Transferee and the Transferor shall select a representative from the proposed accounting firm selected by it, and those two individuals shall select a third accounting firm of recognized standing in Canada (other than a firm which serves as

- 13 -

the accountants or independent auditors of either of the Parties or any of its Affiliates) that shall serve as the Independent Accountant. If one of the Parties fails to select such a representative within the time set out therefor in the previous sentence, then the choice of Independent Accountant shall be made solely by the representative that was duly designated within the time provided therefor. The Independent Accountant shall offer the Parties the opportunity to provide written submissions regarding their positions as to the amount of, and computation of, the Purchase Price, which written submissions shall be provided to the Independent Accountant, if at all, no later than ten (10) Business Days after the date of referral of the dispute to the Independent Accountant. The determination of the Independent Accountant shall be made as an expert and not as an arbiter and shall be based solely on the written submissions by the Parties and their respective representatives, and the determination shall not be by independent review. The Independent Accountant shall deliver a written report resolving only the amount of the Purchase Price and setting forth the basis for such resolution within twenty (20) Business Days after the Parties have submitted in writing (or have had the opportunity to submit in writing but have not submitted) their positions as to the amount of, and computation of, the Purchase Price. In preparing its report, the Independent Accountant shall not assign a value to the Purchase Price other than one submitted by the Transferee, on the one hand, or the Transferor, on the other hand. The decision of the Independent Accountant under this Section 2.4(3) with respect to the Purchase Price shall be deemed final and conclusive and shall be binding upon the Parties. In addition, if the Transferee does not object to the Purchase Price within the fifteen (15) Business Day period referred to in the first sentence of this Section 2.4(3), the Purchase Price as set forth in the Purchase Price Certificate shall be deemed final and conclusive and binding upon the Parties.

- (4) The Transferee shall be entitled to have reasonable access to the books and records of the Transferor and the work papers of the Transferor prepared specifically in connection with the Purchase Price Certificate and, upon reasonable prior notice, shall be entitled to discuss such books and records and work papers with the Transferor and those persons responsible for the preparation thereof.
- (5) The Transferee and Transferor shall pay their own respective costs and expenses incurred in connection with the matters described in this Section 2.4, provided that the fees and expenses of the Independent Accountant selected to calculate the Purchase Price pursuant to this Section 2.4 shall be borne entirely by the Party whose assertion regarding the Purchase Price is not selected by the Independent Accountant.

Source Revenue.

Within 15 months after Closing (or such other time as agreed to by the Transferee) shall deliver to the Transferor a certificate setting out the Source Revenue. The Transferee shall pay the Source Revenue to the Transferor by wire transfer from any available funds.

Section 2.6 Sales Taxes.

All amounts payable by Transferee to Transferor pursuant to this Agreement do not include any value-added, sales, use, consumption, multi-staged, personal property, customs, excise, stamp, transfer, or similar taxes, duties, or charges, (collectively "Sales Taxes"). If Transferor is required by law or by administration thereof to collect any applicable Sales Taxes from Transferee, then Transferee shall pay such Sales Taxes to Transferor concurrent with the payment of any consideration payable pursuant to this Agreement, unless Transferee qualifies for an exemption from any such applicable Sales Taxes, in which case Transferor shall accept, in lieu of payment of such applicable Sales Taxes, delivery by Transferee of such certificates, elections, or other documentation required by law or the administration thereof to substantiate and effect the exemption so claimed. The Parties will use commercially reasonable efforts in good faith to minimize any Sales Taxes payable under the Excise Tax Act (Canada) and similar acts in other jurisdictions on or before the Closing Date by, among other things, making such elections, providing such purchase exemption certificates and taking such steps as may be provided under such Laws (including making a joint election in a timely manner under Section 167 of the Excise Tax Act (Canada)). In the event the Canada Revenue Agency does not accept in whole or in part the election made under Section 167 of the Excise Tax Act (Canada), the Transferee shall pay to the Transferor, in addition to any amounts payable by the Transferee under this Agreement, all Sales Taxes payable pursuant to the Excise Tax Act (Canada) on or in respect of the property and services supplied hereunder and shall indemnify and save harmless the Transferor from any penalties and interest which may be payable by or assessed against the Transferor under the Excise Tax Act (Canada) as may be reasonably requested by Transferee or Transferor in connection with the Closing.

Section 2.7 Income Tax Act Section 20(24) Election.

The Transferor and Transferee shall, in accordance with the requirements of the Income Tax Act (Canada) and any applicable equivalent or corresponding provincial tax legislation, make and file, in a timely manner, a joint election to have the rules of subsection 20(24) of the Income Tax Act (Canada), and any equivalent or corresponding provision under applicable provincial tax legislation, apply to the obligations of the Transferor in respect of undertakings which arise from the operation of the Business and to which paragraph 12(1)(a) of the Income Tax Act (Canada) applies.

Section 2.8 Transferred Assets.

The Transferred Assets consist of the property, assets, rights and interests of the Transferor in the following only (collectively, the "Transferred Assets"):

- (a) *Inventory.* All of the Business's inventories held for resale or lease to customers in the Ordinary Course of Business, including (a) all Working Inventory and; (b) all Distressed Inventory.
- (b) *Rental Equipment.* All of the Business's heating and cooling equipment (including water heaters) leased or rented by customers of the Business.
- (c) *Work-in-Progress.* All of the raw materials, work in process, spare parts, finished products, wrapping, supply and packaging items, manufacturing

- 15 -

supplies, and all other materials and supplies used or consumed in the production of finished goods.

- (d) *Furniture & Equipment.* All chattels (other than computer or telephone equipment) used in the Business and located in Licensed Areas or in premises leased or sub-leased from Transferee under leasing agreements effective at Closing, including office supplies and similar materials of Transferor used in the Business containing Sears Trademarks.
- (e) *BlackBerrys.* Provided the conditions in Section 5.14 are met, all "BlackBerry" branded hand-held communication devices assigned to and used by Hired Employees just prior to the Closing Time, and the telephone numbers associated therewith ("BlackBerrys").
- (f) *Contracts.* All of Transferor's right, title and interest in and to all contracts, agreements, instruments and arrangements at the Closing Time with (i) customers of the Business ("Customer Contracts"); (ii) Contractors; and (iii) Licensees ("Licensee Contracts") (but the Transferred Assets shall not include any right, title or interest in Intellectual Property of the licensor in the Licensee Contracts) (collectively, the "Contracts").
- (g) *Customer and Contractor Information.* Copies of all files, lists, data and other information relating to customers of the Business and relating to Licensees or Contractors at the Closing Time.
- (h) *Home Show Booths & Exhibition Space.* All of Transferor's right, title and interest in and to all contracts, agreements and arrangements at the Closing Time in respect of the exhibition shows set out at Schedule 2.8(h), as well as three exhibition booths constructed by Transferor for use at such shows ("Home Shows").
- (i) *Warranty Rights.* All warranty rights against manufacturers or suppliers relating to any of the Transferred Assets.

Section 2.9 Excluded Assets.

Notwithstanding anything in this Agreement to the contrary, the following assets, properties, rights and interests of Transferor (the "Excluded Assets") shall be excluded from and shall not constitute the Transferred Assets:

- (a) *Cash.* All cash, certificates of deposits, bank deposits, commercial paper, treasury bills and other cash equivalents of Transferor.
- (b) *Cheques.* All of Transferor's cheques and cheque books.
- (c) *Tax Refunds.* All refunds or credits of Taxes due to Transferor.
- (d) *Actions, etc.* All rights of action and claims of Transferor against third persons in the conduct of the Business arising before the Closing Time,

- 16 -

other than rights of action and claims that relate to any of the Transferred Assets or the Assumed Liabilities.

- (e) *Corporate Records.* All of Transferor's corporate charters, minute and share record books, documents and records and corporate seals of Transferor.
- (f) *Intellectual Property.* All of Transferor's right, title and interest in and to its Intellectual Property.
- (g) *Goodwill.* The goodwill of Transferor relating to the Business at the Closing Time, including, without limitation, any goodwill associated with the right to use the Sears Trademarks;
- (h) *Real Property.* All of Transferor's real property rights, including under any lease or sub-lease, and any fixtures and leasehold improvements located at any Sears premises including, for greater certainty, in any Licensed Area;
- (i) *Computer & Telephone Equipment.* Subject to Section 2.8(e), all computer and telephone equipment
- (j) *Customer Deposits.* Any deposits provided by customers of the Business in relation to Open Customer Contracts;
- (k) *Oil Business.* All right, title and interest in Transferor's fuel oil business;
- (l) *Sears Floor Covering Centre Business.* All right, title and interest in the business operated under the "Sears Floor Covering Centre" / "Centre de revêtements de sol Sears" banner; and
- (m) *Rights Under Agreement.* All of Transferor's rights under this Agreement.

Section 2.10 Post-Closing Receipts.

If at any time following the Closing Time, Transferor or any of its Affiliates receives, or comes into possession of any of the Transferred Assets or any receipts, proceeds, cheques, securities or other property of any kind comprising, arising out of or derived from the Transferred Assets, Transferor shall immediately deliver the same to Transferee, with such endorsements, transfers or assignments as may be necessary or desirable to ensure that Transferee receives the immediate and full benefit thereof.

Section 2.11 Assumed Liabilities.

On and subject to the terms and conditions contained in this Agreement, Transferee shall at the Closing Time, assume and agree to pay, perform and discharge when due the Assumed Liabilities, and Transferee will at the Closing Time only assume and agree to pay, perform and discharge when due the Assumed Liabilities. For further clarity, Transferee will not assume or become responsible for any Liability of Transferor not constituting an Assumed Liability. The Assumed Liabilities consist of the following (collectively, the "Assumed Liabilities"):

- 17 -

- (a) *Contractor and Licensee Contracts.* All Liabilities of Transferor accruing on or after the Closing Time under the Licensee Contracts and Contracts with Contractors (excluding only those Liabilities owing to Licensees or Contractors occurring on or after the Closing Time due to a breach of such Contract prior to the Closing Time).
- (b) *Work in Progress.* All Liabilities of Transferor related to Open Customer Contracts.
- (c) *Warranty Work.* All Liabilities in respect of Warranty Work after the Closing Time; all Liabilities in respect of Warranty Work related to Open Customer Contracts; and all Liabilities in respect of Warranty Work before the Closing time related to Products and Services that are not related to heating, ventilation and air conditioning equipment (collectively, the "Assumed Warranty Work").
- (d) *Accrued Vacation.* All Liabilities of Transferor in respect vacation pay entitlement of Hired Employees accrued prior to Closing but not yet taken by such Hired Employees at the Closing ("Vacation Pay Accrual").
- (e) *Employees.* All Liabilities in respect of the Hired Employees to the extent that such Liabilities arise on or after the Closing Time.
- (f) *BlackBerrys.* All Liabilities in respect of Blackberries arising after the Closing Time, excluding all Liabilities of Transferor to the service provider thereof, Bell Canada.
- (g) *Home Shows.* All Liabilities in respect of Home Shows arising after the Closing Time.

Section 2.12 Excluded Liabilities.

Except as specifically provided in Section 2.11, Transferee shall not assume and shall not agree to pay, perform or discharge any Liabilities of Transferor, including those which are not Assumed Liabilities, including any Liabilities which arise in connection with or relate to the business of Transferor that is not the Business, all of which Liabilities are "Excluded Liabilities." Without limiting the generality of the foregoing, Transferee shall have no obligations in respect of any of the following Liabilities:

- (a) *Contracts, etc.* All Liabilities (other than Assumed Liabilities) of Transferor accruing prior to the Closing Time under contracts (other than Open Customer Contracts or in relation to Assumed Warranty Work), and Permits including all Liabilities in respect of any breach of representation, warranty or covenant contained in, or for any claim for indemnification pursuant to, any contract (other than Open Customer Contracts or in relation to Assumed Warranty Work) or Permit to the extent that such breach or claim arose out of Transferor's performance or non-performance thereunder prior to the Closing Time, regardless of when said breach or claim is asserted.

- 18 -

- (b) *Employees.* (i) Any Liabilities accruing from or being determined by reference to any period of time prior to the Closing Time relating to the employment by the Transferor of any of the Home Services Employees (other than Vacation Pay Accrual); (ii) any Liabilities of the Transferor accruing before or after the Closing Time in respect of any Employee Plan, the Transferor Pension Plan or applicable Laws.
- (c) *Actions.* Any Liabilities of Transferor arising out of or related to any Claim against Transferor which adversely affects the Transferred Assets and which shall have been asserted on or prior to the Closing Time or the basis of which shall have arisen on or prior to the Closing Time.
- (d) *Excluded Assets.* Any Liabilities arising out of any of the Excluded Assets.
- (e) *Product Liabilities.* All Liabilities in respect of injury to or death of Persons or damage to or destruction of property not constituting part of the Transferred Assets, including product liability claims and worker's compensation claims arising out of the conduct of the Business prior to the Closing Time, regardless of when said Liability is asserted, including any Liability for indirect, consequential or punitive damages in connection with the foregoing.
- (f) *Taxes.* All Liabilities for taxes collected, collectible, payable or remittable by Transferor, including taxes payable or accruing in respect of the Business prior to the Closing Time.
- (g) *Violation of Laws.* Any violation of or failure to comply with any Laws (including Laws relating to franchises or bulk sales) or any Permit by the Business, prior to the Closing Time or in connection with the sale and transfer of the Transferred Assets.
- (h) *Entering into the Agreement.* Any Liabilities of Transferor resulting from entering into, performing its obligations pursuant to or consummating the transactions contemplated by, this Agreement.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR**

Section 3.1 Representations and Warranties of the Transferor.

The Transferor represents and warrants as follows to the Transferee and acknowledges that the Transferee is relying upon the representations and warranties in connection with its purchase of the Transferred Assets:

Corporate Matters

- (a) **Incorporation and Qualification.** The Transferor is a corporation formed and existing under the Laws of its jurisdiction of formation and has the

- 19 -

corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement.

- (b) **Corporate Authorization.** The execution and delivery of and performance by the Transferor of this Agreement have been authorized by all necessary corporate action on the part of the Transferor.
- (c) **No Conflict.** The execution and delivery of, and performance by the Transferor of, the transaction of purchase and sale contemplated by this Agreement:
 - (i) do not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its articles or by-laws or any Contract or any other agreement to which the Transferor is a party;
 - (ii) do not result in a breach of, or cause the termination or revocation of, any Authorization held by the Transferor that is necessary to the ownership of the Transferred Assets, which would reasonably be expected to have a Material Adverse Effect; and
 - (iii) do not result in the violation of any Law which would reasonably be expected to have a Material Adverse Effect.
- (d) **Required Authorizations.** Except for Competition Act Clearance, no filing with, notice to, or Authorization of, any Governmental Entity is required on the part of the Transferor as a condition to the lawful completion of the transactions contemplated by this Agreement where the failure to make the filing, give the notice or obtain the Authorization would reasonably be expected to have a Material Adverse Effect.
- (e) **Third Party Consents.** Except for acceptance by Affected Employees of Offers of Employment, there is no requirement to obtain any consent, approval or waiver of a party under any contract, license, lease or instrument to which the Transferor is a party to the completion of the transactions contemplated by this Agreement where the failure to obtain such consent would reasonably be expected to have a Material Adverse Effect.
- (f) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Transferor and constitutes a legal, valid and binding agreement of it enforceable against it in accordance with its terms, subject to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

- 20 -

- (g) **No Other Agreements to Transfer.** Except for the Transferee's right under this Agreement, to the knowledge of the Transferor, no Person has any contractual right or privilege for the purchase or acquisition from the Transferor of any of the Transferred Assets.
- (h) **Residence of the Transferor.** The Transferor is not a non-resident of Canada within the meaning of the Tax Act.
- (i) **Branded Concession Agreement.** Transferor has the right to execute and deliver the Branded Concession Agreement and to perform its obligations under it.

General Matters Relating to the Business

- (j) **Compliance with Laws.** The Transferor is conducting the Business in compliance with all applicable Laws, except for acts of non-compliance which would not reasonably be expected to have a Material Adverse Effect.
- (k) **Authorizations.** The Transferor is qualified, licensed or registered to carry on business in all provinces and territories of Canada. The Transferor has all Authorizations which are necessary for it to conduct the Business, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect. Such Authorizations are valid, subsisting and in good standing and there are no outstanding defaults or breaches under them on the part of the Transferor which would reasonably be expected to have a Material Adverse Effect.
- (l) **Solvency.** Transferor is not now insolvent and will not be rendered insolvent by transactions contemplated by this Agreement. As used in this paragraph, "insolvent" means the sum of debts and other probable liabilities of Transferor exceeds the present fair market value of Transferor's assets or that the Transferor is unable to pay its debts as they become due.

Matters Relating to the Assets

- (m) **The Assets Generally.** The Transferor owns the Transferred Assets, free and clear of all Liens, except for Permitted Liens. No other Person owns the Transferred Assets.
- (n) **No Options, etc. to Purchase Assets.** No Person has any contractual right or privilege for the purchase or other acquisition from the Transferor of any Transferred Assets except in the Ordinary Course of Business.
- (o) **Working Inventory.** All items included in Working Inventory are quality usable and, with respect to finished goods, saleable in the Ordinary Course of Business of the Transferor. Transferor is not in possession of any Working Inventory not owned by Transferor, including goods already

- 21 -

sold. Working Inventory now on hand was purchased in the Ordinary Course of Business of the Transferor.

- (p) **As-Is, Where-Is Condition of Transferred Assets.** The Transferor makes or provides no warranty or representation, and the Transferee hereby waives any warranty or representation, in each case express or implied, as to the quality, merchantability, fitness for a particular purpose, conformity to samples, or condition of the Transferred Assets or any part thereto.
- (q) **Environmental Matters.** With respect to the Transferred Assets, Transferor is, and at all times has been, in full compliance with, and has not been and is not in violation of or liable under, any Environmental Laws. Transferor does not have any basis to expect any actual or threatened order, notice or other communication from any Governmental Entity or private citizen acting in the public interest of any actual or potential violation or failure to comply with Environmental Laws, or any actual or threatened obligation to undertake or bear the cost of any environmental, health and safety liabilities with respect to any of the Transferred Assets ("Environmental Liabilities").

Financial Matters

- (r) **No Liabilities.** To the knowledge of the Transferor, the Business has no liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with Accounting Standards, except for liabilities that would not reasonably be expected to have a Material Adverse Effect.
- (s) **Tax Matters.** Transferor has paid all Taxes which are due and payable by it or which have accrued with respect to the Business and the Transferred Assets on or before the Closing Date. There are no actions, suits, proceedings, investigations, enquiries or claims now pending or made or, to the best of the knowledge of Transferor, threatened against Transferor in respect of Taxes that may affect the Business or the Transferred Assets. Transferor has withheld from each amount paid or credited to any Person the amount of Taxes required to be withheld therefrom and has remitted such Taxes to the proper tax or other receiving authorities within the time required under applicable Law. Transferor is not a non-resident of Canada within the meaning of the Tax Act.

Matters Relating to the Business

- (t) **Employees.** With respect to the Home Services Employees in their current employment with the Transferor and their current positions with the Business:
 - (i) Schedule 3.1(t) provides a breakdown of the number of Home Services Employees, their titles, and province of employment, as at the day of execution of this Agreement;

- 22 -

- (ii) the Transferor is in material compliance with all Laws respecting employment including, without limitation, wages and hours of work, occupational health and safety, workers' compensation, and there are no outstanding claims, complaints, investigations or orders under any such Laws;
- (iii) there is no unfair labour practice complaint, grievance or arbitration proceeding pending or, to the knowledge of the Transferor, threatened against the Transferor that would have a Material Adverse Effect;
- (iv) the Transferor is not a party to any collective agreement, no collective agreement currently exists relating to the Home Services Employees, no collective agreement is being negotiated, or has been negotiated, by the Transferor or any other Person relating to the Business, and the Transferee will not be bound by any collective agreement arising from this Transaction;
- (v) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the Home Services Employees by way of certification, interim certification, voluntary recognition, or succession or common employer rights, or has applied or, to the knowledge of the Transferor, threatened to apply to be certified as the bargaining agent of any of the Home Services Employees. To the knowledge of the Transferor there is no threatened or pending union organizing activities involving the Home Services Employees. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Transferor, threatened against the Transferor in relation to the Business or the Home Services Employees;
- (vi) all amounts due or accrued due for all salary, wages, bonuses, commissions, vacation pay, and benefits under the employment contracts of the Home Services Employees and the Employee Plans have been paid or accrued prior to the Closing Time;
- (vii) to the knowledge of the Transferor, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety or insurance/workers' compensation legislation in respect of the Business that would have a Material Adverse Effect, and the Transferor has not been reassessed in any material respect under such legislation during the past three (3) years, and to the knowledge of the Transferor, no audit of such business is currently being performed pursuant to any applicable workplace safety or insurance/workers' compensation legislation. To the knowledge of the Transferor, there are no claims or potential claims that may materially adversely affect the Transferor's accident cost experience pursuant to any applicable

- 23 -

workplace or insurance/worker's compensation legislation, regulation or rules;

- (viii) to the knowledge of the Transferor, there are no charges pending under applicable occupational health or safety laws in any province or territory of Canada ("OHSA") in respect of the Transferor or the Transferred Assets that would have a Material Adverse Effect. The Transferor has complied in all material respects with any orders issued under OHSA and there are no appeals of any orders under OHSA currently outstanding;
- (ix) all employee data and information relating to the terms and conditions of employment of the Home Services Employees is true and correct in all material respects as of the date of the execution of this Agreement, and will remain in effect as to the terms of conditions of employment until the Closing Time;
- (x) the Transferor makes or provides no warranty or representation, and the Transferee hereby waives any warranty or representation, in each case express or implied, as to the past conduct of any Home Services Employee or the future conduct or suitability of any such employee for employment with the Transferee.
- (u) **Employee Plans.**
 - (i) Schedule 3.1(u) lists all Employee Plans.
 - (ii) All Employee Plans have been established, registered and administered in compliance with all Laws except where failure to do so would not reasonably be expected to have a Material Adverse Effect.
 - (iii) The Transferor has made all contributions and paid all premiums in respect of each Employee Plan in a timely fashion in accordance with the terms of each Employee Plan and applicable Laws, except where failure to do so would not reasonably be expected to have a Material Adverse Effect.
 - (iv) Other than routine claims for benefits, to the knowledge of the Transferor, no Employee Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes) or any other proceeding initiated by any Person which would reasonably be expected to have a Material Adverse Effect.
 - (v) **Business Personal Information.** Transferor has written privacy policies respecting its handling of all Business Personal Information, including without limitation, in connection with collecting, receiving, storing, processing, using, accessing, retaining, transferring and disclosing of

- 24 -

Business Personal Information. Transferor has made such privacy policies readily available to such individuals. Such privacy policies are adequate to enable Transferor to conduct the Business as it is currently being conducted. Transferor has materially complied with such privacy policies and all privacy Laws with respect to the handling of all Business Personal Information, including the obtaining of all consents as required under privacy Laws for: (i) the handling of Business Personal Information in connection with the Business; and (ii) the disclosure of the Business Personal Information to Transferee in connection with the transactions contemplated by this Agreement.

- (w) **Brokers.** No broker, agent or other intermediary is entitled to any fee, commission or other remuneration in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Transferor.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE TRANSFEREE

Section 4.1 Representations and Warranties of the Transferee.

The Transferee represents and warrants as follows to the Transferor and acknowledges and confirms that the Transferor is relying on such representations and warranties in connection with the sale by the Transferor of the Transferred Assets:

- (a) **Incorporation and Corporate Power.** The Transferee is a corporation incorporated and existing under the laws of its jurisdiction of incorporation. The Transferee has the corporate power to enter into and perform its obligations under this Agreement.
- (b) **Incorporation and Affiliate Status of ISO.** ISO is a corporation incorporated and existing under the laws of its jurisdiction of incorporation. ISO is an Affiliate of the Transferee.
- (c) **Corporate Authorization.** The execution and delivery of and performance by the Transferee of this Agreement have been authorized by all necessary corporate action on the part of the Transferee.
- (d) **No Conflict.** The execution and delivery of, and performance by the Transferee of, the transaction of purchase and sale contemplated by this Agreement:
- (i) do not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its articles or by-laws or under any material contract, license or instrument to which the Transferee or ISO is a party; and
- (ii) do not result in a breach of, or cause the termination or revocation of, any Authorization held by the Transferee or ISO that is necessary to

- 25 -

the ownership of the Transferred Assets or the operation of the Business, which would reasonably be expected to have a Material Adverse Effect; and

- (iii) do not result in the violation of any Law which would reasonably be expected to have a Material Adverse Effect.
- (e) **Required Authorizations.** Except for Competition Act Clearance, no filing with, notice to or Authorization of any Governmental Entity is required on the part of the Transferee as a condition to the lawful completion of the transactions contemplated by this Agreement.
- (f) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Transferee and constitutes legal, valid and binding agreements of the Transferee, enforceable against it in accordance with its terms, subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar Laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies including specific performance and injunction.
- (g) **ISO Guarantee.** ISO has the right to execute and deliver ISO Guarantee and to perform its obligations under it.
- (h) **Loan.** At Closing, (i) the Transferee will have the right to execute and deliver the Loan Documents and to perform its obligations thereunder; and (ii) the guarantors to the Loan will have the right to execute and deliver their respective guarantees and to perform their respective obligations under them.
- (i) **Solvency.** Transferee is not now insolvent and will not be rendered insolvent by transactions contemplated by this Agreement. ISO is not now insolvent and will not be rendered insolvent by transactions contemplated by this Agreement. As used in this paragraph, "insolvent" means the sum of debts and other probable liabilities of Transferee or ISO, as the case may be, exceeds the present fair market value of such Person's assets or that the Transferee or ISO, as the case may be, is unable to pay its debts as they become due.
- (j) **Transferee's Financial Position.** The Transferee will be able on Closing to meet the financial covenants established in the Branded Concession Agreement.
- (k) **ISO's Financial Position.** ISO is able to meet any and all financial covenants it has covenanted with its lenders.

- 26 -

- (l) **Litigation.** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to the Transferee's knowledge, threatened against the Transferee or ISO, which prohibit, restrict or seek to enjoin the transactions contemplated by this Agreement.
- (m) **Branded Concession Agreement.** Transferee has the right to execute and deliver the Branded Concession Agreement and to perform its obligations under it.
- (n) **Brokers.** No broker, agent or other intermediary is entitled to any fee, commission or other remuneration in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Transferee or ISO.
- (o) **Due Diligence by Transferee.** The Transferee acknowledges that on Closing:
 - (i) Transferee has conducted to its satisfaction an independent investigation of the business, operations, assets, liabilities and financial condition of the Business in making the determination to proceed with the transactions contemplated by the Agreement, has relied solely on the results of its own independent investigation and the representations and warranties in Article 3;
 - (ii) in connection with its investigation of the Business, Transferee has received certain projections and other forecasts including, without limitation, projected and historical financial statements, income statements showing field profits, cash flow items and certain business plan information related to the Business and the Transferor;
 - (iii) Transferee is familiar with and understands that there are uncertainties inherent in providing projections and forecasts and, accordingly, is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts;
 - (iv) Transferee has no claim under this Agreement against anyone with respect to the accuracy of such projections and forecasts, and the Transferor has made no representation or warranty with respect to such projections and forecasts;
 - (v) the representations and warranties by the Transferor in Article 3 constitute the sole and exclusive representations and warranties of the Transferor to the Transferee in connection with the transactions contemplated hereby, and the Transferee understands, acknowledges and agrees that all other representations and warranties of any kind or nature expressed or implied (including, without limitation, any

- 27 -

relating to the future or historical financial condition, results of operations, assets or liabilities of the Business and the Transferor or the quality, quantity or condition of the assets of the Business) are specifically disclaimed by the Transferor; and

- (vi) the Transferor makes or provides no warranty or representation, express or implied, as to the quality, merchantability, fitness for a particular purpose, conformity to samples, or condition of the Transferred Assets or any part thereto;
- (vii) the Transferor may not have conducted background checks on Home Services Employees, or such background checks, if conducted, may be insufficient, inaccurate or out of date. Accordingly, the Transferor makes or provides no warranty or representation, express or implied, as to the adequacy of any background check made on a Home Services Employee, past conduct of any Home Services Employee or the future conduct or suitability of any such employee for employment with the Transferee.
- (p) Breach. The Transferee is not aware that any of the representations and warranties in Article 3 are incorrect in any material respect.
- (q) Investment Canada Act. The Transferee is not a "non-Canadian" within the meaning of the Investment Canada Act.

ARTICLE 5 PRE-CLOSING COVENANTS OF THE PARTIES

Section 5.1 Conduct of Business Prior to Closing.

Except as otherwise contemplated by this Agreement or the Schedules, during the Interim Period, the Transferor will conduct the Business in the Ordinary Course of Business and consistent with past practices.

Section 5.2 Access for Due Diligence.

- (1) Subject to applicable Law, during the Interim Period, a Party (hereinafter, in this section, the Party subject to the due diligence investigation of the other Party is referred to as the "Investigated Party", and where the Investigated Party is the Transferor, it is understood and agreed that the due diligence investigation will be limited to the Business, and where the Investigated Party is the Transferee, it is understood and agreed that the due diligence investigation will include ISO) will, upon reasonable notice,
 - (a) permit the other Party, its legal counsel, accountants and other representatives, to have reasonable access during normal business hours to the premises, assets, contracts, books and records and senior personnel of the Investigated Party;

- 28 -

- (b) provide the other Party with copies of all such contracts, books and records and other existing documents and data as that Party may reasonably request;
 - (c) provide the other Party with such additional financial, operating and other relevant data and information as that Party may reasonably request; and
 - (d) cooperate and assist, to the extent reasonably requested by the other Party, with that Party's investigation of the properties, assets and financial condition related to the Investigated Party.
- (2) A Party may not conduct any invasive environmental testing or assessments without the prior written consent of the Investigated Party and any applicable landlord.
- (3) The Investigated Party is not required to disclose any information to the other Party where such disclosure is prohibited by applicable Law or by the terms of any agreement.
- (4) A Party shall not contact any employee, supplier, landlord or Party to a contract with the Investigated Party except as expressly may be agreed by the Investigated Party in its sole discretion.

Section 5.3 Confidentiality.

The Transferee acknowledges that ISO signed a confidentiality agreement with the Transferor dated October 7, 2011. The Transferee agrees that, except as provided in this Section 5.3, the confidentiality agreement continues to apply and ISO is bound by its terms. The Transferee agrees to also be bound by the terms and conditions of such confidentiality agreement as if it were ISO. Upon Closing, the confidentiality agreement will terminate as between the Transferee and the Transferor, but will continue in accordance with its terms as between ISO and the Transferor. If the Closing does not occur, the confidentiality agreement will remain in effect between ISO and the Transferor in accordance with and subject to its terms and will remain in effect between the Transferee and the Transferor in accordance with and subject to its terms and this paragraph.

Section 5.4 Actions to Satisfy Closing Conditions.

Subject to this Article 5, the Transferor will use its commercially reasonable efforts to ensure compliance with all of the conditions set forth in Section 6.1 and the Transferee will use its commercially reasonable efforts to ensure compliance with all of the conditions set forth in Section 6.2.

Section 5.5 Notice of Assignment to Licensees and Contractors.

The Transferor will use its commercially reasonable efforts to notify each of the Licensees and Contractors prior to Closing that, conditional upon Closing and effective at the Closing Time, their agreements will be assigned to Transferee.

The Transferor will use its commercially reasonable efforts to notify each of the Licensees prior to Closing that, conditional upon Closing and effective at the Closing Time,

the rights to use trade-marks under the Licensee Contracts will continue for the duration of the terms of such Contracts.

Section 5.6 Filings and Authorizations.

- (1) Each of the Transferor and the Transferee, as promptly as practicable after the execution of this Agreement, will use its commercially reasonable efforts to make all filings with, give all notices to, and obtain all Authorizations from, Governmental Entities that are necessary for the lawful completion of the transactions contemplated by this Agreement.
- (2) To the extent required by Law, each of the Transferor and the Transferee will make, or cause to be made, all filings that are required in connection with obtaining Competition Act Clearance. The Transferee will pay all costs, fees and expenses including all filing fees incurred in connection with the Competition Act Clearance. The Transferee will have primary responsibility for attempting to obtain the Competition Act Clearance and the Transferor and the Transferee will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 5.6, including providing each other with advanced copies and reasonable opportunity to comment on all notices and information supplied to or filed with any Governmental Entity (except for notices and information which the Transferor or the Transferee, in each case acting reasonably, considers highly confidential and sensitive, which may be provided on a confidential and privileged basis to outside counsel of the other Party), and all notices and correspondence received from any Governmental Entity.
- (3) The Transferee and the Transferor will take all commercially reasonable actions necessary to expedite obtaining the Competition Act Clearance.
- (4) Each Party shall use its commercially reasonable efforts to satisfy all requests for additional information and documentation received in connection with obtaining the Competition Act Clearance.
- (5) Each Party shall consult with, and consider in good faith any suggestions or comments made by the other Parties with respect to submissions relating to the Competition Act Clearance process. Each Party shall promptly furnish such information and assistance as may reasonably be requested by any other Party in order to prepare submissions relating to the Competition Act Clearance process (including information which a Party, acting reasonably, considers competitively sensitive which may be provided on a confidential basis to outside counsel of the other Party on the condition that it not be revealed to any Person, including such counsel's client, without the disclosing Party's consent).
- (6) Each Party shall inform the other Parties or their respective counsel on a regular basis as to the status of the Competition Act Clearance process and shall immediately provide each of the other Parties or their respective counsel with copies of any material correspondence from or to the Commissioner or her staff.

- 30 -

- (7) Each Party shall not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Commissioner or her staff in connection with obtaining the Competition Act Clearance unless it consults with the other Parties in advance and gives the other Parties the opportunity to attend and participate thereat (except where the Commissioner or her staff expressly requests that the other(s) should not be present at the meeting or discussion or part or parts of the meeting or discussion, or except where competitively sensitive information may be discussed, in which case reasonable effort will be made to allow external legal counsel to participate).
- (8) None of the Parties shall take any action that will have, or might reasonably be expected to have, the effect of delaying, impairing or impeding the granting of the Competition Act Clearance.
- (9) If Closing occurs, the Transferee shall be entitled to deduct one-half of the filing fee incurred for obtaining Competition Act Clearance (\$25,000) from payment of the Purchase Price, at the time of reconciliation of the Purchase Price.

Section 5.7 Notice of Untrue Representation or Warranty.

During the Interim Period, the Transferee will promptly notify the Transferor if the Transferee becomes aware that any of the Transferor's representations or warranties is untrue or inaccurate in any material respect or that the Transferor has failed to perform or fulfil any of their covenants or obligations under this Agreement in any material respect. If the Closing occurs, (i) the Schedules are deemed to be amended to qualify the applicable representations and warranties, and (ii) the Transferee is deemed to have waived in full any breach or inaccuracy or failure to perform of any of the representations, warranties, covenants and obligations of the Transferor of which the Transferee has knowledge of at the Closing.

Section 5.8 Risk of Loss.

If, prior to Closing, all or any part of the Business assets are destroyed or damaged by fire or any other casualty or are appropriated, expropriated or seized by any Governmental Entity but which does not have a Material Adverse Effect, the representations and warranties of the Transferor that are not true and correct in all material respects as of the Closing Date solely as a result of such destruction, damage, appropriation, expropriation or seizure will be deemed to be true and correct in all material respects as of the Closing Date for all purposes of this Agreement. The Transferee will complete the transactions contemplated by this Agreement without reduction of the Purchase Price, in which event all proceeds of any insurance or compensation will be payable to the Transferee and all right and claim of the Transferor to any such amounts not paid by the Closing Date will be assigned to the Transferee.

Section 5.9 Home Services Employee Personal Information and Access.

- (1) On the date of the public announcement of this Agreement, the Transferor shall provide the Transferee with a list containing, with respect to the Home Services Employees, the names, titles, location of employment, original date of hire by the Transferor or the Transferor's predecessor, current hourly wage or base salary,

- 31 -

particulars of other compensation arrangements or termination pay arrangements, and vacation pay entitlement. No later than seven (7) days after the public announcement of this Agreement, the Transferor shall provide to the Transferee (i) reasonable access to consult, but not copy, other Home Services Employee Personal Information regarding such Home Services Employees; and (ii) the Termination Pay Formula.

- (2) The "Home Services Employee Personal Information" will consist of the names, titles and respective terms and conditions of employment of the Home Services Employees, including, without limitation, title and job description, location of employment, original date of hire by the Transferor or the Transferor's predecessor, current hourly wage or base salary, particulars of other compensation arrangements or termination pay arrangements, copies of written employment agreements, Employee Plans, or perquisites, vacation pay entitlement, together with recent performance reviews as applicable and to the extent available, and any other relevant employment information pertaining to such Home Services Employees.
- (3) After the public announcement of this Agreement, the Transferor shall act reasonably in allowing the Transferee the opportunity to meet with and/or assess the Home Services Employees prior to making any employment offers or providing any notices of continuation of employment.

Section 5.10 Notice of Non-Transferring Employees.

- (1) On or before 12:00 noon (Toronto time) on February 4, 2013, or such other time as agreed to by the Parties, but in any event no later than 12:00 noon (Toronto time) 10 Business Days prior to Closing, the Transferee shall provide notice to the Transferor of the Non-Transferring Employees. The selection of Non-Transferring Employees is in the Transferee's sole discretion, provided the Transferee abides by all applicable Laws and in making its selection does not discriminate against employees who are on maternity, paternity or parental leave, or who are on short-term disability leave. The Parties agree that the Transferee's selection of employees who are on long term disability leave or on workers compensation leave for inclusion on the notice of Non-Transferring Employees shall not be construed as discriminatory.
- (2) For the avoidance of doubt, (i) any Non-Quebec Home Services Employee that is not on the notice of Non-Transferring Employees shall be deemed an Affected Employee; and (ii) failure to provide the notice of Non-Transferring Employees within the deadline provided above shall be deemed to constitute notice that the only Non-Transferring Employees shall be the Home Services Employees who are on long term disability leave or on workers compensation leave at the time of the deadline indicated in the previous paragraph.

Section 5.11 Employee Transfer

- (1) On or before February 11, 2013, or such other date as agreed to by the Parties, but in any event no later than eight (8) Business Days prior to Closing, draft Offers of Employment with respect to each Affected Employee, and draft Notices of Continuation of Employment with respect to each Quebec Home Services Employee

- 32 -

(such Notices being in the language of preference of such Quebec Home Services Employee or, if the language preference is not known, shall be in French), shall be provided by the Transferee to the Transferor, and shall be subject to approval of the Transferor, which approval must be provided no later than two (2) Business Days following receipt (or approval shall otherwise be deemed to be given) and shall not be withheld unless such Offers of Employment or Notices of Continuation of Employment (i) do not comply with the terms and conditions of this Agreement (including use of the required form); or (ii) contain inaccurate data.

- (2) On February 18, 2013 or such other date as agreed to by the Parties, but in any event no later than six (6) Business Days prior to Closing, the Transferee shall make Offers of Employment in the form approved by Transferor to the Affected Employees. Affected Employees who accept the Offers of Employment prior to Closing shall become employees of the Transferee conditional upon Closing, and effective at the Closing Time. In connection with the Transferee presenting Offers of Employment to the Affected Employees, the Transferor agrees to attend all such presentations made in person by representatives of Transferee, and at such time to advise each such Affected Employee that their function will no longer be available at Sears after Closing.
- (3) On February 18, 2013, or such other date as agreed to by the Parties, but in any event no later than six (6) Business Days prior to Closing, the Transferee shall provide Notices of Continuation of Employment to all Quebec Home Services Employees. Such Quebec Home Services Employees shall become employees of the Transferee conditional upon Closing, and effective at the Closing Time.
- (4) On or before February 25, 2013, or such other date as agreed to by the Parties, the Transferee shall notify the Transferor which of the Affected Employees, if any, accepted an Offer of Employment with the Transferee.

Section 5.12 Employment and Benefit Arrangements Prior to Closing.

- (1) On or as soon as reasonably practicable after the Closing Time, but effective as of the Closing Time, Transferee shall, at its own expense, establish and register with the applicable Governmental Authorities a registered defined contribution pension plan ("Transferee Pension Plan") for the Hired Employees to provide pension benefits in respect of service with Transferee after the Closing Time. The employer and member contribution rates under the Transferee Pension Plan shall be the same as or greater than the corresponding contribution rates under the Transferor Pension Plan immediately prior to the Closing Time. Hired Employees who participated in the defined contribution component of the Transferor Pension Plan immediately prior to the Closing Time shall participate in the Transferee Pension Plan effective as of the Closing Time and the Transferee Pension Plan shall recognize the membership of the Hired Employees in the Transferor Pension Plan for the purposes of determining eligibility for membership in and entitlement to benefits under the Transferee Pension Plan. If permitted under the applicable pension standards legislation, the Transferee Pension Plan shall permit the Hired Employees to transfer their account

- 33 -

balance(s) from the Transferor Pension Plan to their account balance under the Transferee Pension Plan.

- (2) Prior to the Closing Time, the Transferor shall be responsible for and will make all payments and discharge all liabilities accrued or relating to events occurring on and prior to the Closing Time in respect of all the Home Services Employees, including, without limitation, all liabilities in respect of salary, wages, Employee Plans, benefits, bonuses, perquisites, commissions, Transferor Pension Plan and benefits, vacation pay, disputes or claims (whether reported or not), lawsuits or legal proceedings.
- (3) Between the time of the execution of this Agreement and the Closing Time, the Transferor shall be solely liable and responsible, and will hold the Transferee and its successors and assigns harmless from and against all claims and continue to be responsible for and will discharge all obligations arising from the termination of employment of any of the Home Services Employees and/or independent contractors, occurring prior to the Closing Time, including but not limited to, severance pay, termination pay, notice of termination, damages for dismissal without cause, a claim for reinstatement and any and all benefits or claims, including, without limitation, wages, sick pay or vacation pay, overtime pay, pension/retirement benefits (statutory or otherwise) and bonus entitlement, accrued up to the Closing Time.
- (4) The Transferor shall be solely liable and responsible, and will hold the Transferee and its successors and assigns harmless from and against all claims (including any claim for wrongful or constructive dismissal), losses, lawsuits or legal proceedings, and expenses whatsoever which may be brought against or suffered by the Transferee, or which the Transferee may sustain, pay or incur as a result of any manner or thing arising out of, resulting from, attributable to or connected with any of the Non-Transferring Employees.
- (5) The Transferor shall retain responsibility for and satisfy its obligations with respect to all pension benefits provided under the Transferor Pension Plan accrued up to and including the Closing Time in respect of the Home Services Employees in accordance with the terms of the Transferor Pension Plan and all applicable Laws. Effective as of the Closing Time, the Hired Employees shall cease to accrue further pension benefits under the Transferor Pension Plan. The Transferee shall not assume any liability or obligation with respect to the Transferor Pension Plan. The Transferee and the Transferor acknowledge and agree that all provisions contained in this Section 5.12 with respect to employees are included for the sole benefit of the Transferee and the Transferor, and that nothing herein, whether express or implied, shall create any third party beneficiary or other rights in any other person, including, without limitation, any of the current or former employees, or any dependent or beneficiary thereof.

Section 5.13 Business Personal Information.

- (1) For all Business Personal Information disclosed to or collected by a Party, that Party will put in place reasonable security arrangements to secure the Business Personal

- 34 -

Information against unauthorized or unintended access, use or disclosure. All such security measures shall be appropriate to the sensitivity of the Business Personal Information.

- (2) In the event the Closing does not occur, each Party, in respect of all Business Personal Information collected from the other Party:
- (a) shall either destroy that Business Personal Information or return the same to the other Party as directed by that other Party; and
 - (b) shall not thereafter use or disclose any of that Business Personal Information.
- (3) The Parties shall fully cooperate with each other, any affected individual to whom the Business Personal Information relates, and any Governmental Entity charged with the enforcement of privacy Laws, in responding to inquiries, complaints, requests for access and lawsuits or legal proceedings in respect of Business Personal Information.

Section 5.14 BlackBerrys.

The parties will cooperate in joint discussions with the Blackberry service provider to effect the transfer of BlackBerrys under terms and conditions satisfactory to the Transferor, and in particular so that the Transferor does not incur a penalty or increased fees as a result of such transfer. If such satisfactory terms and conditions are not reached prior to Closing, then BlackBerrys shall not be Transferred Assets and shall be Excluded Assets.

ARTICLE 6 CONDITIONS OF CLOSING

Section 6.1 Conditions for the Benefit of the Transferee.

The purchase and sale of the Transferred Assets is subject to the following conditions being satisfied at or prior to Closing, which conditions are for the exclusive benefit of the Transferee and may be waived, in whole or in part, by the Transferee in its sole discretion:

- (a) **Truth of Representations and Warranties.** Except as contemplated or permitted by this Agreement, the representations and warranties of the Transferor contained in this Agreement must be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of such date. However, (i) if a representation and warranty is qualified by materiality or Material Adverse Effect, it must be true and correct in all respects, and (ii) if a representation and warranty speaks only as of a certain date, it only needs to be true and correct as of that date. Notwithstanding the foregoing, and without prejudice to Section 5.7, the Transferor shall be permitted to update the Schedules two (2) days prior to Closing and such updates or amendments shall not give rise to a breach by the Transferor or termination by the Transferee of this Agreement, unless, in the latter case,

- 35 -

such updates or amendments would reasonably be expected to have a Material Adverse Effect. The Transferee must receive a certificate of a senior officer of the Transferor, without personal liability, as to the matters in this paragraph.

- (b) **Performance of Covenants.** The Transferor must have fulfilled, or complied with, in all material respects, all covenants contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing and the Transferee must receive a certificate of a senior officer of the Transferor, without personal liability, to that effect.
- (c) **Deliveries.** The Transferee must have received a certificate of status, compliance, good standing or like certificate with respect to the Transferee issued by appropriate government officials of its jurisdiction of incorporation.
- (d) **Competition Act.** Competition Act Clearance shall have been obtained.
- (e) **Consents and Authorizations.** Other than as set out in Section 6.1 (d), no other consents, approvals or waivers are required to have been made, given or obtained.
- (f) **No Legal Action.** No injunction that remains in effect shall have been obtained by any Person (other than the Transferee or any Person associated with it) in any jurisdiction that enjoins, restricts or prohibits any of the transactions contemplated by this Agreement which would reasonably be expected to have a Material Adverse Effect.
- (g) **Financing.** Transferee will have received equity and debt financing of at least \$18,000,000.
- (h) **Branded Concession Agreement.** The Transferor and the Transferee shall have executed and delivered the Branded Concession Agreement.
- (i) **Employee Transfer.** As at the Closing Time, all Quebec Home Services Employees shall have received Notices of Continuation of Employment and all Affected Employees shall have received and accepted Offers of Employment.
- (j) **No Material Adverse Effect.** During the Interim Period, there has been no change to the Business which has had a Material Adverse Effect.

Section 6.2 Conditions for the Benefit of the Transferor.

The purchase and sale of the Transferred Assets is subject to the following conditions being satisfied at or prior to Closing, which conditions are for the exclusive benefit of the Transferor and may be waived, in whole or in part, by the Transferor in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Transferee contained in this Agreement must be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date. However, if a representation and warranty is qualified by materiality or material adverse effect, it must be true and correct in all respects. The Transferor must receive a certificate of a senior officer of the Transferee, without personal liability, as to the matters in this paragraph.
- (b) **Performance of Covenants.** The Transferee must have fulfilled or complied with, in all material respects, all covenants contained in this Agreement to be fulfilled or complied with by it at or prior to Closing and the Transferor must receive a certificate of a senior officer of the Transferee, without personal liability, to that effect.
- (c) **Deliveries.** The Transferor must have received the following:
 - (i) a certificate of status, compliance, good standing or like certificate with respect to the Transferee issued by appropriate government official of the jurisdiction of its incorporation;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to ISO issued by appropriate government official of the jurisdiction of its incorporation;
- (d) **No Legal Action.** No injunction that remains in effect shall have been obtained by any Person (other than the Transferor or any Person associated with it) in any jurisdiction, that enjoins, restricts or prohibits any of the transactions contemplated by this Agreement.
- (e) **Competition Act.** Competition Act Clearance shall have been obtained.
- (f) **Consents and Authorizations.** Other than as set out in Section 6.2(e), no other consents, approvals or waivers are required to have been made, given or obtained.
- (g) **Branded Concession Agreement.** The Transferor and the Transferee shall have executed and delivered the Branded Concession Agreement.
- (h) **Employee Transfer.** As at the Closing Time, all Quebec Home Services Employees shall have received Notices of Continuation of Employment and all Affected Employees shall have received and accepted Offers of Employment.
- (i) **Closing Cash Payment.** The Transferee shall have satisfied the Closing Cash Payment.

- 37 -

- (j) **ISO Guarantee.** ISO shall have executed and delivered a guarantee of the obligations of the Transferee substantially in the form attached hereto as Schedule 6.2(j).
- (k) **No Material Adverse Effect.** During the Interim Period, there has been no change which has had a Material Adverse Effect as it relates to the Transferee.
- (l) **No Material Adverse Effect (ISO).** During the Interim Period, there has been no change which has had a Material Adverse Effect as it relates to ISO.
- (m) **Financing.** Transferee will have received equity and debt financing of at least \$18,000,000.

ARTICLE 7 CLOSING

Section 7.1 Date, Time and Place of Closing.

The completion of the transaction of purchase and sale contemplated by this Agreement will take place at the offices of Sears Canada Inc., 290 Yonge Street, Suite 700, Toronto, Ontario at 11:59 p.m. (Toronto time) on the Closing Date or at such other place, on such other date and at such other time ("Closing Time") as the Transferor and the Transferee may agree to in writing.

Section 7.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, at the Closing, the Transferor will deliver actual possession of the Transferred Assets to the Transferee and upon such delivery the Transferee will satisfy the Closing Cash Payment in accordance with Section 2.3.

ARTICLE 8 TERMINATION

Section 8.1 Termination Rights.

This Agreement may, by notice in writing given at or prior to the Closing, be terminated:

- (a) by mutual consent of the Transferor and the Transferee; or
- (b) by the Transferor or the Transferee (so long as such party is not then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement) if a Closing does not occur by April 7, 2013.

Section 8.2 Effect of Termination.

- (1) If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part.
- (2) If this Agreement is terminated, the Parties are released from all of their obligations under this Agreement, except that:
 - (a) each Party's obligations under Section 5.3, Section 11.3 and Section 11.6 will survive; and
 - (b) if this Agreement is terminated by a Party because of a material breach of this Agreement by the other Party, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

**ARTICLE 9
INDEMNIFICATION****Section 9.1 Survival.**

The representations and warranties contained in this Agreement and the certificates delivered pursuant to Section 6.1(a) and Section 6.2(a) survive the Closing and continue in full force and effect for the following periods:

- (i) representations and warranties regarding Taxes will continue until the end of the Transferor's "normal reassessment period", as defined in the Tax Act;
- (ii) representations and warranties regarding Employee Claims will continue until the end of the applicable limitation period in accordance with applicable Law;
- (iii) representations and warranties regarding Environmental Liabilities will continue forever; and
- (iv) all other representations and warranties will continue for a period of 12 months after the Closing Date

Section 9.2 Indemnification in Favour of the Transferee.

Subject to Section 9.4, following Closing, the Transferor will indemnify and save the Transferee harmless of and from, and will pay for, any Damages suffered by, imposed upon or asserted against it as a result of, in respect of, connected with, or arising out of, under, or pursuant to:

- (a) any breach or inaccuracy of any representation or warranty in Section 3.1 or the certificate to be delivered pursuant to Section 6.1(a) for which a notice of claim under Section 9.5 has been provided to the Transferor within the applicable period specified in Section 9.1; and

- 39 -

- (b) any failure of the Transferor to perform or fulfil any of its covenants or obligations under this Agreement.

Section 9.3 Indemnification in Favour of the Transferor.

Subject to Section 9.4, following Closing, the Transferee will indemnify and save the Transferor harmless of and from, and will pay for, any Damages suffered by, imposed upon or asserted against it as a result of, in respect of, connected with, or arising out of, under or pursuant to:

- (a) any breach or inaccuracy of any representation or warranty in Section 4.1 or the certificate to be delivered pursuant to Section 6.2(a), for which a notice of claim under Section 9.5 has been provided to the Transferee within the applicable period specified in Section 9.1; and
- (b) any failure of the Transferee to perform or fulfil any of its covenants or obligations under this Agreement.

Section 9.4 Limitations.

- (1) A Party has no obligation or liability for indemnification or otherwise with respect to any representation or warranty made by such Party in this Agreement, or the certificates delivered pursuant to Section 6.1(a) and Section 6.2(a), after the end of the applicable time periods specified in Section 9.1, except for claims relating to the representations and warranties that the Party has been notified of prior to the end of the applicable time periods specified in Section 9.1.
- (2) A Party has no obligation or liability for indemnification or otherwise with respect to any breach or inaccuracy of any representation or warranty in this Agreement, or the certificates delivered pursuant to Section 6.1(a) or Section 6.2(a), or any failure to perform or fulfil any covenants or obligations, if the Person making the claim had knowledge of the breach, inaccuracy or failure to perform on or prior to Closing, or if and to the extent caused by or resulting from the negligence, breach or wilful misconduct of the Person making the claim.
- (3) A Party has no liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated damages, including damages for lost profit, damages based on multiples of earnings, earnings before interest, taxes, depreciation and amortization (EBITDA), cash flow or other metrics or projections, it being understood that Third Party Claims will not be considered claims for special, indirect, consequential, punitive or aggravated damages even if such Third Party Claim itself is a claim for consequential, incidental, indirect, special or punitive damages.
- (4) The amount of any Damages subject to indemnification hereunder or of any claim therefor shall be calculated net of (i) any Tax Benefit (as defined below) received by the Transferee or any of its Affiliates on account of such Damages and (ii) any insurance proceeds (net of direct collection expenses) received by the Transferee or any of its Affiliates on account of such Damages. If the Transferee or any of its

- 40 -

Affiliates receives a Tax Benefit after an indemnification payment is made, the Transferee shall promptly pay to the Transferor the amount of such Tax Benefit at such time or times as and to the extent that such Tax Benefit is realized. For purposes hereof, "Tax Benefit" shall mean any refund of Taxes paid or reduction in the amount of Taxes which otherwise would have been paid, in each case computed at the highest marginal rates. The Transferee and its Affiliates shall seek full recovery under all insurance policies covering any Damages to the same extent as they would if such Damages were not subject to indemnification hereunder, and the Transferee and its Affiliates shall not terminate or cancel any insurance policies in effect for periods prior to the Closing. In the event that an insurance recovery is made by the Transferee or any of its Affiliates with respect to any Damages for which any such Person has been indemnified hereunder, then a refund equal to the aggregate amount of the recovery (net of all direct collection expenses) shall be made promptly to the Transferor. The Indemnifying Parties shall be subrogated to all rights in respect of any Damages indemnified by the Indemnifying Parties, but the Transferee has no claim against the Transferor as a result thereof.

- (5) Notwithstanding anything to the contrary contained in this Article 9, there shall be no recovery for any Damages by the Transferee under this Article 9, and the Damages shall not be included in meeting the stated thresholds hereunder, to the extent such item has been included in a reserve or accrual used in the calculation of the Purchase Price as determined pursuant to Article 2 hereof; or to the extent that the Damages arise or the amount thereof are increased as a result of any voluntary act or omission on the part of the Transferee after Closing.
- (6) The Transferor has no obligation to make any payment for Damages (for indemnification or otherwise) with respect to the matters described in Section 9.2 until the total of all Damages with respect to such matters exceeds \$50,000, and then Transferor will pay Transferee the full amount of such Damages and in all cases only up to a maximum of the Purchase Price ("Indemnification Cap"). Furthermore, Transferee shall not be entitled to make any claim for indemnification against the Transferor in respect of an Individual Matter (as defined below) unless such claim is for Damages in an amount of at least \$5,000. "Individual Matter" means any indemnification claim or series of indemnification claims for a breach of a representation or warranty of the Transferor which arises from the same or similar underlying event or circumstance. Notwithstanding the foregoing, the Indemnification Cap shall not apply where the Transferor is in breach of any representation or warranty in Section 3.1 or the certificate to be delivered pursuant to Section 6.1(a), for which a notice of claim under Section 9.5 has been provided to the Transferee within the applicable period specified in Section 9.1.
- (7) The Transferee has no obligation to make any payment for Damages (for indemnification or otherwise) with respect to the matters described in Section 9.3 until the total of all Damages with respect to such matters exceeds \$50,000, and then Transferee will pay Transferor the full amount of such Damages and in all cases only up to the Indemnification Cap. Furthermore, Transferor shall not be entitled to make any claim for indemnification against the Transferee in respect of an Individual

- 41 -

Matter unless such claim is for Damages in an amount of at least \$5,000. Notwithstanding the foregoing, the Indemnification Cap shall not apply where the Transferee is in breach of the following:

- (a) any breach or inaccuracy of any representation or warranty in Section 4.1 or the certificate to be delivered pursuant to Section 6.2(a), for which a notice of claim under Section 9.5 has been provided to the Transferee within the applicable period specified in Section 9.1; and
- (b) the indemnity provided in Section 2.6.

Section 9.5 Notification.

- (1) If a Third Party Claim is instituted or asserted against an Indemnified Party, the Indemnified Party will promptly notify the Indemnifying Party in writing of the Third Party Claim. The notice must specify in reasonable detail, the identity of the Person making the Third Party Claim and, to the extent known, the nature of the Damages and the estimated amount needed to investigate, defend, remedy or address the Third Party Claim.
- (2) If an Indemnified Party becomes aware of a Direct Claim, the Indemnified Party will promptly notify the Indemnifying Party in writing of the Direct Claim.
- (3) Upon receipt of such notice, the provisions of Section 9.6 will apply to any Third Party Claim.

Section 9.6 Procedure for Third Party Claims.

- (1) Upon receiving notice of a Third Party Claim, the Indemnifying Party may participate in the investigation and defence of the Third Party Claim and may also elect to assume the investigation and defence of the Third Party Claim.
- (2) In order to assume the investigation and defence of a Third Party Claim, the Indemnifying Party must give the Indemnified Party written notice of its election within 30 days of Indemnifying Party's receipt of notice of the Third Party Claim.
- (3) If the Indemnifying Party assumes the investigation and defence of a Third Party Claim:
 - (a) the Indemnifying Party will pay for all reasonable costs and expenses of the investigation and defence of the Third Party Claim except that the Indemnifying Party will not, so long as it diligently conducts such defence, be liable to the Indemnified Party for any fees of other counsel or any other expenses with respect to the defence of the Third Party Claim, incurred by the Indemnified Party after the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim; and
 - (b) the Indemnifying Party will reimburse the Indemnified Party for all reasonable costs and expenses incurred by the Indemnified Party in

- 42 -

connection with the investigation and defence of the Third Party Claim prior to the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim.

- (4) If the Indemnified Party undertakes the defence of the Third Party Claim, the Indemnifying Party will not be bound by any determination of the Third Party Claim or any compromise or settlement of the Third Party Claim effected without the consent of the Indemnifying Party (which consent may not be unreasonably withheld, conditioned or delayed).
- (5) The Indemnifying Party will not be permitted to compromise and settle or to cause a compromise and settlement of a Third Party Claim without the prior written consent of the Indemnified Party, which consent may not be unreasonably withheld, conditioned or delayed, unless:
 - (a) the terms of the compromise and settlement require only the payment of money for which the Indemnified Party is entitled to full indemnification under this Agreement; and
 - (b) the Indemnified Party is not required to admit any wrongdoing, take or refrain from taking any action, acknowledge any rights of the Person making the Third Party Claim or waive any rights that the Indemnified Party may have against the Person making the Third Party Claim.
- (6) The Indemnified Party and the Indemnifying Party agree to keep the other fully informed of the status of any Third Party Claim and any related proceedings. If the Indemnifying Party assumes the investigation and defence of a Third Party Claim, the Indemnified Party will, at the request and expense of the Indemnifying Party, use its reasonable efforts to make available to the Indemnifying Party, on a timely basis, those employees and others whose assistance, testimony or presence is necessary to assist the Indemnifying Party in investigating and defending the Third Party Claim. The Indemnified Party shall, at the request and expense of the Indemnifying Party, make available to the Indemnifying Party, or its representatives, on a timely basis all documents, records and other materials in the possession, control or power of the Indemnified Party, reasonably required by the Indemnifying Party for its use solely in defending any Third Party Claim which it has elected to assume the investigation and defence of. The Indemnified Party shall cooperate on a timely basis with the Indemnifying Party in the defence of any Third Party Claim.

Section 9.7 Exclusion of Other Remedies.

- (1) Except as provided in this Section 9.7, and other than as provided in Section 5.3, Section 11.3 or Section 11.6, the indemnities provided in Section 9.2 and Section 9.3 constitute the only remedy of the Transferee or the Transferor, respectively, against a Party in the event of any breach of a representation, warranty, covenant or agreement of such Party contained in this Agreement. The Parties may exercise their rights of termination in Section 8.1 and their rights of indemnity in Article 9. The Parties acknowledge that the failure to comply with a covenant or obligation

- 43 -

contained in this Agreement may give rise to irreparable injury to a Party inadequately compensable in damages. Accordingly, a Party may seek to enforce the performance of this Agreement by injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damage (and without requirement of posting a bond or other security). Each of the Transferee and the Transferor expressly waives and renounces any other remedies whatsoever, whether at law or in equity, which it would otherwise be entitled to as against any other Party, except as expressly set forth in this Agreement.

- (2) No claim shall be brought or maintained by the Transferee or its successors or permitted assigns against any partner, officer, director, employee (present or former) or Affiliate of any Party hereto which is not itself otherwise expressly identified as a Party hereto, and no recourse shall be brought or granted against any of them, by virtue of or based upon any alleged misrepresentation or inaccuracy in or breach of any of the representations, warranties or covenants of any Party hereto set forth or contained in this Agreement or any exhibit or schedule hereto or any certificate delivered hereunder.

Section 9.8 One Recovery.

Any Indemnified Party is not entitled to double recovery for any claims even though they may have resulted from the breach of more than one of the representations, warranties, covenants and obligations of the Indemnifying Party in this Agreement. No Party has any liability or obligation with respect to any claim for indemnification to the extent that such matter was reflected as an adjustment to the Purchase Price.

Section 9.9 Duty to Mitigate.

Nothing in this Agreement in any way restricts or limits the general obligation at Law of an Indemnified Party to mitigate any loss which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty, covenant or obligation of the Indemnifying Party under this Agreement. If any claim can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party shall take all appropriate steps to enforce such recovery, settlement or payment and the amount of any Damages of the Indemnified Party will be reduced by the amount of insurance proceeds actually recoverable by the Indemnified Party.

ARTICLE 10 POST-CLOSING COVENANTS

Section 10.1 Termination Payment Contribution for Terminated Employees.

- (1) The Transferee acknowledges and agrees that the Transferor may, effective at the Closing Time, and conditional upon Closing, terminate the employment of any or all of the Non-Transferring Employees other than Non-Transferring Employees who are on long-term disability leave or workers compensation leave at the time that notice of termination is provided (such terminated employees referred to as the "Terminated Employees"). If there are more than 51 Terminated Employees, the Transferee shall pay to the Transferor the Termination Payment Contribution.

- 44 -

- (2) If a Termination Payment Contribution is payable by the Transferee, then (i) at or before 4 pm (Toronto Time) on the second Business Day following the Closing Date (or such other time as agreed to by the Parties), the Transferor shall provide notice to the Transferee containing the names of the Terminated Employees; (ii) on or before the 15th Business Day following the Closing Date (or such other time as agreed to by the Parties), the Transferor shall provide notice to the Transferee of the aggregate amounts of payment in lieu of notice, severance and other payments made or owing to the Terminated Employees as a result of the termination of their employment at the Closing Time ("Termination Payments"), and at such time will provide to the Transferee a written accounting of the calculations used to derive the Termination Payments, including the calculations for each Terminated Employee and how the Termination Payment Contribution (as defined below) formula will be calculated; and (iii) no later than 30 days after the Closing Date, the Transferee shall pay to the Transferor the amount that is the result of the following formula (the "Termination Payment Contribution"): Termination Payments divided by the number of Terminated Employees, multiplied by the amount by which the total number of Terminated Employees is greater than 51.
- (3) Other than the obligations set out above relating to the Termination Payment Contribution, the Transferee shall have no further obligations to the Transferor regarding any Non-Transferring Employee.

Section 10.2 Non-Termination of Hired Employees.

- (1) Subject to subsection (2) below relating to certain Hired Employees based in Quebec, the Transferee agrees not to terminate any Hired Employee's employment without cause for the period ending six (6) months after Closing. Subject to the previous sentence, nothing in this Agreement shall be deemed to prevent or restrict in any way the right of the Transferee to terminate, reassign, promote or demote any of its employees after the Closing Time, or to change adversely or favourably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such employees.
- (2) With respect to Hired Employees working in Quebec, the Transferee agrees not to terminate any more than 30 such Hired Employees' employment without cause for the period ending six (6) months after Closing. Subject to the previous sentence, nothing in this Agreement shall be deemed to prevent or restrict in any way the right of the Transferee to terminate, reassign, promote or demote any of its employees working in Quebec after the Closing Time, or to change adversely or favourably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such employees.

Section 10.3 Access to Books and Records.

For a period of the longer of (i) 10 years from the Closing Date; or (ii) 2 years after the end of the Term of the Branded Concession Agreement, or for such longer period as may be required by Law or requested by Transferor, acting reasonably, the Transferee will retain all copies of Business Books and Records transferred to the Transferee on the Closing Date. So long as any such Books and Records are retained by the Transferee pursuant to this

- 45 -

Agreement, the Transferor has the right to inspect and to make copies (at their own expense) of them at any time upon reasonable request for any proper purpose and without undue interference to the business operations of the Transferee.

Section 10.4 Litigation Assistance.

For a period of six years from the Closing Date or for such longer period as may be required by Law or requested by Transferor, acting reasonably, the Transferee will assist the Transferor and its Affiliates, as the case may be, with all third party claims and litigation involving the Transferor or any of its Affiliates and any third parties, in relation to the Business as it was operated by the Transferor prior to the Closing Date.

Section 10.5 Business Personal Information.

Transferee shall only use and disclose the Business Personal Information: (i) for the purposes for which the Business Personal Information was initially collected from or in respect of the individuals, provided the Business Personal Information relates solely to the carrying on of the business or activity or the carrying out of the objects of the transactions contemplated by this Agreement; or (ii) as otherwise required or permitted by privacy Laws.

Section 10.6 Further Assurances.

Each of the Parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use its best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

Transferor for itself and its successors and assigns hereby covenants and agrees that, at any time and from time to time forthwith upon the written request of Transferee, Transferor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, each and all of such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be required by Transferee in order to assign, transfer, set over, convey, assure and confirm unto and vest in Transferee, its successors and assigns, good and valid title to the assets sold, conveyed, transferred and delivered by this Agreement free and clear of all Liens except for Permitted Liens.

Transferor hereby constitutes and appoints Transferee and its successors and assigns Transferor's true and lawful attorney and attorneys, with full power of substitution, in Transferor's name and stead, by and on behalf of, and for the benefit of, Transferee and its successors and assigns to demand and receive any and all of the Transferred Assets and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute, at the expenses, and for the benefit of, Transferee and its successors and assigns any and all proceedings at law, in equity or otherwise, which Transferee or its successors and assigns may deem proper for the collection or reduction to possession of any of the Transferred Assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, assigned, transferred and delivered, and to do all acts and things in relation to the Transferred Assets which Transferee or its

- 46 -

successors and assigns shall deemed desirable. Transferor hereby declares that the foregoing powers are coupled with an interest and are and shall be irrevocable by Transferor in any manner or for any reason whatsoever.

Nothing contained herein, express or implied, is intended or shall be construed to confer upon, or give to, any person other than Transferee and its successors and assigns any remedy, claim under or by reason of this Agreement or any agreements, terms, covenants or conditions hereof, and all agreements, terms, covenants and conditions contained herein shall be for the sole and exclusive benefit of Transferee and its successors and assigns.

**ARTICLE 11
MISCELLANEOUS**

Section 11.1 Notices.

Any notice, direction or other communication (each a "Notice") given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

to the Transferor at:

Sears Canada Inc.
290 Yonge Street, suite 700
Toronto, Ontario M5C 2B3

Attention: General Counsel
Facsimile: 416-941-2321

to the Transferee at:

#245, 1209 59 Avenue SE
Calgary, Alberta T2H 2P6

Attention: President
Facsimile: (403) 255-2839

with a copy (which shall not constitute notice) to:

Burnet Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta T2P 1G1

Attention: Brian W. Borich
Facsimile: 403-260-0332

A Notice is deemed to be delivered and received (i) if sent by personal delivery or same-day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent

- 47 -

by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

Section 11.2 Time of the Essence.

Time is of the essence in this Agreement.

Section 11.3 Brokers.

The Transferor shall indemnify and save harmless the Transferee from and against any and all claims, losses and costs whatsoever for any fee, commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Transferor. The Transferee shall indemnify and save harmless the Transferor from and against any and all claims, losses and costs whatsoever for any fee, commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Transferee. These indemnities are not subject to any of the limitations set out in Article 9.

Section 11.4 Announcements.

No press release, public statement or announcement or other public disclosure with respect to this Agreement or the transactions contemplated in this Agreement may be made except with the prior written consent and joint approval of the Transferor and the Transferee, or if required by Law or a Governmental Entity. Where the public disclosure is required by Law or a Governmental Entity, the Party required to make the public disclosure will use its commercially reasonable efforts to obtain the approval of the other Party as to the form, nature and extent of the disclosure.

Section 11.5 Third Party Beneficiaries.

Except as otherwise expressly provided herein, the Transferor and the Transferee intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties. To the extent required by law to give full effect to these direct rights, the Transferor and the Transferee agree and acknowledge that they are acting as agent of their respective Indemnified Parties. The Parties reserve their right to vary or rescind the rights, granted by or under this Agreement to any Person who is not a Party, at any time and in any way whatsoever, without notice to or consent of that Person, including any Indemnified Party.

Section 11.6 Expenses.

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses incurred in connection with this Agreement and the transactions contemplated by them. The fees and expenses referred to in this Section 11.6 are those

which are incurred in connection with the negotiation, preparation, execution and performance of this Agreement, and the transactions contemplated by this Agreement, including the fees and expenses of legal counsel, investment advisers and accountants.

Section 11.7 Amendments.

Subject to Section 11.8, this Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Transferor and the Transferee.

Section 11.8 Waiver.

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 11.9 Non-Merger.

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the Closing.

Section 11.10 Entire Agreement.

This Agreement, together with the confidentiality agreement, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between or among the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding (including any information in any confidential information memorandum or business overview document) in entering into and completing the transactions contemplated by this Agreement.

Section 11.11 Successors and Assigns.

- (1) This Agreement becomes effective only when executed by the Transferor and the Transferee. After that time, it is binding on and enures to the benefit of the Transferor, the Transferee and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties.

Section 11.12 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be

- 49 -

severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 11.13 Governing Law.

- (1) This Agreement is governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 11.14 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or email) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature pages to follow.]

IN WITNESS WHEREOF the Parties have executed this Asset Transfer Agreement.

SEARS CANADA INC.

By: _____
Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct
and Marketing

Name: Terri Lowe
Title: Vice-President, Home Services


SHS SERVICES MANAGEMENT INC.

By: _____
Name:
Title:

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Asset Transfer Agreement.

SEARS CANADA INC.

By: 

Name: Peter Kalen

Title: Executive Vice-President,
Financial and Home Services, Direct
and Marketing

Name: Terri Lowe

Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____

Name:

Title:

Name:

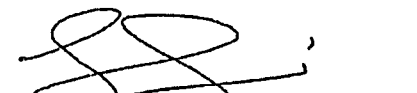
Title:

IN WITNESS WHEREOF the Parties have executed this Asset Transfer Agreement.

SEARS CANADA INC.

By: _____

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct
and Marketing



Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____

Name:
Title:

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Asset Transfer Agreement.

SEARS CANADA INC.

By: _____

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct
and Marketing

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____


Name:
Title:


Name:
Title:

Schedule 2.2

Purchase Price and Closing Cash Payment

Pursuant to Section 2.2 [*Purchase Price and Closing Cash Payment*]

Furniture & Equipment Purchase Price: \$290,000

Estimated Inventory Purchase Price: \$3,835,000

Estimated Rental Equipment Purchase Price: \$3,544,000

Estimated Work In Progress Price: \$289,000

Home Shows Assumption Price: \$106,525.80

Warranty Work Reserve (Non-HVAC): \$925,000

Estimated Customer Deposit Value: \$1,312,000

Estimated Vacation Pay Accrual: \$151,000

Closing Cash Payment: \$5,676,525.80

Schedule 2.3

Loan Agreement Terms

Pursuant to Section 2.3[Satisfaction of Closing Cash Payment]

SUMMARY OF KEY TERMS

CAD \$5,676,525.80 SENIOR SECURED TERM LOAN

FOR SHS SERVICES MANAGEMENT INC.

This term sheet is to be held confidential and its terms may not be shared with outside parties. All dollar amounts are in Canadian dollars unless expressly stated otherwise.

Borrower:	SHS Services Management Inc. (the "Borrower")
Guarantors:	Installation Services Org. Ltd., Paul Verhoeff and Stephen Verhoeff (the "Guarantors")
Lender:	Sears Canada Inc. ("Sears" or the "Lender")
Closing Date:	March 2, 2013 or such other date on which the Closing (as defined in the Asset Transfer Agreement) takes place.
Type of Loan:	CAD \$5,676,525.80 secured term vendor take-back loan (the "Loan").
Interest Rate:	HSBC Bank Canada Prime Rate plus 3.25% per annum, payable monthly.
Maturity Date:	Six years after the Closing Date.
Purpose:	To finance the acquisition from Lender of equipment, inventory and assets related to the Sears home services business pursuant to the asset transfer agreement dated December 20, 2012 made between the Lender and the Borrower (the "Asset Transfer Agreement").
Availability Period:	The Loan will be available in a single drawdown on the Closing Date. The Loan shall not revolve and any amounts repaid under the Loan may not be re-borrowed.
Repayment:	The Loan will be repayable in 48 blended monthly payments beginning on the 25th month after the Closing Date.

Voluntary Prepayment and Cancellation:	No repayment penalty. The Loan may be prepaid on any date prior to the Maturity Date, in whole or in part, upon 2 days prior notice to Sears.
Security:	The obligations of the Borrower shall be secured by a first ranking security interest on all of the present and after-acquired assets, undertaking and property of the Borrower acquired pursuant to the Asset Transfer Agreement or hereafter supplied by the Lender to the Borrower (and proceeds thereof) and a second ranking security interest on all of the other present and after-acquired assets, undertaking and property of the Borrower. The obligations of the Borrower shall be guaranteed by the Guarantors.
Intercreditor Agreement:	HSBC Bank Canada shall enter into an intercreditor agreement with respect to the security granted to Sears hereunder on terms satisfactory to Sears (the "Intercreditor Agreement").
Documentation:	Promissory note, guarantee and security agreement, certificates, resolutions and opinions, and such other customary documents for a loan of this type, as may be required by the Lender, acting reasonably and each such document to be in a form satisfactory to the Lender.
Expenses:	Borrower shall be responsible for all of Sears' third party costs associated with enforcing the Loan.
Representations:	Customary for loans of this type.
Financial Covenants:	Such financial covenants as set out in Schedule "N" to the Branded Concession Agreement between the parties dated December 20, 2012 (the "Concession Agreement")
General Covenants:	Customary for loans of this type including without limitation: <ol style="list-style-type: none"> 1. Restriction on mergers, amalgamations and consolidations 2. Restriction on distributions 3. Restriction on asset dispositions 4. Restriction on additional debt 5. Restriction on additional liens 6. Restriction on affiliate transactions

Assignments and transfers by the Parties:	<p>The Borrower shall not assign any of its rights or obligations hereunder.</p> <p>The Lender may only assign all or any part of its rights hereunder in conjunction with the assignment of the Branded Concession Agreement.</p>
Conditions Precedent to Drawdown:	<p>Customary for loans of this type including without limitation:</p> <ol style="list-style-type: none"> 1. Concurrent closing of the Asset Transfer Agreement; 2. All representations and warranties are true and correct; 3. No event of default has occurred and is continuing; 4. Executed loan documentation, including board resolutions and certificates of incumbency; 5. Executed Intercreditor Agreement; 6. Satisfactory legal opinions from counsel to the Borrower and Guarantors; 7. Satisfactory receipt by the Lender of all necessary governmental, regulatory, shareholder and other consents and approvals required to be obtained by the Borrower and the Guarantors for the Loan.
Events of Default:	<p>Customary for loans of this type including without limitation:</p> <ol style="list-style-type: none"> 1. Payment default; 2. Cross payment default and cross acceleration to: <ol style="list-style-type: none"> (a) the Asset Transfer Agreement (b) the Concession Agreement; and (c) HSBC credit facilities; 3. False or incorrect representations or warranties; 4. Bankruptcy, arrangements or compromise proceedings, voluntary or involuntary; 5. Covenant breach, with applicable grace period in the case of positive covenants where appropriate and customary; and 6. Change in Control.

Set Off:	The Lender will have the right to set off any amounts owing by it to the Borrower or the Guarantors against amounts owing on the Loan after default.
Default Interest Rate:	Incremental 2%
Governing Law:	Province of Ontario

Schedule 2.8(h)**Home Show Exhibitions**Pursuant to Section 2.8(h) [*Home Show Exhibition Space & Booths*]

Dates	Home Show	Cost to Sears
March 15-24, 2013	Salon National de l'Habitation- Montreal	\$ 40,666.80
March 15-24, 2013	National Home Show @ Direct Energy Centre	\$ 42,584.00
March 21-24, 2013	Edmonton Home Show	\$ 23,275.00

TOTAL COST TO SEARS: \$ 106,525.80

Schedule 3.1(t)

Home Services Employees

Pursuant to Section 3.1(t)(i)[*Representations and Warranties of the Transferor, on Home Services Employees*]

Location Province	Job Code Description	Current Title	Total
AB	Admin Office Assistant 2 H C	Project Coordinator	18
	Commission Sales Rep	Sales Associate	37
	Commission Trainee H C	Sales Associate	2
	Dist Install Mgr Large Market	Installation Manager	1
	District Sales Manager HIPS 2	District Sales Manager	1
	District Sales Mgr HIPS	District Sales Manager	2
	Field Inspector	Inspector	1
	Home Solutions Associate	Lead Developer	8
	Installation Specialist	Installation Specialist	2
	Lead Developer H I P S	Lead Developer	7
	Lead Developer H I P S H C	Lead Developer	3
	Materials Handler 3	Material Handler	1
	Materials Handler 4 H C	Material Handler	1
	Regional Sales Manager	Regional Sales Manager	1
	Sales Floor Associate	Lead Developer	2
AB Total			87
BC	Admin Office Assistant 1	Material Handler	1
		Project Coordinator	3
	Admin Office Assistant 2	Project Coordinator	1
	Admin Office Assistant 2 H C	Project Coordinator	7
	Commission Sales Rep	Project Coordinator	1
		Sales Associate	38
	Commission Trainee H C	Sales Associate	1
	District Sales Mgr HIPS	District Sales Manager	3
	District Sales Mgr Install	District Sales Manager	1
	Field Inspector	Inspector	3
	Field Inspector H C	Inspector	2
	Installation Specialist	Installation Specialist	2
	Lead Developer H I P S	Project Coordinator	2
	Lead Developer H I P S H C	Lead Developer	22
		Project Coordinator	1
Materials Handler 2	Material Handler	2	
Sales Floor Associate	Lead Developer	1	

	Supervisor 2 H C	Installation Specialist	1
BC Total			92
MB	Commission Sales Rep	Sales Associate	6
	District Sales Mgr Install	District Sales Manager	1
	Field Inspector	Inspector	1
	Home Solutions Associate	Lead Developer	8
MB Total			16
NB	Commission Sales Rep	Sales Associate	1
	Home Solutions Associate	Lead Developer	2
NB Total			3
NL	Commission Sales Rep	Sales Associate	1
	Lead Developer H I P S H C	Lead Developer	2
NL Total			3
NS	Admin Office Assistant 2 H C	Project Coordinator	4
	Commission Sales Rep	Sales Associate	6
	District Installation Manager	Installation Manager	1
	District Sales Mgr HIPS	District Sales Manager	1
	Field Inspector	Inspector	1
	Lead Developer H I P S	Lead Developer	2
	Lead Developer H I P S H C	Lead Developer	4
NS Total			19
ON	Admin Office Assistant 1	Project Coordinator	2
	Admin Office Assistant 2	BSO Admin	4
	Admin Office Assistant 2 H C	BSO Admin	3
		Lead Developer	1
		Project Coordinator	42
	Admin Office Assistant 3	BSO Admin	3
	Assoc Product Mgr, Home Svcs	Associate Product Manager	1
	Associate Vice-President	AVP Digital Marketing	1
	AVP Business Operations	AVP Product	2
	Business Administration Mgr	Manager, Home Services Finance	1
	Business Analyst Home Services	Programmer Analyst	1
	Commission Sales Rep	Sales Associate	115
	Commission Trainee H C	Sales Associate	1
	Customer Service Assistant	Project Coordinator	1
	Customer Service Mgr, Carpet	HMS	1
	Dir Product Mgmt, Home Svcs	Product Manager	1
	Director Sears Card	National Manager Business Process	1
	District Installation Manager	Installation Manager	2
	District Sales Manager HIPS 2	District Sales Manager	3
	District Sales Mgr HIPS	District Sales Manager	3

	District Sales Mgr Install	District Sales Manager	3
	DVP Business Development	DVP Home Improvement	1
	Field Inspector	Inspector	3
	Field Inspector H C	Inspector	7
	Home Solutions Associate	Lead Developer	40
		Sales Associate	1
	Installation Specialist	Installation Specialist	10
	Lead Developer H I P S	Lead Developer	5
	Lead Developer H I P S H C	Lead Developer	46
	Materials Handler 2	Material Handler	1
	Materials Handler 3 H C	Material Handler	2
	Materials Handler 4	Project Coordinator	1
	Materials Handler Grp Leader 2	Senior Material Handler	1
	Mdse Business Associate	Product Manager Support, HVAC	1
	Merchandise Flow Analyst	Product Manager Support, HVAC	1
	Merchandise Flow Associate	Material Handler	3
	Performance Analyst Retail Ops	Programmer Analyst	1
	Product Mgr Brand Developmt	Product Manager	1
	Product Mgr, Sears Home Svcs	Product Manager	3
	Programmer Analyst 2	Programmer Analyst	1
	Regional Sales Manager	Regional Sales Manager	1
	Sales Associate	Sales Associate	1
	Sr Prod Mgr Brand Developmt	Product Manager	1
	Supplier Comm Coordinator	HMS	1
	Technical Manager	Manager BSO	1
	ON Total		326
QC	Admin Office Assistant 1	Admin Office Assistant	1
	Admin Office Assistant 2	Project Coordinator	11
	Admin Office Assistant 3	Project Coordinator	4
	Commission Sales Rep	Material Handler	1
		Sales Associate	68
	Commission Trainee H C	Sales Associate	3
	Coordinator	Project Coordinator	12
	Dist Install Mgr Large Market	Installation Manager	1
	District Operations Manager 2	District Ops Manager, Quebec	1
	District Sales Manager HIPS 2	District Sales Manager	3
	District Sales Mgr HIPS	District Sales Manager	1
	Field Inspector	Inspector	5
	Installation Specialist	Installation Specialist	3
	Lead Developer H I P S	Lead Developer	5
	Lead Developer H I P S H C	Lead Developer	26

	Logistics Inventory Specialist	Material Handler	1
	Materials Handler 4	Material Handler	1
QC Total			147
SK	Admin Office Assistant 2 H C	Project Coordinator	3
	Admin Office Assistant 3 H C	Project Coordinator	3
	Commission Sales Rep	Sales Associate	5
	Commission Trainee H C	Sales Associate	1
	District Installation Manager	Installation Manager	1
	Field Inspector	Inspector	2
	Installation Specialist	Installation Specialist	1
	Lead Developer H I P S H C	Lead Developer	3
SK Total			19
Grand Total			712

Schedule 3.1(u)

Employee Plans

Pursuant to Section 3.1(u)(i)[*Representations and Warranties of the Transferor, Employee Plans*]

Sears Programs / Plans	
1	Annual Incentive Program
2	Quarterly Incentive Plan
3	Commission Sales Plan
4	Base Salary Program
5	Performance Management Programs
6	Performance Improvement Plan
7	Group Insurance Program - Core Life Insurance Plan
8	Group Insurance Program - Optional Life Insurance Plans (Member, Spousal, Dependents)
9	Group Insurance Program - Sick Leave / Sick Days Plan
10	Group Insurance Program - Short Term Disability Plan
11	Group Insurance Program - Long Term Disability Plan
12	Group Insurance Program - Medical and Dental Plan
13	Group Insurance Program - Associate Assistance Program (AAP)
14	Group Insurance Program - Business Travel
15	Time Off Programs - Vacation Plan
16	Time Off Programs - Holiday Plan
17	Platinum Club Incentive Program
18	Retirement Programs - Defined Benefit Component of SRRP
19	Retirement Programs - Defined Contribution Component of SRRP
20	Retirement Programs - Voluntary Group Registered Retirement Savings Plan
21	Perquisite Programs - Automotive Allowance
22	Perquisite Programs - Leased Vehicle
23	Perquisite Programs - Executive Medical
24	Perquisite Programs - Fitness / Club Membership
25	Recognition Program - Long Service Awards Program
26	Associate Discount Program
27	Severance / Separation Policies
28	Retirement Programs - Supplementary Retirement Program
29	Stock Option Program (Frozen)
30	Sears Sons and Daughters Scholarship Program

Schedule 5.11(3)**Form of Offer of Employment****Pursuant to Section 5.11[Employee Transfer]****[LETTERHEAD OF SHS SERVICES MANAGEMENT INC.]**

February 1, 2013

PERSONAL AND CONFIDENTIAL

c/o Sears Canada Inc.
700 - 290 Yonge Street
Toronto, Ontario
M5C 2B3

Dear •:

Conditional Offer of Employment with SHS Services Management Inc.

[NTD: ATTENTION: THIS DOCUMENT IS A TEMPLATE OFFER OF EMPLOYMENT AND SUBJECT TO REQUIRED AMENDMENTS BASED ON THE UNIQUE CIRCUMSTANCES OF EACH EMPLOYEE THAT IS TO RECEIVE AN OFFER OF EMPLOYMENT FROM SHS]

As you may be aware, your current employer, Sears Canada Inc. (Sears), has entered into an agreement whereby SHS Services Management Inc. (SHS) has agreed to acquire certain assets and to operate certain business of Sears, particularly the business operating under the "Sears Home Services" banner (the Transaction). We anticipate that the Transaction will close on March 2, 2013, or such other date as the parties agree (the Closing Date).

SHS values your knowledge and experience and we are pleased to extend this conditional offer of employment to you to be employed with SHS. Please be advised that this offer of employment is conditional upon the successful closing of the Transaction, and effective immediately after closing. If the Transaction does not close, this offer is null and void.

Outlined below are the terms and conditions of this conditional offer of employment:

1. **Title**

You will hold the position and title of •.

2. **Commencement Date**

The commencement of your employment with SHS will be on the Closing Date, immediately after closing (the Commencement Date), but SHS will recognize your prior years of continuous service with Sears for the purposes of vacation entitlement and statutory or common law severance entitlement.

3. **Term**

You will continue to be employed with SHS on an indefinite basis, unless terminated earlier in accordance with this conditional offer of employment (the Term).

4. **Reporting**

In the capacity of •, you will report to •.

5. **Responsibilities**

Your responsibilities will continue, in essence, as they existed with Sears, to be modified as reasonably necessary to reflect the revised structure of the business and the needs of SHS.

6. **Salary**

Your annual base salary (Base Salary) will be \$, less required statutory deductions, and you will be paid in accordance with SHS's usual payroll practices. Your Base Salary will be subject to an annual review by SHS.

7. **Benefits**

You will be entitled to participate in all benefit plans adopted by SHS for its employees generally, in accordance with the terms and conditions of such plans, and as such plans may be implemented from time to time. We will be available to discuss the specifics of such benefit plans with you at your convenience.

You will be eligible to enroll in a Defined Contribution Pension Plan with SHS. We will be available to discuss the specifics of such Pension Plan with you at your convenience.

8. **Vacation**

You will be entitled to paid vacation of • weeks per year. In scheduling such vacation, you will have regard to the operations of SHS and the reasonable directions of your superiors.

9. **Voluntary Resignation**

You may terminate your employment at any time by providing • weeks advance written notice of the termination date to SHS. In such event, SHS's obligation to compensate you shall cease on the termination date, save and except only for payment of the pro-rata Base Salary earned for services rendered up to and including the termination date, plus any accrued vacation pay owing up to and including the termination date.

and/or broker or to any entity that manages or administers SHS's benefits on behalf of SHS;

- (c) Compliance with any regulatory reporting and withholding requirements relating to your employment;
- (d) Enforcing SHS's policies, including those relating to the proper use of the electronic communications network and to comply with applicable laws; and
- (e) In the event of a sale or transfer of all or part of the assets of SHS, disclosing to any potential acquiring organization, your personal information solely for the purpose of determining the value of SHS and its assets and liabilities and to evaluate your position within SHS. If your personal information is disclosed to any potential acquiring organization, SHS will require the potential acquiring organization to agree to protect the privacy of your personal information in a manner that is consistent with any policy of SHS dealing with privacy that may be in effect from time to time and/or any applicable law that may be in effect from time to time.

13. Acknowledgement of Employment Form

At the time of commencing employment with SHS, you will execute the attached "Statement of Understanding of Employment and/or Engagement Form" attached to this conditional offer letter, which will be an acknowledgement that you are not and shall not be deemed to be an employee of Sears for any purposes, and that you will not be eligible for or considered for employment with Sears while you are an employee of SHS.

14. Entire Agreement

This conditional offer and the documents referenced in this letter constitute the entire agreement between you and SHS and supercedes all prior contracts, agreements and understandings between the parties.

15. Governing Law

Unless otherwise stated, your employment and this conditional offer letter shall be governed by and construed in accordance with the laws of the Province of •.

Please be advised that the terms of this conditional offer are confidential. We ask that you not discuss the terms with other employees of Sears. This offer remains open for your acceptance until •, February •, 2013.

We are pleased to make this offer of employment to you and hope that you will accept it. To indicate your acceptance of this offer, kindly sign both copies of this letter where indicated and return one copy to • by close of business, •, 2013.

10. Termination

SHS may terminate your employment at any time for cause, without further notice or obligation to you, and without any pay, compensation or benefits in lieu of notice. If your employment is terminated for cause, you will be paid the pro-rata portion of your Base Salary earned, but not yet paid, up to and including your last day actively at work, and any outstanding vacation pay due and owing to you, but otherwise no further compensation will be payable to you.

SHS may also terminate your employment immediately, for any reason that does not constitute cause. SHS will recognize your prior years of continuous service with Sears for the purposes of calculating your entitlement to working notice, or payment in lieu of working notice. [NTD: Different and more fulsome formulas for notice/severance may be required for more senior employees that are offered employment with SHS. The final form is subject to the circumstances of each employment situation.]

11. Confidentiality

As an employee of SHS, you will have access to the confidential information of SHS and its affiliates, as well as confidential information of Sears (collectively, the Protected Parties), including, without limitation, policies, processes, operating methods, source relationships, computer software and all tangible items on which there is recorded information related to the Protected Parties' businesses, as well as all information relating to the presentation, merchandising, marketing, provision and sale of products and services of the Protected Parties, including all customer lists and customer information (the Confidential Information). You will not, during your employment with SHS, or at any time after the cessation of your employment with SHS, reproduce, disclose or in any way make available, either directly or indirectly, any of the Confidential Information to any other person at any time without the prior written consent of the applicable Protected Party, as the case may be, whose confidential information you seek to disclose.

12. Personal Data and Privacy

You consent that:

- (a) Personal data relating to you may be maintained and stored by SHS electronically or in any other form; and
- (b) Personal data relating to you may be freely transferred and shared between SHS, its affiliates, and Sears, irrespective of where the offices of such entities are physically located.

You acknowledge and agree that SHS has the right to collect, use and disclose your personal information for purposes relating to your employment with SHS, including:

- (a) Ensuring that you are paid for the services performed for SHS;
- (b) Administering any benefits to which you are or may become entitled to, including medical, dental, life insurance, or pension benefits. This shall include the disclosure of your personal information to any insurance company

Again, we remind you that this offer is conditional. We look forward to the conditions being satisfied and hope to be working with you in the future. If you have any questions, please contact • at •.

Yours truly,

SHS SERVICES MANAGEMENT INC.

Per: _____

I have read the above Conditional Offer of Employment and I accept this Conditional Offer of Employment with SHS Services Management Inc., on the terms and conditions set out in this letter. I understand that this Offer of Employment is conditional upon the Transaction closing.

Dated this ____ day of February, 2013.

Witness _____

[insert employee name]

Schedule 5.11(4)

Form of Notice of Continuation of Employment

Pursuant to Section 5.11[Employee Transfer]

[EN-TÊTE DE GESTION DES SERVICES SHS INC.]

• février 2013

PERSONNEL ET CONFIDENTIEL

a/s Sears Canada Inc.
700 - 290 Yonge Street
Toronto, Ontario
M5C 2B3

Cher/Chère •

Continuité de l'emploi chez Gestion des services SHS Inc.

Comme vous le savez, votre employeur actuel, Sears Canada Inc. (Sears), a conclu une entente selon laquelle Gestion des services SHS Inc. (SHS) se porterait acquéreur de certains actifs de Sears et exploiterait certaines activités de cette société, en particulier celles qui sont réalisées pour le compte de « Services résidentiels Sears » (la Transaction). Nous prévoyons conclure la Transaction le 2 mars 2013 ou à une autre date dont les parties conviendront (Date de signature).

1. Continuité de l'emploi

À la date de signature, Sears cessera d'être votre employeur; vous passerez alors au service de SHS, à des conditions substantiellement semblables, dans leur ensemble, aux conditions actuellement en vigueur chez Sears.

2. Confidentialité

En étant au service de SHS, vous aurez accès aux informations confidentielles concernant SHS et ses sociétés affiliées ainsi qu'à celles qui concernent Sears (collectivement, les Parties protégées), notamment, et de manière non limitative, les politiques, processus, méthodes d'exploitation, relations avec les fournisseurs, logiciels informatiques et tout autre objet physique ou matériel susceptible de renfermer des informations relatives aux activités commerciales des Parties protégées, ainsi que toute information portant sur la présentation, le merchandising, le marketing, la fourniture et la vente des produits et services des Parties protégées, y compris toutes les listes de clients et informations sur la clientèle (Informations confidentielles). Que ce soit durant la durée de votre emploi chez SHS ou en tout temps après cessation d'emploi auprès de SHS, vous ne pourrez, en aucun cas, ni reproduire ni divulguer ni communiquer à quiconque, directement ou indirectement, les Informations confidentielles, sans le consentement écrit préalable,

selon le cas, de la Partie protégée concernée dont les informations confidentielles feraient l'objet d'une telle divulgation.

3. Renseignements personnels et vie privée

Vous consentez :

- (a) À ce que les informations personnelles vous concernant soient conservées et archivées par SHS sur support électronique ou de tout autre façon; et
- (b) À ce que les informations personnelles vous concernant soient librement transférées et mises en commun par SHS, ses sociétés affiliées et Sears, quel que soit le lieu où se trouvent les bureaux de ces entités.

Vous reconnaissez et acceptez que SHS a le droit de recueillir, utiliser et divulguer vos renseignements personnels à toutes fins liées à votre emploi chez SHS, notamment :

- (c) Pour veiller à ce que vous receviez paiement en échange des services prestés à SHS;
- (d) Pour administrer tout avantage auquel vous avez ou auriez droit, y compris les assurances médicale, dentaire et vie ainsi que les prestations de retraite. Cela comprend la divulgation de vos renseignements personnels aux compagnies d'assurance et/ou aux courtiers ou à toute autre entité chargée de la gestion ou de l'administration du régime d'avantages sociaux de SHS pour le compte de SHS;
- (e) Pour se conformer aux prescriptions réglementaires sur les déclarations et les retenues d'emploi;
- (f) Pour mettre en œuvre les politiques de SHS, notamment celles qui sont relatives à l'utilisation appropriée des réseaux de communications électroniques, et pour se conformer aux lois applicables; et
- (g) En cas de vente ou de transfert de tout ou partie des avoirs de SHS, pour divulguer, à tout acquéreur potentiel, vos renseignements personnels seulement dans le but de déterminer la valeur de SHS et celle de son actif et de son passif et d'évaluer votre position au sein de SHS. Si vos renseignements personnels devaient être divulgués à un acquéreur potentiel, SHS lui demanderait de consentir à protéger le caractère privé de ces renseignements de manière qui soit compatible avec la politique de SHS en matière de respect de la vie privée qui serait alors en vigueur ainsi qu'avec les lois applicables en vigueur à ce moment-là.

4. Déclaration officielle d'emploi

Au moment d'entrer au service de SHS, vous devrez signer le document intitulé « Déclaration officielle d'emploi » selon laquelle vous reconnaissez ne pas être au service de Sears et ne pas être considéré comme tel pour quelle que raison que ce soit et que vous n'êtes pas admissible à être employé(e) par Sears ou susceptible d'être embauché(e) par Sears tant que vous serez au service de SHS.

Nous nous réjouissons de l'approche de la date de signature de la Transaction et de la perspective de pouvoir collaborer avec vous. Veuillez prendre note que la continuité de l'emploi auprès de SHS est conditionnelle à la conclusion de la Transaction et qu'elle prendra effet à la signature. Si la Transaction n'était pas conclue, votre emploi ne se poursuivra pas auprès de SHS.

Pour toute question sur cet avis, n'hésitez pas à prendre contact avec • au •.

Cordialement,

Gestion des services SHS INC.

Par: _____

Je prends acte de cet avis et y consens ce ____ jour de février 2013.

Témoïn _____

[Nom de l'employé(e)]

[LETTERHEAD OF SHS SERVICES MANAGEMENT INC.]

February •, 2013

PERSONAL AND CONFIDENTIAL

c/o Sears Canada Inc.
700 - 290 Yonge Street
Toronto, Ontario
M5C 2B3

Dear •:

Continuation of Employment with SHS Management Inc.

As you may be aware, your current employer, Sears Canada Inc. (Sears), has entered into an agreement whereby SHS Services Management Inc. (SHS) has agreed to acquire certain assets and operate certain business of Sears, particularly the business operating under the "Sears Home Services" banner (the Transaction). We anticipate that the Transaction will close on March 2, 2013, or such other date as the parties agree (the Closing Date).

1. Continuation of Employment

On the Closing Date, Sears will cease to be your employer and you will continue your employment with SHS, on terms and conditions substantially similar, in the aggregate, to those currently in place with Sears.

2. Confidentiality

As an employee of SHS, you will have access to the confidential information of SHS and its affiliates, as well as confidential information of Sears (collectively, the Protected Parties), including, without limitation, policies, processes, operating methods, source relationships, computer software and all tangible items on which there is recorded information related to the Protected Parties' businesses, as well as all information relating to the presentation, merchandising, marketing, provision and sale of products and services of the Protected Parties, including all customer lists and customer information (the Confidential Information). You will not, during your employment with SHS, or at any time after the cessation of your employment with SHS, reproduce, disclose or in any way make available, either directly or indirectly, any of the Confidential Information to any other person at any time without the prior written consent of the applicable Protected Party, as the case may be, whose confidential information you seek to disclose.

3. Personal Data and Privacy

You consent that:

- (a) Personal data relating to you may be maintained and stored by SHS electronically or in any other form; and
- (b) Personal data relating to you may be freely transferred and shared between SHS, its affiliates, and Sears, irrespective of where the offices of such entities are physically located.

You acknowledge and agree that SHS has the right to collect, use and disclose your personal information for purposes relating to your employment with SHS, including:

- (c) Ensuring that you are paid for the services performed for SHS;
- (d) Administering any benefits to which you are or may become entitled to, including medical, dental, life insurance, or pension benefits. This shall include the disclosure of your personal information to any insurance company and/or broker or to any entity that manages or administers SHS's benefits on behalf of SHS;
- (e) Compliance with any regulatory reporting and withholding requirements relating to your employment;
- (f) Enforcing SHS's policies, including those relating to the proper use of the electronic communications network and to comply with applicable laws; and
- (g) In the event of a sale or transfer of all or part of the assets of SHS, disclosing to any potential acquiring organization, your personal information solely for the purpose of determining the value of SHS and its assets and liabilities and to evaluate your position within SHS. If your personal information is disclosed to any potential acquiring organization, SHS will require the potential acquiring organization to agree to protect the privacy of your personal information in a manner that is consistent with any policy of SHS dealing with privacy that may be in effect from time to time and/or any applicable law that may be in effect from time to time.

4. Statement of Understanding of Employment

At the time of commencing employment with SHS, you will execute the attached "Statement of Understanding of Employment", which will be an acknowledgement that you are not and shall not be deemed to be an employee of Sears for any purposes, and that you will not be eligible for or considered for employment with Sears while you are an employee of SHS.

Schedule 6.2(j)

Form of ISO Guarantee

Pursuant to Section 6.2(j) [*Conditions for the Benefit of the Transferor, ISO Guarantee*]

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (this "Agreement") is made and entered into as of December 20, 2012 by and between Installation Services Org. Ltd., a corporation incorporated under the laws of Alberta ("ISO") and Sears Canada Inc., a corporation incorporated under the laws of Canada ("Sears"). Capitalized terms used but not defined herein shall have the meanings set forth in the Branded Concession Agreement, as defined below.

WHEREAS SHS Services Management Inc., a corporation incorporated under the laws of Canada ("SHS") and Sears entered into an Asset Transfer Agreement dated December 20, 2012 (as in effect from time to time, the "Asset Transfer Agreement");

WHEREAS SHS and Sears entered into a Branded Concession Agreement dated December 20, 2012 (as in effect from time to time, the "Branded Concession Agreement");

WHEREAS SHS is an Affiliate of ISO;

WHEREAS as an inducement to Sears to consummate the transactions contemplated by the Asset Transfer Agreement and the Branded Concession Agreement, ISO has agreed to provide a Guarantee of SHS's obligations under the Asset Transfer Agreement and of certain of SHS's obligations under the Branded Concession Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Article I Guarantee

1.1 Guarantee. Subject to the terms and conditions hereof, ISO hereby unconditionally and irrevocably guarantees the performance and payment in full of the Transferee Obligations (as defined below) and the Licensee Obligations (as defined below) (the Transferee Obligations and the Licensee Obligations collectively referred to as the "Guaranteed Obligations"). This Guarantee is a guarantee of performance and payment of each and every Guaranteed Obligation, and not solely a guarantee of collection. ISO shall be liable for each of the Guaranteed Obligations as a primary obligor, not merely as surety. Furthermore, for the avoidance of doubt, Sears shall be entitled to bring a claim against ISO in a court of law for the satisfaction of any Guaranteed Obligations at the same time as Sears brings a claim against SHS.

1.2 For purposes hereof, the term "Transferee Obligations" means:

We look forward to the closing of the Transaction and working with you in the future. Please be advised that the continuation of your employment with SHS is conditional upon the successful closing of the Transaction, and immediately effective after Closing. If the Transaction does not close, your employment will not be continued with SHS.

Should you have any questions with respect to this notification, please do not hesitate to contact • at •.

Yours truly,

SHS SERVICES MANAGEMENT INC.

Per: _____

Acknowledged and consented to this ____ day of February, 2013.

Witness

[insert employee name]

(i) all of SHS's liabilities and obligations under the Asset Transfer Agreement, subject to any applicable grace periods, notice periods and limitations according to the terms of the Asset Transfer Agreement; and

(ii) any enforcement of the performance of the obligations of SHS set out in the Asset Transfer Agreement.

1.3 For purposes hereof, the term "Licensee Obligations" means:

(i) SHS's liabilities and obligations under the Branded Concession Agreement, subject to any applicable grace periods, notice periods and limitations according to the terms of the Branded Concession Agreement, that arise during the first Fiscal Year of the Term;

(ii) any and all obligations of payment of SHS pursuant to the Branded Concession Agreement that arise as a result of the operation of the Concession during the first Fiscal Year of the Term (including, without limitation, payment of any Financial Commitments), regardless of when such obligations of payment are due;

(iii) any and all obligations of payment of SHS pursuant to the Branded Concession Agreement that arise as a result of Gross Revenue generated during the first Fiscal Year of the Term, regardless of when such obligations of payment are due;

(iv) any and all obligations of SHS under Article 25 of the Branded Concession Agreement; and

(v) any enforcement of the performance of the obligations of SHS set out in paragraphs (i) to (iv) above.

1.4 ISO shall be obligated to perform or pay the Guaranteed Obligations after Sears has requested payment of such amount or performance thereof from SHS. For the avoidance of doubt, Sears is not required to seek or enforce any remedies against SHS or any other party before Sears will be entitled to performance or payment by ISO of the Guaranteed Obligations and nothing contained herein shall be construed to suggest that a court or other governmental authority must have ruled that any damages are payable by SHS before Sears may exercise its rights hereunder.

1.5 This Guarantee is a continuing guarantee and shall extend (i) to the ultimate performance of the Guaranteed Obligations; and (ii) to the ultimate balance of sums payable by SHS with respect to the stated Guaranteed Obligations, regardless of any payment by SHS that does not fully satisfy its Guaranteed Obligations or any partial discharge or waiver of such obligations by Sears.

1.6 Subrogation. Until the final payment and performance in full of all of the Guaranteed Obligations, ISO shall not exercise and ISO hereby waives (until such final payment and performance) any rights against SHS arising as a result of payment by ISO hereunder, by way of subrogation, reimbursement, restitution, contribution, discussion, division or otherwise, and will not prove any claim in competition with Sears in respect of any payment hereunder in any bankruptcy, insolvency or reorganization case or proceedings of any nature (nothing contained herein shall prevent the filing of such a claim provided that payments made with respect thereto are turned over to Sears for application to the payment of the Guaranteed Obligations until the final payment of the Guaranteed Obligations). ISO will not claim any setoff, recoupment or counterclaim against SHS in respect of any liability of ISO to SHS.

1.7 Waivers by ISO. ISO hereby waives promptness, diligences, presentment, demand, protest, notice of acceptance, notice of any Guaranteed Obligations incurred, notice of any default, and all other notices of any kind, all defences which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of SHS, or any other entity or other person primarily or secondarily liable with respect to any of the Guaranteed Obligations, and all suretyship defences generally. Without limiting the generality of the foregoing, ISO agrees to the provisions of any instrument evidencing, securing or otherwise executed in connection with any Guaranteed Obligation and agrees that the obligations of ISO hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure of Sears to assert any claim or demand or to enforce any right or remedy against SHS or any other entity or other person primarily or secondarily liable with respect to any of the Guaranteed Obligations; (ii) any extensions, compromise, refinancing, consolidation or renewals of any Guaranteed Obligation; (iii) any change in the time, place or manner of payment of any of the Guaranteed Obligations or any rescissions, waivers, compromise, refinancing, consolidation or other amendments or modifications or changes of any of the terms or provisions of the Asset Transfer Agreement or Branded Concession Agreement or any document or agreement evidencing, securing or otherwise executed in connection with any of the Guaranteed Obligations, (iv) the addition, substitution, discharge or release of any other entity or other person primarily or secondarily liable for any Guaranteed Obligation; or (v) any other act or omission (other than the irrevocable, final payment and performance in full of all of the Guaranteed Obligations) which might in any manner or to any extent vary the risk of ISO or otherwise operate as a release or discharge of ISO, all of which may be done without notice to ISO. To the fullest extent permitted by law, ISO hereby expressly waives any and all rights or defences arising by reason of any law which in any way would require any election of remedies by Sears.

1.8 Recovery. ISO agrees that, if at any time all or any part of any payment previously applied by SHS to any of the Guaranteed Obligations is or must be rescinded or returned by Sears for any reason (including without limitation the bankruptcy of SHS), whether by court order, administrative order, or settlement, ISO will remain liable for the full amount so rescinded or returned as if such amount had never been received by Sears, notwithstanding any termination of this Guarantee or cancellation or termination of the Asset Transfer Agreement or Branded Concession Agreement or any other agreement or document evidencing the Guaranteed Obligations.

Article II General

2.1 This Agreement shall be binding upon and enure to the benefit of the parties and their respective heirs, beneficiaries, legal representatives, successors and assigns; provided, however, that Sears may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates, (ii) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases Sears nonetheless shall remain responsible for the performance of all of its obligations hereunder), (iii) assign any or all of its rights and interests hereunder as collateral to one or more lenders of Sears, and (iv) assign its rights hereunder in connection with the sale of all or substantially all of its business or assets (whether by merger, sale of stock or assets, recapitalization or otherwise); provided, however, in the case of clauses (i) and (iv), such 4

assignee must agree in writing with ISO to assume the obligations of Sears hereunder. Subject to section 2.2, ISO may not assign this Guarantee Agreement or any of its obligations hereunder.

2.2 If ISO is no longer an Affiliate of SHS, ISO may, effective no earlier than such time that ISO ceases to be an Affiliate of SHS, assign its obligations hereunder to a "Permitted Assignee" (as defined below), provided Permitted Assignee assumes all the obligations of ISO hereunder pursuant to a written assignment and assumption agreement, a copy of which is provided to Sears no later than the effective date of such assignment and assumption. A Permitted Assignee, with respect to SHS, is an Affiliate of SHS that is (i) not insolvent; (ii) actively engaged in operating a business; and (iii) has no fewer than 25 full-time employees.

2.3 The parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal laws of Canada applicable therein, excluding any rule or principle that might refer the governance or the construction of this Agreement to the laws of another jurisdiction.

2.4 All notices, requests, instructions or other documents to be given under this Agreement shall be in writing and shall be deemed effectively given only when personally delivered, when received by facsimile, scanned e-mail or other electronic means or when delivered via a reputable courier service. Notices to Sears or ISO shall be sent to the addresses provided below; or, in either case, to such other address as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above. Notice given by a party's counsel shall be considered notice given by that party.

Notices to ISO shall be delivered to:
#245, 1209 59 Avenue SE
Calgary, Alberta T2H 2P6
Facsimile: (403) 255-2839
Attention: President

Notices to Sears shall be delivered to:
Sears Canada Inc.
290 Yonge Street, Suite 700
Toronto, Ontario M5B 2C3
Fax: (416) 941-2321
Attention: General Counsel

2.5 Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

2.6 This Agreement is intended by the Parties as a final expression of the guarantee agreement of ISO with respect to obligations under the Asset Transfer Agreement and the 5

Branded Concession Agreement, and is intended as a complete and exclusive statement of the terms of such agreement.

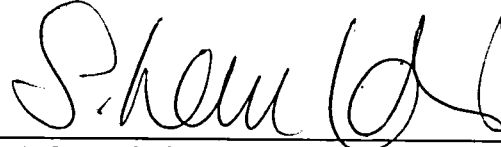
2.7 This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile, or scanned e-mail transmission or other electronic means shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile, e-mail or other electronic means shall be deemed to be their original signatures for any purposes whatsoever.

[SIGNATURE PAGE TO FOLLOW]

TAB F

This is Exhibit "F" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in black ink, appearing to read "S. Ham", written over a horizontal line.

A Commissioner for Taking Affidavits

Branded Concession Agreement

Sears Home Services

December 20, 2012

ARTICLE 1. INTERPRETATION.....	8
1.1 Definitions.....	8
1.2 Schedules.....	17
1.3 Interpretation.....	17
ARTICLE 2. TERM.....	19
2.1 Initial Term.....	19
2.2 Renewal Terms.....	19
2.3 Overholding.....	19
ARTICLE 3. GRANT OF CONCESSION.....	19
3.1 Grant of Concession.....	19
3.2 Use of Brand Name.....	19
3.3 Exclusivity.....	19
ARTICLE 4. PRODUCTS AND SERVICES.....	20
4.1 Assortment of Products and Services.....	20
4.2 Quantity of Products.....	20
4.3 Quality of Products and Services.....	20
4.4 Pricing of Products and Services.....	20
4.5 Prohibited Products and Services.....	20
4.6 Product Servicing and Repair.....	20
ARTICLE 5. LICENSED AREAS.....	21
5.1 Right to Occupy Licensed Areas.....	21
5.2 Use of the Licensed Area.....	21
5.3 Remodelling, Reconfiguration and Relocation of Licensed Areas by Sears.....	21
5.4 Initial Construction.....	21
5.5 Licensee Furnishings and Leasehold Improvements.....	22
5.6 Plans and Drawings.....	23
5.7 Sears Furnishings and Leasehold Improvements.....	23
5.8 Licensed Area Remodelling.....	23
5.9 Relocation and Reconfiguration of Licensed Areas by Sears.....	23
5.10 Relocation and Reconfiguration of Licensed Areas by Licensee.....	24
5.11 Sears Maintenance and Repairs.....	24
5.12 Licensee Maintenance and Repairs.....	24
5.13 Notice of Incident or Damage.....	25
5.14 Examination of Licensed Areas.....	25
5.15 Control of Building.....	25
5.16 Utilities.....	26
5.17 Energy Conservation.....	26
5.18 HVAC.....	26
5.19 Telephone.....	26
5.20 Elevators & Escalators.....	27
5.21 Janitorial Services.....	27
5.22 Garbage Removal.....	27

5.23	Sears Product Bags and Boxes.....	28
5.24	Licensee Operational Supplies.....	28
5.25	Shipping and Receiving.....	28
5.26	Prohibited Activities.....	28
5.27	Damage and Disturbance.....	28
5.28	Sound and Lights.....	29
5.29	Signage.....	29
5.30	Property Taxes.....	29
5.31	Landlord Common Area Maintenance Charges.....	29
ARTICLE 6. ADVERTISING, MARKETING AND PROMOTIONS.....		30
6.1	Licensee's Marketing Commitment.....	30
6.2	Promotion of Brand Name and Sears Credit Services.....	31
6.3	Joint Marketing.....	31
6.4	Sears Rewards Program.....	31
6.5	Participation in Sears Advertising Vehicles.....	31
6.6	Designated Store Promotional Events.....	31
6.7	Telemarketing Solicitation.....	32
6.8	Internet Solicitation.....	32
6.9	Concession Website.....	32
6.10	Marketing Plan.....	32
6.11	Marketing Agencies.....	33
6.12	Advertising Approval.....	33
ARTICLE 7. CUSTOMER PAYMENTS AND CREDIT.....		33
7.1	Tender.....	33
7.2	Promotion of Sears Card.....	33
7.3	Cash.....	34
7.4	Gift Cards and Merchandise Certificates.....	34
7.5	Sears Rewards Program Redemption.....	34
7.6	Credit Sales.....	34
7.7	Merchant Fee.....	35
7.8	Sears Card Revenues.....	35
7.9	Licensee to Collect Sales Tax.....	35
ARTICLE 8. CUSTOMER RELATIONS AND ADJUSTMENTS.....		35
8.1	Customer Satisfaction Policy.....	35
8.2	Customer Complaints.....	35
8.3	Customer Contact Centre.....	36
ARTICLE 9. OPERATIONS AND STAFFING.....		36
9.1	Normal Business Hours.....	36
9.2	Operational Supervision.....	36
9.3	Policies and Practices.....	36
9.4	Conduct of Business.....	36
9.5	Compliance With Applicable Law.....	36
9.6	Compliance With Sears Guidelines and Service Levels.....	37

9.7	Protection of Personal Information.....	37
9.8	Permits and Licenses.....	37
9.9	Business License.....	38
9.10	Staffing.....	38
9.11	Sub-Contracting.....	39
9.12	Supervision of Employees.....	39
9.13	Labour and Employment Standards.....	39
9.14	Compensation & Benefits.....	39
9.15	No Connection to Sears.....	39
9.16	Sears Discount for Licensee Employees.....	40
9.17	Licensee Discount for Sears Employees.....	40
9.18	Sears Identification Cards.....	40
9.19	Licensee Identification Cards.....	40
9.20	Removal of Employees.....	41
ARTICLE 10. LICENSEE'S SUPPLIERS, PURCHASES AND PAYMENTS.....		41
10.1	Purchase in the Name of Licensee.....	41
10.2	Notification to Supplier.....	41
10.3	Invoices Issued in Error.....	41
10.4	Prompt Payment of Invoices.....	42
10.5	Accounts Payable Report.....	42
10.6	Withholding and Payment.....	42
10.7	Business Fees and Taxes.....	42
10.8	Supplier Agreements.....	43
ARTICLE 11. INSURANCE.....		43
11.1	Licensee's Property and Liability Insurance.....	43
11.2	Additional Insured.....	44
11.3	Waiver of Subrogation.....	45
11.4	Evidence of Insurance.....	45
11.5	Sears Approval.....	45
11.6	Failure to Insure, Cancellation.....	45
ARTICLE 12. COMMISSION, FEES AND REMITTANCE.....		45
12.1	Commission.....	45
12.2	Maintenance and Administration Fee.....	46
12.3	Sales Tax.....	46
12.4	Payment Settlement Process.....	46
12.5	Interest on Overdue Amounts.....	47
ARTICLE 13. SECURITY FOR PAYMENT AND FINANCIAL COVENANTS.....		47
13.1	Setoff.....	47
13.2	Lien.....	47
13.3	No Lien on Sears Assets.....	48
13.4	Creditor Non-Interference Agreement.....	48
13.5	Financial Covenants.....	48

ARTICLE 14. GOVERNANCE, COMMITTEES AND SUPPORT	48
14.1 Executive Committee and Governing Principles.....	48
14.2 Operational Committee.....	49
14.3 Sears Support.....	50
ARTICLE 15. RECORD KEEPING, REPORTING, MONITORING & AUDITING.....	50
15.1 Point of Sale Register System	50
15.2 Licensee Reporting.....	51
15.3 Accounting Records.....	51
15.4 No Waiver or Prejudice.....	51
15.5 Audit.....	51
15.6 Notice of Collective Agreements and Negotiations.....	52
ARTICLE 16. TRADEMARK LICENSE	52
16.1 Grant of Trademark License	52
16.2 Use of Trademark.....	52
16.3 Prior Approval on Use of Sears Trademark	53
16.4 Advertising of Sears Trademark	53
16.5 Restrictions on Use of the Sears Trademark by Licensee	53
16.6 Ownership of Trademarks.....	54
16.7 Remedies for Unauthorized Use.....	54
16.8 Trademark Owner's Remedies	54
16.9 Changes to Sears Trademark.....	54
ARTICLE 17. GOODWILL AND INTELLECTUAL PROPERTY	55
17.1 Goodwill Generated by the Operation of the Concession	55
17.2 Sears Intellectual Property.....	55
17.3 Licensee Intellectual Property.....	56
17.4 Establishment of New Intellectual Property Rights	56
17.5 Protection of Intellectual Property.....	57
17.6 Residual Rights.....	57
ARTICLE 18. CONFIDENTIAL INFORMATION.....	57
18.1 Customer Lists, Customer Information; Sales Information.....	57
18.2 Sears Confidential Information.....	58
18.3 Licensee's Confidential Information	58
18.4 No Disclosure of Confidential Information.....	58
18.5 Protection of All Sears Confidential Information.....	59
18.6 Restricted Use of Confidential Information.....	59
18.7 Maintenance of Confidential Information.....	59
18.8 Return of Confidential Information	59
ARTICLE 19. INDEMNITY AND LIMITATION OF LIABILITY.....	59
19.1 Sears's Indemnity	59
19.2 Licensee's Indemnity	61
19.3 Notification of Third-Party Claims	62
19.4 Limitation of Liability	62

ARTICLE 20. NON-SOLICITATION AND NON-COMPETITION DURING THE TERM	62
20.1 Non-Solicitation of Customers	62
20.2 Non-Solicitation of Employees by Sears	63
20.3 Non-Solicitation of Employees by Licensee	63
20.4 Non-Competition During the Term	63
ARTICLE 21. CHANGES TO CONCESSION	64
21.1 Reduction of Designated Channels or Designated Markets	64
21.2 Reduction of Designated Stores by Sears	64
21.3 Reduction of Designated Stores by Licensee	64
21.4 Increase of Designated Stores	64
ARTICLE 22. ASSIGNMENT AND CHANGE OF CONTROL	64
22.1 Assignment by Sears	64
22.2 Assignment by Licensee	65
22.3 Change of Control	65
22.4 Right of First Offer	65
22.5 Right of First Refusal	65
ARTICLE 23. DEFAULT AND TERMINATION	66
23.1 No Fault Termination	66
23.2 Termination Due to Event of Default	66
23.3 Events of Default by Licensee	66
23.4 Bankruptcy Event	68
ARTICLE 24. SOFTWARE AND DATA	70
24.1 Licensee Software Escrow	70
24.2 List of Licensee Software	70
24.3 Concession Data	71
ARTICLE 25. AFTER TERMINATION	71
25.1 Surrender	71
25.2 Withholding of Remittance	72
25.3 Disengagement Costs	72
25.4 Licensed Area Restoration Costs	72
25.5 Protected Asset Values	72
25.6 Option to Transfer Assets	72
25.7 Option to Assign Contracts	74
25.8 Licensee Work-in-Progress Put Option	74
25.9 Post-Termination Transfer Further Assurances	74
25.10 Transition Assistance	75
25.11 Option to Acquire Software License	75
25.12 Concession Data	76
25.13 Licensee Non-Competition After Termination	76
25.14 Non-Solicitation of Customers	77
25.15 Non-Solicitation of Employees by Sears	77

25.16 Non-Solicitation of Employees by Licensee	77
25.17 Sears Business After the Term	77
ARTICLE 26. REPRESENTATIONS, WARRANTIES AND COVENANTS	78
26.1 Representations and Warranties of Licensee	78
26.2 Representations and Warranties of Sears	79
26.3 Nature and Survival	79
ARTICLE 27. CONDITIONS PRECEDENT.....	80
27.1 Conditions Precedent.....	80
ARTICLE 28. GENERAL MATTERS.....	80
28.1 Enurement.....	80
28.2 Notices.....	80
28.3 Time of Essence	81
28.4 Failure to Give Notice	81
28.5 Independent Contractor	81
28.6 Not a Lease	82
28.7 Independent Legal Advice	82
28.8 Further Assurances	82
28.9 Approvals and Consents.....	82
28.10 Announcements.....	82
28.11 Currency	82
28.12 Invalidity of Provisions	82
28.13 Entire Agreement.....	83
28.14 Survival	83
28.15 No Representations	83
28.16 Waiver, Amendment	83
28.17 Governing Law.....	84
28.18 Applicable Law.....	84
28.19 Cumulative Remedies.....	84
28.20 Injunctive Relief	84
28.21 Counterparts/Facsimile	84
28.22 Language.....	84

SEARS BRANDED CONCESSION AGREEMENT**BRAND NAME: Sears Home Services / Services résidentiels Sears****EFFECTIVE DATE: March 2, 2013****THIS AGREEMENT is made as of the 20th day of December, 2012,****BETWEEN:**

SEARS CANADA INC., a corporation incorporated under the laws of Canada, having its head office in the City of Toronto, Province of Ontario

("Sears")

- and -

SHS SERVICES MANAGEMENT INC., a corporation incorporated under the laws of Canada, having its head office in the City of Toronto, Province of Ontario

("Licensee")

RECITALS:

Sears is a national retailer offering products and services to its Customers through various channels including retail stores, free standing speciality stores, catalogues, direct marketing media and the Internet.

Licensee has represented to Sears that, upon the Effective Date, Licensee will be fully qualified, experienced, licensed, capitalized, staffed and equipped to successfully establish and operate a business for the purpose of procurement, presentation, merchandising, marketing, provision and sale of the products and services contemplated by this Agreement.

Sears has approved Licensee to operate the Concession business selling Products and Services using the Sears Trademark under the Brand Name.

In consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties have entered into this Agreement.

**ARTICLE 1.
INTERPRETATION****1.1 Definitions**

The following words and phrases used in this Agreement (including, for greater certainty, the Schedules attached hereto) shall have the following meanings:

- (a) "Accounting Principles" means accounting principles generally accepted in Canada as contemplated by the handbook of the Canadian Institute of Chartered

Accounts (the "Handbook"), as amended from time to time, applied on a consistent basis and which incorporates International Financial Reporting Standards under Part 1 of the Handbook for periods beginning on and after January 1, 2011, and Canadian generally accepted accounting principles under Part V of the Handbook prior to January 1, 2011; if the Handbook contains more than one recommendation as to treatment of a matter, the recommendation that shall constitute Accounting Principles shall be the one most appropriate in the context to the Licensee or Sears, as the case may be.

- (b) "Agreement" means this agreement and all schedules attached to this agreement, in each case as they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this agreement and unless otherwise indicated, references to articles and sections are to articles and sections in this agreement.
- (c) "Affiliate" has the meaning attributed to such term in National Instrument 45-106 of the Canadian Securities Administrators, as the same may be amended or replaced from time to time.
- (d) "Annual Performance Guarantees" means, for each Fiscal Year, the Guaranteed Gross Revenue for such Fiscal Year and the Card Share Guarantee for such Fiscal Year.
- (e) "Annual Reconciliation Report" has the meaning given to it in section 12.4.
- (f) "Annual Service Level Guarantees" has the meaning given to it in Schedule "J".
- (g) "Annual Service Level Credit" means a Service Level Credit payable as a result of a Service Level determined on an annual basis.
- (h) "Applicable Law" means, with respect to any Person, property, transaction, event or course of conduct, all applicable laws, statutes, rules, by-laws and regulations, regulatory policies and all applicable official directives, orders, judgments and decrees of Governmental Authorities.
- (i) "Asset Transfer Agreement" means the Asset Transfer Agreement between Sears and Licensee dated of even date herewith.
- (j) "Bankruptcy Event" has the meaning given to it in section 23.4.
- (k) "Brand Name" means Sears Home Services / Services résidentiels Sears, under which the Concession will be operated.
- (l) "Building" means that part of any building in which a Designated Store is located.
- (m) "Business Day" means a day other than a Saturday or Sunday or any other day that is not a business day for Sears headquarters staff.
- (n) "CAM Contribution" has the meaning given to it in section 5.31.

- (o) "Card Share" means the percentage of Gross Revenue and applicable Sales Tax transacted on a Sears Card.
- (p) "Card Share Guarantee" means the Card Share Guarantee set out in Schedule "K".
- (q) "Card Share Guarantee Credit" has the meaning given to it in Schedule "K".
- (r) "Card Share Incentive Bonus" has the meaning given to it in Schedule "K".
- (s) "Change of Control" means, with respect to Licensee,
 - (i) a Person or group becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the total voting power of the Licensee;
 - (ii) the Licensee merges, amalgamates, consolidates, acquires, is acquired by, or otherwise combines with any other Person other than an Affiliate; or
 - (iii) the Licensee sells all or substantially all of its assets to a Person that is not an Affiliate of the Licensee.
- (t) "Claim" means claim, action, lawsuit, demand, cause of action, judgment, fine, penalty, Loss, or proceeding, whether actual or alleged.
- (u) "Commission" has the meaning given to it in section 12.1.
- (v) "Commission Guarantee Adjustment" has the meaning given to it in section 12.1
- (w) "Commission Rebate" has the meaning given to it in section 12.1.
- (x) "Competitor" means a business operating in Canada that sells products and services any of which are substantially the same as any of the Products and Services to retail customers and that has any of the following characteristics: (i) is present in three or more provinces; (ii) has annual sales of Products and Services of more than \$100 million; (iii) has securities listed on a recognized securities exchange; or (iv) is an Affiliate of a Person listed on a recognized securities exchange. For greater certainty and without limitation, "Competitor" includes retailers operating under the following banners: Best Buy, Brault & Martineau, Canadian Tire, Costco, Future Shop, Home Depot, Home Hardware, Target, Leon's, Lowes, Rona, The Bay, Wal-Mart.
- (y) "Concession" means the business operated by the Licensee selling the Products and Services through the Designated Channels and at the Licensed Areas, under the Brand Name, in accordance with the terms and conditions of this Agreement.
- (z) "Concession Employees" means the employees of the Licensee who are involved in the operation of the Concession

- (aa) "Concession Website" has the meaning given to it in section 6.9.
- (bb) "Customer Deposits" has the meaning given in section 25.6.
- (cc) "Customers" means any Person or Persons who avail themselves of any product and/or service offered by the Licensee pursuant to this Agreement.
- (dd) "Designated Channels" means the channels, as set forth in the attached Schedule "A", within which the Licensee is permitted to operate the Concession or such other channels as may be mutually agreed by the Parties.
- (ee) "Designated Market" means the geographical location of a retail market designated by Sears, as set forth in the attached Schedule "A", in which the Licensee is permitted to operate the Concession or such other markets as may be mutually agreed by the Parties.
- (ff) "Designated Stores" means the retail stores designated by Sears, as set forth in the attached Schedule "A", in which the Licensee is permitted to operate the Concession.
- (gg) "Effective Date" means 11:59 pm (Toronto time) on the later of the date indicated as the "Effective Date" on the first page of this Agreement, or the date on which the conditions precedent set out in section 27.1 have occurred or, where applicable, have been waived.
- (hh) "Event of Default" has the meaning given to it in section 23.3.
- (ii) "Executive Committee" has the meaning given to it in section 14.1.
- (jj) "Financial Covenants" means the financial covenants referenced in section 13.5.
- (kk) "Fiscal Month" means a period of time, being a month of either four weeks or five weeks as determined in accordance with the "4-5-4 Calendar" guidelines established by the National Retail Federation of the United States. The first Fiscal Month of the Term shall commence on the Effective Date and end on the last day of the month established according to such 4-5-4 Calendar, and the last Fiscal Month of the Term shall end on the last day of the Term.
- (ll) "Fiscal Quarter" means a period of time, the first Fiscal Quarter commencing on the first day of the Term, and ending at the end of the next third, sixth, ninth or twelfth Fiscal Month of Sears in such Fiscal Year. The last Fiscal Quarter shall end on the last day of the Term.
- (mm) "Fiscal Year" means a period of time, the first Fiscal Year commencing on the first day of the Term, and ending on the Saturday falling closest to January 31 in each year immediately following the first day of the Term. Each Fiscal Year thereafter shall consist of consecutive periods of twelve (12) Fiscal Months, but the last Fiscal Year of the Term, whether or not it is twelve (12) Fiscal Months, shall terminate on the expiry or earlier termination of this Agreement. If, however, Sears considers it necessary or convenient for Sears purposes, Sears may at

any time and from time to time, by written notice to the Licensee, specify a date from which each subsequent Fiscal Year is to commence, and in such event, the then current Fiscal Year shall terminate on the day immediately preceding the commencement of such new Fiscal Year, and the appropriate adjustments shall be made between the Parties.

- (nn) "Force Majeure" means any occurrence which delays, hinders or prevents either Party hereto from the performance of any term, covenant or act required hereunder which is not the fault of the Party delayed in performing work or doing acts required under the terms of this Agreement, including: strikes or walkouts not caused by Sears or Licensee's intentional act; labour troubles; industrial disturbances; inability to procure materials or services; failures, fluctuations or non-availability of electric power, heat, light, ventilation or air-conditioning; governmental laws, regulations or controls; riots; civil commotions; insurrections; anarchy; acts of a foreign enemy; revolution; acts of sabotage; acts of terrorism, bioterrorism, or cyber-terrorism; invasion; rebellion; military or usurped power; war (whether declared or not) or warlike operations; blockades; epidemics; washouts; nuclear and radiation activity or fallout; explosions; fires; acts of God (including without limitation, earthquakes, blizzards, floods, hurricanes, lightning, storms and other natural disasters); and damage caused by any aircraft.
- (oo) "Furnishings" means, without limiting the generality of the foregoing, moveable trade fixtures, counters, shelves, furniture and equipment, but shall not include leasehold improvements which are affixed in or about a Licensed Area.
- (pp) "Furniture and Equipment" has the meaning given to it in section 25.6.
- (qq) "Governing Principles" has the meaning given to it in section 14.1.
- (rr) "Governmental Authority" means any government, parliament, legislature, or any regulatory authority, agency, commission, board or rulemaking entity of any government, parliament or legislature, or any court of law, regulatory or rulemaking entity having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing.
- (ss) "Gross Revenue" means the total revenue (not including Sales Tax) generated from all sales, services and other business conducted by any means in, on, at, from or through the Designated Channels by the Licensee. Without limiting the generality of the foregoing, Gross Revenue includes:
- (i) all amounts received or receivable for the sale or barter of the Products and Services, goods, wares, merchandise and other items;
 - (ii) sales of all merchandise sold to other retailers or to wholesalers;
 - (iii) all amounts received or receivable for services performed or rendered;
 - (iv) the amount of all orders taken or received in a Licensed Area, whether such orders are filled elsewhere, and whether through a catalogue, internet or otherwise, and whether in person, or by mail, e-mail or by

facsimile transmission, or by means of any electronic, magnetic, digital, telecommunication, telephone, video, computer, optical, internet, wireless or other technology-based system or any other system, whether existing now or developed in the future, or by any other means of communication or telecommunication;

- (v) all deposits given on services or goods purchased and not refunded to Customers;
- (vi) the amounts received from the sale of all gift certificates and gift cards at the time they are redeemed;

in each case whether such sales or other receipts or receivables are evidenced by cheque, cash, credit, credit card, debit card, automated teller machine, charge account, gift cards, merchandise certificates, rewards program redemption, exchange or otherwise and whether such sales are made by means of mechanical or other vending devices within a Licensed Area. There shall be no deduction made for bank charges or uncollected or uncollectible credit accounts or charges made by collection agencies and no allowances shall be made for bad debts). In addition, each charge or sale made on instalment or credit shall be treated as a sale for the full selling or rental price in the month during which such charge or sale is made, irrespective of the time when the Licensee receives payment (whether full or partial) therefor. All monies or other things of value accepted or received by or on behalf of the Licensee not herein specifically excluded or deducted from Gross Revenue shall be deemed to be included in Gross Revenue. For the avoidance of doubt, Gross Revenue does not include revenue generated on the sale or provision of financing.

- (tt) "Guaranteed Gross Revenue" has the meaning given to it in Schedule "K".
- (uu) "Guidelines For Licensed Business on the Internet" has the meaning given to it in Schedule "I".
- (vv) "Hazardous Substance" has the meaning given to it in section 5.22.
- (ww) "Information" means material, information or data in any form or notation and however stored, fixed, expressed or embodied, if embodied in a material, tangible or electronic form, including all material, information and data of a scientific, technical or business nature including all trade secrets and other proprietary or confidential information; non-proprietary know-how; standards and specifications; techniques, methods, process and know-how technical and statistical data; compilations of information and data and computer databases; computer software; trade-marks; research, developmental, demonstration and engineering work; designs, formulas, procedures, innovations, discoveries, inventions, processes, technological developments, methods, techniques and systems; information relating to computer hardware, information technology, infrastructure and requirements and unpublished patent information; systems management and performance data; and all information and data of a business nature including information and data related to past, present and prospective; businesses, products and services, internal management and finances, marketing plans and techniques, price lists, customers, employees, operations,

facilities, assets and programs; and all confidential information. Information will be considered as such whether or not it is protected by or embodies any Intellectual Property Right and whether or not it is in human or machine readable form.

- (xx) "Initial Term" has the meaning given to it in section 2.1.
- (yy) "Intellectual Property Rights" means:
 - (i) any and all proprietary rights anywhere in the world provided under: (i) patent law; (ii) copyright law (including moral rights); (iii) trade-mark law; (iv) design patent or industrial design law; (v) semi-conductor chip or mask work or integrated circuit topography law; or (vi) any other statutory provision or common law principle applicable to this Agreement, including trade secret law, which may provide a right in either hardware, proprietary software, content, documentation, confidential information, trade-marks, ideas, formulae, algorithms, concepts, inventions, processes or know-how generally, or the expression or use of such hardware, proprietary software, content, documentation, confidential information, trade-marks, ideas, formulae, algorithms, concepts, inventions, processes or know-how;
 - (ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing; and
 - (iii) all the licenses and waivers and benefits of waivers of the intellectual property rights set out in (i) and (ii) above, all future income and proceeds from the intellectual property rights set out in (i) and (ii) above, and all rights to damages and profits by reason of the infringement or violation of any of the intellectual property rights set out in (i) and (ii) above.
- (zz) "Initial Remodelling Commitment" has the meaning given to it in Schedule "D".
- (aaa) "Licensed Area" means the physical space in Designated Stores occupied by the Licensee in which the Licensee shall operate the Concession.
- (bbb) "Licensee Intellectual Property" has the meaning given to it in section 17.3.
- (ccc) "Licensee Obligations" has the meaning given to it in section 10.6.
- (ddd) "Licensee's Confidential Information" has the meaning given to it in section 18.3.
- (eee) "Licensee's Financial Obligations" as the meaning given to it in section 15.5.
- (fff) "Licensee's Representatives" means Licensee's agents, assigns, contractors, designees, representatives, servants and sub-contractors.
- (ggg) "Licensee Software" means the software used by Licensee for purposes of operation of the Concession, including specifically the software used to store

data regarding customers, contractors, suppliers, project management and work-in-progress.

- (hhh) **"Losses"** means all out-of-pocket costs, damages, judgments, penalties, fines, losses and expenses, including reasonable legal fees, disbursements and court costs.
- (iii) **"Maintenance and Administration Fee"** has the meaning given to it in section 12.2;
- (jjj) **"Marketing Liaison"** has the meaning given to it in section 14.3.
- (kkk) **"Marketing Plan"** means a plan for marketing by Licensee of the Products and Services in a Fiscal Year, and the budgeting of associated costs, as approved by Sears in accordance with section 6.10.
- (lll) **"Merchant Fee"** has the meaning given to it in section 7.7.
- (mmm) **"Minimum Marketing Commitment"** has the meaning given to it in section 6.1
- (nnn) **"Net Sales"** means Gross Revenue less returns, refunds, credits and allowances paid or allowed by Licensee in accordance with this Agreement including, for greater certainty, compensation paid to Customers to settle complaints and refunds paid to Customers.
- (ooo) **"New Intellectual Property"** has the meaning attributed to that term in section 17.4.
- (ppp) **"Normal Business Hours"** has the meaning attributed to that term in section 9.1.
- (qqq) **"Notices"** has the meaning attributed to that term in section 28.2.
- (rrr) **"Parties"** means Sears and Licensee and **"Party"** means one of Sears or Licensee.
- (sss) **"Payment Default"** has the meaning attributed to that term in paragraph 23.3(d).
- (ttt) **"Person"** means an individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.
- (uuu) **"Personal Information"** has the meaning attributed to that term in section 9.7.
- (vvv) **"POS"** means the point of sale register system in the Licensed Area to record the sales generated by the Products and Services in Designated Stores.
- (www) **"Post-Termination Transfer"** has the meaning given to it in section 25.9.
- (xxx) **"Privacy Acknowledgment"** means the form attached as Schedule "G".

- (yyy) "Products and Services" means the products and services that are set out in Schedule "B" and such related products and services that may be reasonably inferred by the Brand Name.
- (zzz) "Property Tax Contribution" has the meaning given to it in section 5.30.
- (aaaa) "Quarterly Service Level Credit" means a Service Level Credit payable as a result of a Service Level determined on a quarterly basis..
- (bbbb) "Renewal Term" has the meaning given to it in section 2.2.
- (cccc) "Sales Tax" means any goods and services taxes, harmonized sales taxes, business transfer taxes, value-added taxes, multi-stage sales taxes, sales, use or consumption taxes and any like taxes on goods or services provided by or on behalf of Sears, including, without limitation, any goods and services tax and harmonized sales tax exigible under Part IX of the *Excise Tax Act* (Canada).
- (dddd) "Sears Advertising Expenses" has the meaning given to it in section 6.5;
- (eeee) "Sears Auditor" has the meaning given to it in section 15.5.
- (ffff) "Sears Card" means any credit card issued to Sears Customers which is branded with a trade-mark owned by or licensed to Sears.
- (gggg) "Sears Confidential Information" has the meaning given to it in section 18.2.
- (hhhh) "Sears Intellectual Property" has the meaning given to it in section 17.2.
- (iiii) "Sears Rewards Program" means the customer loyalty and other related programs provided to Sears customers, including for purchases using the Sears Card, as the same may be amended or revised from time to time by Sears.
- (jjjj) "Sears Serviced Products" has the meaning given in Schedule "M".
- (kkkk) "Sears Trademark" means the trademark SEARS and any other or additional trademarks as set forth in the attached Schedule "C", or any other trademark or name of Sears which may be authorized, in writing, for use from time to time, together with such type styles, colour schemes and design matter as Sears may designate in writing from time to time, including the Brand Name.
- (llll) "Secured Assets" has the meaning given to it in section 13.2.
- (mmmm) "Service Level Standards" has the meaning given to it in Schedule "J".
- (nnnn) "Store Lead" means (i) a transaction made at a Designated Store to purchase any Product or Service; (ii) an appointment made at a Designated Store to enter into a transaction at a later time to purchase any Product or Service; (iii) an appointment made at a Designated Store for Licensee to discuss Products and Services with a potential Customer; or (iv) an invitation made at a Designated Store to the Licensee to contact a potential Customer for the purposes of making an appointment to discuss Products and Services.

(oooo) "Store Reduction Commission Adjustment" has the meaning given to it in section 12.1.

(pppp) "Telephone Costs" has the meaning given to it in section 5.19.

(qqqq) "Term" means the Initial Term together with all Renewal Terms.

(rrrr) "Third-Party Claim" has the meaning given to it in section 19.3.

(ssss) "Trademark Owner" means the owner of a Sears Trademark.

(tttt) "Transferable Assets" has the meaning given to it in section 25.6.

(uuuu) "Transferable Contacts" has the meaning given to it in section 25.7.

(vvvv) "Utilities" has the meaning given to it in section 5.16.

(wwww) "Working Inventory" has the meaning given in section 25.6.

(xxxx) "Work-in-Progress" has the meaning given in section 25.6.

1.2 Schedules

The following are the schedules attached to and form part of this Agreement:

Schedule "A"	-	Designated Channels, Markets and Stores
Schedule "B"	-	Products and Services
Schedule "C"	-	Sears Trademarks
Schedule "D"	-	Financial Commitments
Schedule "E"	-	Understanding of Employment/Engagement
Schedule "F"	-	Licensee Reporting
Schedule "G"	-	Privacy Acknowledgment
Schedule "H"	-	Governing Principles
Schedule "I"	-	Guidelines For Licensed Business on the Internet
Schedule "J"	-	Service Level Standards
Schedule "K"	-	Performance Guarantees
Schedule "L"	-	Protected Asset Values
Schedule "M"	-	Product Servicing and Repair
Schedule "N"	-	Financial Covenants Certificate

1.3 Interpretation

- (a) **Headings.** The division of this Agreement into articles, sections, and schedules and the insertion of headings are for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement.
- (b) **Section References.** Unless the context otherwise requires, references in this Agreement to an article, section or schedule, by number or letter, refer to the article, section or schedule, respectively, bearing that designation in this Agreement.

- (c) **Inclusive Terms.** Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list. The words "hereof", "herein", "hereto", "hereinafter", "hereunder", "hereby" and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular section or other portion of it.
- (d) **Singular, Plural, Gender and Derivations.** In this Agreement words importing the singular number include the plural and vice versa and words importing gender include the masculine and feminine genders and the neuter. If a term is defined in this Agreement, a derivative of that term shall have the corresponding meaning.
- (e) **Date for any Action.** In the event that any date on which any action is required to be taken under this Agreement by any of the Parties hereto is not a Business Day in the place where the action is to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- (f) **Deemed Currency.** In the absence of an express designation of any currency or dollar amount in any provision hereof, any undescribed currency or dollar amount herein shall be deemed to refer to Canadian dollars.
- (g) **Statute References.** Any reference in this Agreement to a statute or any provision thereof shall include any and all rules, regulations and published policies promulgated thereunder affecting or relating to such statute or provision and any and all amendments or substitutions made to such statute, rule, regulation or published policy prior to the date hereof and hereafter from time to time.
- (h) **Interpretation Not Affected by Party Drafting.** The Parties hereto acknowledge that their respective legal counsel have participated in settling or have reviewed the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.
- (i) **Accounting References.** All accounting definitions, provisions and procedures shall, for all purposes of this Agreement, have the meanings ascribed to them by and shall be consistent with Accounting Principles.
- (j) **Rules of Construction.** In the event of any conflict between provisions in this Agreement, the more specific provisions shall prevail and govern over more general provisions.

ARTICLE 2.
TERM

2.1 Initial Term

Subject to the terms and conditions of this Agreement, the term of this Agreement shall begin on the Effective Date and shall end on the day scheduled to be the last day of the 2022 Fiscal Year (the "Initial Term").

2.2 Renewal Terms

The term of this Agreement shall be automatically renewed for additional terms of three Fiscal Years each (each, a "Renewal Term") unless, no earlier than 18 months prior to the end of the then-current term, and no later than 11 months prior to the end of the then-current term, Sears provides notice to Licensee that it desires for the term not to be so renewed, provided that Sears shall not provide such notice to Licensee during a Fiscal Year following a Fiscal Year in which the Guaranteed Gross Revenue was achieved.

2.3 Overholding

If the Agreement has not been renewed in accordance with section 2.2 and neither Party has acknowledged to the other that the Agreement has terminated, then the Agreement will be deemed to operate on a month-to-month basis and no deemed renewal may be imputed from the conduct of the Parties in support of the month-to-month operations of the Concession.

ARTICLE 3.
GRANT OF CONCESSION

3.1 Grant of Concession

Sears hereby grants to Licensee the non-transferable right to operate the Concession through the Designated Channels, in the Designated Markets, on the terms and conditions set out in this Agreement.

3.2 Use of Brand Name

In connection with the presentation and marketing of the Concession to Customers, the Licensee shall use the Brand Name and only the Brand Name and shall not change, alter or in any way modify the Brand Name without the prior written consent of Sears, which consent may be withheld in the sole discretion of Sears.

3.3 Exclusivity

Unless Licensee and Sears agree otherwise, Sears will not grant the right to any third party to operate a concession similar to the Concession selling the same or similar products and services under the Brand Name as those Products and Services identified as exclusive to the Concession in Schedule "B".

ARTICLE 4.
PRODUCTS AND SERVICES

4.1 Assortment of Products and Services

The assortment of Products and Services offered for sale by Licensee through the Concession shall be similar in breadth and depth to those offered by other businesses of a similar nature to the Concession, and shall reflect the needs of the Customers in accordance with the Governing Principles.

4.2 Quantity of Products

The quantity of inventory of the products offered for sale by Licensee through the Concession shall be sufficient to ensure that the Products and Services are presented in each Licensed Area in a professional and competitive manner and to attempt to achieve maximum sales in each individual Designated Channel and in each individual Licensed Area, all in accordance with the Governing Principles.

4.3 Quality of Products and Services

The Products and Services offered for sale by Licensee through the Concession shall be in compliance with Applicable Law, shall be of a high quality consistent with the Governing Principles, and shall be in compliance with the Service Level Standards.

4.4 Pricing of Products and Services

The pricing of Products and Services offered for sale by the Licensee through the Concession shall be established by Licensee (i) in compliance with Applicable Law; (ii) so that Products and Services are priced competitively to other businesses of a similar nature to the Concession; and (iii) in a manner that supports Sears's position in the marketplace as a retailer offering customer recognized superior value.

4.5 Prohibited Products and Services

Licensee shall not permit within all or any part of the Licensed Area the display of (A) any illegal substances; (B) paraphernalia commonly used in the use or ingestion of illicit drugs, such as any roach clip, water pipe, bong, toke, coke spoon, cigarette papers, hypodermic syringe or other; or (C) any goods, services, items or things which, in Sears's sole opinion, are (1) inconsistent with the image of a first class, family-oriented department store, or (2) pornographic, lewd, vulgar, obscene, graphically violent, offensive or immoral (including, without limitation, any suggestive, "adult" newspaper, book, magazine, picture, representation or merchandise of any kind, nude photographs, sexual devices, objects depicting genitalia and any similar items).

4.6 Product Servicing and Repair

In accordance with Schedule "M", Licensee shall exclusively use the services of Sears for servicing and repair of the Products identified in Schedule "M", all in accordance with the terms and conditions of Schedule "M". Unless otherwise agreed, the prices in the price list for servicing referred to in Schedule "M" will be no higher than the cost to Sears to service the Sears Serviced Products, plus 10%.

ARTICLE 5.
LICENSED AREAS

5.1 Right to Occupy Licensed Areas

Sears hereby grants to Licensee the right to occupy the Licensed Area in each Designated Store identified in Schedule "A", as such Licensed Areas and Designated Stores may be changed from time to time in accordance with this Agreement, for the sole purpose of operating the Concession, all subject to the terms and conditions set out in this Agreement.

5.2 Use of the Licensed Area

The Licensee shall, throughout the Term, use the whole of the Licensed Area in each Designated Store and shall therein, in good faith, continuously, actively and diligently conduct the business of the Concession. The Licensee will not use or permit or suffer the use of the Licensed Area or any part thereof for any business or purpose other than solely for the purpose of operating the Concession.

5.3 Remodelling, Reconfiguration and Relocation of Licensed Areas by Sears

The Licensee hereby acknowledges that Sears regularly reviews its marketing, merchandising, retailing and development plans, that plans for such marketing, merchandising, retailing and development may change from time to time and that such changes may necessitate a change of decor, location, dimensions and/or amount of space of the Licensed Areas. Accordingly, Sears has the right, subject to the terms and conditions of this Agreement, to (i) require remodelling of a Licensed Area at Licensee's cost, except where otherwise agreed by Sears; (ii) change the location of a Licensed Area in a Designated Store; (iii) change the dimensions of a Licensed Area; and/or (iv) change the amount of space designated to a Licensed Area.

5.4 Initial Construction

Sears shall, at its expense, except as set out hereunder, provide, construct and install the following with respect to Licensed Areas in Designated Stores only:

- (a) erect, finish, prime and paint all perimeter and interior standard walls and doors as requested on Licensee supplied plans.
- (b) standard heating/air conditioning ducts and sprinklers required by local building code and as approved by Sears;
- (c) suspended ceiling at the height of, and in keeping with, the ceiling generally installed throughout the Designated Store;
- (d) standard floor coverings appropriate to, and in keeping with, the general standards of decor for the Designated Store;
- (e) the boxing, finishing and painting of columns within the Licensed Areas;
- (f) standard in-ceiling lighting as per the general standard of lighting for the Designated Store;

- (g) standard electrical wiring to and within the Licensed Areas, including only Designated Store standard switches, receptacles and covers; and,
- (h) water lines and drain lines for sinks up to the exterior wall of the Licensed Areas.

5.5 Licensee Furnishings and Leasehold Improvements

Licensee shall, at its sole expense, furnish and install such Furnishings and leasehold improvements as are suitable, desirable and necessary for the professional operation of the Concession in all Licensed Areas. Such Furnishings and leasehold improvements located in Designated Stores shall be in keeping with the Designated Stores' appearance. All such Furnishings, leasehold improvements, operating supplies, materials, products and merchandise shall be subject to the written approval of Sears. Except only for those specific leasehold improvements and Furnishings which Sears has agreed to provide at Sears's cost, Licensee shall, at its expense, be responsible for the cost of the supply, construction and installation of all Furnishings and leasehold improvements to the Licensed Areas in Designated Stores as requested by Licensee and approved in writing by Sears, including:

- (a) the cost to raise, lower or change the construction of the ceiling above or below Sears store standard height;
- (b) the cost to extend, shorten, replace or move existing sprinkler systems and heating/air conditioning ducts required to accommodate Licensee's request to raise, lower or change the construction of Sears store standard selling floor ceilings;
- (c) the additional cost of, and any additional installation costs of the requested and approved non-Sears standard floor coverings;
- (d) the cost of, and installation cost of, any lighting, including track lighting, spot lighting, pot lighting and flood lighting which is in addition to the Sears store standard ceiling lighting;
- (e) the cost of, and installation cost of, any additional leasehold improvements that are particular to, and are required for the operation of the Concession;
- (f) the cost of, construction cost of, and installation cost of, specific trims or decorative treatments to enhance the overall presentation of the Licensed Areas;
- (g) the cost to install the Licensed Area identification lettering / bulkhead signing identifying the Concession to such standard and in such form as Sears shall determine from time to time;
- (h) the cost of, construction cost of, and installation cost of, all plumbing and plumbing fixtures, electrical wiring and computer wiring, data lines and fixtures, that are specifically required for the operation of the Concession; and
- (i) the cost of, construction cost of, and the installation cost of any heating, air conditioning and or air movement fixtures and equipment specifically required for the operation of the Concession including those required by any building code or regulation.

5.6 Plans and Drawings

Licensee shall, at its sole expense, provide all construction, electrical, plumbing and elevation plans and drawings as required by municipalities for all municipal approvals and as required by Sears, in a manner and quantity specified by Sears, for the construction of the Licensed Areas in Designated Stores and the construction, electrical, plumbing and elevation plans and drawings as required by Governmental Authorities for all governmental approvals and permits and by landlords for the construction of the Licensed Areas and the operation of the Concession in free standing retail stores in Designated Markets.

5.7 Sears Furnishings and Leasehold Improvements

Sears, at its sole option, may provide and install certain Furnishings and leasehold improvements for certain individual Licensed Areas in Designated Stores that are, pursuant to this Agreement, the responsibility of the Licensee to provide. Licensee shall upon Sears's written request, supported by copies of the original invoices, pay to Sears, prior to Licensee's operation of the Concession by the Licensee, the actual cost incurred by Sears for the provision and installation of such fixtures in the Licensed Areas. Upon full payment of such invoices by Licensee to Sears the fixtures shall become the property of the Licensee.

5.8 Licensed Area Remodelling

Sears may from time to time require Licensee to, and Licensee shall at its expense, remodel the Licensed Areas with new and/or updated Furnishings and/or leasehold improvements in order to maintain an appropriate overall presentation in keeping with the Designated Stores' presentation either in conjunction with a remodelling of the Designated Stores, the Licensed Areas or at any other time as may be required. Licensee will, within ninety (90) days from the date of receipt of a written notice from Sears, complete such remodelling as required by Sears.

In addition to any expenditures made by Licensee pursuant to the previous paragraph, during the first three Fiscal Years of the Term, Licensee shall spend no less than the Initial Remodelling Commitment set out in Schedule "D" on remodelling Licensed Areas. Such expenditures shall be made in accordance with a plan presented by Licensee and approved by Sears. Licensee shall submit such plan to Sears no later than five months after the Effective Date. If such plan has not been submitted to Sears within such deadline, or the submitted plan has not been approved by Sears by the end of the six-month period after the Effective Date, then Sears shall have the right to produce such a plan and the Initial Remodelling Commitment shall be spent by Licensee in accordance with such plan.

The Licensee shall not make any alterations, improvements, replacements or other modifications to any Licensed Area without the consent of Sears which may be withheld in Sears's sole and absolute discretion.

5.9 Relocation and Reconfiguration of Licensed Areas by Sears

Sears may, upon notice of not less than 60 days, (i) change the location of a Licensed Area in a Designated Store; (ii) change the dimensions of a Licensed Area; and/or (iii) change the amount of space designated to a Licensed Area, provided however that if Sears proposes to reduce the size of a Licensed Area by more than 25% then Licensee will have the option to vacate the Designated Store entirely provided Licensee has provided notice to that effect to Sears no later than 15 days after Licensee's receipt of notice of the space reduction.

If Sears changes the location of a Licensed Area in a Designated Store:

- (a) Sears will endeavour to provide the new Licensed Area location with dimensions, amount of space and location with similar prominence and Customer exposure.
- (b) Provided Licensee's current Furnishings are not shopworn and complement the presentation in the Designated Store and are of the current generation of the Sears-approved presentation for the Licensed Area:
 - (i) Sears shall, at Sears's expense, provide the décor presentation and leasehold improvements in the new location, at the presentation level in keeping with of the Designated Store and the previous Licensed Area; and
 - (ii) Licensee shall, at the Licensee's expense, move and install its existing Furnishings into the new location and shall provide and install any new Furnishings required; in Sears's reasonable opinion, to professionally operate the Concession and professionally present the Products and Services in the new location to the presentation level in keeping with the Designated Store.
- (c) If the Licensee's Furnishings and/or leasehold improvements are shopworn or do not, in Sears's reasonable opinion, complement the Designated Store or are not the current Sears-approved generation of Furnishings required for the presentation of the Concession in the Licensed Area, then the re-location shall be deemed to be a closure of the old location and the opening of a new location for the purposes of the responsibilities and the obligation for the payment of the costs of the re-location for both Parties.

5.10 Relocation and Reconfiguration of Licensed Areas by Licensee

If a change of location or space is requested or initiated by the Licensee and is approved by Sears, then the Licensee shall be solely responsible for all of the Licensee's and Sears's costs and expenses involved in the expansion or re-location including, moving and/or installing Furnishings and leasehold improvements, and other costs relating to the construction and preparation of the new location.

5.11 Sears Maintenance and Repairs

Sears will keep and maintain the Designated Stores, including, without limitation, the Licensed Areas, in good order, condition and repair (which shall include, without limitation, decoration and preventative maintenance). For the avoidance of doubt, the Licensed Areas as they are on the Effective Date are deemed to be in good order, condition and repair and in compliance with this provision.

5.12 Licensee Maintenance and Repairs

The Licensee will keep and maintain the Licensed Area in a neat, tidy and clean condition. Licensee shall maintain, repair, update or replace all Furnishings, leasehold improvements and computer hardware and software to ensure they are in good working order, good repair, to

operate the Concession in a professional and competitive manner. The Licensed Areas as they are on the Effective Date are deemed to be in good order, condition and repair and in compliance with this provision.

5.13 Notice of Incident or Damage

The Licensee shall notify Sears of any accident, defect, damage or deficiency in any part of any Designated Store, immediately adjacent to a Licensed Area, which comes to the attention of the Licensee, its employees or contractors notwithstanding that Sears may have no obligation in respect thereof.

5.14 Examination of Licensed Areas

Licensee shall permit Sears or its designate, on such dates and at such times as shall be agreed upon by the Parties, acting reasonably, to examine the Furnishings and leasehold improvements located in any Licensed Area and the Products and Services offered for sale through any Designated Channels in order for Sears to satisfy itself that Licensee is in compliance with its obligations under this Agreement. Licensee shall be entitled to have one or more representatives present during any such examination.

5.15 Control of Building

Sears will maintain each Designated Store, subject to its exclusive control and management, in such manner as it reasonably determines from time to time. Without limitation, Sears has the right, in its control, management and operation of the Building and by the establishment of rules and regulations and general policies, at all times during the Term with respect to any Designated Store, to:

- (a) obstruct or close off all or any portion of the Designated Store for the purpose of maintenance, repair or construction;
- (b) alter, add to, subtract from, construct improvements to, rearrange, build additional storeys on and construct additional facilities in, on, adjoining or near the Designated Store;
- (c) relocate, rearrange, add to or diminish the facilities and improvements comprising the Designated Store;
- (d) do such things on, or in the Designated Store as required to comply with any Applicable Law with respect to the Designated Store or any part thereof; and
- (e) do such other things on or in the Designated Store as Sears, in the use of good business judgment, determines to be advisable.

The Licensee acknowledges and agrees that if as a result of the exercise by Sears of its rights set out in this section 5.15, but subject to section 5.9, any Designated Store is diminished or altered in any manner whatsoever, Sears is not subject to any liability, nor is the Licensee entitled to any compensation or diminution or abatement of Commission nor is any alteration or diminution of any Designated Store deemed constructive or actual termination of this Agreement, or a breach of any covenant contained in this Agreement.

5.16 Utilities

Sears shall make available to the Licensed Area in each Designated Store, electricity for normal lighting and miscellaneous power requirements and, in normal quantities, water and other public utilities generally made available to other licensees of concessions in the Designated Store by Sears (the "Utilities"). Sears shall not be responsible for any indirect or consequential damages sustained by the Licensee or others as a result of the failure to provide such services or any act of omission or commission on the part of the persons employed to provide such service. Sears will carry out periodic replacement of Building standard tubes, bulbs and ballasts. With Sears's consent, Licensee may obtain additional utilities in addition to the Utilities. Licensee shall assume the total cost of, and installation cost of, all additional utilities which are required in addition to the Utilities specifically for the operation of the Concession in the Licensed Areas in Designated Stores. Subject to section 5.18, the provision and cost of all additional utilities as required for the operation of the Concession (including heat, light, water, electric current and air conditioning required for the operation of the Concession) shall be at the sole responsibility and expense of the Licensee.

5.17 Energy Conservation

Licensee shall co-operate with Sears in the conservation of all forms of energy in the Designated Stores, including in the Licensed Areas. Licensee shall comply with all Applicable Laws relating to the conservation of energy affecting the Designated Stores or any part thereof; and promptly comply, at the Licensee's expense, with all reasonable requests and demands of Sears made with a view to such energy conservation. Licensee acknowledges and agrees that Sears shall not be liable or responsible to the Licensee in any way for any Losses, whether direct or consequential, made, suffered or incurred by the Licensee due to any reduction in the services provided by Sears to the Designated Stores or any part thereof as a result of Sears's compliance with such Applicable Laws.

5.18 HVAC

Sears shall provide climate control to the Licensed Areas during Normal Business Hours to maintain a temperature adequate for occupancy, except during the making of repairs, alterations or improvements, and Sears shall have no responsibility or liability for failure to supply climate control service when stopped as aforesaid or when prevented from so doing by Force Majeure.

5.19 Telephone

Sears will provide to the Licensee basic telephone service to the Licensed Areas in the Designated Stores provided that the Licensee shall pay to Sears for the cost of such telephone service, including a prorated share of central switchboard expenses, such amount deemed to be as indicated in Schedule "D" ("Telephone Costs"). This cost may be adjusted by Sears, at Sears's sole discretion, acting reasonably, upon thirty (30) days written notice to Licensee. The Licensee may, after requesting and receiving Sears's approval in writing, and at Licensee's sole cost and expense, arrange for the installation of additional direct telephone or information service lines as required for the operation of the Concession.

5.20 Elevators & Escalators

Sears shall furnish, except when repairs, maintenance or replacements are being made, elevator and escalator service during Normal Business Hours, provided that the Licensee and its employees and all other Persons using the same shall do so at their own risk.

5.21 Janitorial Services

Sears will provide janitorial services to the Licensed Area in each Designated Store consistent with the janitorial services generally provided to such Designated Store. Sears shall provide the emptying of wastebaskets, floor cleaning including the vacuuming of carpets, the dry and/or damp mopping of hard surface floors, replacement of store standard equipment light bulbs and the touch-up of and/or periodic re-painting of walls, all to the same level of maintenance as provided to Sears's own selling departments. Sears shall not be responsible for any indirect or consequential damages sustained by the Licensee or others as a result of the failure to provide such services or any act or omission or commission on the part of the persons employed to perform such services. Such work shall be done at Sears's direction without interference by the Licensee or its employees. The Licensee shall be responsible for providing, at the Licensee's sole cost and expense, any additional levels of janitorial or maintenance services that Licensee requires for the professional operation of the Concession or the upkeep of the presentation of the Licensed Areas in the Designated Stores.

5.22 Garbage Removal

Licensee may use the garbage disposal facilities of the Designated Stores in which Licensed Areas are located, to dispose of cardboard and paper trash. The Licensee shall not use the garbage disposal facilities of any Designated Store to dispose of any Hazardous Substance, all of which shall be disposed of by the Licensee in compliance with all Applicable Law at the sole cost and expense of the Licensee.

"Hazardous Substance" means any substance which is hazardous to Persons or property and includes, without limiting the generality of the foregoing: radioactive materials; explosives; substances that, if added to any water, land and/or air, would degrade or alter or form part of a process of degradation or alteration of the quality of that water, land and/or air, to the extent that it is detrimental to its use by human or by any animal, fish or plant; any solid, liquid, gas, micro organism, sound, vibration, ray, heat, radiation, odour or combinations of any of them that, is likely to cause an adverse effect on the natural environment (including air, land and water) and that is present in the environment in a quantity or concentration in excess of regulatory standards, or the presence of which in the environment is prohibited by regulation or is likely to affect the life, health, safety, welfare or comfort of human beings or animals or to cause damage to or otherwise impair the quality of the soil, vegetation, wild life or property; toxic substances; substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any Governmental Authority having jurisdiction; any substance the use or transportation of which or the release of which into the environment is prohibited, regulated, controlled or licensed under environmental legislation.

Licensee shall be responsible, at Licensee's sole cost, for the funding of recycling programs (solely with respect to recyclable waste generated by the operation of the Concession) as established under any and all Applicable Law. Licensee shall also register under any and all applicable Canadian federal and/or provincial recycling, environmental or product stewardship

programs and shall be solely responsible for its own costs and compliance with any such programs.

5.23 Sears Product Bags and Boxes

Sears shall provide, at Sears's expense, Sears standard customer product bags and boxes for use at any Licensed Area point of purchase location, as and when requested by Licensee. Licensee shall be responsible, at Licensee's sole cost, to order all Sears approved customer bags and boxes as required for use by the Concession in any other area or Designated Channel.

5.24 Licensee Operational Supplies

Licensee shall, at its sole expense, provide all vehicles, tools, equipment, computer hardware and software, supplies and all items as may be necessary for the establishment and ongoing professional operation of the Concession.

5.25 Shipping and Receiving

Licensee shall follow all rules and regulations formulated by Sears from time to time relating to the delivery of goods and merchandise between the general shipping and receiving areas in the Designated Stores and the Licensed Areas. The Licensee shall inform its suppliers of the times and rules and regulations respecting delivery so as to accommodate the ease of delivery to and from the Designated Stores.

5.26 Prohibited Activities

Licensee will not use or permit or suffer the use of the Licensed Area, or any part thereof, for any of the following:

- (a) the sale of any good or service other than in furtherance of the Concession;
- (b) the sale or the supply of any goods or services which would, in Sears's opinion:
 - (i) tend to lower the reputation of Sears;
 - (ii) constitute unethical, deceptive or fraudulent advertising or selling procedures or practices;
 - (iii) be objectionable;
 - (iv) be a nuisance;
- (c) any business which results in a breach of or contravenes the provisions of any leases or agreements by which Sears is bound and the details of which Licensee has been notified of; or
- (d) the use of Licensed Areas for storage or warehousing.

5.27 Damage and Disturbance

Licensee shall not commit, nor permit to be committed, any waste upon, or damage to, the Licensed Area or the Designated Store or any parts thereof. The Licensee shall not commit, nor permit to be committed, any nuisance or other act or thing which in Sears's opinion disturbs or interferes with or annoys any Person.

5.28 ~~Sound and Lights~~

Licensee shall not use any traveling or flashing lights, or displays, or any signs, television or other audio-visual or mechanical devices, and not use any loudspeakers, sound system, television, phonographs, radio or other audio-visual or mechanical devices without in each case obtaining the prior written consent of Sears, which consent may be withheld in the sole discretion of Sears. If the Licensee uses any such equipment without receiving the prior written consent of Sears, Sears, without liability on its part, shall be entitled to remove such equipment without notice at any time and such removal shall be done, and all damage as a result thereof shall be made good, in each case, at the cost of the Licensee.

5.29 Signage

Licensee shall not paint, affix, display or cause to be painted, affixed or displayed, any sign, picture, advertisement, notice, lettering or decoration on any part of the outside of the Designated Store or in the Licensed Area without first obtaining the approval of Sears. If the Licensee elects, with the prior written approval of Sears, to provide at the Licensee's sole cost and expense, other interior signage, Sears will install same at the Licensee's sole cost and expense. Any such signs shall remain the property of the Licensee and shall be maintained at the Licensee's sole cost and expense. Should Sears, in its sole discretion, determine that any signage must be removed, relocated, modified, revised or updated to reflect new information or to better fit with Sears décor or for any other reason at Sears's sole discretion, Licensee will be responsible for the costs associated with the production, modification and installation of the new signage, as well as the removal of the original signage. At the expiry of the Term or earlier termination of this Agreement, the Licensee shall remove any such sign, picture, advertisement, notice, lettering or decoration added by Licensee to the Licensed Area at the Licensee's expense and shall promptly repair all damage caused by any such removal. The Licensee's obligation to observe and perform this covenant shall survive the expiration of the Term or earlier termination of this Agreement.

5.30 Property Taxes

If Licensee is not separately assessed by the taxing authorities, Licensee shall reimburse Sears for Licensee's proportionate share of the Designated Store's assessed taxes, which proportionate share shall be calculated based on the percentage of the area occupied by the Licensed Area in such Designated Stores ("Property Tax Contribution"). Should the period of occupancy of the Licensed Area be less than a full taxation year, such taxes shall be prorated accordingly.

5.31 Landlord Common Area Maintenance Charges

Licensee shall reimburse Sears for Licensee's proportionate share of common area charges, if any, in the event such charges are made against Sears by the operator of a shopping centre of which a Designated Store forms a part ("CAM Contribution"). Licensee's proportionate share of the common area charges shall be calculated based on the percentage of the area occupied by the Licensed Area and the period of occupancy in such Designated Store.

ARTICLE 6.
ADVERTISING, MARKETING AND PROMOTIONS

6.1 Licensee's Marketing Commitment

Licensee shall, subject to the terms and conditions of this Agreement, actively advertise and promote the sale of the Products and Services authorized by this Agreement to attempt to maximize the full sales potential of the Concession through each Designated Channel.

Licensee shall pay all marketing and advertising expenses incurred to promote the Products and Services in accordance with the provisions of this Agreement.

Licensee agrees to spend, on an annual basis, not less than the minimum marketing commitment set out in Schedule "D" ("Minimum Marketing Commitment") on advertising and marketing the Products and Services.

If Licensee fails to spend the Minimum Marketing Commitment, Sears may spend the amount by which the actual amount spent by Licensee on advertising and marketing is less than the Minimum Marketing Commitment, and Licensee shall reimburse Sears for same.

For greater certainty, advertising and marketing expenses that may be included under the Minimum Marketing Commitment include, but are not limited to, the cost of:

- (a) advertising in Sears advertising vehicles, such as preprints, onserts/inserts, and co-op vehicles, such as coupon booklets and flyers; external advertising vehicles and in-store promotional point-of-purchase material and in-store signage;
- (b) television and radio advertising;
- (c) online marketing, including costs of search engine optimization to improve ranking given by Google and other search engines;
- (d) sponsoring events, activities, persons and organizations; and
- (e) setting up and operating kiosks, where such kiosks do not constitute leasehold improvements or Furnishings.

For greater certainty, and without limiting the generality of the foregoing, advertising and marketing expenses that may be included under the Minimum Marketing Commitment do not include:

- (a) the cost of in-store signage affixed to walls or hanging from ceilings;
- (b) the cost of any Furnishings or leasehold improvements; and
- (c) the cost incurred in conjunction with the offering and redemption of Sears Rewards Program offers and points.

6.2 Promotion of Brand Name and Sears Credit Services

The Brand Name shall be used in all advertisements for the Products and Services available through the Designated Channels. Except where impractical on signage, Licensee shall make reference in any advertising of the Products and Services available through the Designated Channels, that Sears Card credit services are available for purchases through the Concession.

6.3 Joint Marketing

The Parties shall cooperate in good faith to develop joint marketing opportunities to market the Products and Services.

~~6.4 Sears Rewards Program~~

Sears shall be responsible for and control the Sears Rewards Program, including paying all base point related costs for the base standard offer (that is, the offer generally made to all Sears customers in Designated Stores generally) incurred related specifically to the sales through the Concession. Licensee shall not operate or participate in any loyalty or similar program to the Sears Rewards Program. Licensee may from time to time request additional specific Sears Rewards Program offers to be made to sell Products and Services in the Concession. If Sears so agrees, Licensee shall fund the cost of such points, which shall be charged to Licensee at the rate provided by Sears, which rate shall not be more than the redeemable value of the points (for greater clarity, where a point has a redeemable value of \$0.01, licensee shall not pay to Sears more than \$0.01 for such points). Sears shall invoice Licensee for the costs of Sears Rewards Program promotions (in excess of the base standard offer) and Licensee shall pay such invoices no later than 30 days after the dates of such invoices.

6.5 Participation in Sears Advertising Vehicles

Sears may, at its sole option, offer to Licensee the opportunity, at its sole option and expense, to participate in Sears regularly scheduled advertising media to promote the Products and Services, on an "if and as available basis". Licensee shall reimburse Sears, within thirty (30) days of receiving an invoice, for all reasonable expenses related thereto incurred by Sears at the request of Licensee (the "Sears Advertising Expenses"). Sears will offer the Licensee prices for the Sears Advertising Expenses on par with prices offered to other licensees with concession agreements.

6.6 Designated Store Promotional Events

At its discretion, Licensee may participate in Sears Designated Stores store-wide promotional events offering Customers special discounts on purchases which may include but not be limited to events such as special discounts for seniors, and special coupon events. Such discounts shall be absorbed by Licensee as a mark down at its sole cost and Sears shall be entitled to its full Commission on the discounted sale price. Licensee shall not be charged for any share of the advertising space devoted by Sears to such Designated Stores store-wide events. Licensee will be charged for any promotional advertising by Sears which is agreed to by Licensee and which advertising is specifically focused on the Licensee, Concession or Products and Services, and which advertising does not fall under the store-wide events advertising.

6.7 Telemarketing Solicitation

Licensee shall not utilize any unsolicited telemarketing solicitation for the sale of the Products and Services without obtaining prior written approval from Sears. Such approval may be withheld in Sears's entire discretion. If approved, telemarketing solicitation shall be conducted only in accordance with Applicable Law and Sears policies and procedures in effect from time to time (including, without limitation, with respect to non-solicitation lists and contact management policies).

6.8 Internet Solicitation

Licensee shall not utilize or participate in any unsolicited Internet solicitation advertising the Products and Services without obtaining prior written approval from Sears. Such approval may be withheld in Sears's entire discretion. Internet solicitation activity, if approved, shall be conducted only in accordance with Applicable Law and Sears policies and procedures and all Customer solicitation and communication presentations for the Products and Services utilizing the Internet shall become part of or be linked to the Sears corporate website or, with the prior written approval of Sears, to a Licensee's authorized website with no facility for the Customer to exit from either of these websites into any other website.

6.9 Concession Website

Licensee shall not establish an internet website using the Sears Trademark as part of its domain name, marketing, advertising, promotional programs or to conduct sales or any other business transaction. A website to support the Licensee's Concession ("Concession Website") can be obtained and linked to www.sears.ca only after obtaining written approval from Sears. Such approval may be withheld by Sears in its entire discretion. If approved, Licensee may establish the Concession Website using the Sears Trademark for communication with Customers only. The Concession Website shall not be used to communicate with suppliers or any other business partners of Licensee. The Concession Website shall only be used for communication with Customers regarding the operation of the Concession and must reside on the Sears website infrastructure or on a third party hosted infrastructure with the prior written approval of Sears Information, Technology, Security and Audit Departments. The design of the website and its security architecture shall conform to the internet requirements for licensed business and shall comply with all Sears guidelines respecting licensed business internet websites, including the Guidelines For Licensed Business on the Internet attached hereto as Schedule "I". The implementation, content and maintenance of the Concession Website shall be the responsibility of the Licensee and all changes implemented by the Licensee must have the prior approval of Sears, which approval may be withheld in its entire discretion.

6.10 Marketing Plan

No later than September 1 of each year, Licensee shall prepare and submit to the Marketing Liaison (or such other Person as designated by Sears) a plan to market and promote the Products and Services during the next Fiscal Year. Such plan shall contain a strategy for marketing initiatives, including projected costs, in such total amount for the Fiscal Year no less than the Minimum Marketing Commitment. Sears shall provide feedback and the proposed plan shall be discussed until such time as Sears approves the plan. If Sears has not responded to the proposed plan before November 1 following submission of the proposed plan, the plan as proposed shall be deemed approved, provided the proposed plan meets the Minimum Marketing Commitment.

6.11 Marketing Agencies

Sears shall have the right to appoint one or more advertising agencies for any work related to advertising and marketing in which the Concession is participating, at Licensee's cost. Such advertising agency work shall be competitively priced, and any related discounts or other rebates obtained from such agency shall accrue to the benefit of Licensee. Upon Sears' consent, Licensee may use other advertising agencies.

6.12 Advertising Approval

Licensee shall submit to the Marketing Liaison (or such other Person as designated by Sears) via facsimile or electronic mail for Sears's prior approval, all signs and advertising copy and plans, including sales brochures, newspaper and telephone directory advertisements, radio and television commercials, sales promotional plans and devices (including coupons and contests) intended for any promotion of the Products and Services. Sears shall have the right, without limiting the generality of the foregoing, to withhold its approval of such activity based on:

- (a) improper use of Sears Trademark;
- (b) failure to comply with Sears's branding guidelines for the Brand Name;
- (c) concerns surrounding liability, loss of goodwill and damage to Sears reputation or Customer or government relations;
- (d) failure to comply with Applicable Law;
- (e) failure to conform to community or Sears reasonable standards of good taste and honest dealing; or,
- (f) failure to comply with Sears advertising and pricing policies.

ARTICLE 7. CUSTOMER PAYMENTS AND CREDIT

7.1 Tender

All sales generated from the operation of the Concession shall be made only on Sears Cards, Sears-approved third-party credit cards, debit cards, personal cheques, Sears gift cards and Sears merchandise certificates, Sears Rewards Program redemptions, and third-party direct deposits.

7.2 Promotion of Sears Card

Licensee shall always make an initial suggestion to Customers that they pay for their purchases of Products and Services using the Sears Card. Licensee's sales associates, at the beginning of every transaction, shall always ask the Customer if they would like to make the purchase on their Sears Card and for such Customers that respond that they do not have one, Licensee shall offer to such Customers to apply for one instantly and shall so help such Customers that agree.

The Card Share Guarantee shall be met. Sears shall pay to Licensee a Card Share Incentive Bonus in accordance with the conditions set out in Schedule "K". In the event the Card Share

Guarantee has not been met, Licensee shall pay to Sears a Card Share Guarantee Credit in accordance with the conditions set out in Schedule "K".

7.3 Cash

Licensee shall not accept cash as payment for Products and Services.

7.4 Gift Cards and Merchandise Certificates

Licensee shall accept all Sears gift cards and merchandise certificates as accepted by all other Sears merchandise departments as payment for Products and Services. Sears shall reimburse Licensee for all such cards and certificates.

~~7.5 Sears Rewards Program Redemption~~

~~Licensee shall accept redemption of Sears Rewards Program points as payment for Products and Services. Sears shall pay Licensee the redemption value of the points redeemed by Customers who use their points to pay for Products and Services.~~

7.6 Credit Sales

Licensee shall do all that is necessary to become a merchant capable of accepting such credit cards and offer such credit plans as requested by Sears from time to time and shall comply with all requirements established by the issuers of such credit cards and credit plans and by Sears with respect to the Sears Card.

Without limiting the generality of the foregoing, when accepting payments from Customers on credit cards, Sears regularly established credit plans or on Sears-approved third-party credit plans, Licensee shall:

- (a) obtain authorization for each individual credit sale on a Sears regularly-established credit plan, such approval to be granted at the sole discretion of the appropriate authorization location;
- (b) obtain authorization for each individual credit sale on a Sears-approved third-party credit plan and the authorization number, Customer's full account number, expiry date and Customer's name shall be shown.

No part of the carrying or interest charge which may be levied by Sears or the issuer of the Sears Card in connection with any credit sale on a Sears regularly-established credit plan, or by any third party on any Sears-approved third-party credit plan, shall be payable to or credited in any way to Licensee.

Licensee acknowledges and agrees that it shall be responsible for and charged with any Losses on any credit sale using a credit card for which the proper approval procedures have not been followed.

Licensee shall comply with all Applicable Laws governing credit sales and their solicitation, including provisions dealing with disclosure to Customers, finance charges and privacy.

7.7 Merchant Fee

As consideration for the role of Sears in settlement of Sears Card transactions and for the benefit derived to Licensee from participating in the Sears Rewards Program available to holders of the Sears Card, Licensee shall pay to Sears a fee based on a percentage of Gross Revenue and Sales Tax processed through the Sears Card (the "Merchant Fee"). The Merchant Fee charged shall be as set out in Schedule "D". The Merchant Fee shall be subject to increase or decrease on notice of no less than 30 days, in response to changes in the marketplace. Any such increase or decrease must be supported by industry evidence. The Merchant Fee shall apply only to the portion of the Gross Revenue and Sales Tax that is directly charged to a Sears Card.

7.8 Sears Card Revenues

Licensee acknowledges and agrees that any revenue generated by the use of the Sears Card or financing programs, including the Merchant Fee, will be for the benefit of Sears and shall not be included in the calculation of Gross Revenue.

7.9 Licensee to Collect Sales Tax

Licensee shall collect from Customers all taxes applicable to the sale of the Products and Services, including Sales Tax and other equivalent or similar taxes. Licensee represents and warrants that it is a registrant under the Excise Tax Act (Canada) for federal Goods and Services Tax and Harmonized Sales Tax ("GST/HST") purposes and, as applicable, is a registrant under Title I of the Quebec Sales Tax Act for Quebec Sales Tax purposes. As applicable, Licensee represents and warrants that it is a registrant for the provincial sales tax in the provinces comprising the Designated Market.

ARTICLE 8. CUSTOMER RELATIONS AND ADJUSTMENTS

8.1 Customer Satisfaction Policy

Licensee shall at all times treat all Customers fairly and courteously and shall adhere to any applicable Sears policies regarding customer service and/or customer satisfaction as such policies may be amended by Sears in its sole discretion from time to time.

8.2 Customer Complaints

Licensee shall resolve all complaints and controversies with Customers in accordance with the Governing Principles, meeting the Service Level Standards and in a manner consistent with Sears customer relations policies and practices. The first level of escalation of a customer complaint shall be to a higher level of management within the Licensee's organization. Licensee shall not escalate a customer complaint to Sears, nor shall Licensee tell a customer to escalate a complaint to Sears. Licensee shall only escalate a complaint to Sears upon request of the Customer.

In any case in which the resolution of any complaint or controversy is unsatisfactory to Customers, Sears shall have the right, after discussing the complaint or controversy with Licensee, to make such adjustment or compensation as Sears may deem desirable in the circumstances, acting reasonably, in each case at Licensee's expense.

Any settlement made by Sears with a value in excess of \$1500 and in respect of which Licensee did not consent may be brought by Licensee to the Executive Committee for discussion regarding whether Sears should be responsible for all or some of the settlement amount.

8.3 Customer Contact Centre

Licensee shall maintain a contact centre with recording capability and shall record all calls from Customers. Such recordings shall be maintained for 24 months. Sears shall at any time have unfettered access to such recordings.

ARTICLE 9. OPERATIONS AND STAFFING

9.1 Normal Business Hours

The Concession in each of the Designated Stores shall be open for business and the Products and Services shall be offered for sale to Customers during such hours as set out in Schedule "A" ("Normal Business Hours"), except for an event of Force Majeure or to the extent prevented by circumstances beyond the control of Sears or Licensee, or as Sears and Licensee may otherwise agree upon in advance in writing. The Parties agree that Normal Business Hours may vary between Designated Stores.

9.2 Operational Supervision

Licensee shall supervise the performance of its employees, agents, assigns, contractors, designees, representatives, servants and sub-contractors to ensure that the operation of the Concession, including the provision of customer service meets or exceeds the requirements of this Agreement.

9.3 Policies and Practices

Licensee shall develop and implement policies and practices to be used in the operation of the Concession that serve to promote the performance of the Licensee's obligations under this Agreement and that serve to assist the Licensee to meet its obligations set out in this Agreement, all in accordance with the Governing Principles.

9.4 Conduct of Business

Licensee shall not conduct any business, conduct or practice which in Sears's reasonable opinion is likely to have an adverse effect on the positioning of the Sears brand. Any such business, conduct or practice shall be immediately discontinued by the Licensee at the request of Sears, and the Licensee shall thereafter refrain from any such business, conduct or practice.

9.5 Compliance With Applicable Law

Licensee shall comply with any and all Applicable Law and industry standards applicable to operation of the Concession including those relevant to protection of privacy and personal information, consumer protection, use of the French language in Quebec, environmental matters, rules governing credit sales and their solicitation (including disclosure to Customers

and application of finance charges), employment and labour standards matters (including compensation, hours of work, overtime and equal opportunities for employment) and accessibility for persons with disabilities.

9.6 Compliance With Sears Guidelines and Service Levels

Licensee shall comply with any and all Sears general rules and regulations which are in effect from time to time in the Designated Stores relating to the conduct of employees (including appearance and dress code) and have been disclosed to Licensee. Licensee shall meet or exceed the Service Level Standards set out at Schedule "J".

9.7 Protection of Personal Information

Licensee shall collect, use, store, disclose, dispose of and otherwise handle information about identifiable individuals ("Personal Information") solely for the purposes permitted by this Agreement and in accordance with (i) the Sears privacy policy as such policy is amended from time to time and provided to Licensee; (ii) the Payment Card Industry Standards Council; and (iii) Applicable Laws relating to the collection, use, storage and/or disclosure of Personal Information.

Licensee shall store Personal Information and protect Personal Information from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practise that meet or exceed industry standard commercially reasonable practises. In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, Licensee shall notify Sears in writing and the Parties shall act reasonably to develop appropriate remedial processes.

Licensee shall execute the Privacy Acknowledgment in substantially the form attached hereto at Schedule "G" on the Effective Date and shall thereafter execute an acknowledgment substantially similar to such Privacy Acknowledgment whenever requested to do so by Sears.

Sears shall collect, use, store, disclose, dispose of and otherwise handle Personal Information provided to it by Licensee in accordance with (i) the Sears privacy policy as such policy is amended from time to time; (ii) the Payment Card Industry Standards Council; and (iii) Applicable Laws relating to the collection, use, storage and/or disclosure of such Personal Information.

Sears shall store Personal Information provided to it by Licensee and protect such Personal Information from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practise that meet or exceed industry standard commercially reasonable practises. In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, Sears shall notify Licensee in writing and the Parties shall act reasonably to develop appropriate remedial processes.

9.8 Permits and Licenses

Licensee shall, at its sole expense, obtain all permits and licenses that may be required under any Applicable Law in connection with the operation of the Concession.

Licensee hereby represents and warrants that it has all required permits and authorizations required of any governmental entity that may be required in order to conduct the business of the Concession.

9.9 Business License

Licensee shall prominently display its business license and, upon the request of Sears, shall prominently display and do all things as Sears in its sole discretion may deem necessary to inform Customers that the Concession is operated by the Licensee in association with the Sears Trademark under a license from Sears.

9.10 Staffing

Licensee shall at all times staff the Concession with sufficient, fully qualified, competent, well trained, professional personnel, who shall demonstrate the morals, safe work habits and attitudes necessary to produce and maintain good relations with Customers.

Licensee shall conduct, at its own cost and expense and using the services of Sears approved service providers, the necessary reference checks, including comprehensive criminal background checks, for all employees as of the Effective Date (other than Hired Employees as defined in the Asset Transfer Agreement) and for all potential employees during the Term.

Licensee must, upon Sears's request, conduct and produce background checks on any current employees of the Concession, but Licensee shall not be obligated to conduct and produce such checks on Hired Employees (as defined in the Asset Transfer Agreement) during the first year of the Term.

In the event that a negative criminal background check is obtained on a potential or current employee and Licensee wishes to, as the case may be, engage or continue with the employment of the individual in question, Licensee must promptly notify Sears of the results of the background check and obtain Sears's approval for such engagement or continued employment, which approval may be withheld at Sears's sole discretion.

If at any time during the Term of this Agreement, the Licensee's employee voluntarily terminates his or her position at the Concession and subsequently returns for employment at the Concession, a reference check, including a comprehensive criminal background check, must be conducted prior to the re-employment of that individual.

Prior to engaging any new employee to work in a Designated Store, Licensee must inquire with Sears, through the store manager of the Designated Store, whether an applicant previously applied to or worked at Sears, or whether the applicant's employment with Sears was previously terminated. Licensee shall not, without Sears's consent, employ in or about any Licensed Area, any individual who had previously been employed by Sears and whose employment with Sears was terminated.

Licensee shall not, without prior approval of Sears, which approval shall not be unreasonably withheld or delayed, (i) cause a reduction in workforce of more than 5% in any three month period; or (ii) cause a mass termination as recognized in Applicable Law.

9.11 Sub-Contracting

Except in accordance with this Agreement, Licensee shall not authorize any Person other than its own employees to perform any of Licensee's obligations under this Agreement on Licensee's behalf without the prior written consent of Sears, which consent may be withheld in its entire discretion. Licensee may use sub-contractors to perform sales and installation services provided such sub-contractors are under written agreement with Licensee and are not themselves Competitors.

9.12 Supervision of Employees

Licensee shall diligently supervise its employees and Licensee's Representatives in order to operate the Concession in accordance with this Agreement. Licensee shall be solely responsible for the acts of its employees and Licensee's Representatives in the performance and operation of the Concession during the Term.

9.13 Labour and Employment Standards

Licensee shall have the sole and exclusive control over all its employees' and Licensee's Representative's labour relations and policies relating to wages, compensation, hours of work and working conditions. Licensee shall have the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, adjust grievances and discharge said employees and/or Licensee's Representatives, provided, however, that at any time, if Sears so requests, Licensee shall remove from the operation of the Concession in any Designated Channels, any of its employees and/or any Licensee's Representatives as contemplated in this Agreement.

9.14 Compensation & Benefits

Licensee shall have complete responsibility for all salaries, wages, compensation and benefits for all of its employees and Licensee's Representatives and shall make all necessary payroll deductions and withholdings from said employees and Licensee's Representatives' salaries, wages and any other compensation. Licensee shall have full responsibility for the payment of any and all contributions, taxes and assessments including any applicable workers' compensation or workplace safety and insurance legislation and shall meet all requirements of the employment insurance and federal and provincial or territorial income tax and pension plan laws. Licensee shall, at Sears's reasonable request, provide evidence to Sears that all payroll and/or compensation obligations to its employees and Licensee's Representatives have been met in a timely and appropriate manner and that all deductions, withholdings and payments of taxes, contributions and assessments have been duly made by Licensee as required by Applicable Law.

9.15 No Connection to Sears

No employees of Licensee or Licensee's Representatives shall be considered to be employees or agents, assigns, designees, representatives, contractors, sub-contractors or sub-licensees of Sears. None of Licensee's employees, Licensee's Representatives, directors, officers or shareholders are entitled to any of the benefits that Sears provides for Sears employees, including disability insurance, group insurance, pension plan, holiday pay, paid vacation, or other benefit plans. Licensee shall have all its employees and Licensee's Representatives; engaged in the operation of the Concession under this Agreement, sign an Understanding of

Employment/Engagement Form in a form substantially in the form attached as Schedule "E" hereto, and shall provide a copy of all such completed forms to the Sears Human Resources Department in the Designated Stores prior to the employee's or Licensee's Representative's engagement in the operation of the Concession in the Designated Stores.

9.16 Sears Discount for Licensee Employees

Sears agrees to grant a discount on personal purchases made from the Designated Stores, by any Licensee's employees working on a regular schedule for the Concession. Such discount shall be allowed under the terms and conditions and at such amounts as specified by current Sears policies regarding such discounts, as updated and revised from time to time.

9.17 Licensee Discount for Sears Employees

Licensee shall grant a discount of ten percent (10%) or greater to all Sears employees and retirees, in addition to all price reductions, promotions and/or discounts offered to Customers who are not Sears employees, on all the Products and Services purchased by Sears employees and retirees from the Concession.

9.18 Sears Identification Cards

When present on Sears premises, including Designated Stores, Licensee's employees and Licensee's Representatives shall have available on their person, an identification and security card issued by Sears. Such identification and security cards will be issued by Sears as necessary to Licensee's employees and Licensee's Representatives, at no cost to Licensee or its employees.

Licensee shall have and hereby accepts responsibility for the control and distribution of such identification cards to ensure they are only held by current employees of Licensee and Licensee's Representatives active in the operation of the Concession. Such control shall include commercially reasonable efforts to repossess and return to Sears the identification cards of persons who are no longer active in the operation of the Concession including those who are no longer engaged by Licensee.

Upon termination or expiration for any reason of this Agreement, Licensee shall repossess and return to Sears all identification cards issued by Sears to the Licensee's employees and/or Licensee's Representatives. In the event the identification cards not repossessed by the Licensee are used to obtain a discount from Sears, Licensee shall be responsible for the amount of any such discount granted by Sears in the course of honouring such un-repossessed identification cards.

9.19 Licensee Identification Cards

When dealing with Customers, in Designated Stores and elsewhere, Licensee's employees and Licensee's Representatives shall have available on their person, and offer as identification when requested by Customers, an identification card issued by Licensee identifying the holder thereof as being authorized to provide services on behalf of Licensee under the Brand Name. Such identification cards shall provide such information as is required by, and shall otherwise comply with, Applicable Law. Such identification cards will be issued to all Licensee's employees and Licensee's Representatives, operating both inside and outside a Designated Store, at no cost to Sears.

Licensee shall have and hereby accepts responsibility for the control and distribution of such identification cards to ensure they are only held by current employees of Licensee and Licensee's Representatives active in the operation of the Concession. Such control shall include the repossession and destruction of identification cards from persons who are no longer active in the operation of the Concession including those who are no longer engaged by Licensee.

Upon termination or expiration of this Agreement for any reason Licensee shall repossess and destroy all identification cards issued by Licensee pursuant to this provision.

9.20 Removal of Employees

Sears, acting reasonably and in accordance with its own employment practices and Applicable Law, may require Licensee to remove from the operation of the Concession any Licensee's employee or Licensee's Representatives who is objectionable to Sears for reasons of safety or security of Customers, employees or merchandise, or whose manner, in Sears's sole judgement, impairs Sears goodwill or Customer relations.

Subject to the foregoing, where Licensee is required by Applicable Law to provide said Licensee's employees and/or Licensee's Representative an opportunity to remedy his or her conduct through a process and over a specified reasonable period of time, Licensee shall do so and monitor the situation and in the event the situation which caused Sears to request the removal of the Licensee's employee and/or Licensee's Representative from the operation of the Concession is not remedied to Sears sole satisfaction, acting reasonably, within the specified period of time and Licensee refuses to remove such Licensee's employee and/or Licensee's Representative, such a case is an Event of Default.

ARTICLE 10. LICENSEE'S SUPPLIERS, PURCHASES AND PAYMENTS

10.1 Purchase in the Name of Licensee

Except to the extent of Licensee's rights to use the Sears Trademark on documents evidencing contracts for the sale of Products and Services, Licensee agrees that all purchases, contracts and obligations made or incurred by Licensee in connection with the operation of the Concession shall be made solely in the name of Licensee and under no circumstances shall any legal document, purchase order, letterhead, invoice or any other document, expense or obligation of any kind whatsoever be identified with Sears, the Brand Name or a Sears Trademark. For greater certainty, under no circumstances will Licensee make any purchase or incur any obligation or expense of any kind whatsoever in the name of Sears or on its behalf.

10.2 Notification to Supplier

Prior to making any initial purchase involving the operation of the Concession, Licensee shall inform the supplier, in writing, that Sears is not obligated in any way for, or as a result of, said purchase.

10.3 Invoices Issued in Error

Upon receipt by Licensee of an invoice from a supplier identified as an invoice to Sears, the Brand Name, or identified in any manner with the Sears Trademark, Licensee shall immediately

advise the supplier in writing, with a copy to Sears, that the supplier has not invoiced correctly and advise the supplier to reissue the invoice to Licensee exclusively in Licensee's own name.

10.4 Prompt Payment of Invoices

Licensee shall promptly pay all obligations incurred in connection with the operation of the Concession and shall hold Sears free and harmless from any and all claims, costs or liabilities incurred in connection with purchases or other monetary obligations incurred in relation to the operation of the Concession.

10.5 Accounts Payable Report

In the event Licensee fails to comply, in whole or in part, with any or all of this Article 10, Sears, in addition to any other remedies afforded it under this Agreement, may request in writing and Licensee shall furnish a detailed accounts payable report to Sears including the individual amounts owing and the names and addresses of all suppliers and creditors from whom it purchased merchandise and/or services for sale or use under this Agreement, as well as the names and addresses of all other Parties with whom it has any business or contractual relations and/or obligations in connection with the operation of the Concession.

10.6 Withholding and Payment

Licensee agrees that in the event a supplier and/or creditor of Licensee makes representation, and/or provides copies of invoices and shipping and receiving documentation to Sears, as to amounts owing to the said supplier and/or creditor by Licensee which was incurred by Licensee in connection with the operation of the Concession (the "Licensee Obligations"), and Licensee has not met the terms of the payment agreed, Sears, after discussion with Licensee, may withhold the amount of such Licensee Obligations from any settlement of monies due to Licensee until such time as Licensee provides to Sears proof of payment, or Licensee provides documentation from the supplier and/or creditor that verifies that the supplier and/or creditor waives any claim against Sears for payment of such unpaid invoices, or until such time as Sears is legally absolved of any responsibility for payment of such Licensee Obligations.

In the event Licensee or Sears is found legally responsible for the payment of the Licensee Obligations, and Licensee is unwilling or unable to pay the Licensee Obligations, Licensee agrees that Sears may make such payments on Licensee's behalf and deduct the entire amount of such payments from monies due to Licensee by Sears and/or from any monies withheld by Sears from Licensee's settlement.

10.7 Business Fees and Taxes

Licensee shall be responsible for bearing the cost of and paying any and all license fees and taxes, whether presently existing or created during the Term, including, without limiting the generality of the foregoing, business and corporate, use, sales, goods and services, gross receipts, income, separately assessed property, realty or other similar or different taxes including provincial or territorial sales taxes, Goods and Services Tax, and Harmonized Sales Tax or assessments which may be charged, levied or payable in connection with the operation of the Concession, excluding however, all taxes and assessments applicable to Sears income from Commissions payable to Sears hereunder or applicable to Sears property. In the event that any such taxes are billed to Sears, then the Licensee covenants and agrees to pay the same to Sears forthwith following receipt of a written demand therefor from Sears. Sears shall be entitled

to set off any monies owing to it pursuant to this provision which are not paid in accordance with this provision against any monies it may then or in the future owe to the Licensee.

10.8 Supplier Agreements

Licensee shall use commercially reasonable efforts to ensure that material supplier contracts entered into during the Term by Licensee shall be assignable to Sears and its successors and assigns at the end of the Term, without the requirement for consent from the supplier. Licensee shall not, without prior consent of Sears, enter into any material agreements that result in disproportionate benefits being paid prior to the scheduled end of the Term, or disproportionate liabilities being incurred after the scheduled end of the Term. Licensee shall not execute a material contract without first disclosing same to Sears. Licensee shall make available to Sears any and all supplier agreements upon Sears's request.

ARTICLE 11. INSURANCE

11.1 Licensee's Property and Liability Insurance

Licensee hereby agrees and covenants that it shall, at its sole expense, obtain and maintain, during the Term of this Agreement, the following policies of insurance from a company or companies satisfactory to Sears and adequate to fully protect Sears and Licensee from and against all expenses, claims, actions, liabilities and Losses arising out of subjects covered by said policies of insurance:

- (a) **Workers' Compensation Insurance or Workplace Safety Insurance:** coverage with the applicable provincial or territorial workplace safety & insurance board and/or employer's liability insurance covering all persons employed, engaged or working in connection with the operation of the Concession with the limits of such insurance not less than \$1,000,000 for bodily injury, death, and property damage. The Licensee shall provide to Sears semi-annual proof of paid up coverage for workers' compensation insurance or workplace safety and insurance coverage, or similar coverage under the legislative requirements of the applicable province or territory and any replacement or successor thereof, in the form of a provincial or territorial certificate of good standing, or a provincial or territorial financial statement showing the Licensee has paid amounts owing in full in each province and/or territory in which the Concession is operated. In addition, upon expiry or other termination of this Agreement, the Licensee shall provide to Sears evidence of compliance with workers' compensation insurance or workplace safety and insurance or equivalent or similar coverage under the legislative requirements of the applicable province or territory and any replacement or successor thereof.
- (b) **Comprehensive General Liability Insurance, including Products and Services and completed operations coverage with a twelve (12) month indemnity period which shall include and shall so state on the certificate of insurance:**
 - (i) a contractual liability endorsement specifically covering the Licensee's indemnification of Sears under this Agreement;

- (ii) Cross Liability and Severability of Interests Clauses, which such insurance being considered "primary", and not call into contribution any other insurance available to Sears;
- (iii) must not have any exclusions for work done by Licensee's Representatives, sub-contractors and/or sub-trades;
- (iv) the provision of coverage for Non-Owned Automobile Liability;
- (v) the provision of Tenant's legal liability coverage;

The limits of liability must not be less than five million dollars (\$5,000,000.00) for bodily injury, death and property damage, or such higher amount as Sears shall from time to time require; and such shall be stated on the Certificate of insurance;

- (c) Motor Vehicle Liability Insurance covering all vehicles used by the Licensee in connection with the operation of the Concession with limits of not less than two million dollars (\$2,000,000.00), and with a combined single limit for bodily injury, death and property damage per accident or such higher amount as Sears shall from time to time require and shall so state on the Certificate of insurance;
- (d) All Risk Property Insurance, including coverage for:
 - (i) theft of the Licensee's property, equipment and merchandise utilized in connection with the operation of the Concession and shall so state on the certificate of insurance; and
 - (ii) any and all Sears and/or Customer assets in the care, custody and/or control of the Licensee in an amount not less than the full replacement cost thereof and shall so state on the certificate of insurance;
- (e) Employee Fidelity Coverage to include the Licensee and all those under its direction involved in the operation of the Concession in an amount not less than five hundred thousand dollars (\$500,000.00);
- (f) Bailee's Legal Liability Insurance to the full replacement value of any and all Customer's goods in the possession of Licensee and shall so state on the certificate of insurance;
- (g) (if applicable) Professional Errors and Omissions Liability coverage in an amount not less than two million dollars (\$2,000,000.00).

11.2 Additional Insured

All policies of insurance required by Article 11.1 (b), (c), (d), (e), (f) and (g) shall:

- (a) be taken out with insurers acceptable to Sears;
- (b) name Sears Canada Inc. as additional insured and shall so state on the certificate of insurance;

- (c) shall not be subject to material change or cancellation except upon at least thirty (30) days prior written notice to Sears; and
- (d) be prepared in such a form that Sears shall not be liable for any premiums and shall so state on the certificate of insurance;

11.3 Waiver of Subrogation

All policies of insurance required by section 11.1(d) and (f) shall contain a waiver of subrogation in favour of Sears and shall so state on the certificate of insurance.

11.4 Evidence of Insurance

The Licensee shall provide to Sears certificates of insurance or copies of policies as evidence of the insurance required by section 11.1 (b), (c), (d), (e), (f), and (g) both: (i) prior to commencement of the Term of this Agreement or the operation of the Concession in any Designated Channels; and (ii) upon each anniversary date of the policy or policies.

11.5 Sears Approval

No approval by Sears of any of the insurance policies obtained by the Licensee, or any insurance or additional insurance obtained by Sears on the Licensee's behalf shall relieve the Licensee of any of its obligations under this Agreement.

11.6 Failure to Insure, Cancellation

- (a) If the Licensee fails to provide evidence of insurance as required by sections 11.1 or 11.4, or if, in Sears's sole discretion, the policies obtained by the Licensee do not afford adequate protection for Sears, the Licensee shall deliver to Sears evidence of insurance or such additional insurance as Sears may require, within fifteen (15) days after notice of same being given by Sears to the Licensee, failing which Sears shall have the right to obtain such insurance or additional insurance at the expense of the Licensee and to invoice the Licensee and offset the same against any monies payable to the Licensee.
- (b) If any insurance policy upon a Designated Store or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled or the coverage thereunder reduced in any way by the insurer by reason of the use the Licensed Area or any part thereof by the Licensee, the Licensee shall remedy the condition giving rise to cancellation, threatened cancellation or reduction of coverage within twenty-four (24) hours after notification by the insurers or notice thereof by Sears whichever is the earlier.

ARTICLE 12. COMMISSION, FEES AND REMITTANCE

12.1 Commission

In consideration of the rights granted to Licensee herein, Sears shall be entitled to receive from Licensee and Licensee shall pay to Sears a monthly Commission as set out in Schedule "D" ("Commission").

If applicable, Licensee may deduct from monthly Commission payments a monthly Commission Rebate in the amount and on the conditions set out in Schedule "D" ("Commission Rebate").

If applicable, Sears shall pay to Licensee an annual Store Reduction Commission Adjustment in the amount and on the conditions set out in Schedule "D" ("Store Reduction Commission Adjustment").

If applicable, Licensee shall pay to Sears an annual Commission Guarantee Adjustment in the amount and on the conditions set out in Schedule "D" ("Commission Guarantee Adjustment").

12.2 Maintenance and Administration Fee

In consideration for Sears's provision of maintenance, administrative and other functions and services, the Licensee shall pay to Sears the monthly Maintenance and Administration Fee set out in Schedule "D" ("Maintenance and Administration Fee").

12.3 Sales Tax

The Licensee shall also pay to Sears any applicable Sales Tax related to payments of Commission, Maintenance and Administration Fee, and as otherwise required. The Sears GST number is 104765698RT0001.

12.4 Payment Settlement Process

Monthly

No later than the 13th day following the end of each Fiscal Month, Licensee shall pay to Sears by electronic funds transfer, with respect to such Fiscal Month, the applicable Commission, Maintenance and Administration Fee, Telephone Costs, Property Tax Contribution and CAM Contribution, as well as all applicable Sales Tax thereon.

First Year Exception

Notwithstanding the previous paragraph, for the first Fiscal Year Licensee may pay the Commission according to the following schedule:

<u>Applicable Fiscal Months</u>	<u>Commission due date</u>
First, second and third Fiscal Month	The 13th day following the end of third Fiscal Month
Fourth, fifth, and sixth Fiscal Month	The 13th day following the end of sixth Fiscal Month
Seventh, eighth, and ninth Fiscal Month	The 13th day following the end of ninth Fiscal Month
Tenth, eleventh, and twelfth Fiscal Month	The 13th day following the end of twelfth Fiscal Month

For greater certainty, the first paragraph of this section will continue to apply with respect to applicable Maintenance and Administration Fee, Telephone Costs, Property Tax Contribution and CAM Contribution.

Quarterly

No later than the 27th day following the end of each Fiscal Quarter, Licensee shall pay to Sears the amount, if any, of Quarterly Service Level Credits owing with respect to such Fiscal Quarter.

Annual

No later than 60 days after the end of each Fiscal Year, Sears shall provide to Licensee a report ("Annual Reconciliation Report") indicating, with respect to such Fiscal Year, the amounts of each of (i) Store Reduction Commission Adjustment; (ii) Card Share Incentive Bonus; (iii) Commission Guarantee Adjustment; (iv) Card Share Guarantee Credit; and (v) Annual Service Level Credits, together with the reconciled amount owing by one Party to the other.

Where such reconciled amount results in an amount owing by Sears to Licensee, Sears shall pay such amount no later than 90 days after the end of the Fiscal Year. Where such reconciled amount results in an amount owing by Licensee to Sears, Licensee shall pay to Sears such amount no later than the later of (i) 30 days after receipt of the Annual Reconciliation Report; or (ii) 90 days after the end of the Fiscal Year.

12.5 Interest on Overdue Amounts

Any amount due by Licensee to Sears will bear interest from the due date until final payment at the rate of 15% per annum. Interest shall be calculated both before and after default, expiration or termination of this Agreement for any reason, or judgment. The acceptance of any interest payment shall not be construed as a waiver by Sears of its rights in respect of a default giving rise to such payment and shall be without prejudice to any rights Sears has with respect to any such defaults.

ARTICLE 13.

SECURITY FOR PAYMENT AND FINANCIAL COVENANTS

13.1 Setoff

Where Licensee or an Affiliate of Licensee owes money to Sears under this Agreement or any other agreement with Sears, Sears is authorized to apply and offset such amount owing against an amount owing by Sears to Licensee or to an Affiliate of Licensee.

Where Sears is overdue on a payment of money to Licensee under this Agreement, Licensee is authorized to apply and offset such overdue amount owing against an amount owing to Sears by Licensee.

13.2 Lien

Subject to (i) any liens and encumbrances created in the acquisition of the Licensee's present and after acquired inventory, supplies, leasehold improvements and Furnishings installed or located from time to time in the Licensed Areas and (ii) any liens and encumbrances granted to a senior lender of the Licensee (the "Senior Lender Lien"), Sears shall at all times have a first charge, lien and hypothec upon all of the Licensee's assets, property and undertaking (the "Secured Assets"), without in any manner affecting any other remedies that Sears may have by reason thereof, to take possession of the Licensed Areas and of all Secured Assets, to

exclude the Licensee from the Licensed Area, and at the Licensee's expense, to remove from the Licensed Areas the Secured Assets or to take possession of or to sell such Secured Assets as may be necessary in order to pay Sears all of the amounts due, or to become due, to Sears and to cure all other defaults of the Licensee hereunder. In the disposal and/or sale of such Secured Assets, Sears shall have the right to accept any offer it may choose and shall have no liability or responsibility to the Licensee for payment of any perceived, estimated or actual value of such Secured Assets. Prior to the Effective Date, the Licensee shall enter into a security agreement under which it grants a charge over the Secured Assets in a form satisfactory to Sears.

13.3 No Lien on Sears Assets

The Licensee shall not allow any liens, claims or encumbrances which arise through the Licensee to attach to any Sears property or against any Designated Store. In the event any lien so attaches or is threatened, the Licensee shall promptly take all necessary action to cause such lien to be satisfied and released; provided, however, that the Licensee shall have the right to contest the validity or amount of any such lien upon its prior posting of security with Sears, which security in Sears's reasonable judgment must be adequate to pay and discharge any such lien in full plus Sears's reasonable estimate of its legal fees. The Licensee agrees to pay all legal fees and other costs incurred by Sears as a result of any such liens being placed upon any Sears property or against any Designated Store.

13.4 Creditor Non-Interference Agreement

Notwithstanding section 13.2., the Licensee agrees that it shall require its senior lender to enter into an agreement with Sears, on terms satisfactory to Sears and Licensee, whereby the senior lender agrees not to interfere with Sears's rights under this Agreement including, without limitation, Sears's rights to effect the Post-Termination Transfer.

13.5 Financial Covenants

Licensee covenants that it shall at all times during the Term maintain such financial covenants (i) as are required of Licensee pursuant to an agreement with a bank, lender or other provider of financing to the Licensee; and (ii) such financial covenants as set out in Schedule "N" hereto. No later than the 30th day following the end of every Fiscal Month, Licensee shall provide to Sears a certificate substantially in the form set out at Schedule "N", signed by the Chief Financial Officer of Licensee (or such officer of Licensee with the responsibilities commonly carried out by a chief financial officer) certifying that the Financial Covenants have been maintained during such Fiscal Month.

ARTICLE 14.

GOVERNANCE, COMMITTEES AND SUPPORT

14.1 Executive Committee and Governing Principles

An executive committee will be created which will consist of at least one senior officer of each of Licensee and Sears (the "Executive Committee"). Each Party shall have the right to remove or replace its appointees to the Executive Committee for any reason and at any time, and to fill any vacancy with respect to its appointees.

The Concession shall be governed by the principles set out in Schedule "H" (the "Governing Principles"), as they may be amended by the Executive Committee from time to time. The responsibilities of the Executive Committee will be to: promote shared vision and goals in respect of the Concession; review the strategy and direction of the Concession; support and elevate initiatives in order to increase Gross Revenue; eradicate roadblocks; oversee the competitive positioning of the Concession; and to provide oversight over strategic initiatives, online initiatives, marketing (particularly that related to penetrating the Sears Card base), and investment optimization.

The Executive Committee shall follow the following procedures:

- (a) the Executive Committee shall meet (in person or by telephone or video conference) at least twice a year or at such other intervals as may be decided by the Executive Committee;
- (b) irrespective of the number of appointees to the Executive Committee by any Party, each Party shall have one vote in respect of any matter requiring approval of the Executive Committee;
- (c) the Executive Committee shall keep written records of all matters discussed and approved by it, which shall be reviewed and approved by a designated representative of each of the Parties;
- (d) should there be a deadlock in any matter requiring the approval of the Executive Committee, such matter shall be subject to the following escalation procedures: (a) the Parties will attempt to resolve the subject of the escalation promptly by negotiations between the Chief Executive Officer (or his or her designate) of each of Sears and Licensee (such negotiations to be held within 10 days of a request by either Party) and, if such negotiations are unsuccessful, (b) the Parties will attempt to resolve the subject of the escalation by mediation by an independent mediator agreed upon by the Parties, provided that if such mediation does not take place within 30 days of such request, the Parties shall be free to pursue other remedies, including legal action;
- (e) the members of the Executive Committee may adopt such other rules for the conduct of meetings as the Executive Committee shall determine from time to time; and
- (f) the Executive Committee may appoint one or more subcommittees and/or special committees to assume specific responsibilities.

14.2 Operational Committee

An operational committee will be created which will consist of two members from each of Licensee and Sears (the "Operational Committee"). Each Party shall have the right to remove or replace its appointees to the Operational Committee for any reason and at any time, and to fill any vacancy with respect to its appointees.

The responsibilities of the Operational Committee will be to focus and consult on matters that are of mutual concern to the Parties, including growing Gross Revenue, marketing plans, the customer experience (including customer complaint management and service levels), product

and pricing optimization, and matters related to enhancing and/or material changes to the Concession.

The Operational Committee may review the ongoing financial reports and performance scorecards of the Concession.

The Operational Committee will review and provide input into the operation of the Concession, but will have no authority to compel Licensee to undertake any action. For greater certainty, the Operational Committee is not mandated to provide operational support to the Licensee.

The Parties will attempt to resolve the subject of any matter escalated to the Operational Committee promptly by discussions between the senior officers. The senior officers will meet in person or by telephone within 15 days after the notice of the dispute and attempt in good faith to resolve the subject matter of escalation. In the event the senior officers do not resolve the dispute within 30 days from receipt of notice of a dispute (which time period may be extended by written agreement of the senior officers), the subject matter of the escalation may be resolved by the Executive Committee or each Party may seek remedies in whatever manner they wish, including instituting legal action.

14.3 Sears Support

Sears, at its sole expense, will dedicate employees to provide Licensee with the following support:

- (a) Marketing Liaison – who shall provide Licensee with such assistance as it reasonably requests relating to the development and implementation of marketing and advertising strategies, the monitoring of marketplace trends; Sears Trademark related matters, advertising campaigns (both new and renewed) and solicitation material, sponsorships (both new and renewed), cross marketing and the Sears Rewards Program.
- (b) Product Management Liaison – who shall provide Licensee with such assistance as it reasonably requests relating to strategy regarding the assortment of Products and Services and supplier base, including assistance with monitoring trends and identifying opportunities for the Concession with Sears retail and supply chain operations.
- (c) Operations Liaison – who shall provide Licensee with such assistance as it reasonably requests relating to customer service, customer resolution, the customer experience, suggestions regarding the development and monitoring of operation plans, the support of Sears Rewards Program, and service and performance metrics.

ARTICLE 15.

RECORD KEEPING, REPORTING, MONITORING & AUDITING

15.1 Point of Sale Register System

Licensee shall provide a POS to record each sale of the Products and Services in each of the Designated Stores and through each Designated Channel. Licensee shall provide Sears with access to real-time reporting to the POS.

15.2 Licensee Reporting

Licensee shall provide to Sears such reports at such frequency as set out in Schedule "F".

15.3 Accounting Records

Licensee shall prepare, keep and maintain full, true and accurate books of account, documents and records in accordance with Accounting Principles and all Applicable Laws (including such books and records as are required by Governmental Authorities), which accurately reflect the Gross Revenue, expenses, deductions and taxes resulting from the operation of the Concession including the Sears Advertising Expenses, Initial Remodelling Commitment and other mandatory investments which the Licensee incurs under this Agreement. The Licensee shall maintain such records at the Licensee's principal office for a period ending no sooner than seven (7) years after the end of the Term.

15.4 No Waiver or Prejudice

The receipt or use by Sears of any financial statements, statement of Gross Revenue or Net Sales from the Licensee, or any payment of Commission based thereon, or any other information relating to the operation of the Concession and the expenses related thereto, shall not constitute a waiver by Sears of any obligation of the Licensee hereunder and, except where otherwise provided in this Agreement, shall be without prejudice to Sears' right to audit the Licensee's books and records as provided for in this Agreement.

15.5 Audit

Sears may at any time and from time to time cause a complete audit to be made by Sears auditors or third party auditors appointed by Sears (collectively, "Sears Auditor") of the Licensee's entire business affairs, records and procedures relating to the operation of the Concession and to verify whether Licensee has met or not met its obligations under this Agreement, including whether Licensee has met or not met its financial obligations under this Agreement (including Licensee's obligations in Schedule "D" [*Financial Commitments*] and Licensee's obligations to pay applicable Service Level Credits ("Licensee's Financial Commitments") and Licensee's obligations to maintain the Financial Covenants and including whether Service Level Standards and Performance Guarantees were met.

If the Sears Auditor performing such audit reports to Sears that, in its opinion, the Licensee's records and procedures are insufficient to determine whether Licensee is meeting the Licensee's Financial Commitments, Financial Covenants, Service Level Standards, Performance Guarantees, or any other of Licensee's obligations, and Sears or the Sears Auditor so notifies Licensee, Licensee will immediately take such steps as are reasonably necessary to remedy such default.

If an audit reveals that (i) Licensee has understated any amount payable to Sears (including Commissions and Service Level Credits) by 3% or more; or (ii) Licensee has breached an obligation under this Agreement and such breach led Sears to issue a notice of such default to Licensee under section 23.3; then Licensee will pay the reasonable costs of the Sears Auditor for such audit within 30 days of a notice to that effect from Sears.

Notwithstanding anything in this section 15.5, only a third party, independent auditor will have access to and be entitled to audit Licensee's financial records necessary to allow it to determine

if Licensee has met or not met its Financial Covenants or if such records are inadequate to make such determination. The third party auditor must only report on whether or not Licensee has met its Financial Covenants or if Licensee's records are inadequate to make such determination and must keep all information confidential and not disclose or use it for any purpose except to make such report. If requested by Licensee the third party auditor will acknowledge and agree to this obligation of confidence and non-use.

15.6 Notice of Collective Agreements and Negotiations

Subject to Applicable Law, Licensee agrees to notify Sears in writing immediately upon becoming aware of any application for the appointment or certification of any bargaining agent of any of the Licensee's employees.

Subject to Applicable Law, Licensee further agrees to notify Sears in writing at least ten (10) Business Days prior to commencing negotiations with any trade union, council, trade unions or other employee organization in connection with the entering into, amendment or renewal of a collective agreement or the settlement or compromise of any dispute arising from a collective agreement affecting the Licensee's employees.

Subject to Applicable Law, Licensee shall permit at least two (2) representatives of Sears to attend all bargaining sessions as observers and shall provide to Sears (or to such representatives as Sears directs) all relevant documents, correspondence and other information relating to the proposed collective agreement or in the case of any amendment, renewal or dispute arising from a collective agreement, with respect to any such matters.

Subject to Applicable Law, Licensee further agrees to notify Sears in writing at least seven (7) days prior to entering into any collective agreement or any amendment or renewal of a collective agreement or any agreement with respect to the settlement or compromise of any dispute arising from a collective agreement affecting the Licensee. Such notices shall be accompanied by a copy of the proposed collective agreement, amendment, renewal, settlement or compromise, as the case may be, failing which the notice shall be deemed ineffective.

ARTICLE 16. TRADEMARK LICENSE

16.1 Grant of Trademark License

Sears hereby grants to the Licensee the non-exclusive, non-transferable, non-sublicenseable, royalty-free right to use the Sears Trademark in Canada as it appears in the Brand Name, in connection with Licensee's operation of the Concession and the marketing and sale of Products and Services only, subject to the terms and conditions of this Agreement and only for the Term. For greater certainty, the rights granted in this paragraph shall terminate automatically upon termination of the Concession.

16.2 Use of Trademark

The Licensee shall only use the Sears Trademark in connection with the Concession and shall only use the Sears Trademark in accordance with this Agreement. The Licensee shall never use the Sears Trademark in association with any business that is not the Concession nor in association with any products or services that are not Products and Services authorized

pursuant to this Agreement. The Licensee shall not include the Sears Trademark as part of its or an Affiliate's name.

Except as otherwise expressly allowed, the Licensee shall only use the Sears Trademark as a trade-mark and only in the format in which the Sears Trademark is registered or has been filed for registration. All uses and presentations of a Sears Trademark by the Licensee shall clearly distinguish the Sears Trademark from any other trade-mark, design or text appearing with it. The Licensee shall not use any trade-mark which is similar to, confusing with, or which so nearly resembles as to be likely to cause confusion with the Sears Trademark.

The Licensee shall use commercially reasonable efforts to preserve the value, validity and distinctiveness of the Sears Trademark. The Licensee at Sears expense shall provide assistance to Sears and any information or other assistance that may be desirable to establish use of a Sears Trademark which Sears or the Trademark Owner may require to assist in registering, enforcing or maintaining a Sears Trademark or any other name or Trademark of Sears or the Trademark Owner.

16.3 Prior Approval on Use of Sears Trademark

All uses and presentations of the Sears Trademark whether on signs, in literature, in advertising or otherwise, shall be submitted by Licensee to Sears, or to such Person as Sears may designate, for written approval prior to any use or presentation of the same.

16.4 Advertising of Sears Trademark

Licensee shall display on all signs, literature and advertising on which the Sears Trademark appears, and in such other manner as Sears may direct from time to time, a notice similar to the following notice:

Sears®
® Registered Trademark of Sears licensed for use in Canada

16.5 Restrictions on Use of the Sears Trademark by Licensee

The Licensee shall promptly notify Sears of any infringement, unauthorized use, advertising, imitation, dilution or other infringement of the Sears Trademarks which comes to its attention. Sears and the Trademark Owner shall each have the sole right, at its own expense, to take such action as it determines, in its sole discretion, to be appropriate to enforce its rights to the Trademarks. The Licensee waives the provisions of subsection 50(3) of the Trademarks Act R.S.C. 1985 Chap. T-13 as amended.

The Licensee shall co-operate and assist in any protest or legal action undertaken by Sears or the Trademark Owner, at Sears's or the Trademark Owner's expense, to enforce its rights to the Trademarks. If requested by Sears or the Trademark Owner, the Licensee shall join in such protest or legal action, at Sears's or the Trademark Owner's expense. The Licensee shall not undertake such protest or legal action on its own behalf.

16.6 Ownership of Trademarks

Sears represents and warrants that the Sears Trademark is valid and enforceable and that Sears has the exclusive right to use the Sears Trademark in Canada and that Sears has the right to license the Sears Trademark to Licensee. Licensee acknowledges that Sears will be involved in the supervision and control of the use of the Sears Trademark in Canada by Licensee.

The Licensee acknowledges that the Sears Trademark and the goodwill attached thereto are and shall remain the exclusive property of its owner ("Trademark Owner"). All use of the Sears Trademark by the Licensee and all goodwill resulting therefrom shall inure to the sole and exclusive benefit of the Trademark Owner. The Licensee shall not have any right, title or interest in the Sears Trademark or any goodwill associated therewith and shall not in any way use the Sears Trademark in such a way as to suggest or induce others into believing that the Licensee has any such right, title or interest. The Licensee shall never challenge the ownership of the Sears Trademark nor shall the Licensee oppose any application to register any trade-mark incorporating the word "Sears".

16.7 Remedies for Unauthorized Use

The Parties agree that in the event of any use of the Sears Trademarks by the Licensee in breach of the conditions of such use as set out in this Agreement, Sears and/or the Trademark Owner may suffer irreparable harm for which damages might be an inadequate remedy. Accordingly, the Parties consent to the granting of an order of specific performance or injunctive relief by a court to remedy such breach (such consent not intending to limit in any way any other remedies available Sears and the Trademark Owner).

16.8 Trademark Owner's Remedies

Sears represents and warrants that some or all of the Sears Trademarks are owned by one or more of its Affiliates and that the rights granted herein to use such Sears Trademarks were granted by Sears under authority from the Trademark Owner. The Licensee acknowledges that the Trademark Owner has an interest in ensuring the proper use of and enforcing its rights to such Sears Trademarks. The Parties agree that the covenants, representations, warranties, conditions and provisions of this Agreement respecting the Sears Trademarks owned by the Trademark Owner (collectively, the "Trademark Terms") are being entered into for and on behalf of the Trademark Owner, and Sears agrees to hold the Trademark Terms as agent for the Trademark Owner with the intent and purpose that the Trademark Owner shall have the benefit of the Trademark Terms and will be entitled to enforce the Trademark Terms, or any of them, in any action brought by or against the Trademark Owner.

16.9 Changes to Sears Trademark

Sears reserves the exclusive right to change the Sears Trademark (for greater certainty, including changing the trademark "Sears") and designate, upon notice to Licensee, such other or additional trademarks that are the subject of the license and use under this Agreement. Licensee shall have a period of three (3) months from the date of such notice within which to change uses and advertising of the Sears Trademark to refer only to the trademark as modified by such notice. Sears shall pay Licensee the reasonable costs of changing signage in the Licensed Areas as a result of such change.

ARTICLE 17.
GOODWILL AND INTELLECTUAL PROPERTY

17.1 Goodwill Generated by the Operation of the Concession

All goodwill in, or which may be generated by, the operation of the Concession shall enure to the sole and exclusive benefit of Sears. Licensee shall not have any right, title or interest in said goodwill. Licensee hereby unconditionally and irrevocably transfers and assigns to Sears any and all rights it may have or may claim to have, now and in the future, to said goodwill.

17.2 Sears Intellectual Property

Sears is and will be the exclusive owner of all of the following Information and all Intellectual Property Rights therein (collectively, the "Sears Intellectual Property"):

- (a) an undivided joint interest in all Customer Information;
- (b) any and all rights to hardware, software, systems, documentation, Sears Trade-Marks, Sears Confidential Information or other Information or Intellectual Property Rights (including any Sears website and Sears business rules and business processes):
 - (i) that were owned by Sears on the Effective Date;
 - (ii) that are procured or created by Sears (whether such activities occur before or after the Effective Date and whether such activities occur independent of or in connection with the Concession);
 - (iii) that are created or developed for, or licensed to, Sears by another Person (other than the Licensee) (whether such activities occur before or after the Effective Date and whether such activities occur independent of or in connection with the Concession), including, without limitation, technical, functional, operational, performance or other relevant specifications or requirements therefor;
 - (iv) all modifications to the property described in (i), (ii) and (iii) above created or developed at any time and for any reason by Sears or by another Person (other than the Licensee) for or on behalf of Sears; and
- (c) an undivided joint interest with Licensee in all reports and other Information created, generated, output or displayed by or as a result of the performance or receipt of the Licensee's obligations except to the extent such information contains Licensee's Confidential Information or Licensee Intellectual Property.

Licensee will acquire no rights to any Sears Intellectual Property other than the license rights expressly granted in writing by Sears to the Licensee or as provided for in this Agreement or another agreement with Sears.

Licensee will not assert any lien right or other encumbrance on Sears Intellectual Property, even if there is a dispute between the Parties.

17.3 Licensee Intellectual Property

Licensee is and will be the exclusive owner of all of the following information and all Intellectual Property Rights therein (collectively, the "Licensee Intellectual Property"):

- (a) all hardware, software, systems, documentation, trade-marks, Licensee's Confidential Information or other information or Intellectual Property Rights (including Licensee's business rules and business processes):
 - (i) that were owned by Licensee on the Effective Date;
 - (ii) that are procured or created by Licensee (whether such activities occur before or after the Effective Date and whether such activities occur independent of or in connection with the Concession);
 - (iii) that are created or developed for, or licensed to, Licensee by another Person (other than Sears) (whether such activities occur before or after the Effective Date and whether such activities occur independent of or in connection with the Concession), including, without limitation, technical, functional, operational, performance or other relevant specifications or requirements therefor; and
 - (iv) all modifications to the property described in (i), (ii) and (iii) above created or developed at any time and for any reason by Licensee or by another Person (other than the Sears) for or on behalf of Licensee.

Sears will acquire no rights to any Licensee Intellectual Property other than the license rights expressly granted in writing by Licensee to Sears or as provided for in this Agreement or another agreement with Licensee.

17.4 Establishment of New Intellectual Property Rights

Each of the Parties acknowledges that the other Party may create and establish (or have created and established for it) new Intellectual Property Rights in connection with the operation of the Concession and provision of the Products and Services ("New Intellectual Property"), and agree as follows:

- (a) To the extent that Sears creates New Intellectual Property, Sears shall own all rights established during the Term, shall be responsible for making all filings and taking all other actions necessary to protect such New Intellectual Property and shall be deemed to have granted to the Licensee a non-exclusive, royalty-free license in Canada to use such New Intellectual Property solely in connection with the operation of the Concession and the marketing and sale of the Products and Services for the duration of the Term.
- (b) To the extent that Licensee creates New Intellectual Property, Licensee shall own all rights established during the Term, shall be responsible for making all filings and taking all other actions necessary to protect such New Intellectual Property and shall be deemed to have granted to Sears a non-exclusive, royalty-free license in Canada to use such New Intellectual Property solely in connection with the marketing and sale of the Products and Services indefinitely, provided

that such New Intellectual Property does not refer to Licensee or any of its trademarks.

17.5 Protection of Intellectual Property

Each Party will use commercially reasonable efforts to cause its employees and representatives to waive, for the benefit of the other Party and their respective successors, assigns, licensees and contractors, their respective moral rights (and any similar rights to the extent that such rights exist and may be waived in each and any jurisdiction throughout the world) in and to any New Intellectual Property and existing Intellectual Property Rights of the other Party. Each Party will maintain an up-to-date copy of the source code materials for the New Intellectual Property and any Sears Intellectual Property or Licensee Intellectual Property, as the case may be, created or developed, in whole or in part, in a secure location and will promptly deliver such source code materials required by the other Party to the extent required to satisfy its obligations under this Agreement upon the other Party's request.

Each Party agrees to reasonably co-operate, and to use commercially reasonable efforts to cause its employees and representatives to reasonably co-operate with respect to signing such documents and doing such acts and other things reasonably requested by the other Party to confirm the assignment of ownership and waiver of moral and similar rights referred to herein and to obtain registrations of Intellectual Property Rights relating to the Sears Intellectual Property, Licensee Intellectual Property and New Intellectual Property, as the case may be. Without limiting the generality of the foregoing, each Party agrees that it will, and will use reasonable commercial efforts to cause the employees and representatives to, execute any assignment requested by the other Party related to the Sears Intellectual Property, the Licensee Intellectual Property or the New Intellectual Property, as the case may be.

17.6 Residual Rights

Subject to the terms and conditions of this Agreement, the Parties agree that either Party may use and exploit any information developed or created in the course of operating the Concession which relates to the Products and Services and/or the Concession (including general knowledge, skills, experience, know-how and techniques) and which may be retained in the unaided memory of such Party's personnel, provided that in doing so such Party does not breach its obligations with respect to confidential information or infringe, violate or constitute a misappropriation of any Intellectual Property Right of the other Party or any third party.

Neither Party will be precluded from independently developing for itself, or for others, anything which is competitive with, or similar to, the other Party's Intellectual Property Rights, provided that in so doing no use is made of the other Party's Intellectual Property Rights or confidential information.

ARTICLE 18. CONFIDENTIAL INFORMATION

18.1 Customer Lists, Customer Information; Sales Information

Sears goodwill shall always include the exclusive right to an interest in Customer Information, including Customer lists. All customer information and lists of customers of the Licensee and the employees of its Concession, including, without limitation, lists developed by the Licensee, its

employees or agents and any other information relating to such customers, shall belong exclusively to Sears and Sears shall have sole copyrights over such customer information and lists. The Licensee and its employees agree that they will not make use of said lists other than for the purpose of the business conducted by them in the Concession, which lists and information shall be immediately transferred in its entirety by Licensee to Sears upon expiration or termination, for any reason, of this Agreement. The Licensee shall keep customer lists and other customer information separate from any customer lists or other information that the Licensee may maintain that do not relate to this Agreement.

Information regarding Gross Revenue, Net Sales, Commissions and other information regarding the financial and sales performance of the Concession belong jointly to the Licensee and Sears (but for greater certainty, information regarding financial performance of any Licensee's business other than the Concession shall belong solely to Licensee). The Licensee agrees that all sales figures of all other departments and any and all other information obtained at or from any meeting of departments of the Designated Stores shall be deemed confidential and exclusively within the control of Sears. The obligations of the Licensee under this section shall be subject to any provisions to the contrary under Applicable Law.

18.2 Sears Confidential Information

Sears policies, processes, operating methods, source relationships, computer software and all tangible items on which there is recorded information related to Sears' business, are deemed to be the exclusive property of Sears. In addition all information relating to the presentation, merchandising, marketing, provision and sale of the Products and Services, including all Customer lists and Customer information other than those developed by Licensee and/or the Licensee's Representatives from the operation of the Concession either during the Term, or after termination of this Agreement is also deemed to be the exclusive property of Sears (collectively, the "Sears Confidential Information"). Licensee shall have no right, title or interest in the Sears Confidential Information.

18.3 Licensee's Confidential Information

All the policies and processes of Licensee, Licensee's operating methods, Licensee's source relationships, any Licensee computer software and information relating to the operation of the Concession and the procurement of the Products and Services are, where such information is not Sears Confidential Information, deemed to be the exclusive property of Licensee (collectively, the "Licensee's Confidential Information"). Sears shall have no right, title or interest in such Licensee's Confidential Information. For greater clarity Licensee's Confidential Information shall not include any information relating to the presentation, merchandising, marketing and sales of the Products and Services or any Customer information and Customer lists derived from the operation of the Concession.

18.4 No Disclosure of Confidential Information

All Sears Confidential Information and Licensee's Confidential Information shall be treated by the Parties as confidential and neither Party shall reproduce, disclose nor in any way make available, either directly or indirectly, any of the other Parties' confidential information to any other Person at any time without the prior written consent of the Party whose confidential information is being disclosed. Licensee shall ensure that all employment and engagement contracts contain an express written provision to this effect.

18.5 Protection of All Sears Confidential Information

Licensee shall take all necessary steps, including commercially reasonable efforts, to protect all of Sears Confidential Information from destruction, loss, theft, misuse or disclosure during the Term, and Sears shall take all necessary steps, including commercially reasonable efforts, to protect all of Licensee's Confidential Information from destruction, loss, theft, misuse or disclosure during the Term. Such efforts shall in any event be no less stringent than the efforts a Party exerts to ensure the protection of its own confidential information. Furthermore, Licensee's obligations respecting Sears Confidential Information and Sears' obligations respecting Licensee's Confidential Information shall survive and continue for two (2) years following the end of the Term.

18.6 Restricted Use of Confidential Information

Licensee agrees not to use or permit others to use any of Sears Confidential Information in any manner except in connection with the operation of the Concession during the Term, and Sears agrees not to use or permit others to use any of Licensee's Confidential Information in any manner except in connection with the operation of the Concession during the Term.

18.7 Maintenance of Confidential Information

Licensee shall at all times maintain all Sears Confidential Information physically separate and distinct from any information Licensee may maintain that is unrelated to this Agreement and the operation of the Concession.

18.8 Return of Confidential Information

Upon expiry or termination of this Agreement for any reason,

- (a) Licensee shall immediately deliver to Sears all copies of any Sears Confidential Information including all copies of Customer lists, potential Customer lists and all other copies of information concerning Customers, whether written, computerized or otherwise, and
- (b) Sears shall immediately deliver to Licensee all copies of any Licensee's Confidential Information.

ARTICLE 19. INDEMNITY AND LIMITATION OF LIABILITY

19.1 Sears's Indemnity

Sears covenants and agrees that it will, at its own cost and expense (including legal fees and disbursements), protect, defend, hold harmless, and indemnify Licensee, its Affiliates, and any of its present and former directors, officers, employees, authorized representatives, agents, dealers, distributors, designees, contractors, sub-contractors, successors and assigns from and against all allegations (even though such allegations may be false, fraudulent or groundless) asserted in any, arising out of or relating to any Claims relating to the following:

- (a) death or injury to persons and damage to property resulting from or connected with a Designated Store other than a Licensed Area and the purchase and use

- by anyone of products and services purchased in a Designated Store from Sears (such purchase including without limitation, goods sold, work done, services rendered or products utilized);
- (b) the infringement, misuse, dilution, misappropriation, or other violation by Sears or an Affiliate of Sears of any patent, trademark, service mark, trade name, trade dress, copyright, trade secret, confidential relationship, domain name, right of publicity or other intellectual property right, or any unfair competition;
 - (c) any violation of any Applicable Law by Sears (or its officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives whether or not such act is within the scope of the engagement and/or employment or responsibilities of such officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives);
 - (d) failure to promptly warn Licensee and/or Customers of any defective products and services supplied by Sears or any failure to provide adequate warnings and/or instructions in the use, assembly, service or installation of products and services supplied by Sears;
 - (e) the packaging, labelling, advertising or performance claims made by Sears;
 - (f) any breach by Sears of a covenant, representation or warranty to a Person other than Licensee;
 - (g) the display, assembly or installation by Sears of products and services (other than Products and Services);
 - (h) any and all claims, actions or costs (including legal costs, retroactive wages, awards, damages and penalties) made against the Licensee by any of Sears' officers, directors, employees or representatives:
 - (i) for salary and wages, fringe benefits, compensation, arbitration, severance or relocation costs;
 - (ii) under the Workplace Safety and Insurance Act, 1997 (Ontario) or equivalent or similar legislation in any province or territory and any successor legislation thereof;
 - (iii) arising out of any alleged negligence, acts or omissions of any Person other than Licensee; and
 - (iv) arising out of employment, engagement or termination of employment or engagement for any reason whatsoever with Sears;
 - (i) the assertion by a third party of a security interest or other legal interest created by a factoring arrangement in any amount due by Sears to Licensee; and
 - (j) any claims by Sears's current or former employees, representatives, suppliers, licensees, and any third parties or Customers, for failure to pay suppliers, lack of repair in or about the Designated Stores (other than Licensed Areas), the

operation of, or defects in, any machinery, vehicles, or equipment used in Sears's business (other than in connection with the operation of the Concession by the Licensee after the Effective Date), previous license agreements for the Concession (other than with Licensee or an Affiliate of Licensee) and the use by anyone of products and services obtained in such previous Concession (other than if sold by Licensee or an Affiliate of Licensee) or supplied by Sears. Licensee may, at its election and at any time, take control of the defence and investigation of said Claims and employ legal advisers, consultants, investigators and experts of its own choice to manage and defend any such Claims at the cost and expense of Sears.

19.2 Licensee's Indemnity

The Licensee covenants and agrees that it will, at its own cost and expense (including legal fees and disbursements), protect, defend, hold harmless, indemnify Sears, its Affiliates, and any of its present and former directors, officers, employees, authorized representatives, agents, dealers, distributors, designees, contractors, sub-contractors, successors and assigns from and against all Claims related to:

- (a) death or injury to persons and damage to property resulting from or connected with the operation of the Concession and the purchase and use by anyone of the Products and Services, including without limitation, goods sold, work done, services rendered or products utilized;
- (b) the infringement, misuse, dilution, misappropriation, or other violation by Licensee of any patent, trademark, service mark, trade name, trade dress, copyright, trade secret, confidential relationship, domain name, right of publicity or other intellectual property right, or any unfair competition;
- (c) any violation of any Applicable Law by Licensee (or its officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives whether or not such act is within the scope of the engagement and/or employment or responsibilities of such officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives) in the operation of the Concession or the possession, use or sale of the Products and Services;
- (d) failure to promptly warn Sears and/or its customers of any defective Products or Services or any failure to provide adequate warnings and/or instructions in the use, assembly, service or installation of the Products and Services;
- (e) the packaging, labelling, advertising or performance claims concerning any Products or Services;
- (f) any breach by the Licensee of a covenant, representation or warranty made herein or to a Person other than Sears;
- (g) the display, assembly or installation of the Products and Services;
- (h) any and all claims, actions or costs (including legal costs, retroactive wages, awards, damages and penalties) made against Sears by any of the Licensee's officers, directors, employees or representatives;

- (i) for salary and wages, fringe benefits, compensation, arbitration, severance or relocation costs;
 - (ii) under the Workplace Safety and Insurance Act, 1997 (Ontario) or equivalent or similar legislation in any province or territory and any successor legislation thereof;
 - (iii) arising out of any alleged negligence, acts or omissions of any Person, including Sears, except where said act or omission by Sears is the sole cause of said claim; and
 - (iv) arising out of employment, engagement or termination of employment or engagement for any reason whatsoever with Licensee;
- (i) the assertion by a third party of a security interest or other legal interest created by a factoring arrangement in any amount due to Sears by the Licensee; and
 - (j) any claims by the Licensee's current or former employees, Licensee's Representatives, suppliers, and any third parties or Customers, including failure to pay suppliers, lack of repair in or about the Licensed Areas, the operation of, or defects in, any machinery, vehicles, or equipment used in connection with the operation of the Concession, and the use by anyone of the Products and Services. Sears may, at its election and at any time, take control of the defence and investigation of said Claims and employ legal advisers, consultants, investigators and experts of its own choice to manage and defend any such Claims at the cost and expense of Licensee.

19.3 Notification of Third-Party Claims

Upon receipt by a Party of a Claim, audit, demand or assessment made or brought by an unaffiliated third party against the other Party (a "Third-Party Claim"), the Party shall notify the other Party, in writing, within fifteen (15) days of receipt of such Third-Party Claim indicating the nature of such Third-Party Claim and the basis therefor.

19.4 Limitation of Liability

Each Party acknowledges and agrees that it shall not have any liability to the other for payment of any actual, perceived and/or anticipated loss of revenue or profit or for payment of any actual, perceived and/or anticipated decrease in value of the others' business due to the expiration or termination of this Agreement by any Party, for any reason.

ARTICLE 20.

NON-SOLICITATION AND NON-COMPETITION DURING THE TERM

20.1 Non-Solicitation of Customers

Except as set out in this Agreement or as otherwise agreed by Sears, Licensee shall not, during the Term, directly or indirectly perform services for, interfere with or endeavour to entice away from Sears any Sears customers other than for the provision of Products and Services in connection with the Concession.

20.2 Non-Solicitation of Employees by Sears

Sears shall not, directly or indirectly through another Person, without consent of Licensee, during the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Licensee or an Affiliate of Licensee to leave the employ of or engagement with Licensee or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Licensee's employees or contractors will not be prohibited by this section.

20.3 Non-Solicitation of Employees by Licensee

Licensee shall not, directly or indirectly through another Person, without consent of Sears, during the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Sears or an Affiliate of Sears to leave the employ of or engagement with Sears or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Sears employees or contractors will not be prohibited by this section.

20.4 Non-Competition During the Term

The Licensee agrees that, during the Term, it will not, without the prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business which is the same or similar to or competitive with any aspect of the business of marketing and selling products and services similar to or competitive with the Products and Services in Canada.

The Licensee agrees that, during the Term, no Affiliate of Licensee shall, without prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business of marketing or selling products and services similar to or competitive with the Products and Services to an ultimate end user in Canada.

For greater certainty, the foregoing provision does not restrict an Affiliate of the Licensee from engaging in any business that is not marketing or selling products and services similar to or competitive with the Products and Services in Canada on behalf of a Competitor or other Person, such as the procurement or installation of products and services similar to or competitive with the Products and Services.

The foregoing provision does not restrict an Affiliate of Licensee that is, at the time of signing this Agreement, in the business of marketing or selling floor covering products and services for a Competitor from continuing to engage in such business for such Competitor only.

ARTICLE 21.
CHANGES TO CONCESSION

21.1 Reduction of Designated Channels or Designated Markets

Sears shall have the right to terminate the operation of the Concession in any Designated Channels and/or Designated Markets without cause, cost, penalty or damages (subject to the possible cost to Sears of a Store Reduction Commission Adjustment) for any reason whatsoever, upon providing the Licensee with no less than 120 days written notice.

21.2 Reduction of Designated Stores by Sears

Sears shall have the right to close one or more Licensed Areas in Designated Stores and/or terminate the operation of the Concession in any Designated Store upon written notice to Licensee of no less than 90 days, provided such notice is delivered no earlier than 90 days after the Effective Date. Notwithstanding the previous sentence, Sears shall have the right to close any Licensed Area and terminate the operation of the Concession in a Designated Store on simple notice if such Designated Store is being closed such that Sears is no longer operating a store at such location. All direct costs associated with closing a Licensed Area at Sears' request shall be borne by Sears.

For greater certainty, applicable provisions of Schedules "D", "L" and "K" may apply in the event the number of Designated Stores is reduced by Sears.

21.3 Reduction of Designated Stores by Licensee

Licensee shall have the right to terminate the operation of the Concession in any Designated Store upon written notice to Sears of no less than 90 days, provided such notice is delivered no earlier than 90 days after the Effective Date, and provided that the removal of the Concession from such Designated Store would not bring the total number of Designated Stores below the Minimum Number of Designated Stores as set out at Schedule "A". All direct facilities and leasehold costs associated with closing a Licensed Area at Licensee's request shall be borne by Licensee.

21.4 Increase of Designated Stores

Sears may offer to Licensee to add one or more Designated Stores to the Concession by providing written notice to Licensee, provided such notice is delivered no earlier than 90 days after the Effective Date. Licensee shall have the option to refuse to add such proposed Designated Store to the Concession by providing notice of such refusal no later than 30 days after receipt of Sears's notice of the proposed addition.

ARTICLE 22.
ASSIGNMENT AND CHANGE OF CONTROL

22.1 Assignment by Sears

Licensee acknowledges that Sears may, at its sole discretion, assign, encumber or transfer its rights under this Agreement.

22.2 Assignment by Licensee

Licensee acknowledges that Sears, in granting this license and the rights and interests under this Agreement, has relied upon, among other things, the character, background, qualifications and financial ability of Licensee and, where applicable, its partners, officers, directors, shareholders and managers. Accordingly, this Agreement, Licensee's rights and interests hereunder and the assets owned and used by Licensee in connection with the operation of the Concession shall not be encumbered, sold, assigned or transferred in whole or in part in any manner whatsoever without the prior written consent of Sears, which consent may be withheld at Sears's sole discretion. Any actual or purported assignment occurring by operation of law or otherwise without Sears's prior written consent shall be null and void. For greater certainty, where Sears provides consent to the assignment of this Agreement, it is understood and agreed that the assignor shall immediately upon the effective date of such assignment be required to meet all Licensee's obligations under this Agreement, including, without limitation, all representations, warranties and covenants, including Financial Covenants.

22.3 Change of Control

Licensee may not undergo a Change of Control except in accordance with this Agreement (other than that occurring as the result of trading in shares listed upon a recognized stock exchange where such trading is not for the purpose of acquiring effective control). A Change of Control in the Licensee shall be deemed to be an assignment of this Agreement.

22.4 Right of First Offer

Licensee shall not make any offer to any Person to enter into a transaction that would result in a Change of Control (or solicit such an offer) unless such offer is first made to Sears in writing and Sears, in its entire discretion, refuses such offer in writing. Sears shall have 21 days from receipt from Licensee of such written offer, in sufficient detail so that Sears may fully consider such offer, to accept such offer. If Licensee does not receive such acceptance within such 21 day period, Licensee shall be free to make such offer to other Persons who are not Competitors.

22.5 Right of First Refusal

If Licensee receives a bona fide offer from a Person to enter into a transaction that would lead to a Change of Control (whether such offer was solicited or unsolicited) ("Third Party Offer"), then Licensee shall provide to Sears a copy of such Third Party Offer and Sears shall have the right, but not the obligation, to enter into a transaction with Licensee on the terms and conditions as set out in such Third Party Offer. Sears shall have 21 days from receipt from Licensee of such written Third Party Offer to notify Licensee of Sears's option to enter into such transaction. If Licensee does not receive notice from Sears of its election to enter into such transaction within such 21 day period and such Third Party Offer did not come from a Competitor, then Sears shall be deemed to have consented to Licensee for Licensee to enter into a transaction on the terms and conditions of the Third Party Offer. If such transaction is not consummated within 180 days of Sears's consent or deemed consent thereto, such consent shall be deemed to be withdrawn, and Licensee shall be required to once again seek Sears's consent to consummate such transaction. Where Sears has provided consent or is deemed to have provided consent to Licensee to enter into a Change in Control transaction with a third party on the basis of the Third Party Offer, such consent shall be deemed to be Sears's written consent to the assignment of this Agreement in conjunction with such transaction.

ARTICLE 23.
DEFAULT AND TERMINATION

23.1 No Fault Termination

During any Renewal Term, Sears shall have the right to terminate this Agreement without cost or penalty upon written notice to Licensee of no less than one year, provided no such notice shall be made in a Fiscal Year following a Fiscal Year during which the Guarantee Gross Revenue for such Fiscal Year was achieved.

23.2 Termination Due to Event of Default

Sears may terminate this Agreement upon simple notice upon the occurrence of an Event of Default.

23.3 Events of Default by Licensee

An "Event of Default" under this Agreement occurs upon the occurrence of any one or more of the following events or circumstances when such event or circumstance is not a result of Force Majeure:

- (a) **Financial Covenants:** Licensee has breached its Financial Covenants and has failed to remedy such breach within 45 days following receipt of a notice to remedy such breach;
- (b) **Material Misrepresentation:** (i) Licensee has wilfully provided incomplete, false or misleading information of a material nature in connection with its application to be approved as a licensee of Sears, or any representations and warranties provided by Licensee in this Agreement or in the Asset Transfer Agreement are false, in any material respect; or (ii) Licensee has falsified or intentionally misrepresented any report or other information furnished to Sears pursuant to this Agreement ("Material Misrepresentation");
- (c) **Late or Incomplete Reporting:** Licensee has failed to provide a report to Sears with all the information required for such report pursuant to this Agreement and within the deadline provided for such report in this Agreement, provided Sears has first provided Licensee no less than four Business Days' written notice to remedy such breach and Licensee has failed within such time to remedy such breach;
- (d) **Failure to pay:** Licensee has failed to pay any amount owing hereunder on the date or dates appointed for the payment thereof (provided Sears has given no less than five Business Days' written notice to Licensee of any such failure and Licensee has failed within such time to remedy such breach) ("Payment Default");
- (e) **Licensee policy infraction:** Licensee has failed to operate the Concession in accordance with Licensee's policies and processes and such failure has not been rectified within 15 days following notice by Sears;

- (f) **Disposition of assets:** Licensee has made a sale in bulk of any of its assets, wherever situated (other than a bulk sale made to a transferee permitted under this Agreement), and such sale was not in the normal course of business;
- (g) **Change of Control:** Licensee has effected or attempted to effect a Change of Control of Licensee that is not permitted by this Agreement;
- (h) **Failure to remove employee:** Licensee has failed to remove from the operation of the Concession a Licensee's Representative or employee of Licensee within five Business Days following a demand by Sears that such Person be removed, in accordance with this Agreement;
- (i) **Insurance:** Licensee has failed to provide evidence of Insurance as required by this Agreement within 15 days of notice of same being given by Sears to Licensee;
- (j) **Involuntary Insolvency:** a court order has been made for the winding up, dissolution or liquidation of the Licensee;
- (k) **Voluntary Insolvency:** the Licensee has
 - (i) undertaken corporate proceedings for the winding-up, dissolution or liquidation of the Licensee; or
 - (ii) lost its corporate charter by expiration, forfeiture or otherwise;
- (l) **Failure to operate Concession:** Licensee has without Sears's prior approval failed to operate and conduct business in a Licensed Area during Normal Business Hours for more than three consecutive days. The foregoing will not be considered an Event of Default if Sears has also failed to operate and conduct business in the Designated Store of such Licensed Area during Normal Business Hours during such period of time;
- (m) **Unpermitted use:** Without Sears's prior approval, Licensee has knowingly permitted a Licensed Area to be used by another Person in breach of this Agreement;
- (n) **Abandonment:** Except as permitted in this Agreement, Licensee has vacated a Licensed Area or has abandoned or ceased to operate the Concession in any Designated Channel;
- (o) **Misappropriation:** Licensee has misappropriated Sears's assets and or any funds, including any shortage in or manipulation of any Customer payments, unless arising from Licensee's employee or Licensee's Representatives' dishonesty and provided such employee or Licensee's Representative is immediately removed from the Licensed Area and any involvement in the operation of the Concession in any Designated Channels and complete restitution is made by Licensee to Sears's satisfaction;

- (p) **Breach of Sears Confidential Information:** Licensee or any of Licensee's Representatives has disclosed Sears Confidential Information in breach of Article 18 [*Confidential Information*];
- (q) **Third-party performance:** Without prior approval of Sears, Licensee has authorized Persons other than its employees to perform any of Licensee's obligations under this Agreement;
- (r) **Disorderly conduct:** Licensee has engaged at any time in disorderly conduct that offends moral values or which constitutes moral turpitude, all as determined by Sears in Sears's reasonable discretion;
- (s) **Employee Obligations:** Licensee has failed to meet its employment payroll or engagement obligations in an appropriate and timely manner and has not rectified such failure within two Business Days of the due date;
- (t) **Refusal to Co-operate:** Licensee has failed or refused to co-operate with Sears in the performance of this Agreement;
- (u) **Other Covenants:** Unless agreed to by Sears or permitted under this Agreement, Licensee has failed to observe or perform any other of the terms, covenants (whether affirmative or negative) or conditions of this Agreement to be observed or performed by Licensee, provided Sears has first given Licensee 15 days' written notice of any such failure to perform, and Licensee within such period has failed to commence diligently and thereafter to proceed diligently and continuously to cure any such failure to perform;
- (v) **Minimum Marketing Commitment:** Unless agreed to by Sears or permitted under this Agreement, Licensee has failed to spend the Minimum Marketing Commitment in accordance with a Marketing Plan for three or more years or during two consecutive years;
- (w) **Annual Performance Guarantees:** Licensee has failed to meet an Annual Performance Guarantee during five or more years or during three consecutive years;
- (x) **Annual Service Level Guarantees:** Licensee has failed to meet any Annual Service Level Guarantees in any three or more years or for two consecutive years;
- (y) **Material Adverse Change:** There has been a material adverse change in the business or operations of the Licensee which materially impacts the Licensee's ability to perform its obligations under this Agreement.

23.4 Bankruptcy Event

Each Party has a right to terminate this Agreement upon the occurrence of a Bankruptcy Event. A "Bankruptcy Event" shall have occurred when, with respect to such Party, there has occurred or there exists any of the following events:

- (i) the Party admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
- (ii) the Party institutes any proceeding or takes any corporate action or executes any agreement to authorize its participation in or commencement of any proceeding:
 - (A) assigning all or substantially all of its property for the general benefit of its creditors or seeking to adjudicate it a bankrupt or insolvent; or
 - (B) except as part of a good faith reorganization, which is completed with 90 days of the date initiated seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, winding-up, reorganization or compromise of debts or other similar laws (including any application under the *Bankruptcy and Insolvency Act (Canada)* or the *Companies' Creditors Arrangement Act (Canada)*, or the filing of a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act (Canada)*) or any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation;
- (iii) any proceeding is commenced against or affecting the Party:
 - (A) seeking to adjudicate it a bankrupt or insolvent;
 - (B) seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any Applicable Law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation);
 - (C) seeking appointment of a receiver, trustee, agent, custodian, or other similar official for it or for any substantial part of its properties and assets, and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested remains outstanding, undismissed and unstayed more than 60 days from the institution of such first mentioned proceeding;
- (iv) any creditor privately appointing a receiver, trustee or similar official for any substantial part of the Party's properties and assets, and such appointment is not being contested in good faith and by appropriate proceedings or, if so contested, such appointment continues for more than 60 days;
- (v) any proceeding or action by a Governmental Authority to take control of the Party or its assets;

- (vi) any event occurs with respect to the Party that, under the Applicable Law of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (v) above;
- (vii) the Party takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts or events specified in paragraphs (i) to (v) above.

ARTICLE 24.
SOFTWARE AND DATA

24.1 Licensee Software Escrow

Within 90 days following the Effective Date, Licensee will, at its sole cost and expense, deposit into escrow: (i) all documentation, formulas and software (in source code format) relating to the Licensee Software and the processes for its application and use; (ii) all other documentation then in existence for the Licensee Software ("Escrow Materials") with such escrow agent as determined by Sears, acting reasonably ("Escrow Agent") and will enter into an escrow agreement in a form mutually agreed between the parties, acting reasonably ("Escrow Agreement"). At the earlier of: (i) an update to any of the Escrow Materials, and (ii) twelve (12) months from the last deposit of the Escrow Materials, Licensee will, at its sole cost and expense (including fees payable to the escrow agent), update or add to the Escrow Materials such new, revised or modified items then in existence and which have not been previously deposited into escrow under this Section 24.1 which will then be included in the definition of, and referred to as "Escrow Materials". During the Term, Licensee will make payments as may be reasonably required to maintain the Escrow Materials with the Escrow Agent pursuant to the Escrow Agreement.

In accordance with the provisions of the Escrow Agreement, the Escrow Materials will be released to Sears on the occurrence of any of the following:

- (i) Licensee notifying the escrow agent in writing to effect a release;
- (ii) Licensee ceasing all or substantially all business operations except as permitted under this Agreement;
- (iii) Sears sends a notice of termination of this Agreement; or
- (iv) the expiry of this Agreement.

24.2 List of Licensee Software

No later than 90 days after the end of each Fiscal Year, Licensee will provide to Sears a list of all then currently used software that is part of the Licensee Software. Where Licensee as part of the Licensee Software uses any software licensed from third parties, Licensee will use reasonable commercial efforts to negotiate with such third parties the ability of Licensee to assign such software to Sears upon the expiration or termination of this Agreement.

24.3 Concession Data

Every month during the Term, Licensee will provide to Sears a copy of all customer data and other information that Sears would require to operate the Concession with the Licensee Software upon the termination or expiration of this Agreement ("Concession Data").

If an arrangement is made whereby Sears has access to Concession Data that is backed up no less frequently than daily, stored at an external location with a third party, and Sears has contractual rights to access and receive copies of such Concession Data without interference from Licensee upon the same conditions as the release conditions that would be required in an Escrow Agreement, then, for so long as such arrangement is in effect, Licensee shall not be required to provide to Sears copies of Concession Data in accordance with the previous paragraph.

ARTICLE 25. AFTER TERMINATION

25.1 Surrender

Immediately upon expiration or termination of this Agreement, the Licensee shall:

- (a) cease use of the Sears Trademark and remove from Licensee's own premises and/or the Licensed Areas and return to Sears, all signs, work orders, invoices and related documentation bearing the Sears Trademark or any other Sears identification, failing which Sears shall have the right to enter any of Licensee's premises to do so, at Licensee's sole cost;
- (b) return to Sears, or as Sears may direct, all Sears property, including all Sears Confidential Information, employee identification cards, Sears merchandise, forms, signing, operating guides, sales and distribution reports;
- (c) at the request of Sears, transfer to Sears, or as Sears may direct, all Customer goods and Customer contracts which are outstanding as at the date of expiry or termination.
- (d) cease to use all listed telephone and facsimile numbers used for the operation of the Concession, transfer such numbers to Sears or as Sears may direct, and notify the telephone company of the transfer. The Licensee hereby appoints Sears as its true and lawful attorney in fact, for it and in its name, place and stead to execute and deliver any and all documents and instruments as may be required to transfer such telephone and facsimile numbers to Sears or as Sears may direct; and
- (e) at its sole expense, remove all of the Licensee's inventory, supplies and Furnishings from the Designated Stores, and the Licensee shall, without delay and without any expense to Sears whatsoever, repair any damage to the Licensed Area caused by such removal and surrender the Licensed Area to Sears in good condition and repair, ordinary wear and tear excepted. The Licensee acknowledges and agrees that failure by the Licensee to remove its inventory, supplies and Furnishings, within the fourteen (14) days immediately

following the date of the end of the Term, shall constitute legal abandonment of such the Licensee's assets, including without limitation, all the Licensee's inventory, supplies and Furnishings and Sears may, at Sears's option, and at the Licensee's sole cost and risk, dispose of the Licensee's assets including without limitation all of the Licensee's inventory, supplies and Furnishings without payment, cost, penalty or damages owed to the Licensee by Sears.

25.2 Withholding of Remittance

Upon expiration or termination of this Agreement Licensee agrees that Sears may withhold any monies due and owing to Licensee, including but not limited to monies owing from Sears to Licensee from any outstanding settlement of Licensee's sales to Customers made on Sears credit plans, for a period of one hundred and eighty (180) days from the said termination or expiry date, in order to ensure the fulfillment of any reasonable adjustments to Customers by Sears. Such adjustments will be detailed by Sears and will be deducted from monies owing to Licensee. A final settlement will be made to Licensee within twelve (12) business days of the expiration of the one hundred and eighty (180) day withholding period.

25.3 Disengagement Costs

Licensee acknowledges and agrees that Sears shall not have any liability to Licensee for any disengagement or termination costs. Without limiting the generality of the foregoing, Licensee shall assume, to the complete exoneration of Sears, all costs and expenses relating to legal, administration, overhead, employees' wages, engagement costs and all other costs relating to severance, pensions, employment insurance, employment contracts and contractor engagement contracts and Licensee shall indemnify and hold Sears harmless from any and all claims, actions arising therefrom and all costs and expenses connected therewith.

25.4 Licensed Area Restoration Costs

Notwithstanding anything to the contrary in this Agreement, Licensee acknowledges and agrees that if the operation of the Concession in a Licensed Area in a Designated Store is terminated, vacated or abandoned by Licensee or terminated by Sears for cause, Licensee shall pay to Sears the costs reasonably incurred by Sears to restore the premises to their original broom-swept condition.

25.5 Protected Asset Values

The applicable provisions of Schedule "L" shall apply in the event of expiration or termination of this Agreement.

25.6 Option to Transfer Assets

In this section 25.6:

- (a) "Transferable Assets" means the Working Inventory, Furniture and Equipment, and Work-in-Progress;
- (b) "Working Inventory" means new inventory pertaining to the Concession which is still in the original packaging, saleable at market margins and is not distressed

or otherwise incomplete, reconditioned, altered, damaged, defective, non-functional, discontinued or obsolete;

- (c) **"Furniture and Equipment"** means all assets used in the Concession and located in Licensed Areas or other premises used by Licensee in the operation of the Concession, including office supplies and similar materials of Licensee used in the Concession containing Sears Trademarks;
- (d) **"Work-In-Progress"** means all liabilities, whether known or unknown, including, without limitation, all obligations and other liabilities, whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due, of Licensee related to agreements with customers of the Concession entered into prior to the end of Term for Products and Services not yet delivered; and
- (e) **"Customer Deposits"** means deposits received by Licensee from counterparties to contracts with customers of the Concession that form the basis for the Work-in-Progress.

In addition to options available to Sears to purchase Furnishings or leasehold improvements pursuant to section 25.5, upon expiration or termination of this Agreement for any reason whatsoever, Sears shall have the right, but not the obligation, such right to be exercised by notice in writing ("Purchase Option Notice") delivered to the Licensee no later than 30 days after such date of expiration or termination, as the case may be, to purchase from the Licensee all or any portion of the Transferable Assets.

The purchase price shall be determined as follows:

- (a) for all Working Inventory, Sears shall pay an amount equal to the cost (less freight or other shipping charges) thereof to the Licensee;
- (b) for each item of Furniture and Equipment, Sears shall pay an amount equal to the net depreciated book value of each such asset. In calculating "net depreciated book value", all assets shall be deemed to have been depreciated at the greater of (A) the depreciation as shown in the Licensee's books and records; or (B) the maximum amount of depreciation allowed in accordance with the provisions of the Income Tax Act (Canada);
- (c) for all Work-in-Progress, Sears shall pay an amount equal to 5.532% of the total face value (not including Sales Taxes) of the Customer contracts that are the subject of the Work-in-Progress; and
- (d) for all Customer Deposits, Sears shall pay an amount equal to the value of the Customer Deposits.

In no event shall any amount be payable under this section 25.6 for "goodwill" or "going concern value".

No later than 5 days following receipt by Licensee of the Purchase Option Notice, Licensee shall provide to Sears the information required to determine the purchase price. After receipt of such information, Sears shall deliver to the Licensee a statement prepared by Sears's accountants setting forth the basis upon which the purchase price has been calculated. Unless disputed in

good faith, such statement shall be conclusive and binding upon all Parties. The purchase price shall be paid in immediately available funds no later than the later of: (i) closing; (ii) resolution of any dispute; and (iii) thirty (30) days after receipt by the Licensee of the Purchase Option Notice.

Closing of the transaction shall take place no later than 10 days after delivery of the Purchase Option Notice, at which time the Licensee shall: (i) deliver all documents and instruments necessary to transfer good and merchantable title to the assets purchased, to Sears or its nominee, free and clear of all liens and encumbrances and (ii) transfer or assign to Sears, or its nominee, all licenses or permits, utilized by the Licensee in the conduct of the Concession which may be assigned or transferred. The Licensee shall, prior to closing, comply with any applicable bulk sales legislation. Sears shall have the right to set off against and reduce the purchase price by any and all amounts owed by the Licensee to Sears or any of its affiliates.

25.7 Option to Assign Contracts

Upon expiration or termination of this Agreement for any reason whatsoever, Sears shall have the right, but not the obligation, such right to be exercised by notice in writing delivered to the Licensee no later than 30 days after such date of expiration or termination, as the case may be, to assume from the Licensee all or any of the contracts used by the Licensee to operate the Concession, including with suppliers and contractors ("Transferable Contracts"). Licensee shall make commercially reasonable efforts to assign the Transferable Contracts to Sears.

25.8 Licensee Work-in-Progress Put Option

If, effective on the last day of the Term, Licensee terminates 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, then Licensee has the option, in its full discretion to be exercised by notice given in writing delivered to Sears no later than, in the event of expiration, 30 days prior to such date of expiration or, in the event of termination, two days after such date of termination, to require Sears, for the purchase price established in accordance with section 25.6:

- (a) to assume all Work-in-Progress and Customer contracts that are the subject of the Work-in-Progress and to purchase Customer Deposits; and
- (b) to purchase Working Inventory related to the Work-in-Progress.

If Licensee does not terminate 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, Sears will pay Licensee a bonus of \$5 million.

25.9 Post-Termination Transfer Further Assurances

Each of the Parties will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to the transfer of assets and assignment and assumption of contracts made pursuant to sections 25.5, 25.6, 25.7 and 25.8 (collectively, the "Post-Termination Transfer") and will use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement with respect to the Post-Termination Transfer.

Licensee for itself and its successors and assigns hereby covenants and agrees that, at any time and from time to time forthwith upon the written request of Sears, Licensee will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, each and all of such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be required by Sears in order to assign, transfer, set over, convey, assure and confirm unto and vest in Sears, its successors and assigns, good and valid title to the assets sold, conveyed, transferred and delivered pursuant to the Post-Termination Transfer free and clear of all liens except for permitted liens.

Licensee hereby constitutes and appoints Sears and its successors and assigns Licensee's true and lawful attorney and attorneys, with full power of substitution, in Licensee's name and stead, by and on behalf of, and for the benefit of, Sears and its successors and assigns to demand and receive any and all of the assets so transferred, and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute, at the expenses, and for the benefit of, Sears and its successors and assigns any and all proceedings at law, in equity or otherwise, which Sears or its successors and assigns may deem proper for the collection or reduction to possession of any of the transferred assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, assigned, transferred and delivered, and to do all acts and things in relation to the transferred assets which Sears or its successors and assigns shall deem desirable. Licensee hereby declares that the foregoing powers are coupled with an interest and are and shall be irrevocable by Licensee in any manner or for any reason whatsoever.

Nothing contained herein, express or implied, is intended or shall be construed to confer upon, or give to, any Person other than Sears and its successors and assigns any remedy, claim under or by reason of this Agreement or any agreements, terms, covenants or conditions hereof, and all agreements, terms, covenants and conditions contained herein shall be for the sole and exclusive benefit of Sears and its successors and assigns.

25.10 Transition Assistance

Following the expiration or termination of this Agreement for any reason whatsoever, Licensee shall, at Licensee's expense, in good faith cooperate with and provide such assistance to Sears and/or such third parties as designated by Sears, as reasonably requested by Sears or such third parties, to allow the Concession to be operated by Sears or by any third party as designated by Sears, with minimal disruption to the Concession and the Customers. Without limiting the generality of the foregoing, such assistance shall include, without limitation, provision of information on Customers and suppliers, access to Licensee Software, Concession Data and other computer software and databases containing such information, work-in-progress (for customers as well as internal marketing and other planning), integration and/or transfer of computer systems, software and data. Licensee shall make available sufficient competent personnel to help with such transition assistance. The assistance contemplated by this section 24.11 will be provided for one year or such other period of time as reasonably requested by Sears and agreed by Licensee.

25.11 Option to Acquire Software License

Upon expiration or termination of this Agreement for any reason whatsoever, Sears shall have the right, but not the obligation, such right to be exercised by notice in writing delivered to the Licensee no later than 30 days after such date of expiration or termination, as the case may be, to a perpetual non-exclusive license to use any Licensee Software, at a cost per month no

greater than one-tenth of one percent of Licensee's Net Sales during the last Fiscal Year of the Term, until such time as Sears notifies Licensee that it no longer requires such license.

25.12 Concession Data

Immediately upon the expiration or termination of this Agreement, Licensee will provide to Sears electronic records in a format requested by Sears for all Concession data and other data required by Sears to operate the Concession.

25.13 Licensee Non-Competition After Termination

If, effective on the last day of the Term, Licensee terminates 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, then the following shall apply:

The Licensee agrees that, for a one year period following the end of the Term, it will not, without the prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business which is the same or similar to or competitive with any aspect of the business of marketing and selling products and services similar to or competitive with the Products and Services in Canada.

The Licensee agrees that, for a one year period after the end of the Term, no Affiliate of Licensee shall, without prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business of marketing or selling products and services similar to or competitive with the Products and Services to an ultimate end user in Canada.

For greater certainty, the foregoing provision does not restrict an Affiliate of the Licensee from engaging in any business that is not marketing or selling products and services similar to or competitive with the Products and Services in Canada on behalf of a Competitor or other Person, such as the procurement or installation of products and services similar to or competitive with the Products and Services.

The foregoing provision does not restrict an Affiliate of Licensee that is, at the time of signing this Agreement, in the business of marketing or selling floor covering products and services for a Competitor from continuing to engage in such business for such Competitor only.

If, effective on the last day of the Term, Licensee does not terminate 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, then there are no restrictions on competition by the Licensee or an Affiliate of Licensee after the end of the Term.

25.14 Non-Solicitation of Customers

Except as set out in this Agreement or as otherwise agreed by Sears, Licensee shall not during the six month period following the end of the Term, directly or indirectly, use Sears Customer Lists or interfere with or endeavour to entice away from Sears any Sears customers.

25.15 Non-Solicitation of Employees by Sears

Except as set out in this Agreement or as otherwise agreed by Licensee, Sears shall not, directly or indirectly through another Person, without consent of Licensee, during the six month period following the end of the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Licensee or an Affiliate of Licensee to leave the employ of or engagement with Licensee or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Licensee's employees or contractors will not be prohibited by this section 25.15. Notwithstanding the foregoing, Sears may, following an Event of Default that is continuing, a Licensee Bankruptcy Event or after expiry or termination of this Agreement, provide notice to Licensee that it seeks non-application of this provision. In such event, this provision shall not apply for a period beginning, as the case may be, on the date of receipt of notice of such continuing Event of Default, on the first day of such Licensee Bankruptcy Event, or on the day of expiry or the effective date of termination, and ending no later than 30 days after the end of the Term.

25.16 Non-Solicitation of Employees by Licensee

Except as set out in this Agreement or as otherwise agreed by Sears, Licensee shall not, directly or indirectly through another Person, without consent of Sears, during the six month period following the end of the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Sears or an Affiliate of Sears to leave the employ of or engagement with Sears or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Sears's employees or contractors will not be prohibited by this section 25.16.

25.17 Sears Business After the Term

After expiration or termination of this Agreement in accordance with the terms herein, it is agreed that Licensee shall not have any right or interest in future contracts entered into by Sears relating to the subject matter of this Agreement or in the operation by Sears or a licensee of Sears of any business which is the same or similar to that contemplated by this Agreement and it is further agreed that Sears may, without incurring any liability to Licensee:

- (a) enter into an agreement with any Person for the operation of a concession that is the same or similar to the Concession and/or the procurement, presentation, merchandising, marketing and/or sale of products and services that are the same as or similar to the Products and Services;
- (b) directly procure, present, market and/or sell products and services that are the same as or similar to the Products and Services; or
- (c) completely terminate the operation of the Concession and/or the procurement, presentation, merchandising, marketing and/or sale of the Products and Services.

ARTICLE 26.
REPRESENTATIONS, WARRANTIES AND COVENANTS

26.1 Representations and Warranties of Licensee

Licensee hereby represents and warrants as follows and acknowledges that, despite any independent searches or investigations that may be undertaken by or on behalf of Sears and despite any information or document provided to Sears, Sears is relying upon the accuracy of each of such representations and warranties in connection with this Agreement:

- (a) **Corporate Status:** Licensee is a corporation duly incorporated and validly subsisting under the laws of Canada, with the requisite power and authority to enter into this Agreement with Sears in the manner contemplated herein and to perform all of its obligations under this Agreement.
- (b) **Due Authorization:** The execution and delivery of and performance by Licensee of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Licensee.
- (c) **No Contravention:** The execution and delivery of and performance by Licensee of this Agreement:
 - (i) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its constating documents;
 - (ii) does not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any contracts or instruments to which it is a Party; and
 - (iii) does not and will not result in the violation of any law.
- (d) **Enforceability of Obligations:** This Agreement has been duly executed and delivered by Licensee and constitutes legal, valid and binding agreements of Licensee enforceable against it in accordance with their respective terms subject only to any limitation under Applicable Laws.
- (e) **Litigation:** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to Licensee's knowledge, threatened against Licensee, which prohibits, restricts or seeks to enjoin the transactions contemplated by this Agreement.

26.2 Representations and Warranties of Sears

Sears hereby represents and warrants as follows and acknowledges that, despite any independent searches or investigations that may be undertaken by or on behalf of Licensee and despite any information or document provided to Licensee, Licensee is relying upon the accuracy of each of such representations and warranties in connection with this Agreement:

- (a) **Corporate Status:** Sears is a corporation duly incorporated and validly subsisting under the laws of Canada, with the requisite power and authority to enter into this Agreement with Licensee in the manner contemplated herein and to perform all of its obligations under this Agreement.
- (b) **Due Authorization:** The execution and delivery of and performance by Sears of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Sears, including any approval necessary from Sears Roebuck and Co., and has the right to grant the rights under the License, including the right to use the Sears Trademark.
- (c) **No Contravention:** The execution and delivery of and performance by Sears of this Agreement:
 - (i) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its constating documents;
 - (ii) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any contracts or instruments to which it is a Party; and
 - (iii) does not and will not result in the violation of any law.
- (d) **Enforceability of Obligations:** This Agreement has been duly executed and delivered by Sears and constitutes legal, valid and binding agreements of Sears enforceable against it in accordance with their respective terms subject only to any limitation under Applicable Laws.
- (e) **Litigation:** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to Licensee's knowledge, threatened against Sears, which prohibits, restricts or seeks to enjoin the transactions contemplated by this Agreement.

26.3 Nature and Survival

All representations, warranties and covenants contained in this Agreement on the part of each of the Parties survive the Term of this Agreement.

ARTICLE 27.
CONDITIONS PRECEDENT

27.1 Conditions Precedent

This Agreement shall not be effective unless and until the following conditions shall have been met:

- a) Closing (as defined in the Asset Transfer Agreement) of the Asset Transfer Agreement has occurred;
- b) Unless waived by Sears, the security agreement referred to in Section 13.2. shall have been executed and delivered;
- c) Unless waived by Sears, the non-interference agreement referred to in Section 13.4 shall have been executed and delivered; and
- d) Unless waived by Sears, the Option Agreement between the parties, dated of even date herewith, shall have been executed and delivered and the form of Shareholders Agreement, as defined therein, shall have been agreed to.

ARTICLE 28.
GENERAL MATTERS

28.1 Enurement

This Agreement shall be binding upon and enure to the benefit of Licensee and its successors and permitted assigns and shall be binding upon and enure to the benefit of Sears and its successors and assigns.

28.2 Notices

Any notice, consent, approvals, statements, authorizations, documents or other communications (collectively "Notices") required or permitted to be given under this Agreement shall be in writing and shall be hand-delivered personally, or mailed by registered mail, postage prepaid or by facsimile transmission or other means of electronic communication as hereinafter provided. Any such Notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fifth (5th) Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, Notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been

received in accordance with this section. Notices and other communications shall be addressed as follows:

If to Sears:

Sears Canada Inc.
290 Yonge Street, suite 700
Toronto, Ontario M5B 2C3

Attention: Vice-President, Specialty Services
Facsimile number: (416) 941-4855

With a Copy to:

Sears Canada Inc.
290 Yonge Street, suite 700
Toronto, Ontario M5B 2C3

Attention: General Counsel
Facsimile number: (416) 941-2321

if to the Licensee:

SHS Services Management Inc.
245, 1209 -59 Avenue SE
Calgary, AB
T2H 2P6

Attention: President
Facsimile number: (403) 255-2839

28.3 Time of Essence

Each of the Parties acknowledge and agree that time shall be of the essence for the purposes of this Agreement.

28.4 Failure to Give Notice

Failure by a Party to give notice of or otherwise object to any default, failure or breach under this Agreement by the other Party, or any waiver of the same by a Party, shall not affect or impair such Party's rights in respect of continuous or subsequent default, failure or breach, nor shall any delay or omission by a Party in exercising or failing to exercise any right arising from any default, failure or breach hereunder, affect or impair such Party's rights in respect of the same or any other default, failure or breach.

28.5 Independent Contractor

It is intended that Licensee shall operate in the capacity of an independent contractor, and that nothing contained in or done pursuant to this Agreement is to be construed as creating a partnership, agency or joint venture between or among the Parties and no Party shall become bound by any conduct, representation, act or omission of the other Party other than as specified in this Agreement. Licensee shall not do any act or make any statement that may imply that Sears in any manner owns, controls, operates or is a franchisor for the operation of the

Concession. The Parties acknowledge and agree that this Agreement is not a franchise agreement and does not allow Sears to exert ongoing operational controls over the operations of the Licensee.

28.6 Not a Lease

This Agreement is not intended to be a lease under the laws of Canada or any province, territory or municipality within Canada. This Agreement is not intended to create, nor does it create, and shall not be construed to create, a landlord-tenant relationship.

28.7 Independent Legal Advice

Licensee acknowledges that Sears has advised Licensee that prior to the execution by Licensee of this Agreement, Licensee has the right to obtain independent legal advice.

28.8 Further Assurances

Subject to specific terms and conditions of this Agreement, each of the Parties shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents, instruments and things as the other Party hereto may reasonably require and as are commercially reasonable from time to time for the purpose of giving effect to this Agreement and shall use commercially reasonable efforts and take all such steps as may be commercially reasonable and within its power to effectively carry out or better evidence or perfect or implement the full intent and meaning of this Agreement. Each Party will exercise its rights and perform its obligations under this Agreement and the other Relevant Agreement in good faith and in accordance with the Governing Principles.

28.9 Approvals and Consents

Any approvals or consents required to be obtained pursuant to this Agreement shall be in writing and may be withheld by either Party in such Party's entire discretion unless otherwise expressly provided for in this Agreement.

28.10 Announcements

Except as may be required by Applicable Law, Licensee shall not issue any publicity or press release regarding this Agreement, or the operation of the Concession contemplated hereunder without obtaining Sears's prior written approval, which approval may be arbitrarily withheld.

28.11 Currency

Except where otherwise expressly provided, all amounts in this Agreement, are stated and shall be paid in Canadian currency.

28.12 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability in respect of any such provision or part thereof by a court of competent jurisdiction shall not affect the legality, validity or enforceability of any other provision, each of which will remain in full force and effect. To the extent permitted by Applicable Law, the Parties waive any provision of law which renders any provision of this Agreement illegal, invalid

or unenforceable in any respect. The Parties shall engage in good faith negotiations to replace any provision which is declared illegal, invalid or unenforceable with a legal, valid and enforceable provision, the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provision which it replaces.

28.13 Entire Agreement

This Agreement, including all Schedules attached hereto, constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement. There are no representations (including negligent misrepresentations), warranties or conditions (including any that may be implied by statute), and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in this Agreement.

No reliance is placed by any Party to this Agreement on any representation (including negligent misrepresentation), warranty, promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any Party to this Agreement or its directors, officers, employees or agents, to any other Party to this Agreement or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the Parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such representation (including negligent misrepresentations), warranty, promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort (including negligence or negligent misrepresentation) or in contract, assessed in relation to any such representation (including negligent misrepresentation) warranty, promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

28.14 Survival

The expiry or other termination of this Agreement shall not relieve any Party from its obligations which survive the termination of this Agreement, including the obligation to pay any amount due hereunder and the obligations and provisions of sections.

28.15 No Representations

Each Party acknowledges and confirms that no promises or representations whatsoever have been made to such Party, as to the potential amount of business, revenue, profit or otherwise, either Party can expect at any time during the Term.

28.16 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing (i) by the Parties, in the case of any amendment, or (ii) by the Party to be bound, in the case of a waiver. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

28.17 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

28.18 Applicable Law

Notwithstanding anything to the contrary, neither Party is required to do or refrain from doing anything under this Agreement which such Party is prohibited from doing by Applicable Law and such Party will not be in default of this Agreement for doing or not doing such thing as applicable.

28.19 Cumulative Remedies

It is agreed that no remedies available to a Party other this Agreement or under Applicable Law is distinct, separate and cumulative and no one of them whether or not exercised by a Party shall be deemed to exclude any other rights or remedies available to a Party in this Agreement, by Applicable Law or equity.

28.20 Injunctive Relief

The Parties agree that if the non-competition, non-solicitation or confidentiality obligations provided for in this Agreement are breached, the Party seeking remedy shall be entitled to specific performance or injunctive relief by a court to remedy such breach, in addition to any other remedies available to it.

28.21 Counterparts/Facsimile

This Agreement may be executed and delivered in any number of counterparts, by facsimile of other means of electronic communication, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

28.22 Language

It is the express wish of the Parties that this Agreement and any related documents be drawn up and executed in English. Il est la volonté expresse des parties que cette convention et tous les documents s'y rattachant soient rédigés en anglais.

[Signatures follow]

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing

By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)


Name:
Title:

By: _____
(I have authority to bind the Corporation)

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

By: 
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing

By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
Title:

By: _____
(I have authority to bind the Corporation)

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services; Direct and
Marketing



By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
Title:

By: _____
(I have authority to bind the Corporation)

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

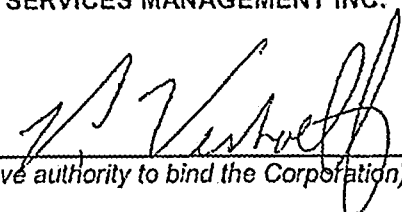
By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing

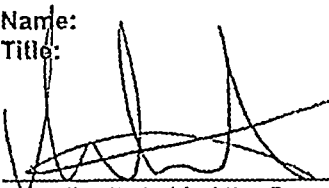
By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By:  _____
(I have authority to bind the Corporation)

Name:
Title:

By:  _____
(I have authority to bind the Corporation)

Name:
Title:

Schedule "A"

DESIGNATED CHANNELS, MARKETS AND STORES

The following is a list of the Designated Channels, Designated Markets and the Designated Stores where Licensee is permitted to operate the Concession.

Designated Channels:

Licensed Areas in Designated Stores and Concession Website

Designated Markets:

For each of the Products and Services, such Forward Sortation Areas as used by Canada Post Corporation (or such other geographical designation provided by Sears) provided by Sears to Licensee in writing on or before the Effective Date under separate cover with reference to this Agreement. Unless otherwise agreed by the Parties, the Designated Markets on the Effective Date shall be the markets in which Sears carries on the business with respect to the Products and Services as at the date of signing this Agreement. Any change in the Designated Market will be mutually agreed by Sears and Licensee.

~~Minimum Number of Designated Stores: 73~~

Normal Business Hours: The Normal Business Hours for each Designated Store shall be the hours of operation of the Designated Store as established by Sears.

Designated Stores:

Sears Number	Store Name	Store Address			
C001011	C001011-Carlingwood Ottawa	2165 Carling Avenue	Carlingwood	Ontario	K2A 1S9
C001012	C001012 - Fleur de Lys	500 Wilfred Hamel Blvd	Quebec City	Quebec	G1M 2S5
C001013	C001013-Kitchener	200 Fairway Road	Kitchener	Ontario	N2G 4N3
C001014	C001014-St Catharines, ON	221 Glendale Avenue	St. Catharines	Ontario	L2T 2L1
C001015	C001015-Ottawa St Laurent	1250 St Laurent Boulevard	Ottawa	Ontario	K1K 3B9
C001016	C001016-Oshawa	419 King Street West	Oshawa	Ontario	L1J 2K6
C001017	C001017-Windsor	3050 Howard Avenue	Windsor	Ontario	N8X 3Y7
C001018	C001018-Pi Laurier Ste Foy	2700 Boulevard Laurier	Ste. Foy	Quebec	G1V 2L7
C001019	C001019-Ottawa/Hull	320 Boulevard St. Joseph	Hull	Quebec	J8Y 8Y9
C001020	C001020-Peterborough	637 Lansdowne Street West	Peterborough	Ontario	K9J 7C5
C001022	C001022-Guelph	435 Stone Road West	Guelph	Ontario	N1G 3E5
C001027	C001027-Belleville	390 North Front Street	Belleville	Ontario	K8P 3E1
C001033	C001033-Brantford	84 Lynden Road	Brantford	Ontario	N3R 5V1
C001034	C001034-Pickering Town Centre	1355 Kingston Road	Pickering	Ontario	L1V 2B8
C001035	C001035-St. Jerome	900 Boulevard Grignon	St. Jerome	Quebec	J7Y 3S7
C001040	C001040-Kingston	945 Gardiner's Rd.	Kingston	Ontario	K7M 7H4
C001049	C001049-Bramalea City Centre	25 Peel Centre Drive	Bramalea	Ontario	L6T 3R5
C001060	C001060-Trois Rivieres	4025 Boulevard Des Forges	Trois Rivieres	Quebec	G8Y 1V9
C001081	C001081-Square One	100 City Centre Drive	Mississauga	Ontario	L5B 0C2

	Mississauga				
C001084	C001084-Place Vertu	3055 Cote Vertu Blvd	Saint Laurent	Quebec	H4R 1Y6
C001085	C001085-Levis	1200 Boul Alphonse Desjardin	Levis	Quebec	G6V 6Y8
C001086	C001086-Brossard	2151 Lapinière Boulevard	Ville Brossard	Québec	J4W 2T5
C001087	C001087-D'Anjou	7451 Blvd Les Galeries D'Anjou	Ville D'Anjou	Quebec	H1M 3A3
C001088	C001088-Newmarket Upper Canada	Upper Canada Mall, P.O. Box 255	Newmarket	Ontario	L3Y 4Z1
C001093	C001093-Limeridge Hamilton	899 Upper Wentworth Street	Hamilton	Ontario	L9A 4X5
C001094	C001094-Laval	3005 Boulevard Le Carrefour	Laval	Quebec	H7T 1C7
C001095	C001095-Masonville London	1680 Richmond Street	London	Ontario	N6G 3Y9
C001096	C001096-LaSalle	7071 Boulevard Newman	LaSalle	Quebec	H8N 1X1
C001097	C001097-Promenade Mall	1 Promenade Circle	Thornhill	Ontario	L4J 4P8
C011110	C011110 - Toronto Eaton Centre	290 Yonge Street	Toronto	Ontario	M5B 1C8
C001111	C001111-Yorkdale Toronto	3401 Dufferin Street Unit 2	North York	Ontario	M6A 2T9
C001112	C001112-Polo Pk Winnipeg	1515 Portage Ave.	Winnipeg	Manitoba	R3G 0W4
C001238	C001238-Cambridge	355 Hespeler Road	Cambridge	Ontario	N1R 6B3
C001241	C001241-Rosemere	401 Labelle Boulevard	Rosemere	Quebec	J7A 3T2
C001244	C001244-Sarnia	Lambton Mall - 1380 London Road	Sarnia	Ontario	N7S 1P8
C001305	C001305-Pointe Claire	6901 Trans Canada Highway	Pointe Claire	Quebec	H9R 5J2
C001308	C001308-Scarborough Town Centre	300 Brough Drive	Scarborough	Ontario	M1P 4P5
C001319	C001319-St Bruno	700 Boulevard Des Promenade	St. Bruno	Quebec	J3V 5J8
C001322	C001322-Fairview Mail	1800 Sheppard Avenue East	Wilflowdale	Ontario	M2J 5A8
C001323	C001323-Erin Mills Town Centre	5100 Erin Mills Parkway	Mississauga	Ontario	L5M 4Z5
C001325	C001325-Markville Centre	5000 Highway 7	Markham	Ontario	L3R 4M9
C001328	C001328-Burlington Mapleview	900 Maple Avenue	Burlington	Ontario	L7S 2J8
C001329	C001329-Sherway Gardens	25 The West Mall	Etobicoke	Ontario	M9C 1B8
C001331	C001331-La Capitale Quebec	5401 Boulevard Des Galeries	Quebec City	Quebec	G2K 1N4
C001343	C001343 Barrie Home Store	42 Caplan Ave., Unit A	Barrie	Ontario	L4N 0M5
C001350	C001350-Lachenaie Home	830 Montee Des Pionniers	Lachenaie	Quebec	J6V 1N9
C001351	C001351-Brossard Home	8505 Taschereau Blvd	Brossard	Quebec	J4Y 1A4
C001361	C001361-Ottawa Pinecrest Home	2685 Iris St	Ottawa	Ontario	K2C 3S4
C001365	C001365-Ottawa East Home	1491 Innes Rd	Ottawa	Ontario	K1B 1C5
C001372	C001372-Abbotsford Home	1425 Sumas Way, Unit 100	Abbotsford	BC	V2S 8M9
C001374	C001374-Edmonton South Home Store/Showroom	1624, 99th Street N.W.	Edmonton	Alberta	T6N 1M5
C001376	C001376 KELOWNA HOME	2271 Harvey Avenue, Unit 1405	Kelowna	BC	V1Y 6H2
C001410	C001410 Kingsway Edmonton	109 St. & Princess Elizabeth Ave.	Edmonton	Alberta	T5G 0Y3
C001411	C001411-Northhill Calgary	1616 - 14th Avenue North West	Calgary	Alberta	T2N 1M6
C001414	C001414-Saskatoon	1st Avenue and 20th Street	Saskatoon	Saskatchewan	S7K 1K1
C001416	C001416-Edmonton West Mall	8770 170th Street	Edmonton	Alberta	T5T 3J7
C001417	C001417-Regina	1720 Hamilton Street	Regina	Saskatchewan	S4P 4A5
C001418	C001418-Thunder Bay	880 Fort William Road	Thunder Bay	Ontario	P7B 3A5

C001422	C001422-Lethbridge	# 65 -401 1st Ave S	Lethbridge	Alberta	T1J 4L8
C001423	C001423-Bonnie Doon Edmonton	82nd Avenue & 83rd Street	Edmonton	Alberta	T6C 4E4
C001425	C001425 Southcentre Calgary	100 Anderson Road South East	Calgary	Alberta	T2J 3V1
C001426	C001426-Marborough Calgary	#1600 3800 Memorial Drive N.E.	Calgary	Alberta	T2A 2K2
C001429	C001429 Southgate Edmonton	11100 51st Avenue	Edmonton	Alberta	T6H 4M8
C001432	C001432-Kildonan	1555 Regent Ave W	Winnipeg	Manitoba	R2C 4J2
C001436	C001436-St Vital Winnipeg	1225 A St. Mary's Road	Winnipeg	Manitoba	R2M 5E2
C001448	C001448 Red Deer Relocation	4900 Molly Banister Drive South	Red Deer	Alberta	T4R 1N9
C001616	C001616-Halifax	7001 Mumford Road	Halifax	NS	B3L 2H8
C001623	C001623-Moncton	Champlain Street	Dieppe	NB	E1A 4T2
C001624	C001624-Dartmouth	535 Portland Street	Dartmouth	NS	B2Y 4B1
C001639	C001639-St. John's	48 Kenmount Rd	St. John's	NL	A1B 1W2
C001811	C001811 Langley	19705 Frazer Highway	Langley	BC	V3A 7E9
C001812	C001812 Coquitlam	2929 Barnet Highway	Coquitlam	BC	V3B 5R5
C001816	C001816 Capilano Vancouver	943 Marine Frive	Vancouver	BC	V7P 1S1
C001818	C001818 Victoria	3190 Sheilbourne	Victoria	BC	V8T 3A8
C001819	C001819 Burnaby Kingsway	4750 Kingsway	Burnaby	BC	V5H 2C2
C001822	C001822-Chilliwack	45585 Luckakuck	Chilliwack	BC	V2R 1A1
C001823	C001823 Nanaimo	4750 Rutherford Road	Nanaimo	BC	V9T 4K6
C001828	C001828 Guildford	1730 Guildford Town Centre	Guildford	BC	V3R 7B8
C001835	C001835-Abbotsford	32900 S. Fraser Way	Abbotsford	BC	V2S 5A1
C001836	C001836 Brentwood Burnaby	100-4567 Lougheed Highway	Burnaby	BC	V5C 3Z7
C001839	C001839 Kamloops	1320 Trans Canada Hwy 275	Kamloops	BC	V1S 1J2
C001883	C001883 Richmond	6551 Number Three Road	Richmond	BC	V6Y 2B7

8.2 Stores

Schedule "B"

LIST OF PRODUCTS AND SERVICES

Exclusive to the Concession:

Air Conditioners
Area Rug Cleaning Services
Attic Insulation
Bathroom Renovation
Boiler -- Electric
Boiler -- Gas
Cabinet Refacing
Cabinets
Carpet
Carpet Cleaning
Continuous Gutter
Custom Bedding
Custom Closets
Custom Drapery - Window Coverings
Duct Cleaning
Duct Heater -- Electric
Ductless - Air Conditioner/Heat Pump
Electronic Air Cleaner
Entry Doors
Fireplace - Gas/Propane
Flat Roof
Furnace -- Electric
Furnace - Gas/Propane
Garage Doors
Garden Doors
Hard Surface Flooring - Vinyl
Hard Surface Flooring - Wood & Laminate
Heat Pump
Heat Recovery Ventilator Or Air Exchanger
Hot Water Tank - Gas/Propane
Humidifier
Indoor Air Cleaning Products
Indoor Shutters
Insulation
Interior/Exterior Painting Services
Kitchen Cabinets
Kitchen Countertops - Granite Quartz Hard Surface
Kitchen Countertops - Laminate

Kitchen Renovation/Refacing Remodel
Patio Doors
Roof Semi-Detached
Roof Shingles (Residential)
Siding
Soffit & Fascia
Storm Doors
Tankless Water Heater - Gas/Propane
Upholstery Cleaning
Water Softener
Windows Prime

Additional Services not exclusive to Concession:

Air Conditioner - Tune Up/Maintenance
Energy Assessment
Furnace (Electric, Gas, Propane) - Cleaning/Maintenance
Installation and assembly of products purchased at Sears retail outlets

Schedule "C"

SEARS TRADEMARKS

Sears Home Services TM

Services résidentiels Sears ^{MC}

Additional Trademarks Authorized for use

SEARS CLUB MEMBERSHIP IS VERY REWARDING [®]

CLUB SEARS C'EST TOUT A VOTRE AVANTAGE ^{MD}

SEARS ^{®/MD}

1.800.4.MY.HOME TM

1.800.LE.FOYER ^{MC}

Products and Services from the Company You Trust [®]

Des produits et services de toute confiance ^{MD}

You're sure when it's Sears Home Services. TM



112,194 / month = 1.34
40 x # of stores
39,

Schedule "D"

FINANCIAL COMMITMENTS

vs. 117,179

~~Maintenance and Administration Fee:~~ [Licensee commitment]. ~~\$68,333 per Fiscal Month~~ during the first four Fiscal Years of the Term; and \$110,000 per Fiscal Month thereafter.

~~Telephone Costs:~~ [Licensee commitment]. ~~\$40 per Designated Store per Fiscal Month~~ (subject to change in accordance with section 5.17) . 82 stores \$ 39,360

~~Property Tax Contribution:~~ [Licensee commitment]. ~~\$31,101 per Fiscal Month~~ (subject to change in accordance with section 5.28)

~~GAM Contribution:~~ [Licensee commitment]. ~~\$12,760 per Fiscal Month~~ (subject to change in accordance with section 5.29)

Merchant Fee: [Licensee commitment]. 1.7% of Gross Revenue and Sales Tax processed on Sears Card (subject to change in accordance with section 7.7)

Card Share Incentive Bonus: [Sears commitment]. For each Fiscal Year in which the Card Share Guarantee has been exceeded, and provided the Guaranteed Gross Revenue has been met for such Fiscal Year, Sears shall pay to Licensee a Card Share Incentive Bonus based on the percentage points by which the Card Share exceeded the Card Share Guarantee applicable to such Fiscal Year, as follows:

Percentage points over Card Share Guarantee	Card Share Incentive Bonus
Less than 3.5	\$0
3.5 or more and less than 4.5	\$50,000
4.5 or more and less than 5.5	\$100,000
5.5 or more and less than 6.5	\$150,000
6.5 or more and less than 7.5	\$200,000
7.5 or more and less than 8.5	\$250,000
8.5 or more and less than 9.5	\$300,000
9.5 or more	\$350,000

Card Share Guarantee Credit: [Licensee commitment]. For each Fiscal Year in which the Card Share Guarantee has not been met, Licensee shall pay to Sears a Card Share Guarantee Credit based on the percentage points by which the Card Share fell below the Card Share Guarantee applicable to such Fiscal Year, as follows:

Percentage points below Card Share Guarantee	Card Share Guarantee Credit
Less than 3.5	\$0
3.5 or more and less than 4.5	\$50,000
4.5 or more and less than 5.5	\$100,000
5.5 or more and less than 6.5	\$150,000
6.5 or more and less than 7.5	\$200,000
7.5 or more and less than 8.5	\$250,000
8.5 or more and less than 9.5	\$300,000
9.5 or more	\$350,000

Commission: [*Licensee commitment*]. The Commission payable in each Fiscal Month shall be calculated as a percentage (the "Applicable Commission Percentage") of the Net Sales generated during such Fiscal Month. The Applicable Commission Percentage during the first Fiscal Year of the Term shall be 3.50%. The Applicable Commission Percentage during the second Fiscal Year of the Term shall be 5.00%. The Applicable Commission Percentage for each Fiscal Month during the third and every subsequent Fiscal Year of the Term shall be determined by reference to the total Net Sales generated in all previous Fiscal Months during such Fiscal Year, in accordance with the following table:

Net Sales in all previous Fiscal Months during the Fiscal Year	Applicable Commission Percentage
\$220 million or less	6.00%
More than \$220 million and less than \$320 million	5.50%
\$320 million or more	5.25%

Store Reduction Commission Adjustment: [*Sears commitment*]. Sears shall pay to Licensee an adjustment to the Commission with respect to any Fiscal Year during which (i) there are 56 or fewer Designated Stores at the beginning of the Fiscal Year; (ii) the Gross Revenue generated during the Fiscal Year is less than the Gross Revenue generated during the most recently completed Fiscal Year in which the number of Designated Stores throughout the Fiscal Year was 73 or more (the "Base Year"); and (iii) the total Store Leads generated during such Fiscal Year was less than the number of Store Leads generated during the Base Year. The Store Reduction Commission Adjustment shall be calculated as a percentage (the "Commission Adjustment Percentage") of the Net Sales generated during such Fiscal Year. The Commission Adjustment Percentage shall be determined by reference to the average number of Designated Stores open on the first day of each Fiscal Month during such Fiscal Year, in accordance with the following table:

Average number of Designated Stores open on first day of each Fiscal Month	Commission Adjustment Percentage
56 or less and more than 48	1.00%
48 or less and more than 41	2.00%
41 or less	3.00%

Commission Guarantee Adjustment: [*Licensee commitment*]. For each Fiscal Year, the Commission received by Sears shall be no less than the Commission Guarantee for such Fiscal Year, calculated as the Applicable Commission Percentage for such Fiscal Year of the Guaranteed Gross Revenue ("Commission Guarantee"). If the Commission Guarantee is greater than the Commission actually received, Licensee shall pay the difference to Sears in the form of a Commission Guarantee Adjustment.

Commission Rebate: [*Sears commitment*]. With respect to each Fiscal Month, if there has been no Payment Default during such Fiscal Month, and provided the Agreement has not been terminated by Sears due to an Event of Default, Licensee will be entitled to deduct from payment of the monthly Commission a Commission Rebate equal to 75% of the Merchant Fee collected by Sears during such Fiscal Month.

Minimum Marketing Commitment: *[Licensee commitment]*.

The Minimum Marketing Commitment for each Fiscal Year of the Initial Term shall be as follows:

Fiscal Year of the Initial Term	Minimum Marketing Commitment
1	\$ 6,790,000
2	\$ 7,636,260
3	\$ 8,712,729
4	\$ 9,902,115
5	\$ 10,591,873
6	\$ 11,329,678
7	\$ 12,118,877
8	\$ 12,963,050
9	\$ 13,866,026
10	\$ 14,831,901

The Minimum Marketing Commitment for each Fiscal Year in a Renewal Term shall be calculated as 3% increase over the Minimum Marketing Commitment for the previous Fiscal Year of the Term.

Initial Remodelling Commitment: *[Licensee commitment]*. \$1 million over the first three Fiscal Years of the Term.

Schedule "E"

UNDERSTANDING OF EMPLOYMENT AND/OR ENGAGEMENT FORM

THIS SAMPLE STATEMENT MUST BE REPRODUCED ON THE LETTERHEAD OF LICENSEE AND A FULLY EXECUTED COPY PROVIDED BY THE LICENSEE TO THE HUMAN RESOURCES DEPARTMENT OF THE DESIGNATED STORE IN WHICH THIS LICENSEE'S EMPLOYEE OR LICENSEE'S REPRESENTATIVE WILL BE WORKING. A FULLY EXECUTED COPY MUST ALSO BE MAINTAINED IN THE FILES OF THE LICENSEE FOR ALL LICENSEE'S EMPLOYEES AND LICENSEE'S REPRESENTATIVES ENGAGED IN THE OPERATION OF THE CONCESSION.

Statement of Understanding of Employment and/or Engagement Form

I, _____, understand that _____
 (print employee or Licensee's Representatives name) (print name of Licensee)

is a Licensee of Sears Canada Inc. authorized to operate a business operating under the "Sears Home Services" banner.

I understand that I am an employee of or engaged by _____
 (print name of Licensee)

I further understand that I am not and shall not be deemed to be an employee of Sears Canada Inc. for any purpose whatsoever, including but not limited to, any future claims pursuant to Workers' Compensation, Employment Standards or Human Rights Legislation or any other possible claims, actions or demands.

I further understand that I am not eligible for and will not be considered for employment at Sears Canada Inc. while I am an employee of or engaged by _____
 (print name of Licensee)

I have read the above, I fully understand it and I sign this statement voluntarily.

 (signature of employee) (print name of employee) _____
 (or Licensee's Representative) (or Licensee's Representative) (date)

I, _____ of _____ am authorized
 (print authorized Licensee signatory name) (print name of Licensee)

to sign on behalf of _____ operating as _____
 a Licensee of Sears Canada Inc. and confirm that the above named is an
 employee of or engaged by _____
 (print name of Licensee)

 (signature of authorized Licensee signatory) _____
 (date)

Schedule "F"

LICENSEE REPORTING

Definitions:

In this Schedule:

"line of business" refers to each of the separately enumerated Products and Services on Schedule B.

"job" means an order for installation of a Product or performance of a Service.

REPORTING:**FORECASTS:**

Forecast: Weekly Sales Forecast

Due Date: 12:00 noon each Thursday

Included Data:

With respect to current Fiscal Year, per remainder of Fiscal Year, remainder of Fiscal Quarter, remaining Fiscal Quarters, remainder of Fiscal Month, remaining Fiscal Months, per fiscal week:

Per region and district:

Per line of business:

- Forecasted sales

REPORTS:

Report: Weekly Lead Summary Report

Due Date: 12:00 noon each Wednesday

Included Data:

Per Fiscal Year-to-date, Fiscal Quarter, Fiscal Quarter-to-date, Fiscal Month, fiscal week, and comparable year over year (Y.O.Y) (Y.O.Y. beginning in second Fiscal Year of the Term)

Per region and district:

Per line of business and per lead acquisition channel:

- Number of leads
- Number of closed leads
- Close rates
- Dollar value of closed leads

Report: Weekly Sales Report

Due Date: 12:00 noon each Wednesday

Included Data:

Per Fiscal Year-to-date, Fiscal Quarter, Fiscal Quarter-to-date, Fiscal Month, and comparable year over year (Y.O.Y) (Y.O.Y. beginning in second Fiscal Year of the Term)

Per region and district:

Per line of business:

- Sales

Report: Monthly Cycle Time Report

Due Date: 12:00 noon, first Friday following the end of each Fiscal Month

Included Data:

Per Fiscal Year-to-date, Fiscal Quarter, Fiscal Quarter-to-date, Fiscal Month, fiscal week and comparable year over year (Y.O.Y) (Y.O.Y. beginning in second Fiscal Year of the Term)

- Cycle Time

Report: Monthly Customer Satisfaction Report

Due Date: 12:00 noon, first Friday following the end of each Fiscal Month

Included Data:

Per Fiscal Month, Fiscal Quarter, and comparable year over year (Y.O.Y.) (Y.O.Y. beginning in second Fiscal Year of the Term):

Per region and district:

Per line of business:

- Customer complaints per reason code (reason codes as determined by Sears)
- Number of jobs about which Customer complaints were received
- Dollar value of jobs about which Customer complaints were received
- Number of completed jobs
- Number of completed jobs about which Customer complaints were received
- Dollar value of completed jobs about which Customer complaints were received
- Customer Complaints Level (as defined in Schedule J) [*percentage of jobs completed about which there were no customer complaints*]
- Customer Complaint Acknowledgment Level

- Customer Complaint Resolution Level

Report: Monthly Contact Centre Performance Report

Due Date: 12:00 noon, first Friday following the end of each Fiscal Month

Included Data:

Per Fiscal Month, comparable Fiscal Month in previous Fiscal Year, Fiscal Quarter, and comparable Fiscal Quarter in previous Fiscal Year (beginning in second Fiscal Year of the Term):

- Calls offered (number of calls made to contact centre)
- Calls handled (number of calls answered by contact centre)
- Average speed to answer (average number of seconds it took to answer calls that were answered)
- Abandoned calls (number of calls that were abandoned by caller before being answered by contact centre)
- Average abandoned call time (average number of seconds it took for a call to be abandoned)
- Speed to Answer Service Level (as defined in Service Level Standards Schedule)
- Abandoned Calls Percentage (as defined in Service Level Standards Schedule)

Report: Quarterly Marketing Expenditures Report:

Due Date: 12:00 noon 13th days following end of each Fiscal Quarter

Included Data:

- Amount of marketing expenditure (in accordance with section 6.1) made by Licensee since the beginning of the current Fiscal Year, together with detailed description of expenditures.

Report: Quarterly Leasehold Improvement Expenditure Report:

Due Date: 12:00 noon, 13th days following end of each Fiscal Quarter

Included Data:

Per Designated Store:

- Amount of expenditure made by Licensee in every Fiscal Month since the beginning of the Term pursuant to the Remodelling Commitment plan referred to in section 5.8.

CERTIFIED REPORTS: Each Certified Report must be certified by a senior officer of the Licensee

Certified Report: Certified Monthly Payment Settlement Report

Due Date: 12:00 on 13th day of each Fiscal Month

Included Data:

With respect to previous Fiscal Month:

- Gross Revenue
- Returns

- Compensation Paid to Customers
- Net Sales
- Net Sales in all Previous Fiscal Months during Fiscal Year
- Applicable Commission Percentage
- Commission
- Maintenance and Administration Fee
- Telephone Costs
- Property Tax Contribution
- CAM Contribution
- Gross Revenue
- Merchant Fee collected by Sears
- Commission Rebate
- Net Payable

Certified Report: Certified Quarterly Service Level Standards Report

Due Date: 12:00 on 13th day after the end of each Fiscal Quarter

Included Data:

With respect to previous Fiscal Quarter:

[Customer Experience Standards:]

- Speed to Answer Service Level & applicable Service Level Credit
- Abandoned Calls Service Level & applicable Service Level Credit
- Lead Acknowledgment Service Level & applicable Service Level Credit
- Appointment Scheduling Service Level & applicable Service Level Credit
- Sales Call Attendance Service Level & applicable Service Level Credit
- Installation Appointment Attendance Service Level & applicable Service Level Credit
- Installation Completion Service Level & applicable Service Level Credit

[Customer Satisfaction Standards:]

- Customer Complaints Level Service Level & applicable Service Level Credit
- Customer Complaint Acknowledgment Service Level & applicable Service Level Credit
- Customer Complaint Resolution Service Level & applicable Service Level Credit

Certified Report: Certified Annual Cycle Time Standards Report

Due Date: 12:00 45th day after Fiscal Year

Included Data:

With respect to Fiscal Year:

For each Product and/or Service:

- Cycle Time & applicable Service Level Credit

AD HOC REPORTS:

Marketing Campaign Reports: for each marketing campaign or event:

Per channel (direct mail, email, outbound calls, etc.):

- Costs by marketing tactic
- Distribution
- Response Rates

AD HOC REPORTS:

Real-time access to the following of Licensee's systems:

- Lead management system
- Contact centre
- Customer complaints tracking system

Schedule "G"

PRIVACY ACKNOWLEDGEMENT BY LICENSEE

THIS ACKNOWLEDGEMENT is made as of the ___ day of _____, 20__ by _____ ("Licensee") in favour of SEARS CANADA INC. ("Sears"). FOR VALUE RECEIVED, the Licensee agrees as follows:

1. Definitions.

"Privacy Laws" means any applicable laws relating to the collection, use, storage and/or disclosure of information about an identifiable individual, including the *Personal Information and Protection of Electronic Documents Act* (Canada) and any substantially similar provincial legislation.

"Sears Data" means any personal information (as that term is used under applicable Privacy Laws) relating to Sears customers or employees.

2. Sears Proprietary Information.

Licensee shall not obtain any proprietary rights in any proprietary or confidential information of Sears that has been or is disclosed, directly or indirectly, to Licensee by Sears or observed by Licensee, directly or indirectly, from information to which it was provided access by Sears, including, without limitation, any Sears Data.

3. Compliance with Sears Privacy Policy and Privacy Laws.

- a) Licensee shall not make or permit any collection, use or disclosure of any Sears Data, other than: (i) as required and permitted to provide the products and/or services contemplated in the primary agreement(s) between the Parties (collectively, the "Agreement") or (ii) as required by applicable law. Licensee shall be responsible for complying with Privacy Laws applicable to its activities in relation to the Agreement, and Licensee shall bear its own costs of such compliance.
- b) Licensee shall collect, use, store, disclose, dispose of and otherwise handle Sears Data in accordance with the (i) Sears Privacy Policy, (ii) the PCI Standards (as defined below), (iii) Privacy Laws and (iv) solely for the purposes permitted by the Agreement.
- c) Licensee shall comply with Sears "do not solicit" policies and procedures for Sears customers. All outbound marketing by Licensee in connection with the Agreement shall exclude any Sears customers who have requested that their account be flagged as "do not solicit". Any inbound requests by Sears customers to have their account flagged as "do not solicit" shall be referred to Sears in accordance with Sears policies and procedures.
- d) Licensee shall comply with all applicable telemarketing laws, regulations and rules in connection with the activities contemplated in the Agreement including, without limitation, Telecom Decision CRTC 2007-48.
- e) If Licensee is required to disclose Sears Data in connection with any judicial proceeding or government investigation, then the Party required to make the disclosure will, to the

extent permitted by applicable laws, promptly notify the other Party and allow it a reasonable time before such disclosure is required to seek a protective order from the appropriate governmental authority.

- f) Licensee shall restrict access to Sears Data to its employees or subcontractors who have a legitimate business need for such data for the purposes permitted by the Agreement, and who have agreed to handle such data in accordance with the terms of this Acknowledgement.
- g) Licensee shall store and protect Sears Data from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practice that meet or exceed industry standard commercially reasonable practices. Without limiting the preceding sentence, Licensee shall comply with all applicable data security standards established by the Payment Card Industry Security Standards Council (as may be amended from time to time), including, without limitation, the Payment Card Industry Data Security Standard (the "PCI Standards"). In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, the Licensee shall notify Sears in writing and the Parties shall agree, acting reasonably, upon an appropriate remedial process.
- h) Upon completion of Licensee's required use of Sears Data, Licensee will return or destroy all Sears Data in accordance with Sears Instructions.
- i) Licensee shall designate an employee who will be responsible for safekeeping all Sears Data in Licensee's possession or under its control and for ensuring that Licensee complies with the terms of this Acknowledgement.

4. Certification of Compliance/Audit.

- a) Upon request by Sears, but not more than once in any calendar year during the term of the Agreement, Licensee shall deliver to Sears a statement signed by an appropriate senior officer certifying in writing that, in respect of the previous twelve month period: (i) it has developed privacy compliance processes designed to ensure its compliance with this Acknowledgement; (ii) it has implemented the processes referred to in this Acknowledgement; and (iii) to the best of its knowledge, after reasonable inquiry, it has complied in all material respects with the requirements set forth in this Acknowledgement.
- b) From time to time during the term of the Agreement, upon reasonable notice by Sears, Licensee will allow Sears or a third party, selected by Sears and reasonably acceptable to Licensee, to perform, at times and in a manner that does not unreasonably disrupt the operations of Licensee, an audit to review the Licensee's compliance with the terms of this Acknowledgement.

The Licensee has executed this Acknowledgement.

_____, as Licensee

By: _____
Name:
Title:

I have the authority to bind the corporation.

Schedule "H"**GOVERNING PRINCIPLES**

The Parties' objective in entering into this Agreement is to leverage the expertise of Licensee in the provision and distribution of Products and Services, and the expertise of Sears in retail marketing and the Sears Card/Sears Rewards Program, as well as the brand equity in the Sears Trademarks, for the purpose of increasing the Gross Revenue of the Concession

The Parties will build and maintain an annual planning process (including budgets) that will contain, at a minimum: an aligned revenue plan, marketing plan, on-line plan, product strategy and Concession/leasehold improvements, in each case with a view to ensuring both Parties deliver against the submitted business case.

The Concession will be operated as a best in class home services business with a focus on talent, service, customer experience, competitive products and services, and pricing.

Licensee will ensure that all marketing is conducted under the Brand Name and all uses of Sears Trademarks (including all campaigns and promotions) are subject to structured templates (on-line, print and email) approved by the Marketing Liaison. The approval of the Marketing Liaison shall also be required for any changes to the structured templates.

Licensee will ensure that all marketing includes promotion of Sears Card and Sears credit plans.

The Parties agree that decisions that will, in their reasonable opinion, affect the long term viability of the Concession will be made in accordance with the governance provisions set out the Agreement and in the best interests of the Concession.

The Parties will collaborate and cooperate in their dealings with each other in connection with the operation of the Concession.

The Parties will exercise their respective rights and undertake their respective obligations under this Agreement in good faith.

Schedule "I"

GUIDELINES FOR LICENSED BUSINESS ON THE INTERNET

1. Location and Support:

Licensee may be permitted to host an internet website on Licensee's web servers that represents and promotes the Concession's Products and Services ("Concession Website"). Such approval may be arbitrarily withheld by Sears.

In the event Licensee is permitted in writing by Sears to host this website, Licensee agrees that this site will be available 24 hours per day, 7 days per week.

Licensee shall provide a technical contact who is available 24 hours per day, 7 days per week to resolve any technical issues that arise with the website. Sears shall monitor the website through its system monitoring and alert system and shall notify Licensee in case of failure.

2. Website Naming:

The Concession Website's domain name will not include the use of a Sears Trademark, and the domain name must be previously verified that within internet search it does not produce results that could be linked to pornographic material or illegal activity.

3. Creating Content:

Design of the Concession Website shall be done in accordance with the look and feel of the sears.ca internet website page design which is intended to represent the over-all Sears brand on the internet in a consistent manner with all other Sears marketing/advertising media in circulation. All content on the Concession Website must be created and presented in English and French and in the case of regionalized offers, (i.e.: a different offer in Quebec) all of the offers must be presented in both official languages.

Sears Electronic Commerce department (728E) will provide a style guide for the Concession Website developers and sample HTML to assist with the design and development of the site.

The Concession Website must have a link to the sears.ca homepage as well as links to the Concession Website's terms and conditions and privacy policy and abide by the policies set forth in those statements which terms and conditions and privacy policy must have the express written approval of Sears prior to being placed on the Concession Website.

All design and content built by the Licensee for exposure on the Concession Website, including but not limited to design criteria, commentary, offers, terms and conditions and privacy policies must be submitted to Sears Marketing Compliance Department (D/728SE) through the Marketing Liaison for Sears review and express written approval prior to being placed on the Concession Website.

4. Advertising:

All Internet based advertising of the Products and Services must be approved by Sears Specialty Services Department (D/895A), Sears Marketing Compliance Department (D/728SE) and Sears E-Commerce Department (D/728E).

No advertisements of third party merchandise or services or references to other companies or organizations may be placed on the Concession Website without the prior written approval from Sears Specialty Services Department (D/895A), Sears Editorial Service Department (D/728SE) and Sears E-Commerce Department (D/728E).

No e-mail marketing campaigns may be conducted for the Products and Services offered under this Agreement without the prior written approval from Sears Specialty Services Department (D/895A), Sears Marketing Compliance Department (D/728SE) and Sears E-Commerce Department (D/728E) on a campaign by campaign basis.

Licensee is not permitted to engage in any paid search marketing and unsolicited Internet e-mail marketing of the Products and Services under this Agreement without the prior written approval by Sears E-Commerce Department (D/728E).

5. Customer servicing:

Licensee shall provide a link to home@sears.ca or to a customer service e-mail address @_____.ca for customer inquiries and service. In the event that the link is to home@sears.ca, Licensee shall provide to Sears a contact e-mail address for the forwarding of customer service inquiries handled by Sears customer service department.

Licensee will make every effort to respond to customer queries in a timely manner (30 minutes for acknowledgement, 24 hours for resolution).

Licensee will provide a methodology for capturing customer complaints and inquiries and will report such information to Sears on a monthly basis.

If the Licensee is to use the website for e-commerce purposes, and Sears has granted approval, this Agreement will be amended to include such agreed upon business obligations of both Parties.

Licensee has reviewed these guidelines, and agrees to abide by them. Licensee understands and agrees that any breach of these procedures and guidelines by itself, its employees or Licensee's Representatives may result in the termination of this Agreement.

Schedule "J"

SERVICE LEVEL STANDARDS

CUSTOMER EXPERIENCE STANDARDS:

The following service levels comprise the "Customer Experience Standards". Licensee agrees to perform each service as described in the "Service Description" column at the level set out in the "Service Level" column. For each Fiscal Quarter in which such service level is not met, the Licensee shall pay to Sears as a Service Level Credit the amount indicated in the applicable "Service Level Credit" column. Notwithstanding the foregoing, during the first Fiscal Year of the Term, the Service Level Credit shall be \$0.

Where a Service Description describes the keeping of an appointment (or other scheduled date), such appointment shall not be considered missed if the Customer in question has agreed to reschedule the appointment, but such appointment shall be considered missed if the Customer did not agree to such rescheduling, even if such Customer was told in advance that the appointment would not be kept.

Service Description	Service Level	Service Level Credit
<u>Speed to Answer Service Level:</u> percentage of telephone calls into the Licensee's contact centre in a Fiscal Quarter that are answered within 20 seconds	80% or more	\$5,000
<u>Abandoned Calls:</u> percentage of telephone calls into the Licensee's contact centre in a Fiscal Quarter that are abandoned by the caller before being answered	3% or less	\$5,000
<u>Lead Acknowledgment:</u> in a Fiscal Quarter, percentage of Leads dispatched by Licensee's contact centre to Licensee's Representatives that are acknowledged back to Licensee's contact centre by the receiving Licensee's Representative within 4 hours of receipt	95% or more	\$10,000

Appointment Scheduling: In a Fiscal Quarter, percentage of Customers who have called Licensee's contact centre and are called by a Licensee's Representative within 24 hours of such Customer's call, for the purposes of scheduling a sales call appointment.	95% or more	\$10,000
Sales Call Attendance: in a Fiscal Quarter, percentage of sales call appointments that are not kept by Licensee's Representative	Less than 3%	\$10,000
Installation Appointment Attendance: in a Fiscal Quarter, percentage of installation or service appointments that are not kept by Licensee's Representative	Less than 5%	\$10,000
Installation Completion: In a Fiscal Quarter, percentage of installations or service delivery that are not completed within 7 days of the time scheduled with the Customer for completion of the installation or service	Less than 10 %	\$10,000

Annual Customer Experience Guarantee: The Licensee shall have failed to meet the "Annual Customer Experience Guarantee" in every Fiscal Year in which a Customer Experience Standards Service Level has not been met 2 or more times.

CYCLE TIME STANDARDS:

The following service levels comprise the "Cycle Time Standards". For each of the Products and Services described in the "Product and/or Service" column, Licensee agrees that the Cycle Time (as defined below) shall be completed in no more than the number of days indicated in the "Cycle Time" column. "Cycle Time" means, for all Products and Services completed during a Fiscal Year, the average number of days for the applicable Product and Service to be completed, from the time the Lead is received at the Licensee's contact centre to the time the work is completed (excluding for certainty, any delay in completion due to changes initiated by the Customer or any time in which the Licensee is delayed as a result of weather to complete an installation), as evidenced by the Customer's execution of a certificate to that effect. For each Fiscal Year in which such service level is not met more than 5% of the time, the Licensee shall pay to Sears as a Service Level Credit the amount indicated in the applicable "Service Level Credit" column. Where a percentage is indicated of Gross Revenue, the Gross Revenue refers to the Gross Revenue for the Fiscal Year in question. Notwithstanding the foregoing, during the first Fiscal Year of the Term, the Service Level Credit shall be \$0.

Product and/or Service	Cycle Time	Service Level Credit
Heating and cooling equipment installation	10 days	0.1% of Gross Revenue
Custom home decor installation (not including shutters)	24 days	0.1% of Gross Revenue
Shutters installation	32 days	0.1% of Gross Revenue
Windows installation	45 days	0.1% of Gross Revenue
Doors installation	35 days	0.1% of Gross Revenue
Carpet installation	15 days	0.1% of Gross Revenue
Hard surface flooring installation	12 days	0.1% of Gross Revenue
Roofing installation	10 days	0.1% of Gross Revenue
Siding/Soffit/Fascia installation	14 days	0.1% of Gross Revenue
Eavestrough (gutter) installation	14 days	0.1% of Gross Revenue
Kitchen cabinet & countertop re-facing	45 days	0.1% of Gross Revenue
Kitchen renovations	60 days	0.1% of Gross Revenue
Custom closet organizations	21 days	0.1% of Gross Revenue
Kitchen & bathroom countertop installation	45 days	0.1% of Gross Revenue
Interior & exterior painting services	12 days	0.1% of Gross Revenue
Duct cleaning services	7 days	0.1% of Gross Revenue
Carpet & upholstery cleaning services	7 days	0.1% of Gross Revenue

Annual Cycle Time Guarantee: The Licensee shall be deemed to have failed to meet the "Annual Cycle Time Guarantee" in every Fiscal Year in which 5% or more of all completed Product and Service installations failed to be completed within the applicable Cycle Times for such Products and Services.

CUSTOMER SATISFACTION STANDARDS:

The following service levels comprise the "Customer Satisfaction Standards". Licensee agrees that the standard described in the "Standards Description" column will be met at the level set out in the "Standards Level" column. For each Fiscal Quarter in which such standards level is not met, the Licensee shall pay to Sears as a Service Level Credit the amount indicated in the applicable "Service Level Credit" column. Notwithstanding the foregoing, during the first Fiscal Year of the Term, the Service Level Credit shall be \$0.

Signed this _____ day of _____, 20_____

Name:
Title:

Schedule "N"

FORM OF FINANCIAL COVENANTS CERTIFICATE

Financial Covenants Certificate

To: Sears Canada Inc.

From: SHS Services Management Inc. ("Licensee")

This certificate is being provided pursuant to the Branded Concession Agreement between Sears Canada Inc. and Licensee. This certificate is being provided with respect to the following Fiscal Month: [enter Fiscal Month and year]

In this certificate,

"Current Ratio" means total current assets divided by total current liabilities.

"Tangible Net Worth" means the aggregate of paid in capital, retained earnings, and postponed loans less any intangible assets which includes, without limitation, goodwill and investments in related companies.

"Debt Service Coverage Ratio" means the combined sum of net income after taxes plus interest expense and any non-cash expense, less dividends, divided by the required aggregate debt servicing obligations with any counterparty to a loan to the Licensee, both principal and interest, in the given year.

The undersigned, being either the President or Chief Financial Officer or other equivalent officer of the Licensee hereby certifies that the following is true:

1. The Licensee is obligated to adhere to financial covenants with the following institutions (each, a "Lender"): [enter names of Lenders]
2. The Licensee has not failed to adhere to the financial covenants it is obligated to maintain with the Lenders.
3. The Licensee currently adheres to the following financial covenants:
 - a) The Current Ratio is greater than 1.25:1
 - b) The Tangible Net Worth exceeds \$2,500,000
 - c) The ratio of debt to Tangible Net Worth is below 4:1
 - d) The Debt Service Coverage Ratio as at the end of the previous year exceeds 1.25:1.

On behalf of Licensee, the undersigned hereby gives express consent and authorizes Sears to request from the Lender confirmation that Licensee is or is not in compliance with its applicable financial covenants. This authorization is non-revocable and shall remain in effect for the term of the Branded Concession Agreement and for a period of five years thereafter.

Schedule "M"

PRODUCT SERVICING AND REPAIR

Products: The Products that shall be serviced exclusively by Sears are as follows: All heating and cooling equipment and components ("Sears Serviced Products").

Process: Service and parts replacement on the Sears Serviced Products being provided by Licensee to a Customer pursuant to a Licensee warranty ("In-Warranty Service") shall be fulfilled by Sears at the price indicated below. Any request to service a Sears Serviced Product or replace parts therein that is not In-Warranty Service shall be forwarded to Sears in accordance with forwarding instructions provided by Sears from time to time.

Price: Sears shall provide to Licensee a price list for servicing, which may be broken down by region. Sears may change such price list from time to time by providing a new price list, or changes to the then-current price list, to Licensee at least 30 days before such price list is effective.

Payment Terms: After the completion of each In-Warranty Service job, Sears shall provide an invoice to Licensee for the parts and labour involved, together with applicable Sales Taxes. Licensee shall pay such invoice in full no later than 30 days after that date of such invoice.

5. **Sears Purchase of Remaining Leasehold Improvements.** If (a) this Agreement (i) expires; (ii) is terminated by Sears (other than a termination by Sears for default); or (iii) is terminated by Licensee due to Sears's default; and Sears or an Affiliate of Sears does not subsequently enter into a similar agreement with Licensee or an Affiliate of Licensee; or (b) if Sears terminates the Concession in a Designated Store (other than termination by Sears for default) or Licensee vacates a Designated Store in accordance with section 5.9 of the Agreement but the Agreement otherwise remains in force; then, unless otherwise agreed between the Parties in writing, Sears shall purchase from Licensee, at the Leasehold Improvement Depreciated Value (defined below), all leasehold improvements remaining in the affected Licensed Areas.
6. **Furnishings Purchase Price.** The "Furnishings Purchase Price" shall be the cost to the Licensee of the Furnishings in question, including, as applicable, delivery and installation (but for the avoidance of doubt, excluding Sales Taxes), less depreciation on a straight-line basis over 3 years, provided such costs are supported by bills of sale or other reasonable documented evidence.
7. **Leasehold Improvement Depreciated Value.** The "Leasehold Improvement Depreciated Value" shall be the cost to the Licensee of the leasehold improvements in question, including, as applicable, delivery and installation (but for the avoidance of doubt, excluding Sales Taxes), less depreciation on a straight-line basis over 5 years, provided such costs are supported by bills of sale or other reasonable documented evidence.

Addendum
to the Branded Concession Agreement dated December 20, 2012
between Sears Canada Inc. and SHS Services Management Inc.

WHEREAS the Basic Gross Revenue Guarantee and Minimum Marketing Commitment for the first Fiscal Year of the Term were established when the parties were expecting the Effective Date to be one month earlier than the Effective Date; and

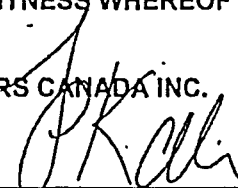
WHEREAS the parties wish to amend the Basic Gross Revenue Guarantee and the Minimum Marketing Commitment for the first Fiscal Year of the Term in order to reflect that the first Fiscal Year of the Term will be 11 months instead of 12 as originally anticipated;

THEREFORE the parties hereto agree as follows:

1. All terms used in this Addendum have the meanings ascribed thereto in the Branded Concession Agreement between Sears Canada Inc. and SHS Services Management Inc. dated December 20, 2012.
2. The Minimum Marketing Commitment for the first Fiscal Year of the Term shall be \$6,224,167.
3. The Basic Gross Revenue Guarantee for the first Fiscal Year of the Term shall be \$177,833,333.

IN WITNESS WHEREOF the Parties have executed this Addendum this 20th day of December, 2012

SEARS CANADA INC.

By: 
(I have authority to bind the Corporation)

Name: Peter Kalen
 Title: Executive Vice-President, Financial and Home Services, Direct and Marketing

SEARS CANADA INC.

By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
 Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
 Title:

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
 Title:

Addendum
to the Branded Concession Agreement dated December 20, 2012
between Sears Canada Inc. and SHS Services Management Inc.

WHEREAS the Basic Gross Revenue Guarantee and Minimum Marketing Commitment for the first Fiscal Year of the Term were established when the parties were expecting the Effective Date to be one month earlier than the Effective Date; and

WHEREAS the parties wish to amend the Basic Gross Revenue Guarantee and the Minimum Marketing Commitment for the first Fiscal Year of the Term in order to reflect that the first Fiscal Year of the Term will be 11 months instead of 12 as originally anticipated;

THEREFORE the parties hereto agree as follows:

1. All terms used in this Addendum have the meanings ascribed thereto in the Branded Concession Agreement between Sears Canada Inc. and SHS Services Management Inc. dated December 20, 2012.
2. The Minimum Marketing Commitment for the first Fiscal Year of the Term shall be ~~\$6,224,167.27~~
3. The Basic Gross Revenue Guarantee for the first Fiscal Year of the Term shall be ~~\$177,888,000~~

IN WITNESS WHEREOF the Parties have executed this Addendum this 20th day of December, 2012

SEARS CANADA INC.

SEARS CANADA INC.

By: _____
(I have authority to bind the Corporation)

By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
 Title: Executive Vice-President, Financial and Home Services, Direct and Marketing

Name: Terri Lowe
 Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

By: _____
(I have authority to bind the Corporation)

Name:
 Title:

Name:
 Title:

Standards Description	Standards Level	Service Level Credit
Customer Complaints Level: In a Fiscal Quarter, percentage of installations completed during such Fiscal Quarter about which there were no Customer complaints received by Licensee or Sears	85%	\$10,000
Customer Complaint Acknowledgment: In a Fiscal Quarter, percentage of Customer complaints received during such Fiscal Quarter in response to which Licensee has contacted the Customer to discuss the complaint	95%	\$10,000
Customer Complaint Resolution: In a Fiscal Quarter, percentage of complaints received during such Fiscal Quarter about which agreement was reached with the Customer regarding resolution of the complaint within 72 hours of receipt of Customer's complaint	90%	\$10,000

Annual Customer Satisfaction Guarantee: The Licensee shall have failed to meet the "Annual Customer Satisfaction Guarantee" in every Fiscal Year in which a Customer Satisfaction Standards Service Level has not been met 2 or more times.

DEFINITION OF ANNUAL SERVICE LEVEL GUARANTEES: "Annual Service Level Guarantees" means the Annual Customer Experience Guarantee, the Annual Total Cycle Time Guarantee and the Annual Customer Satisfaction Guarantee.

Schedule "K"

PERFORMANCE GUARANTEES

Guaranteed Gross Revenue: The Guaranteed Gross Revenue for each Fiscal Year in the Term shall be calculated as the Basic Gross Revenue Guarantee (defined below) for such Fiscal Year, minus any applicable Revenue Guarantee Adjustment (defined below) for such Fiscal Year ("Guaranteed Gross Revenue").

The "Basic Gross Revenue Guarantee" for each Fiscal Year during the Initial Term shall be as follows:

Fiscal Year of the Initial Term	Basic Gross Revenue Guarantee
1	\$ 194,000,000
2	\$ 203,633,588
3	\$ 217,818,229
4	\$ 232,990,939
5	\$ 249,220,545
6	\$ 266,580,667
7	\$ 285,150,055
8	\$ 305,012,943
9	\$ 326,259,434
10	\$ 348,985,906

The Basic Gross Revenue Guarantee for each Fiscal Year in a Renewal Term shall be calculated as a 3% increase over the Basic Gross Revenue Guarantee for the previous Fiscal Year of the Term.

Revenue Guarantee Adjustment: An annual Revenue Guarantee Adjustment may be applicable with respect to any Fiscal Year during which (i) there are fewer than 73 Designated Stores at the beginning of the Fiscal Year; (ii) the Gross Revenue generated during the Fiscal Year is less than the Gross Revenue generated during the most recently completed Fiscal Year in which the number of Designated Stores throughout the Fiscal Year was 73 or more (the "Base Year"); and (iii) the total Store Leads generated during such Fiscal Year was less than the number of Store Leads generated during the Base Year.

The "Revenue Guarantee Adjustment" that may be applicable in the foregoing conditions in any Fiscal Year of the Term shall be calculated as a percentage of the Basic Gross Revenue Guarantee applicable to such Fiscal Year (the "Revenue Guarantee Adjustment Percentage"). The Revenue Guarantee Adjustment Percentage shall be determined by reference to the Adjusted Store Total (defined below), in accordance with the following table:

Adjusted Store Total	Revenue Guarantee Adjustment Percentage
73 and more	Nil
68 or more and less than 73	5%
63 or more and less than 68	10%
58 or more and less than 63	15%
53 or more and less than 58	20%

48 or more and less than 53	25%
43 or more and less than 48	30%
38 or more and less than 43	35%
33 or more and less than 38	40%
28 or more and less than 33	45%
23 or more and less than 28	50%
18 or more and less than 23	55%
Less than 18	60%

The "Adjusted Store Total" for a Fiscal Year shall be calculated as the average number of Designated Stores open on the first day of each Fiscal Month during such Fiscal Year, minus the number of Sears-Initiated Store Closures (defined below) since the beginning of the Term, plus the number of Licensee Store Opening Refusals (defined below) since the beginning of the Term.

"Sears-Initiated Store Closures" means the number of Designated Stores that were removed from Concession in accordance with section 21.2 of the Agreement [*Reduction of Designated Stores by Sears*] and the number of Designated Stores that were vacated by Licensee in accordance with section 5.9 of the Agreement [*Relocation and Reconfiguration of Licensed Areas by Sears*] following a reduction of space allotted to Licensed Areas.

"Licensee Store Opening Refusals" means the number of stores proposed by Sears to be added as Designated Stores in accordance with section 21.4 and refused by Licensee.

Card Share Guarantee: The "Card Share Guarantee" for each Fiscal Year in the Term shall be a percentage determined by reference to the Fiscal Year of the Term in the following table:

Fiscal Year of the Term	Card Share Guarantee
1	67%
2	68%
3	69%
4	70%
5	71%
6	72%
7 and every subsequent Fiscal Year	73%

Schedule "L"

PROTECTED ASSET VALUES

1. **Licensee's Furnishings Put Option (expiry or termination).** If this Agreement (a) expires; (b) is terminated by Sears (other than a termination by Sears for default); or (c) is terminated by Licensee due to Sears's default, then the Licensee shall have the option to require that Sears purchase from the Licensee, at the Furnishings Purchase Price (defined below), some or all of the Furnishings owned by the Licensee, installed or placed in Licensed Areas at Sears's request or upon Sears's approval and remaining located in Licensed Areas at the date of expiry or termination, provided that (i) Licensee shall, no later than, as applicable, 30 days prior to the expiry date or 30 days after the recipient's receipt of the notice of termination, provide notice to Sears of its intention to exercise such option; and (ii) such notice shall describe the Furnishings that are subject to the purchase in sufficient detail so that Sears may physically identify them.
2. **Licensee's Furnishings Put Option (closing of licensed area).** If Sears terminates the Concession in a Designated Store (other than a termination by Sears for default) or Licensee vacates a Designated Store in accordance with section 5.9 of the Agreement, but the Agreement otherwise remains in force, then the Licensee shall have the option to require that Sears purchase from the Licensee, at the Furnishings Purchase Price, some or all of the Furnishings owned by the Licensee, installed or placed in the Licensed Area at Sears's request or upon Sears's approval and remaining located in the affected Licensed Area at the date of termination, provided that (i) Licensee shall, no later than 30 days after the Licensee's receipt of the notice of termination, provide notice to Sears of its intention to exercise such option; and (ii) such notice shall describe the Furnishings that are subject to the purchase in sufficient detail so that Sears may physically identify them.
3. **Sears's Option to Purchase Furnishings (expiry or termination).** If this Agreement (a) expires; (b) is terminated by Sears (other than a termination by Sears for default); or (c) is terminated by Licensee, other than a termination by Licensee for default, then the Sears shall have the option to purchase from the Licensee, at the Furnishings Purchase Price (defined below), some or all of the Furnishings owned by the Licensee, installed or placed in Licensed Areas at Sears's request or upon Sears's approval and remaining located in Licensed Areas at the date of expiry or termination, provided that (i) Sears shall, no later than, as applicable, the expiry date or 30 days after the recipient's receipt of the notice of termination, provide notice to Licensee of its intention to exercise such option; and (ii) such notice shall describe the Furnishings that are subject to the purchase in sufficient detail so that Licensee may physically identify them.
4. **Sears's Option to Purchase Furnishings (closing of licensed area).** If Sears terminates the Concession in a Designated Store but the Agreement otherwise remains in force, then Sears shall have the option to purchase from the Licensee, at the Furnishings Purchase Price, some or all of the Furnishings owned by the Licensee, installed or placed in the Licensed Area at Sear's request or upon Sears's approval and remaining located in the affected Licensed Area at the date of termination, provided that (i) Sears shall, no later than 30 days after the Licensee's receipt of the notice of termination, provide notice to Licensee of its intention to exercise such option; and (ii) such notice shall describe the Furnishings that are subject to the purchase in sufficient detail so that Licensee may physically identify them.

BARRY PATRICK KENNY
Plaintiff

-and-

SHS SERVICES MANAGEMENT INC. et al.
Defendants

Court File No. 802/15

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
LONDON

MOTION RECORD
CERTIFICATION

Volume 2 of 3

McKENZIE LAKE LAWYERS LLP
140 Fullarton Street, Suite 1800
London, Ontario N6A 5P2

Michael J. Peerless (LSUC # 34127P)
Tel: 519.667.2644

Sabrina Lombardi (LSUC# 52116R)
Tel: 519.667.2645
Fax: 519.672.2674

Lawyers for the Plaintiff,
Barry Patrick Kenny

Court File No. 802/15

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BARRY PATRICK KENNY

Plaintiff

and

SHS SERVICES MANAGEMENT INC., SEARS CANADA INC.,
MICHEAL CLEMENTS, STEPHEN VERHOEFF and PAUL VERHOEFF

Defendants

(Proceeding under the *Class Proceedings Act, 1992*)

MOTION RECORD

CERTIFICATION

Volume 3 of 3

March 25, 2016

MCKENZIE LAKE LAWYERS LLP
140 Fullarton Street, Suite 1800
London, Ontario N6A 5P2

Michael J. Peerless (LSUC # 34127P)
Tel: 519.667.2644

Sabrina Lombardi (LSUC# 52116R)
Tel: 519.667.2645
Fax: 519.672.2674

Lawyers for the Plaintiff,
Barry Patrick Kenny

TO: MCMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, Ontario M5J 2T3

Brett Harrison
Tel: 416.865.7932
Fax: 416.865.7048

Lawyers for PricewaterhouseCoopers Inc. in its capacity as Court-Appointed
Receiver of SHS Services Management Inc./Gestion des Services SHS Inc. and SHS
Services Limited Partnership

AND TO: TORYS LLP
79 Wellington Street West, 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2

Arlen K. Sternberg
Patricia D. S. Jackson
Tel: 416.865-.8203
Fax: 416.865.7380

Lawyers for the Defendant,
Sears Canada Inc.

AND TO: MCLEOD LAW LLP
Centennial Place, West Tower
250 - 5th Street SW, Suite 2110
Calgary, Alberta T2P 0R4

Jeff W. Moroz
Tel: 403.278.9411
Fax: 403.271.1769

Lawyers for the Defendant,
Micheal Clements

AND TO: **PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**
155 Wellington Street West, 35th Floor
Toronto, Ontario M5V 3H1

Massimo Starnino
Gordon Capern
Tel: 416.646.4311
Fax: 416.646.4301

Lawyers for the Defendants,
Stephen Verhoeff and Paul Verhoeff

Index

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

BARRY PATRICK KENNY

Plaintiff

and

**SHS SERVICES MANAGEMENT INC., SEARS CANADA INC., MICHEAL
CLEMENTS, STEPHEN VERHOEFF and PAUL VERHOEFF**

Defendants

(Proceeding under the Class Proceedings Act, 1992)

INDEX

Tab Page No.

Volume 1:

1	Notice of Motion	1-6
2	Affidavit of Barry Patrick Kenny, sworn March 23, 2016	7-15
	Exhibit "A" Fresh as Amended Statement of Claim	16-30
	Exhibit "B" Contract of Employment	31-37
	Exhibit "C" Litigation Plan	38-47
3	Affidavit of John McNair, sworn March 24, 2016	48-56
	Exhibit "A" Statement of Claim	57-74
	Exhibit "B" Notice of Civil Claim	75-82
	Exhibit "C" Fresh as Amended Statement of Claim	83-97
	Exhibit "D" Affidavit of Micheal Clements and Exhibits A – J	98- 396

Volume 2:

Exhibit “D”	Affidavit of Micheal Clements Exhibits K – Q	397-595
Exhibit “E”	Asset Transfer Agreement	596-679
Exhibit “F”	Branded Concession Agreement	680-801

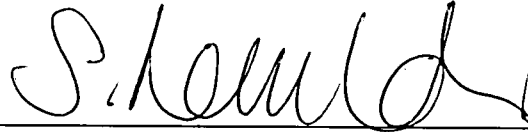
Volume 3:

Exhibit “G”	Interim Receiver’s First Report to the Court	802-917
Exhibit “H”	Interim Receiver’s Second Report to the Court	918-973
Exhibit “I”	Order of Justice Brown	974-989
Exhibit “J”	Interim Receiver’s Third Report to the Court	990-1009
Exhibit “K”	Interim Receiver’s Supplementary Report to the Receiver’s Third Report to the Court	1010-1039
Exhibit “L”	Interim Receiver’s Second Supplementary Report to the Receiver’s Third Report to the Court.....	1040-1043
Exhibit “M”	Interim Receiver’s Fourth Report to the Court	1044-1062
Exhibit “N”	Interim Receiver’s Fifth Report to the Court	1063-1112
Exhibit “O”	Interim Receiver’s Sixth Report to the Court	1113-1122
Exhibit “P”	Interim Receiver’s Seventh Report to the Court	1123-1131
Exhibit “Q”	Interim Receiver’s Eighth Report to the Court	1132-1181
Exhibit “R”	Interim Receiver’s Tenth Report to the Court	1182-1194

TAB G

This is Exhibit "G" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Kowalski", written over a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

INTERIM RECEIVER'S FIRST REPORT TO THE COURT

December 20, 2013

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.
AND SHS SERVICES MANAGEMENT LP**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47
OF THE *BANKRUPTCY AND INSOVLENCY 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**

**FIRST REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS INTERIM RECEIVER**

INTRODUCTION

1. By Order (the "**Appointment Order**") of Mr. Justice Moratwetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 13, 2013 (the "**Date of Appointment**"), pursuant to section 47 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**"), PricewaterhouseCoopers Inc. was appointed as interim receiver and receiver (in both capacities referred to as the "**Interim Receiver**") of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. ("**SHS**") and SHS Services Management LP ("**SHS LP**," and collectively with SHS, the "**Company**") acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**"). The Interim Receiver's appointment pursuant to section 47 of the BIA was made until January 11, 2014. These proceedings shall be referred to herein as the "**Interim Receivership Proceedings**". A copy of the Appointment Order is attached as Appendix "A" to this report.
2. The application for the Appointment Order was brought by the Company. The Company's principal secured creditors are Sears Canada Inc. ("**Sears**") and Alaris Income Growth Fund Partnership ("**Alaris**"), pursuant to the terms of a loan agreement with SHS.
3. The purpose of this report (the "**First Report**") is to provide an update to the Court on:

- a) The Interim Receiver's activities since the Date of Appointment;
 - b) The relief sought in the comeback hearing scheduled for December 23, 2013 (the "Comeback Hearing"); and
 - c) The anticipated actions to be taken in the Interim Receivership Proceedings.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST"). Capitalized terms not otherwise defined are as defined in the Appointment Order.

ACTIVITIES OF THE INTERIM RECEIVER

5. The Appointment Order was granted at approximately 4:30pm on December 13, 2013. Since that time the Interim Receiver has completed several activities pursuant to its duties and powers as set out in the Appointment Order. The activities have been primarily focused on:
- a) taking possession and control of the assets, undertakings and properties of the Company;
 - b) issuing notices of termination to employees on behalf of the Company;
 - c) retaining, on behalf of the Company, certain select staff on a term and task contract basis;
 - d) suspending substantially all business operations pending a financial viability review; and
 - e) completing other statutory and operational requirements.

POSSESSION AND CONTROL

6. Representatives of the Interim Receiver attended at the Company's head office in Markham, Ontario and at the Company's operating locations in Vancouver, Calgary, Edmonton, Winnipeg, Cambridge (ON), Toronto, Ottawa and Montreal in the afternoon and evening of December 13, 2013. On arrival, the Interim Receiver arranged meetings with employees to discuss the status of the Company's operations, the receivership

process, and the Interim Receiver's proposed course of action.

7. At those locations, the Interim Receiver arranged for the locks to be changed on all access doors, changed security system passcodes, secured a copy of the Company's books and records, and obtained payroll records and a list of customers and creditors. Access to the Company's computer systems was restricted to key retained individuals, and backups of system data were obtained. The Interim Receiver also arranged for inventory counts to be performed in each location, which were performed in the week of December 16, 2013.
8. The Interim Receiver did not attend at the Company's locations in Regina (SK) and Oshawa (ON), but has arranged for former employees of SHS who were retained by the Interim Receiver to exercise control over assets at those locations and perform the actions noted above as required.
9. Some of the Company's inventory is located in sites managed by Sears, including certain distribution centres and store locations. Sears has confirmed to the Interim Receiver that this inventory shall not be moved, removed or transferred without the direction of the Interim Receiver. Further, Sears shall not attempt to market, sell, or otherwise relinquish control of this inventory without the direction of the Interim Receiver. Arrangements will be made shortly to perform a count of this inventory.
10. The Interim Receiver has frozen the bank accounts held by the Company with HSBC Bank Canada ("HSBC"), and established new accounts in the name of the Interim Receiver at the Royal Bank of Canada. At the time of taking possession, approximately \$1.2 million of funds was held in the accounts of the Company. In the Interim Receiver's notice to creditors filed pursuant to section 246(1) of the BIA, the Receiver indicated funds of approximately \$1.9 million were obtained. This balance had been reported by HSBC, but did not take into account certain cheques or payments totaling approximately \$0.7 million which had been presented and accepted by HSBC for payment prior to the Interim Receiver's appointment but for which the account balance had not yet been updated. This is being reviewed by the Interim Receiver.

EMPLOYEES

11. Pursuant to paragraph 13 of the Appointment Order, the Interim Receiver, on behalf of the Company, terminated the employment of all of the Company's employees upon taking

possession of the Company on December 13, 2013. Verbal notice was given to employees present at the Company's locations on taking possession that day. Additional notices of termination were sent by mail on December 16, 2013.

12. Certain former employees of SHS have been temporarily retained by SHS through the Interim Receiver on a term and task contract basis to provide assistance to the Interim Receiver.

OPERATION OF THE COMPANY

13. The assets and operations of the Company were described in the affidavit of Micheal Clements sworn December 12, 2013 (the "**Clements Affidavit**") which was filed as part of the application for the Interim Receivership Proceedings.
14. The products and services that SHS performed included a range of interior and exterior home renovations, repairs, and other home maintenance services, in addition to the sale of air conditioners, furnaces, fireplaces, and interior and exterior renovation-related products, as well as installation and assembly of products purchased at Sears retail outlets (collectively the "**Services**"). The provision of the Services was pursuant to the terms of a Branded Concession Agreement between Sears and SHS dated December 20, 2012 (the "**BCA**"). In addition, SHS operates a hot water heater rental business (the "**Water Heater Business**").
15. The Interim Receiver is not currently accepting new orders for Services under the BCA. Orders for Services that were received by SHS prior to the Date of Appointment and which have not yet resulted in installations or other work performed in customer homes (the "**Work In Process**") are being reviewed and evaluated to determine whether and how they will be completed, and on what terms they may be completed. Among other things, the Interim Receiver is considering the net financial benefit to the estate of SHS of performing such work, in part given the deposits received from a number of customers prior to the Interim Receivership Proceedings.
16. The Interim Receiver is working diligently to complete this review, and will consult further with Sears and Alaris on this issue. The Interim Receiver will report further to the Court on its findings.

17. For emergency repairs, warranty or service work required by customers of SHS for Services that were either incomplete on or performed prior to the Date of Appointment, the Interim Receiver is working with Sears to identify such work orders so that Sears may elect whether it wishes to complete such work immediately. If completed now on behalf of the Company, this specific type of work is not expected to result in a net financial benefit to SHS.
18. Counsel for Sears has indicated to the Interim Receiver that to the extent that Sears has rights to assert claims against SHS under the BCA (or any related agreements) for indemnity, it reserves its right to assert a claim for such expenses, and that any work Sears elects to perform for customers of SHS itself should be done so on a without prejudice basis (on the part of Sears and the Interim Receiver). The Interim Receiver has not yet reviewed the merits of any claims which Sears may wish to assert pursuant to the BCA or otherwise.

OTHER ACTIVITIES

19. The Interim Receiver notified the Company's various utility and telephone companies of our appointment and provided a copy of the Receivership Order to ensure service was not disrupted. The Interim Receiver has also spoken with certain key service providers to ensure continuation of services pursuant to the terms of the Appointment Order.
20. As of the date of the First Report, the Interim Receiver has received several claims pursuant to section 81.1 of the BIA for the repossession of certain inventory by unpaid suppliers. The Interim Receiver expects to receive additional claims and will consider all such claims in accordance with its duties.
21. The Interim Receiver is reviewing the potential existence of other priority claims for statutory deemed trust amounts, or priority claims pursuant to sections 81.4 and 81.6 of the BIA. The Interim Receiver is aware of amounts that were paid by the Company prior to the Interim Receivership Proceedings which among other things would have reduced these amounts owing. Both Sears and Alaris have requested further information on such payments. The Interim Receiver will report further on this in a future report to the Court.
22. The Interim Receiver has also performed other activities incidental to its duties and powers under the Appointment Order and the BIA, including the following:

- a) Initial review and reconciliation of accounting information provided by the Company, assistance with cut-off of pre- and post-receivership accounting in the Company's financial records, and preparation of initial cash flow forecasts for the Interim Receivership;
 - b) Reviewed the adequacy of insurance coverage, advised the Company's insurer of the receivership, and requested to be added as a named insured to the policy;
 - c) Issued statutory notices pursuant to s. 245 and 246(1) of the BIA, which were mailed on December 20, 2013; and
 - d) Held calls with Sears and Alaris regarding the status of the Interim Receivership Proceedings.
23. The Interim Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Interim Receivership Proceedings. As of December 19, 2013 the website had received over 1600 unique visitors. The Company's call center (1-800-469-4663) has responded to over 4,000 calls with information on the Interim Receivership Proceedings. The Interim Receiver's phone hotline (1-855-376-8474) has received over 800 calls, which are being responded to in priority sequence.

COMEBACK HEARING

24. In his endorsement on granting the Appointment Order, Justice Morawetz stipulated that a comeback hearing was to be held on December 23, 2013. The Interim Receiver filed a notice of motion on December 18, 2013 seeking an order to amend the Appointment Order (the "**Amendment Order**") for the following purposes.

CONTINUATION OF SERVICES PROVISIONS SHALL NOT APPLY TO BRANDED CONCESSION AGREEMENT

25. Prior to the Interim Receivership Proceedings, Sears asserted grounds to terminate the BCA, but refrained from actually terminating the contract on the basis that the receivership order would contain a limited exemption from the stay of proceedings relative to Sears's ability to terminate the BCA. At that time, the Interim Receiver agreed

to seek this relief upon its appointment.

26. The BCA is attached as Appendix "B" of this report. Due to the commercially sensitive nature of some of the information in the schedules to the BCA, these have not been included.
27. The BCA governs the conduct of the business as it relates to, among other things, the use and promotion of the Sears trademark and logo, as well as other intellectual property of Sears. It also deals with service level commitments in the conduct of the business. Given the use of the Sears' proprietary intellectual property, Sears support for the continuation of the business during a receivership was contingent upon Sears having the ability to terminate the CBA, on terms providing for a transition period acceptable to the Interim Receiver, on reasonable notice to the Interim Receiver. If the CBA had been terminated before the receivership, it is highly unlikely that the Interim Receiver would be able to market parts of the business or complete any outstanding work orders or repair work.
28. The continuation of the BCA during the receivership gives the Interim Receiver the opportunity to seek buyers for all or parts of the business, and preserves the Interim Receiver's ability to have Sears process credit card sales and other essential services which are provided to SHS under the CBA and related documents. It also allows SHS to continue to use Sears locations to safely store assets of SHS which are in a Sears store or warehouse, without the cost of relocating these assets to a third party warehouse.
29. The Interim Receiver considers that this relief is appropriate in the circumstances. The specific relief sought includes a notice requirement, transitional provisions, and indemnification for costs by Sears which are of benefit to SHS in the Interim Receivership Proceedings. Further, this exclusion does not affect the rights of SHS with regards to the Water Heater Business, which the Interim Receiver considers to be of potential value.

INCLUSION OF E-SERVICE PROTOCOL

30. The proposed order includes the adoption of the E-Service Protocol of the Commercial List. The E-Service Protocol has recently come into effect and, pursuant to section 7 of the Protocol, is to be used in all Receivership proceedings. The Receiver believes that implementation of the E-Service Protocol will allow for the efficient service of materials and will benefit all stakeholders.

ANTICIPATED ACTIONS IN THE INTERIM RECEIVERSHIP

31. The Interim Receiver understands that Sears intends to move for an Order for the continuation of these proceedings under section 243 of the BIA, and the conversion of the Interim Receiver to a Receiver pursuant to that section of the BIA. It is anticipated that this motion shall be scheduled during the week of January 6, 2014 (the "January Hearing").
32. Pending the expected application of Sears to expand the Interim Receiver's appointment pursuant to section 243 of the BIA, or further clarification of the Interim Receiver's sale powers at the Comeback Hearing the Interim Receiver will sell assets pursuant to paragraph 3(l) of the Order only if such Property is perishable or likely to depreciate rapidly in value or the sale of assets is permitted by virtue of its appointment as receiver under the CJA.
33. The Interim Receiver is currently in discussions with Sears with regard to provision of critical services to SHS customers on an interim basis, in order to provide stability to the business and support to customers with urgent service issues. The Interim Receiver is hopeful that it will be able to complete an agreement with Sears in this regard prior to December 23, 2013, and will report more fully to the Court at that time.
34. The Interim Receiver is aware of a number of parties who are potentially interested in acquiring some of the assets or operations of SHS. Prior to the Interim Receivership Proceedings, SHS had spoken with a number of parties regarding their interest in purchasing the Water Heater Business. Two preliminary expressions of interest were received from third parties prior to the Date of Appointment, and one of these expressions of interest was signed back by SHS. The Interim Receiver is following up with these parties on these expressions of interest, and is speaking with other parties who have contacted it subsequent to the Date of Appointment to express their interest in the Water Heater Business and/or the other assets and operations of the Company. As part of the January Hearing, the Interim Receiver currently intends to bring an application for the approval of a sale and marketing process for the Company's assets and operations.

35. Between now and the January Hearing, the Interim Receiver intends to perform, *inter alia*, the following actions:
- a) Complete the review of the Work In Process to determine whether and how any Work in Process will be completed, and on what terms, and consult with Sears and Alaris regarding same, including an estimate of costs that may need to be incurred in this regard;
 - b) Contact potential interested parties in the assets and operations of the Company, including the Water Heater Business, in anticipation of the commencement of a sale and marketing process to be approved at the January Hearing;
 - c) Continue responding to requests for information from interested parties, including customers and creditors, and coordinate with Sears on requests for urgent repair or warranty work; and
 - d) Other administrative and statutory duties, including processing of payrolls for retained employees and issuance of T4 and Records of Employment for all employees.

RELIEF SOUGHT

36. The Interim Receiver respectfully requests this Court grant the Amendment Order.

All of which is respectfully submitted on this 20th day of December, 2013.

PricewaterhouseCoopers Inc.

In its capacity as Interim Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Management LP



Mica Arlette
Senior Vice President

TAB A

Court File No CV-13-10370-00CL

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

THE HONOURABLE) FRIDAY, THE 13th
MR. JUSTICE MORAWETZ)
) DAY OF DECEMBER, 2013

**IN THE MATTER OF THE INTERIM RECEIVER SHIP OF SHS SERVICES
MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES
LIMITED PARTNERSHIP**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47
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**

ORDER

(Appointment of Interim Receiver)

THIS APPLICATION made by SHS Services Management Inc./Gestion Des Services SHS Inc. and SHS Services Limited Partnership for an Order pursuant to section 47 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 PricewaterhouseCoopers Inc. ("PwC") as interim receiver and receiver (in such capacities, the "Interim Receiver") without security, of all of the assets, undertakings and properties of SHS Services Management Inc./Gestion Des Services SHS Inc. and SHS Services Limited Partnership (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Micheal Clements sworn December 12, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Debtors, counsel for Sears
MS) ^ the Affidavit of Daniel Westreich sworn December 13, 2013
and the Exhibits thereto; (A)

- 2 -

Canada Inc. ("Sears") and counsel for PwC and such other counsel as may be in attendance, and on reading the affidavit of service of [NAME] sworn [DATE] and on reading the consent of PwC to act as the Interim Receiver.

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 47 of the BIA and section 101 of the CJA, PwC is hereby appointed Interim Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property"), until January 11, 2014.

INTERIM RECEIVER'S POWERS

3. THIS COURT ORDERS that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim 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;
- (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;

- 3 -

- (c) to manage, operate, and carry on the business of the Debtors, including the power 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 contracts of the Debtors;
- (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 Interim 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 Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) 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 Debtors, the Property or the Interim Receiver, and to settle or compromise any such proceedings. The authority hereby

- 4 -

conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) 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 Interim Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding ~~\$500,000~~ ^(\$150,000), provided that the aggregate consideration for all such transactions does not exceed ~~\$1,000,000~~ ^{\$500,000}; 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 set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the Interim Receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;

- 5 -

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) 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 Interim Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) 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 Interim 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (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 Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request.

- 6 -

5. THIS COURT ORDERS that all Persons shall forthwith advise the Interim 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 Debtors, 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

- 7 -

NO PROCEEDINGS AGAINST THE INTERIM RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtors, the Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Interim Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Interim Receiver or the Debtors 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 INTERIM RECEIVER

10. 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 Debtors, without written consent of the Interim Receiver or leave of this Court.

- 8 -

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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 Debtors 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 Interim Receiver, and that the Interim Receiver shall be entitled to the continued use of the Debtors' 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 Interim Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Interim Receiver, or as may be ordered by this Court.

12. ~~THIS COURT ORDERS that notwithstanding paragraph 11, but subject to the terms of this paragraph, Sears may exercise its right to terminate the Branded Concession Agreement with the Debtors~~
~~dated December 20, 2012 (as amended) (the "Concession Agreement")~~
~~upon (i) two weeks prior written notice to the Debtors (with a copy to the Interim Receiver), (ii)~~
~~with the written consent of the Interim Receiver or (ii) pursuant to further Order of this~~
~~Court. In the event of the termination of the Concession Agreement, Sears shall provide the~~
~~Interim Receiver with a reasonable transition period and the Interim Receiver and Sears shall~~
~~attempt to negotiate the transition procedure and period, failing which, either the Interim~~
~~Receiver or Sears may seek the direction of the Court. All reasonable costs and disbursements~~
~~incurred by the Interim Receiver in connection with the transitional process established pursuant~~
~~to this paragraph shall be for the account of Sears. For greater certainty, notwithstanding the~~
~~termination of the Concession Agreement or any related agreement with Sears, such termination~~
~~shall in no way affect the rights of the Debtors to operate the water heater rental business, relieve~~
~~Sears of any existing obligations to provide support or services to the Debtors under the~~
~~Transition Services Agreement dated March 2, 2013 in connection with their operation of such~~
~~business or in any way restrict the sale of the water heater business.~~

INTERIM RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, including without limitation 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 one or more new accounts to be opened by the Interim Receiver (the "Post Interim Receivership Accounts") and the monies standing to the credit of such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that ^{all employees of the Debtors shall remain the employees of the Debtors until such time as the} ~~the employment of each employee of the Debtors is hereby terminated effective immediately upon the issuance of this Order. Subject to section 38(2) of the~~ ^{Interim Receiver, on the Debtor's behalf, may terminate the employment of such employees.} ~~Wage Earner Protection Program Act, S.C. 2005, c.47, s.1, and sections 81.4(5) and 81.6(5) of~~ the BIA. The Interim Receiver shall not be liable for any employee-related liabilities, including, without limitation, any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, wages, severance pay, termination pay, vacation pay and related costs, and pension or benefit amounts, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

PIPEDA

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

- 10 -

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, 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*. Nothing in this Order shall derogate from the protections afforded the Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

- 11 -

INTERIM RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "Interim Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Interim Receiver's 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.

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

20. THIS COURT ORDERS that prior to the passing of its accounts, the Interim 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 normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE INTERIM RECEIVERSHIP

21. THIS COURT ORDERS that the Interim Receiver 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 \$1,000,000 (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, for the purpose of funding the exercise of the powers and duties conferred upon the Interim Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Interim Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together

- 12 -

with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Interim Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Interim Receiver's Borrowings Charge nor any other security granted by the Interim Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Interim 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 Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim 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 Interim Receiver's Certificates.

~~INTERIM RECEIVER ABILITY TO SEEK A DISCHARGE~~

~~25. THIS COURT ORDERS that, subject to any further Order of the Court and without limitation to any other right of or protection in favour of the Interim Receiver, the Interim Receiver with leave of the Court, shall not be required to take any step or action if it reasonably believes that it does not have sufficient cash on hand or committed financing to complete such steps or actions, and further, the Interim Receiver may apply to be discharged on the basis that it reasonably believes that it has insufficient cash on hand or committed financing to continue to act as Interim Receiver.~~

GENERAL

26. THIS COURT ORDERS that the Interim Receiver 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 nothing in this Order shall prevent the Interim Receiver from acting as a trustee in bankruptcy of the Debtors.

- 13 -


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

29. THIS COURT ORDERS that the Interim 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 Interim 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.

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 the Interim 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.

ENTERED AT / INSCRIT A TORONTO
CN / BOOK NO:
LE / DANS LE REGISTRE NO.:

DEC 13 2013



SCHEDULE "A"

INTERIM RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that PricewaterhouseCoopers Inc., the Interim Receiver (the "Interim Receiver") of the assets, undertakings and properties of SHS Services Management Inc./Gestion Des Services SHS Inc. and SHS Services Limited Partnership (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ of _____, 20__ (the "Order") made in an action having Court file number ____-CL-____, has received as such Interim Receiver from the holder of this certificate (the "Lender") the principal sum of \$____, being part of the total principal sum of \$____ which the Interim 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 _____ 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 Interim 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 Interim 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 _____.

- 2 -

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 Interim 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 Interim 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 Interim 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____.

PRICEWATERHOUSECOOPERS INC.,
solely in its capacity as Interim Receiver of the
Property, and not in its personal capacity

Per: _____

Name:

Title:

Court File No.
CJ-13 - 10370-00CL

IN THE MATTER OF THE INTERIM RECEIVER SHIP OF SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED PARTNERSHIP

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 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

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

PROCEEDINGS COMMENCED AT TORONTO

**ORDER
(Appointment of Interim Receiver)**

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4

ROGER JAIPARGAS
Tel: 416.367.6266
Email: rjaipargas@blg.com
LSUC# 43275C

MARY ARZOUUMANIDIS
Tel: 416.367.6304
Email: marzoumanidis@blg.com
LSUC #53915Y

Lawyers for SHS Services Management Inc. / Gestion
Des Services SHS Inc. and SHS Services Limited
Partnership

TOR01: 5424470: v5

TAB B

Branded Concession Agreement

Sears Home Services

December 20, 2012

ARTICLE 1. INTERPRETATION.....	8
1.1 Definitions.....	8
1.2 Schedules.....	17
1.3 Interpretation.....	17
ARTICLE 2. TERM.....	19
2.1 Initial Term.....	19
2.2 Renewal Terms.....	19
2.3 Overholding.....	19
ARTICLE 3. GRANT OF CONCESSION.....	19
3.1 Grant of Concession.....	19
3.2 Use of Brand Name.....	19
3.3 Exclusivity.....	19
ARTICLE 4. PRODUCTS AND SERVICES.....	20
4.1 Assortment of Products and Services.....	20
4.2 Quantity of Products.....	20
4.3 Quality of Products and Services.....	20
4.4 Pricing of Products and Services.....	20
4.5 Prohibited Products and Services.....	20
4.6 Product Servicing and Repair.....	20
ARTICLE 5. LICENSED AREAS.....	21
5.1 Right to Occupy Licensed Areas.....	21
5.2 Use of the Licensed Area.....	21
5.3 Remodelling, Reconfiguration and Relocation of Licensed Areas by Sears.....	21
5.4 Initial Construction.....	21
5.5 Licensee Furnishings and Leasehold Improvements.....	22
5.6 Plans and Drawings.....	23
5.7 Sears Furnishings and Leasehold Improvements.....	23
5.8 Licensed Area Remodelling.....	23
5.9 Relocation and Reconfiguration of Licensed Areas by Sears.....	23
5.10 Relocation and Reconfiguration of Licensed Areas by Licensee.....	24
5.11 Sears Maintenance and Repairs.....	24
5.12 Licensee Maintenance and Repairs.....	24
5.13 Notice of Incident or Damage.....	25
5.14 Examination of Licensed Areas.....	25
5.15 Control of Building.....	25
5.16 Utilities.....	26
5.17 Energy Conservation.....	26
5.18 HVAC.....	26
5.19 Telephone.....	26
5.20 Elevators & Escalators.....	27
5.21 Janitorial Services.....	27
5.22 Garbage Removal.....	27

5.23	Sears Product Bags and Boxes	28
5.24	Licensee Operational Supplies	28
5.25	Shipping and Receiving	28
5.26	Prohibited Activities	28
5.27	Damage and Disturbance	28
5.28	Sound and Lights.....	29
5.29	Signage.....	29
5.30	Property Taxes	29
5.31	Landlord Common Area Maintenance Charges.....	29
ARTICLE 6. ADVERTISING, MARKETING AND PROMOTIONS.....		30
6.1	Licensee's Marketing Commitment.....	30
6.2	Promotion of Brand Name and Sears Credit Services.....	31
6.3	Joint Marketing	31
6.4	Sears Rewards Program.....	31
6.5	Participation in Sears Advertising Vehicles.....	31
6.6	Designated Store Promotional Events	31
6.7	Telemarketing Solicitation.....	32
6.8	Internet Solicitation	32
6.9	Concession Website	32
6.10	Marketing Plan.....	32
6.11	Marketing Agencies	33
6.12	Advertising Approval.....	33
ARTICLE 7. CUSTOMER PAYMENTS AND CREDIT		33
7.1	Tender	33
7.2	Promotion of Sears Card	33
7.3	Cash	34
7.4	Gift Cards and Merchandise Certificates	34
7.5	Sears Rewards Program Redemption	34
7.6	Credit Sales	34
7.7	Merchant Fee.....	35
7.8	Sears Card Revenues.....	35
7.9	Licensee to Collect Sales Tax.....	35
ARTICLE 8. CUSTOMER RELATIONS AND ADJUSTMENTS		35
8.1	Customer Satisfaction Policy	35
8.2	Customer Complaints	35
8.3	Customer Contact Centre	36
ARTICLE 9. OPERATIONS AND STAFFING		36
9.1	Normal Business Hours	36
9.2	Operational Supervision.....	36
9.3	Policies and Practices.....	36
9.4	Conduct of Business.....	36
9.5	Compliance With Applicable Law.....	36
9.6	Compliance With Sears Guidelines and Service Levels	37

9.7	Protection of Personal Information.....	37
9.8	Permits and Licenses.....	37
9.9	Business License.....	38
9.10	Staffing.....	38
9.11	Sub-Contracting.....	39
9.12	Supervision of Employees.....	39
9.13	Labour and Employment Standards.....	39
9.14	Compensation & Benefits.....	39
9.15	No Connection to Sears.....	39
9.16	Sears Discount for Licensee Employees.....	40
9.17	Licensee Discount for Sears Employees.....	40
9.18	Sears Identification Cards.....	40
9.19	Licensee Identification Cards.....	40
9.20	Removal of Employees.....	41
ARTICLE 10. LICENSEE'S SUPPLIERS, PURCHASES AND PAYMENTS.....		41
10.1	Purchase in the Name of Licensee.....	41
10.2	Notification to Supplier.....	41
10.3	Invoices Issued in Error.....	41
10.4	Prompt Payment of Invoices.....	42
10.5	Accounts Payable Report.....	42
10.6	Withholding and Payment.....	42
10.7	Business Fees and Taxes.....	42
10.8	Supplier Agreements.....	43
ARTICLE 11. INSURANCE.....		43
11.1	Licensee's Property and Liability Insurance.....	43
11.2	Additional Insured.....	44
11.3	Waiver of Subrogation.....	45
11.4	Evidence of Insurance.....	45
11.5	Sears Approval.....	45
11.6	Fallure to Insure, Cancellation.....	45
ARTICLE 12. COMMISSION, FEES AND REMITTANCE.....		45
12.1	Commission.....	45
12.2	Maintenance and Administration Fee.....	46
12.3	Sales Tax.....	46
12.4	Payment Settlement Process.....	46
12.5	Interest on Overdue Amounts.....	47
ARTICLE 13. SECURITY FOR PAYMENT AND FINANCIAL COVENANTS.....		47
13.1	Setoff.....	47
13.2	Lien.....	47
13.3	No Lien on Sears Assets.....	48
13.4	Creditor Non-Interference Agreement.....	48
13.5	Financial Covenants.....	48

ARTICLE 14. GOVERNANCE, COMMITTEES AND SUPPORT	48
14.1 Executive Committee and Governing Principles	48
14.2 Operational Committee	49
14.3 Sears Support	50
ARTICLE 15. RECORD KEEPING, REPORTING, MONITORING & AUDITING	50
15.1 Point of Sale Register System	50
15.2 Licensee Reporting	51
15.3 Accounting Records	51
15.4 No Waiver or Prejudice	51
15.5 Audit	51
15.6 Notice of Collective Agreements and Negotiations	52
ARTICLE 16. TRADEMARK LICENSE	52
16.1 Grant of Trademark License	52
16.2 Use of Trademark	52
16.3 Prior Approval on Use of Sears Trademark	53
16.4 Advertising of Sears Trademark	53
16.5 Restrictions on Use of the Sears Trademark by Licensee	53
16.6 Ownership of Trademarks	54
16.7 Remedies for Unauthorized Use	54
16.8 Trademark Owner's Remedies	54
16.9 Changes to Sears Trademark	54
ARTICLE 17. GOODWILL AND INTELLECTUAL PROPERTY	55
17.1 Goodwill Generated by the Operation of the Concession	55
17.2 Sears Intellectual Property	55
17.3 Licensee Intellectual Property	56
17.4 Establishment of New Intellectual Property Rights	56
17.5 Protection of Intellectual Property	57
17.6 Residual Rights	57
ARTICLE 18. CONFIDENTIAL INFORMATION	57
18.1 Customer Lists, Customer Information; Sales Information	57
18.2 Sears Confidential Information	58
18.3 Licensee's Confidential Information	58
18.4 No Disclosure of Confidential Information	58
18.5 Protection of All Sears Confidential Information	59
18.6 Restricted Use of Confidential Information	59
18.7 Maintenance of Confidential Information	59
18.8 Return of Confidential Information	59
ARTICLE 19. INDEMNITY AND LIMITATION OF LIABILITY	59
19.1 Sears's Indemnity	59
19.2 Licensee's Indemnity	61
19.3 Notification of Third-Party Claims	62
19.4 Limitation of Liability	62

ARTICLE 20. NON-SOLICITATION AND NON-COMPETITION DURING THE TERM	62
20.1 Non-Solicitation of Customers	62
20.2 Non-Solicitation of Employees by Sears	63
20.3 Non-Solicitation of Employees by Licensee	63
20.4 Non-Competition During the Term	63
ARTICLE 21. CHANGES TO CONCESSION	64
21.1 Reduction of Designated Channels or Designated Markets	64
21.2 Reduction of Designated Stores by Sears	64
21.3 Reduction of Designated Stores by Licensee	64
21.4 Increase of Designated Stores	64
ARTICLE 22. ASSIGNMENT AND CHANGE OF CONTROL	64
22.1 Assignment by Sears	64
22.2 Assignment by Licensee	65
22.3 Change of Control	65
22.4 Right of First Offer	65
22.5 Right of First Refusal	65
ARTICLE 23. DEFAULT AND TERMINATION	66
23.1 No Fault Termination	66
23.2 Termination Due to Event of Default	66
23.3 Events of Default by Licensee	66
23.4 Bankruptcy Event	68
ARTICLE 24. SOFTWARE AND DATA	70
24.1 Licensee Software Escrow	70
24.2 List of Licensee Software	70
24.3 Concession Data	71
ARTICLE 25. AFTER TERMINATION	71
25.1 Surrender	71
25.2 Withholding of Remittance	72
25.3 Disengagement Costs	72
25.4 Licensed Area Restoration Costs	72
25.5 Protected Asset Values	72
25.6 Option to Transfer Assets	72
25.7 Option to Assign Contracts	74
25.8 Licensee Work-In-Progress Put Option	74
25.9 Post-Termination Transfer Further Assurances	74
25.10 Transition Assistance	75
25.11 Option to Acquire Software License	75
25.12 Concession Data	76
25.13 Licensee Non-Competition After Termination	76
25.14 Non-Solicitation of Customers	77
25.15 Non-Solicitation of Employees by Sears	77

25.16 Non-Solicitation of Employees by Licensee	77
25.17 Sears Business After the Term	77
ARTICLE 26. REPRESENTATIONS, WARRANTIES AND COVENANTS	78
26.1 Representations and Warranties of Licensee	78
26.2 Representations and Warranties of Sears	79
26.3 Nature and Survival	79
ARTICLE 27. CONDITIONS PRECEDENT.....	80
27.1 Conditions Precedent.....	80
ARTICLE 28. GENERAL MATTERS.....	80
28.1 Enurement	80
28.2 Notices.....	80
28.3 Time of Essence.....	81
28.4 Failure to Give Notice	81
28.5 Independent Contractor	81
28.6 Not a Lease	82
28.7 Independent Legal Advice	82
28.8 Further Assurances	82
28.9 Approvals and Consents.....	82
28.10 Announcements.....	82
28.11 Currency	82
28.12 Invalidity of Provisions	82
28.13 Entire Agreement.....	83
28.14 Survival	83
28.15 No Representations	83
28.16 Waiver, Amendment	83
28.17 Governing Law.....	84
28.18 Applicable Law.....	84
28.19 Cumulative Remedies.....	84
28.20 Injunctive Relief	84
28.21 Counterparts/Facsimile	84
28.22 Language.....	84

SEARS BRANDED CONCESSION AGREEMENT**BRAND NAME: Sears Home Services / Services résidentiels Sears****EFFECTIVE DATE: March 2, 2013****THIS AGREEMENT is made as of the 20th day of December, 2012,****B E T W E E N:**

SEARS CANADA INC., a corporation incorporated under the laws of Canada, having its head office in the City of Toronto, Province of Ontario

("Sears")

- and -

SHS SERVICES MANAGEMENT INC., a corporation incorporated under the laws of Canada, having its head office in the City of Toronto, Province of Ontario

("Licensee")

RECITALS:

Sears is a national retailer offering products and services to its Customers through various channels including retail stores, free standing speciality stores, catalogues, direct marketing media and the internet.

Licensee has represented to Sears that, upon the Effective Date, Licensee will be fully qualified, experienced, licensed, capitalized, staffed and equipped to successfully establish and operate a business for the purpose of procurement, presentation, merchandising, marketing, provision and sale of the products and services contemplated by this Agreement.

Sears has approved Licensee to operate the Concession business selling Products and Services using the Sears Trademark under the Brand Name.

In consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties have entered into this Agreement.

**ARTICLE 1.
INTERPRETATION****1.1 Definitions**

The following words and phrases used in this Agreement (including, for greater certainty, the Schedules attached hereto) shall have the following meanings:

- (a) "Accounting Principles" means accounting principles generally accepted in Canada as contemplated by the handbook of the Canadian Institute of Chartered

Accounts (the "Handbook"), as amended from time to time, applied on a consistent basis and which incorporates International Financial Reporting Standards under Part 1 of the Handbook for periods beginning on and after January 1, 2011, and Canadian generally accepted accounting principles under Part V of the Handbook prior to January 1, 2011; if the Handbook contains more than one recommendation as to treatment of a matter, the recommendation that shall constitute Accounting Principles shall be the one most appropriate in the context to the Licensee or Sears, as the case may be.

- (b) "Agreement" means this agreement and all schedules attached to this agreement, in each case as they may be amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this agreement and unless otherwise indicated, references to articles and sections are to articles and sections in this agreement.
- (c) "Affiliate" has the meaning attributed to such term in National Instrument 45-106 of the Canadian Securities Administrators, as the same may be amended or replaced from time to time.
- (d) "Annual Performance Guarantees" means, for each Fiscal Year, the Guaranteed Gross Revenue for such Fiscal Year and the Card Share Guarantee for such Fiscal Year.
- (e) "Annual Reconciliation Report" has the meaning given to it in section 12.4.
- (f) "Annual Service Level Guarantees" has the meaning given to it in Schedule "J".
- (g) "Annual Service Level Credit" means a Service Level Credit payable as a result of a Service Level determined on an annual basis.
- (h) "Applicable Law" means, with respect to any Person, property, transaction, event or course of conduct, all applicable laws, statutes, rules, by-laws and regulations, regulatory policies and all applicable official directives, orders, judgments and decrees of Governmental Authorities.
- (i) "Asset Transfer Agreement" means the Asset Transfer Agreement between Sears and Licensee dated of even date herewith.
- (j) "Bankruptcy Event" has the meaning given to it in section 23.4.
- (k) "Brand Name" means Sears Home Services / Services résidentiels Sears, under which the Concession will be operated.
- (l) "Building" means that part of any building in which a Designated Store is located.
- (m) "Business Day" means a day other than a Saturday or Sunday or any other day that is not a business day for Sears headquarters staff.
- (n) "CAM Contribution" has the meaning given to it in section 5.31.

-
- (o) **"Card Share"** means the percentage of Gross Revenue and applicable Sales Tax transacted on a Sears Card.
- (p) **"Card Share Guarantee"** means the Card Share Guarantee set out in Schedule "K".
- (q) **"Card Share Guarantee Credit"** has the meaning given to it in Schedule "K".
- (r) **"Card Share Incentive Bonus"** has the meaning given to it in Schedule "K".
- (s) **"Change of Control"** means, with respect to Licensee,
- (i) a Person or group becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the total voting power of the Licensee;
 - (ii) the Licensee merges, amalgamates, consolidates, acquires, is acquired by, or otherwise combines with any other Person other than an Affiliate; or
 - (iii) the Licensee sells all or substantially all of its assets to a Person that is not an Affiliate of the Licensee.
- (t) **"Claim"** means claim, action, lawsuit, demand, cause of action, judgment, fine, penalty, Loss, or proceeding, whether actual or alleged.
- (u) **"Commission"** has the meaning given to it in section 12.1.
- (v) **"Commission Guarantee Adjustment"** has the meaning given to it in section 12.1
- (w) **"Commission Rebate"** has the meaning given to it in section 12.1.
- (x) **"Competitor"** means a business operating in Canada that sells products and services any of which are substantially the same as any of the Products and Services to retail customers and that has any of the following characteristics: (i) is present in three or more provinces; (ii) has annual sales of Products and Services of more than \$100 million; (iii) has securities listed on a recognized securities exchange; or (iv) is an Affiliate of a Person listed on a recognized securities exchange. For greater certainty and without limitation, "Competitor" includes retailers operating under the following banners: Best Buy, Brault & Martineau, Canadian Tire, Costco, Future Shop, Home Depot, Home Hardware, Target, Leon's, Lowes, Rona, The Bay, Wal-Mart.
- (y) **"Concession"** means the business operated by the Licensee selling the Products and Services through the Designated Channels and at the Licensed Areas, under the Brand Name, in accordance with the terms and conditions of this Agreement.
- (z) **"Concession Employees"** means the employees of the Licensee who are involved in the operation of the Concession

-
- (aa) **"Concession Website"** has the meaning given to it in section 6.9.
- (bb) **"Customer Deposits"** has the meaning given in section 25.6.
- (cc) **"Customers"** means any Person or Persons who avail themselves of any product and/or service offered by the Licensee pursuant to this Agreement.
- (dd) **"Designated Channels"** means the channels, as set forth in the attached Schedule "A", within which the Licensee is permitted to operate the Concession or such other channels as may be mutually agreed by the Parties.
- (ee) **"Designated Market"** means the geographical location of a retail market designated by Sears, as set forth in the attached Schedule "A", in which the Licensee is permitted to operate the Concession or such other markets as may be mutually agreed by the Parties.
- (ff) **"Designated Stores"** means the retail stores designated by Sears, as set forth in the attached Schedule "A", in which the Licensee is permitted to operate the Concession.
- (gg) **"Effective Date"** means 11:59 pm (Toronto time) on the later of the date indicated as the "Effective Date" on the first page of this Agreement, or the date on which the conditions precedent set out in section 27.1 have occurred or, where applicable, have been waived.
- (hh) **"Event of Default"** has the meaning given to it in section 23.3.
- (ii) **"Executive Committee"** has the meaning given to it in section 14.1.
- (jj) **"Financial Covenants"** means the financial covenants referenced in section 13.5.
- (kk) **"Fiscal Month"** means a period of time, being a month of either four weeks or five weeks as determined in accordance with the "4-5-4 Calendar" guidelines established by the National Retail Federation of the United States. The first Fiscal Month of the Term shall commence on the Effective Date and end on the last day of the month established according to such 4-5-4 Calendar, and the last Fiscal Month of the Term shall end on the last day of the Term.
- (ll) **"Fiscal Quarter"** means a period of time, the first Fiscal Quarter commencing on the first day of the Term, and ending at the end of the next third, sixth, ninth or twelfth Fiscal Month of Sears in such Fiscal Year. The last Fiscal Quarter shall end on the last day of the Term.
- (mm) **"Fiscal Year"** means a period of time, the first Fiscal Year commencing on the first day of the Term, and ending on the Saturday falling closest to January 31 in each year immediately following the first day of the Term. Each Fiscal Year thereafter shall consist of consecutive periods of twelve (12) Fiscal Months, but the last Fiscal Year of the Term, whether or not it is twelve (12) Fiscal Months, shall terminate on the expiry or earlier termination of this Agreement. If, however, Sears considers it necessary or convenient for Sears purposes, Sears may at

any time and from time to time, by written notice to the Licensee, specify a date from which each subsequent Fiscal Year is to commence, and in such event, the then current Fiscal Year shall terminate on the day immediately preceding the commencement of such new Fiscal Year, and the appropriate adjustments shall be made between the Parties.

- (nn) **"Force Majeure"** means any occurrence which delays, hinders or prevents either Party hereto from the performance of any term, covenant or act required hereunder which is not the fault of the Party delayed in performing work or doing acts required under the terms of this Agreement, including: strikes or walkouts not caused by Sears or Licensee's intentional act; labour troubles; industrial disturbances; inability to procure materials or services; failures, fluctuations or non-availability of electric power, heat, light, ventilation or air-conditioning; governmental laws, regulations or controls; riots; civil commotions; insurrections; anarchy; acts of a foreign enemy; revolution; acts of sabotage; acts of terrorism, bioterrorism, or cyber-terrorism; invasion; rebellion; military or usurped power; war (whether declared or not) or warlike operations; blockades; epidemics; washouts; nuclear and radiation activity or fallout; explosions; fires; acts of God (including without limitation, earthquakes, blizzards, floods, hurricanes, lightning, storms and other natural disasters); and damage caused by any aircraft.
- (oo) **"Furnishings"** means, without limiting the generality of the foregoing, moveable trade fixtures, counters, shelves, furniture and equipment, but shall not include leasehold improvements which are affixed in or about a Licensed Area.
- (pp) **"Furniture and Equipment"** has the meaning given to it in section 25.6.
- (qq) **"Governing Principles"** has the meaning given to it in section 14.1.
- (rr) **"Governmental Authority"** means any government, parliament, legislature, or any regulatory authority, agency, commission, board or rulemaking entity of any government, parliament or legislature, or any court of law, regulatory or rulemaking entity having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing.
- (ss) **"Gross Revenue"** means the total revenue (not including Sales Tax) generated from all sales, services and other business conducted by any means in, on, at, from or through the Designated Channels by the Licensee. Without limiting the generality of the foregoing, Gross Revenue includes:
- (i) all amounts received or receivable for the sale or barter of the Products and Services, goods, wares, merchandise and other items;
 - (ii) sales of all merchandise sold to other retailers or to wholesalers;
 - (iii) all amounts received or receivable for services performed or rendered;
 - (iv) the amount of all orders taken or received in a Licensed Area, whether such orders are filled elsewhere, and whether through a catalogue, internet or otherwise, and whether in person, or by mail, e-mail or by

facsimile transmission, or by means of any electronic, magnetic, digital, telecommunication, telephone, video, computer, optical, internet, wireless or other technology-based system or any other system, whether existing now or developed in the future, or by any other means of communication or telecommunication;

- (v) all deposits given on services or goods purchased and not refunded to Customers;
- (vi) the amounts received from the sale of all gift certificates and gift cards at the time they are redeemed;

in each case whether such sales or other receipts or receivables are evidenced by cheque, cash, credit, credit card, debit card, automated teller machine, charge account, gift cards, merchandise certificates, rewards program redemption, exchange or otherwise and whether such sales are made by means of mechanical or other vending devices within a Licensed Area. There shall be no deduction made for bank charges or uncollected or uncollectible credit accounts or charges made by collection agencies and no allowances shall be made for bad debts]. In addition, each charge or sale made on instalment or credit shall be treated as a sale for the full selling or rental price in the month during which such charge or sale is made, irrespective of the time when the Licensee receives payment (whether full or partial) therefor. All monies or other things of value accepted or received by or on behalf of the Licensee not herein specifically excluded or deducted from Gross Revenue shall be deemed to be included in Gross Revenue. For the avoidance of doubt, Gross Revenue does not include revenue generated on the sale or provision of financing.

- (tt) "Guaranteed Gross Revenue" has the meaning given to it in Schedule "K".
- (uu) "Guidelines For Licensed Business on the Internet" has the meaning given to it in Schedule "I".
- (vv) "Hazardous Substance" has the meaning given to it in section 5.22.
- (ww) "Information" means material, information or data in any form or notation and however stored, fixed, expressed or embodied, if embodied in a material, tangible or electronic form, including all material, information and data of a scientific, technical or business nature including all trade secrets and other proprietary or confidential information; non-proprietary know-how; standards and specifications; techniques, methods, process and know-how technical and statistical data; compilations of information and data and computer databases; computer software; trade-marks; research, developmental, demonstration and engineering work; designs, formulas, procedures, innovations, discoveries, inventions, processes, technological developments, methods, techniques and systems; information relating to computer hardware, information technology, infrastructure and requirements and unpublished patent information; systems management and performance data; and all information and data of a business nature including information and data related to past, present and prospective: businesses, products and services, internal management and finances, marketing plans and techniques, price lists, customers, employees, operations,

facilities, assets and programs; and all confidential information. Information will be considered as such whether or not it is protected by or embodies any Intellectual Property Right and whether or not it is in human or machine readable form.

- (xx) **"Initial Term"** has the meaning given to it in section 2.1.
- (yy) **"Intellectual Property Rights"** means:
- (i) any and all proprietary rights anywhere in the world provided under: (i) patent law; (ii) copyright law (including moral rights); (iii) trade-mark law; (iv) design patent or industrial design law; (v) semi-conductor chip or mask work or integrated circuit topography law; or (vi) any other statutory provision or common law principle applicable to this Agreement, including trade secret law, which may provide a right in either hardware, proprietary software, content, documentation, confidential information, trade-marks, ideas, formulae, algorithms, concepts, inventions, processes or know-how generally, or the expression or use of such hardware, proprietary software, content, documentation, confidential information, trade-marks, ideas, formulae, algorithms, concepts, inventions, processes or know-how;
 - (ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing; and
 - (iii) all the licenses and waivers and benefits of waivers of the intellectual property rights set out in (i) and (ii) above, all future income and proceeds from the intellectual property rights set out in (i) and (ii) above, and all rights to damages and profits by reason of the infringement or violation of any of the intellectual property rights set out in (i) and (ii) above.
- (zz) **"Initial Remodelling Commitment"** has the meaning given to it in Schedule "D".
- (aaa) **"Licensed Area"** means the physical space in Designated Stores occupied by the Licensee in which the Licensee shall operate the Concession.
- (bbb) **"Licensee Intellectual Property"** has the meaning given to it in section 17.3.
- (ccc) **"Licensee Obligations"** has the meaning given to it in section 10.6.
- (ddd) **"Licensee's Confidential Information"** has the meaning given to it in section 18.3.
- (eee) **"Licensee's Financial Obligations"** as the meaning given to it in section 15.5.
- (fff) **"Licensee's Representatives"** means Licensee's agents, assigns, contractors, designees, representatives, servants and sub-contractors.
- (ggg) **"Licensee Software"** means the software used by Licensee for purposes of operation of the Concession, including specifically the software used to store

data regarding customers, contractors, suppliers, project management and work-in-progress.

- (hhh) **"Losses"** means all out-of-pocket costs, damages, judgments, penalties, fines, losses and expenses, including reasonable legal fees, disbursements and court costs.
- (iii) **"Maintenance and Administration Fee"** has the meaning given to it in section 12.2;
- (jjj) **"Marketing Liaison"** has the meaning given to it in section 14.3.
- (kkk) **"Marketing Plan"** means a plan for marketing by Licensee of the Products and Services in a Fiscal Year, and the budgeting of associated costs, as approved by Sears in accordance with section 6.10.
- (lll) **"Merchant Fee"** has the meaning given to it in section 7.7.
- (mmm) **"Minimum Marketing Commitment"** has the meaning given to it in section 6.1
- (nnn) **"Net Sales"** means Gross Revenue less returns, refunds, credits and allowances paid or allowed by Licensee in accordance with this Agreement including, for greater certainty, compensation paid to Customers to settle complaints and refunds paid to Customers.
- (ooo) **"New Intellectual Property"** has the meaning attributed to that term in section 17.4.
- (ppp) **"Normal Business Hours"** has the meaning attributed to that term in section 9.1.
- (qqq) **"Notices"** has the meaning attributed to that term in section 28.2.
- (rrr) **"Parties"** means Sears and Licensee and **"Party"** means one of Sears or Licensee.
- (sss) **"Payment Default"** has the meaning attributed to that term in paragraph 23.3(d).
- (ttt) **"Person"** means an individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.
- (uuu) **"Personal Information"** has the meaning attributed to that term in section 9.7.
- (vvv) **"POS"** means the point of sale register system in the Licensed Area to record the sales generated by the Products and Services in Designated Stores.
- (www) **"Post-Termination Transfer"** has the meaning given to it in section 25.9.
- (xxx) **"Privacy Acknowledgment"** means the form attached as Schedule "G".

-
- (yyy) **"Products and Services"** means the products and services that are set out in Schedule "B" and such related products and services that may be reasonably inferred by the Brand Name.
- (zzz) **"Property Tax Contribution"** has the meaning given to it in section 5.30.
- (aaaa) **"Quarterly Service Level Credit"** means a Service Level Credit payable as a result of a Service Level determined on a quarterly basis..
- (bbbb) **"Renewal Term"** has the meaning given to it in section 2.2.
- (cccc) **"Sales Tax"** means any goods and services taxes, harmonized sales taxes, business transfer taxes, value-added taxes, multi-stage sales taxes, sales, use or consumption taxes and any like taxes on goods or services provided by or on behalf of Sears, including, without limitation, any goods and services tax and harmonized sales tax exigible under Part IX of the *Excise Tax Act* (Canada).
- (dddd) **"Sears Advertising Expenses"** has the meaning given to it in section 6.5;
- (eeee) **"Sears Auditor"** has the meaning given to it in section 15.5.
- (ffff) **"Sears Card"** means any credit card issued to Sears Customers which is branded with a trade-mark owned by or licensed to Sears.
- (gggg) **"Sears Confidential Information"** has the meaning given to it in section 18.2.
- (hhhh) **"Sears Intellectual Property"** has the meaning given to it in section 17.2.
- (iiii) **"Sears Rewards Program"** means the customer loyalty and other related programs provided to Sears customers, including for purchases using the Sears Card, as the same may be amended or revised from time to time by Sears.
- (jjjj) **"Sears Serviced Products"** has the meaning given in Schedule "M".
- (kkkk) **"Sears Trademark"** means the trademark SEARS and any other or additional trademarks as set forth in the attached Schedule "C", or any other trademark or name of Sears which may be authorized, in writing, for use from time to time, together with such type styles, colour schemes and design matter as Sears may designate in writing from time to time, including the Brand Name.
- (llll) **"Secured Assets"** has the meaning given to it in section 13.2.
- (mmmm) **"Service Level Standards"** has the meaning given to it in Schedule "J".
- (nnnn) **"Store Lead"** means (i) a transaction made at a Designated Store to purchase any Product or Service; (ii) an appointment made at a Designated Store to enter into a transaction at a later time to purchase any Product or Service; (iii) an appointment made at a Designated Store for Licensee to discuss Products and Services with a potential Customer; or (iv) an invitation made at a Designated Store to the Licensee to contact a potential Customer for the purposes of making an appointment to discuss Products and Services.

(oooo) "Store Reduction Commission Adjustment" has the meaning given to it in section 12.1.

(pppp) "Telephone Costs" has the meaning given to it in section 5.19.

(qqqq) "Term" means the Initial Term together with all Renewal Terms.

(rrrr) "Third-Party Claim" has the meaning given to it in section 19.3.

(ssss) "Trademark Owner" means the owner of a Sears Trademark.

(tttt) "Transferable Assets" has the meaning given to it in section 25.6.

(uuuu) "Transferable Contacts" has the meaning given to it in section 25.7.

(vvvv) "Utilities" has the meaning given to it in section 5.16.

(wwwv) "Working Inventory" has the meaning given in section 25.6.

(xxxx) "Work-in-Progress" has the meaning given in section 25.6.

1.2 Schedules

The following are the schedules attached to and form part of this Agreement:

Schedule "A"	-	Designated Channels, Markets and Stores
Schedule "B"	-	Products and Services
Schedule "C"	-	Sears Trademarks
Schedule "D"	-	Financial Commitments
Schedule "E"	-	Understanding of Employment/Engagement
Schedule "F"	-	Licensee Reporting
Schedule "G"	-	Privacy Acknowledgment
Schedule "H"	-	Governing Principles
Schedule "I"	-	Guidelines For Licensed Business on the Internet
Schedule "J"	-	Service Level Standards
Schedule "K"	-	Performance Guarantees
Schedule "L"	-	Protected Asset Values
Schedule "M"	-	Product Servicing and Repair
Schedule "N"	-	Financial Covenants Certificate

1.3 Interpretation

- (a) **Headings.** The division of this Agreement into articles, sections, and schedules and the insertion of headings are for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement.
- (b) **Section References.** Unless the context otherwise requires, references in this Agreement to an article, section or schedule, by number or letter, refer to the article, section or schedule, respectively, bearing that designation in this Agreement.

-
- (c) **Inclusive Terms.** Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list. The words "hereof", "herein", "hereto", "hereinafter", "hereunder", "hereby" and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular section or other portion of it.
- (d) **Singular, Plural, Gender and Derivations.** In this Agreement words importing the singular number include the plural and vice versa and words importing gender include the masculine and feminine genders and the neuter. If a term is defined in this Agreement, a derivative of that term shall have the corresponding meaning.
- (e) **Date for any Action.** In the event that any date on which any action is required to be taken under this Agreement by any of the Parties hereto is not a Business Day in the place where the action is to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- (f) **Deemed Currency.** In the absence of an express designation of any currency or dollar amount in any provision hereof, any undescribed currency or dollar amount herein shall be deemed to refer to Canadian dollars.
- (g) **Statute References.** Any reference in this Agreement to a statute or any provision thereof shall include any and all rules, regulations and published policies promulgated thereunder affecting or relating to such statute or provision and any and all amendments or substitutions made to such statute, rule, regulation or published policy prior to the date hereof and hereafter from time to time.
- (h) **Interpretation Not Affected by Party Drafting.** The Parties hereto acknowledge that their respective legal counsel have participated in settling or have reviewed the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.
- (i) **Accounting References.** All accounting definitions, provisions and procedures shall, for all purposes of this Agreement, have the meanings ascribed to them by and shall be consistent with Accounting Principles.
- (j) **Rules of Construction.** In the event of any conflict between provisions in this Agreement, the more specific provisions shall prevail and govern over more general provisions.

ARTICLE 2.
TERM

2.1 Initial Term

Subject to the terms and conditions of this Agreement, the term of this Agreement shall begin on the Effective Date and shall end on the day scheduled to be the last day of the 2022 Fiscal Year (the "Initial Term").

2.2 Renewal Terms

The term of this Agreement shall be automatically renewed for additional terms of three Fiscal Years each (each, a "Renewal Term") unless, no earlier than 18 months prior to the end of the then-current term, and no later than 11 months prior to the end of the then-current term, Sears provides notice to Licensee that it desires for the term not to be so renewed, provided that Sears shall not provide such notice to Licensee during a Fiscal Year following a Fiscal Year in which the Guaranteed Gross Revenue was achieved.

2.3 Overholding

If the Agreement has not been renewed in accordance with section 2.2 and neither Party has acknowledged to the other that the Agreement has terminated, then the Agreement will be deemed to operate on a month-to-month basis and no deemed renewal may be imputed from the conduct of the Parties in support of the month-to-month operations of the Concession.

ARTICLE 3.
GRANT OF CONCESSION

3.1 Grant of Concession

Sears hereby grants to Licensee the non-transferable right to operate the Concession through the Designated Channels, in the Designated Markets, on the terms and conditions set out in this Agreement.

3.2 Use of Brand Name

In connection with the presentation and marketing of the Concession to Customers, the Licensee shall use the Brand Name and only the Brand Name and shall not change, alter or in any way modify the Brand Name without the prior written consent of Sears, which consent may be withheld in the sole discretion of Sears.

3.3 Exclusivity

Unless Licensee and Sears agree otherwise, Sears will not grant the right to any third party to operate a concession similar to the Concession selling the same or similar products and services under the Brand Name as those Products and Services identified as exclusive to the Concession in Schedule "B".

ARTICLE 4.
PRODUCTS AND SERVICES

4.1 Assortment of Products and Services

The assortment of Products and Services offered for sale by Licensee through the Concession shall be similar in breadth and depth to those offered by other businesses of a similar nature to the Concession, and shall reflect the needs of the Customers in accordance with the Governing Principles.

4.2 Quantity of Products

The quantity of inventory of the products offered for sale by Licensee through the Concession shall be sufficient to ensure that the Products and Services are presented in each Licensed Area in a professional and competitive manner and to attempt to achieve maximum sales in each individual Designated Channel and in each individual Licensed Area, all in accordance with the Governing Principles.

4.3 Quality of Products and Services

The Products and Services offered for sale by Licensee through the Concession shall be in compliance with Applicable Law, shall be of a high quality consistent with the Governing Principles, and shall be in compliance with the Service Level Standards.

4.4 Pricing of Products and Services

The pricing of Products and Services offered for sale by the Licensee through the Concession shall be established by Licensee (i) in compliance with Applicable Law; (ii) so that Products and Services are priced competitively to other businesses of a similar nature to the Concession; and (iii) in a manner that supports Sears's position in the marketplace as a retailer offering customer recognized superior value.

4.5 Prohibited Products and Services

Licensee shall not permit within all or any part of the Licensed Area the display of (A) any illegal substances; (B) paraphernalia commonly used in the use or ingestion of illicit drugs, such as any roach clip, water pipe, bong, toke, coke spoon, cigarette papers, hypodermic syringe or other; or (C) any goods, services, items or things which, in Sears's sole opinion, are (1) inconsistent with the image of a first class, family-oriented department store, or (2) pornographic, lewd, vulgar, obscene, graphically violent, offensive or immoral (including, without limitation, any suggestive, "adult" newspaper, book, magazine, picture, representation or merchandise of any kind, nude photographs, sexual devices, objects depicting genitalia and any similar items).

4.6 Product Servicing and Repair

In accordance with Schedule "M", Licensee shall exclusively use the services of Sears for servicing and repair of the Products identified in Schedule "M", all in accordance with the terms and conditions of Schedule "M". Unless otherwise agreed, the prices in the price list for servicing referred to in Schedule "M" will be no higher than the cost to Sears to service the Sears Serviced Products, plus 10%.

ARTICLE 5.
LICENSED AREAS

5.1 Right to Occupy Licensed Areas

Sears hereby grants to Licensee the right to occupy the Licensed Area in each Designated Store identified in Schedule "A", as such Licensed Areas and Designated Stores may be changed from time to time in accordance with this Agreement, for the sole purpose of operating the Concession, all subject to the terms and conditions set out in this Agreement.

5.2 Use of the Licensed Area

The Licensee shall, throughout the Term, use the whole of the Licensed Area in each Designated Store and shall therein, in good faith, continuously, actively and diligently conduct the business of the Concession. The Licensee will not use or permit or suffer the use of the Licensed Area or any part thereof for any business or purpose other than solely for the purpose of operating the Concession.

5.3 Remodelling, Reconfiguration and Relocation of Licensed Areas by Sears

The Licensee hereby acknowledges that Sears regularly reviews its marketing, merchandising, retailing and development plans, that plans for such marketing, merchandising, retailing and development may change from time to time and that such changes may necessitate a change of decor, location, dimensions and/or amount of space of the Licensed Areas. Accordingly, Sears has the right, subject to the terms and conditions of this Agreement, to (i) require remodelling of a Licensed Area at Licensee's cost, except where otherwise agreed by Sears; (ii) change the location of a Licensed Area in a Designated Store; (iii) change the dimensions of a Licensed Area; and/or (iv) change the amount of space designated to a Licensed Area.

5.4 Initial Construction

Sears shall, at its expense, except as set out hereunder, provide, construct and install the following with respect to Licensed Areas in Designated Stores only:

- (a) erect, finish, prime and paint all perimeter and interior standard walls and doors as requested on Licensee supplied plans.
- (b) standard heating/air conditioning ducts and sprinklers required by local building code and as approved by Sears;
- (c) suspended ceiling at the height of, and in keeping with, the ceiling generally installed throughout the Designated Store;
- (d) standard floor coverings appropriate to, and in keeping with, the general standards of decor for the Designated Store;
- (e) the boxing, finishing and painting of columns within the Licensed Areas;
- (f) standard in-ceiling lighting as per the general standard of lighting for the Designated Store;

- (g) standard electrical wiring to and within the Licensed Areas, including only Designated Store standard switches, receptacles and covers; and,
- (h) water lines and drain lines for sinks up to the exterior wall of the Licensed Areas.

5.5 Licensee Furnishings and Leasehold Improvements

Licensee shall, at its sole expense, furnish and install such Furnishings and leasehold improvements as are suitable, desirable and necessary for the professional operation of the Concession in all Licensed Areas. Such Furnishings and leasehold improvements located in Designated Stores shall be in keeping with the Designated Stores' appearance. All such Furnishings, leasehold improvements, operating supplies, materials, products and merchandise shall be subject to the written approval of Sears. Except only for those specific leasehold improvements and Furnishings which Sears has agreed to provide at Sears's cost, Licensee shall, at its expense, be responsible for the cost of the supply, construction and installation of all Furnishings and leasehold improvements to the Licensed Areas In Designated Stores as requested by Licensee and approved in writing by Sears, including:

- (a) the cost to raise, lower or change the construction of the ceiling above or below Sears store standard height;
- (b) the cost to extend, shorten, replace or move existing sprinkler systems and heating/air conditioning ducts required to accommodate Licensee's request to raise, lower or change the construction of Sears store standard selling floor ceilings;
- (c) the additional cost of, and any additional installation costs of the requested and approved non-Sears standard floor coverings;
- (d) the cost of, and installation cost of, any lighting, including track lighting, spot lighting, pot lighting and flood lighting which is in addition to the Sears store standard ceiling lighting;
- (e) the cost of, and installation cost of, any additional leasehold improvements that are particular to, and are required for the operation of the Concession;
- (f) the cost of, construction cost of, and installation cost of, specific trims or decorative treatments to enhance the overall presentation of the Licensed Areas;
- (g) the cost to install the Licensed Area Identification lettering / bulkhead signing identifying the Concession to such standard and in such form as Sears shall determine from time to time;
- (h) the cost of, construction cost of, and installation cost of, all plumbing and plumbing fixtures, electrical wiring and computer wiring, data lines and fixtures, that are specifically required for the operation of the Concession; and
- (i) the cost of, construction cost of, and the installation cost of any heating, air conditioning and or air movement fixtures and equipment specifically required for the operation of the Concession including those required by any building code or regulation.

5.6 Plans and Drawings

Licensee shall, at its sole expense, provide all construction, electrical, plumbing and elevation plans and drawings as required by municipalities for all municipal approvals and as required by Sears, in a manner and quantity specified by Sears, for the construction of the Licensed Areas in Designated Stores and the construction, electrical, plumbing and elevation plans and drawings as required by Governmental Authorities for all governmental approvals and permits and by landlords for the construction of the Licensed Areas and the operation of the Concession in free standing retail stores in Designated Markets.

5.7 Sears Furnishings and Leasehold Improvements

Sears, at its sole option, may provide and install certain Furnishings and leasehold improvements for certain individual Licensed Areas in Designated Stores that are, pursuant to this Agreement, the responsibility of the Licensee to provide. Licensee shall upon Sears's written request, supported by copies of the original invoices, pay to Sears, prior to Licensee's operation of the Concession by the Licensee, the actual cost incurred by Sears for the provision and installation of such fixtures in the Licensed Areas. Upon full payment of such invoices by Licensee to Sears the fixtures shall become the property of the Licensee.

5.8 Licensed Area Remodelling

Sears may from time to time require Licensee to, and Licensee shall at its expense, remodel the Licensed Areas with new and/or updated Furnishings and/or leasehold improvements in order to maintain an appropriate overall presentation in keeping with the Designated Stores' presentation either in conjunction with a remodelling of the Designated Stores, the Licensed Areas or at any other time as may be required. Licensee will, within ninety (90) days from the date of receipt of a written notice from Sears, complete such remodelling as required by Sears.

In addition to any expenditures made by Licensee pursuant to the previous paragraph, during the first three Fiscal Years of the Term, Licensee shall spend no less than the Initial Remodelling Commitment set out in Schedule "D" on remodelling Licensed Areas. Such expenditures shall be made in accordance with a plan presented by Licensee and approved by Sears. Licensee shall submit such plan to Sears no later than five months after the Effective Date. If such plan has not been submitted to Sears within such deadline, or the submitted plan has not been approved by Sears by the end of the six-month period after the Effective Date, then Sears shall have the right to produce such a plan and the Initial Remodelling Commitment shall be spent by Licensee in accordance with such plan.

The Licensee shall not make any alterations, improvements, replacements or other modifications to any Licensed Area without the consent of Sears which may be withheld in Sears's sole and absolute discretion.

5.9 Relocation and Reconfiguration of Licensed Areas by Sears

Sears may, upon notice of not less than 60 days, (i) change the location of a Licensed Area in a Designated Store; (ii) change the dimensions of a Licensed Area; and/or (iii) change the amount of space designated to a Licensed Area, provided however that if Sears proposes to reduce the size of a Licensed Area by more than 25% then Licensee will have the option to vacate the Designated Store entirely provided Licensee has provided notice to that effect to Sears no later than 15 days after Licensee's receipt of notice of the space reduction.

If Sears changes the location of a Licensed Area in a Designated Store:

- (a) Sears will endeavour to provide the new Licensed Area location with dimensions, amount of space and location with similar prominence and Customer exposure.
- (b) Provided Licensee's current Furnishings are not shopworn and complement the presentation in the Designated Store and are of the current generation of the Sears-approved presentation for the Licensed Area:
 - (i) Sears shall, at Sears's expense, provide the décor presentation and leasehold improvements in the new location, at the presentation level in keeping with of the Designated Store and the previous Licensed Area; and
 - (ii) Licensee shall, at the Licensee's expense, move and install its existing Furnishings into the new location and shall provide and install any new Furnishings required, in Sears's reasonable opinion, to professionally operate the Concession and professionally present the Products and Services in the new location to the presentation level in keeping with the Designated Store.
- (c) If the Licensee's Furnishings and/or leasehold improvements are shopworn or do not, in Sears's reasonable opinion, complement the Designated Store or are not the current Sears-approved generation of Furnishings required for the presentation of the Concession in the Licensed Area, then the re-location shall be deemed to be a closure of the old location and the opening of a new location for the purposes of the responsibilities and the obligation for the payment of the costs of the re-location for both Parties.

5.10 Relocation and Reconfiguration of Licensed Areas by Licensee

If a change of location or space is requested or initiated by the Licensee and is approved by Sears, then the Licensee shall be solely responsible for all of the Licensee's and Sears's costs and expenses involved in the expansion or re-location including, moving and/or installing Furnishings and leasehold improvements, and other costs relating to the construction and preparation of the new location.

5.11 Sears Maintenance and Repairs

Sears will keep and maintain the Designated Stores, including, without limitation, the Licensed Areas, in good order, condition and repair (which shall include, without limitation, decoration and preventative maintenance). For the avoidance of doubt, the Licensed Areas as they are on the Effective Date are deemed to be in good order, condition and repair and in compliance with this provision.

5.12 Licensee Maintenance and Repairs

The Licensee will keep and maintain the Licensed Area in a neat, tidy and clean condition. Licensee shall maintain, repair, update or replace all Furnishings, leasehold improvements and computer hardware and software to ensure they are in good working order, good repair, to

operate the Concession in a professional and competitive manner. The Licensed Areas as they are on the Effective Date are deemed to be in good order, condition and repair and in compliance with this provision.

5.13 Notice of Incident or Damage

The Licensee shall notify Sears of any accident, defect, damage or deficiency in any part of any Designated Store, immediately adjacent to a Licensed Area, which comes to the attention of the Licensee, its employees or contractors notwithstanding that Sears may have no obligation in respect thereof.

5.14 Examination of Licensed Areas

Licensee shall permit Sears or its designate, on such dates and at such times as shall be agreed upon by the Parties, acting reasonably, to examine the Furnishings and leasehold improvements located in any Licensed Area and the Products and Services offered for sale through any Designated Channels in order for Sears to satisfy itself that Licensee is in compliance with its obligations under this Agreement. Licensee shall be entitled to have one or more representatives present during any such examination.

5.15 Control of Building

Sears will maintain each Designated Store, subject to its exclusive control and management, in such manner as it reasonably determines from time to time. Without limitation, Sears has the right, in its control, management and operation of the Building and by the establishment of rules and regulations and general policies, at all times during the Term with respect to any Designated Store, to:

- (a) obstruct or close off all or any portion of the Designated Store for the purpose of maintenance, repair or construction;
- (b) alter, add to, subtract from, construct improvements to, rearrange, build additional storeys on and construct additional facilities in, on, adjoining or near the Designated Store;
- (c) relocate, rearrange, add to or diminish the facilities and improvements comprising the Designated Store;
- (d) do such things on, or in the Designated Store as required to comply with any Applicable Law with respect to the Designated Store or any part thereof; and
- (e) do such other things on or in the Designated Store as Sears, in the use of good business judgment, determines to be advisable.

The Licensee acknowledges and agrees that if as a result of the exercise by Sears of its rights set out in this section 5.15, but subject to section 5.9, any Designated Store is diminished or altered in any manner whatsoever, Sears is not subject to any liability, nor is the Licensee entitled to any compensation or diminution or abatement of Commission nor is any alteration or diminution of any Designated Store deemed constructive or actual termination of this Agreement, or a breach of any covenant contained in this Agreement.

5.16 Utilities

Sears shall make available to the Licensed Area in each Designated Store, electricity for normal lighting and miscellaneous power requirements and, in normal quantities, water and other public utilities generally made available to other licensees of concessions in the Designated Store by Sears (the "Utilities"). Sears shall not be responsible for any indirect or consequential damages sustained by the Licensee or others as a result of the failure to provide such services or any act of omission or commission on the part of the persons employed to provide such service. Sears will carry out periodic replacement of Building standard tubes, bulbs and ballasts. With Sears's consent, Licensee may obtain additional utilities in addition to the Utilities. Licensee shall assume the total cost of, and installation cost of, all additional utilities which are required in addition to the Utilities specifically for the operation of the Concession in the Licensed Areas in Designated Stores. Subject to section 5.18, the provision and cost of all additional utilities as required for the operation of the Concession (including heat, light, water, electric current and air conditioning required for the operation of the Concession) shall be at the sole responsibility and expense of the Licensee.

5.17 Energy Conservation

Licensee shall co-operate with Sears in the conservation of all forms of energy in the Designated Stores, including in the Licensed Areas. Licensee shall comply with all Applicable Laws relating to the conservation of energy affecting the Designated Stores or any part thereof; and promptly comply, at the Licensee's expense, with all reasonable requests and demands of Sears made with a view to such energy conservation. Licensee acknowledges and agrees that Sears shall not be liable or responsible to the Licensee in any way for any Losses, whether direct or consequential, made, suffered or incurred by the Licensee due to any reduction in the services provided by Sears to the Designated Stores or any part thereof as a result of Sears's compliance with such Applicable Laws.

5.18 HVAC

Sears shall provide climate control to the Licensed Areas during Normal Business Hours to maintain a temperature adequate for occupancy, except during the making of repairs, alterations or improvements, and Sears shall have no responsibility or liability for failure to supply climate control service when stopped as aforesaid or when prevented from so doing by Force Majeure.

5.19 Telephone

Sears will provide to the Licensee basic telephone service to the Licensed Areas in the Designated Stores provided that the Licensee shall pay to Sears for the cost of such telephone service, including a prorated share of central switchboard expenses, such amount deemed to be as indicated in Schedule "D" ("Telephone Costs"). This cost may be adjusted by Sears, at Sears's sole discretion, acting reasonably, upon thirty (30) days written notice to Licensee. The Licensee may, after requesting and receiving Sears's approval in writing, and at Licensee's sole cost and expense, arrange for the installation of additional direct telephone or information service lines as required for the operation of the Concession.

5.20 Elevators & Escalators

Sears shall furnish, except when repairs, maintenance or replacements are being made, elevator and escalator service during Normal Business Hours, provided that the Licensee and its employees and all other Persons using the same shall do so at their own risk.

5.21 Janitorial Services

Sears will provide janitorial services to the Licensed Area in each Designated Store consistent with the janitorial services generally provided to such Designated Store. Sears shall provide the emptying of wastebaskets, floor cleaning including the vacuuming of carpets, the dry and/or damp mopping of hard surface floors, replacement of store standard equipment light bulbs and the touch-up of and/or periodic re-painting of walls, all to the same level of maintenance as provided to Sears's own selling departments. Sears shall not be responsible for any indirect or consequential damages sustained by the Licensee or others as a result of the failure to provide such services or any act or omission or commission on the part of the persons employed to perform such services. Such work shall be done at Sears's direction without interference by the Licensee or its employees. The Licensee shall be responsible for providing, at the Licensee's sole cost and expense, any additional levels of janitorial or maintenance services that Licensee requires for the professional operation of the Concession or the upkeep of the presentation of the Licensed Areas in the Designated Stores.

5.22 Garbage Removal

Licensee may use the garbage disposal facilities of the Designated Stores in which Licensed Areas are located, to dispose of cardboard and paper trash. The Licensee shall not use the garbage disposal facilities of any Designated Store to dispose of any Hazardous Substance, all of which shall be disposed of by the Licensee in compliance with all Applicable Law at the sole cost and expense of the Licensee.

"Hazardous Substance" means any substance which is hazardous to Persons or property and includes, without limiting the generality of the foregoing: radioactive materials; explosives; substances that, if added to any water, land and/or air, would degrade or alter or form part of a process of degradation or alteration of the quality of that water, land and/or air, to the extent that it is detrimental to its use by human or by any animal, fish or plant; any solid, liquid, gas, micro organism, sound, vibration, ray, heat, radiation, odour or combinations of any of them that, is likely to cause an adverse effect on the natural environment (including air, land and water) and that is present in the environment in a quantity or concentration in excess of regulatory standards, or the presence of which in the environment is prohibited by regulation or is likely to affect the life, health, safety, welfare or comfort of human beings or animals or to cause damage to or otherwise impair the quality of the soil, vegetation, wild life or property; toxic substances; substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any Governmental Authority having jurisdiction; any substance the use or transportation of which or the release of which into the environment is prohibited, regulated, controlled or licensed under environmental legislation.

Licensee shall be responsible, at Licensee's sole cost, for the funding of recycling programs (solely with respect to recyclable waste generated by the operation of the Concession) as established under any and all Applicable Law. Licensee shall also register under any and all applicable Canadian federal and/or provincial recycling, environmental or product stewardship

programs and shall be solely responsible for its own costs and compliance with any such programs.

5.23 Sears Product Bags and Boxes

Sears shall provide, at Sears's expense, Sears standard customer product bags and boxes for use at any Licensed Area point of purchase location, as and when requested by Licensee. Licensee shall be responsible, at Licensee's sole cost, to order all Sears approved customer bags and boxes as required for use by the Concession in any other area or Designated Channel.

5.24 Licensee Operational Supplies

Licensee shall, at its sole expense, provide all vehicles, tools, equipment, computer hardware and software, supplies and all items as may be necessary for the establishment and ongoing professional operation of the Concession.

5.25 Shipping and Receiving

Licensee shall follow all rules and regulations formulated by Sears from time to time relating to the delivery of goods and merchandise between the general shipping and receiving areas in the Designated Stores and the Licensed Areas. The Licensee shall inform its suppliers of the times and rules and regulations respecting delivery so as to accommodate the ease of delivery to and from the Designated Stores.

5.26 Prohibited Activities

Licensee will not use or permit or suffer the use of the Licensed Area, or any part thereof, for any of the following:

- (a) the sale of any good or service other than in furtherance of the Concession;
- (b) the sale or the supply of any goods or services which would, in Sears's opinion:
 - (i) tend to lower the reputation of Sears;
 - (ii) constitute unethical, deceptive or fraudulent advertising or selling procedures or practices;
 - (iii) be objectionable; or
 - (iv) be a nuisance;
- (c) any business which results in a breach of or contravenes the provisions of any leases or agreements by which Sears is bound and the details of which Licensee has been notified of; or
- (d) the use of Licensed Areas for storage or warehousing.

5.27 Damage and Disturbance

Licensee shall not commit, nor permit to be committed, any waste upon, or damage to, the Licensed Area or the Designated Store or any parts thereof. The Licensee shall not commit, nor permit to be committed, any nuisance or other act or thing which in Sears's opinion disturbs or interferes with or annoys any Person.

5.28 Sound and Lights

Licensee shall not use any traveling or flashing lights, or displays, or any signs, television or other audio-visual or mechanical devices, and not use any loudspeakers, sound system, television, phonographs, radio or other audio-visual or mechanical devices without in each case obtaining the prior written consent of Sears, which consent may be withheld in the sole discretion of Sears. If the Licensee uses any such equipment without receiving the prior written consent of Sears, Sears, without liability on its part, shall be entitled to remove such equipment without notice at any time and such removal shall be done, and all damage as a result thereof shall be made good, in each case, at the cost of the Licensee.

5.29 Signage

Licensee shall not paint, affix, display or cause to be painted, affixed or displayed, any sign, picture, advertisement, notice, lettering or decoration on any part of the outside of the Designated Store or in the Licensed Area without first obtaining the approval of Sears. If the Licensee elects, with the prior written approval of Sears, to provide at the Licensee's sole cost and expense, other interior signage, Sears will install same at the Licensee's sole cost and expense. Any such signs shall remain the property of the Licensee and shall be maintained at the Licensee's sole cost and expense. Should Sears, in its sole discretion, determine that any signage must be removed, relocated, modified, revised or updated to reflect new information or to better fit with Sears décor or for any other reason at Sears's sole discretion, Licensee will be responsible for the costs associated with the production, modification and installation of the new signage, as well as the removal of the original signage. At the expiry of the Term or earlier termination of this Agreement, the Licensee shall remove any such sign, picture, advertisement, notice, lettering or decoration added by Licensee to the Licensed Area at the Licensee's expense and shall promptly repair all damage caused by any such removal. The Licensee's obligation to observe and perform this covenant shall survive the expiration of the Term or earlier termination of this Agreement.

5.30 Property Taxes

If Licensee is not separately assessed by the taxing authorities, Licensee shall reimburse Sears for Licensee's proportionate share of the Designated Store's assessed taxes, which proportionate share shall be calculated based on the percentage of the area occupied by the Licensed Area in such Designated Stores ("Property Tax Contribution"). Should the period of occupancy of the Licensed Area be less than a full taxation year, such taxes shall be prorated accordingly.

5.31 Landlord Common Area Maintenance Charges

Licensee shall reimburse Sears for Licensee's proportionate share of common area charges, if any, in the event such charges are made against Sears by the operator of a shopping centre of which a Designated Store forms a part ("CAM Contribution"). Licensee's proportionate share of the common area charges shall be calculated based on the percentage of the area occupied by the Licensed Area and the period of occupancy in such Designated Store.

ARTICLE 6.
ADVERTISING, MARKETING AND PROMOTIONS

6.1 Licensee's Marketing Commitment

Licensee shall, subject to the terms and conditions of this Agreement, actively advertise and promote the sale of the Products and Services authorized by this Agreement to attempt to maximize the full sales potential of the Concession through each Designated Channel.

Licensee shall pay all marketing and advertising expenses incurred to promote the Products and Services in accordance with the provisions of this Agreement.

Licensee agrees to spend, on an annual basis, not less than the minimum marketing commitment set out in Schedule "D" ("**Minimum Marketing Commitment**") on advertising and marketing the Products and Services.

If Licensee fails to spend the Minimum Marketing Commitment, Sears may spend the amount by which the actual amount spent by Licensee on advertising and marketing is less than the Minimum Marketing Commitment, and Licensee shall reimburse Sears for same.

For greater certainty, advertising and marketing expenses that may be included under the Minimum Marketing Commitment include, but are not limited to, the cost of:

- (a) advertising in Sears advertising vehicles, such as preprints, onserts/inserts, and co-op vehicles, such as coupon booklets and flyers; external advertising vehicles and in-store promotional point-of-purchase material and in-store signage;
- (b) television and radio advertising;
- (c) online marketing, including costs of search engine optimization to improve ranking given by Google and other search engines;
- (d) sponsoring events, activities, persons and organizations; and
- (e) setting up and operating kiosks, where such kiosks do not constitute leasehold improvements or Furnishings.

For greater certainty, and without limiting the generality of the foregoing, advertising and marketing expenses that may be included under the Minimum Marketing Commitment do not include:

- (a) the cost of in-store signage affixed to walls or hanging from ceilings;
- (b) the cost of any Furnishings or leasehold improvements; and
- (c) the cost incurred in conjunction with the offering and redemption of Sears Rewards Program offers and points.

6.2 Promotion of Brand Name and Sears Credit Services

The Brand Name shall be used in all advertisements for the Products and Services available through the Designated Channels. Except where impractical on signage, Licensee shall make reference in any advertising of the Products and Services available through the Designated Channels, that Sears Card credit services are available for purchases through the Concession.

6.3 Joint Marketing

The Parties shall cooperate in good faith to develop joint marketing opportunities to market the Products and Services.

6.4 ~~Sears Rewards Program~~

Sears shall be responsible for and control the Sears Rewards Program, including paying all base point related costs for the base standard offer (that is, the offer generally made to all Sears customers in Designated Stores generally) incurred related specifically to the sales through the Concession. Licensee shall not operate or participate in any loyalty or similar program to the Sears Rewards Program. Licensee may from time to time request additional specific Sears Rewards Program offers to be made to sell Products and Services in the Concession. If Sears so agrees, Licensee shall fund the cost of such points, which shall be charged to Licensee at the rate provided by Sears, which rate shall not be more than the redeemable value of the points (for greater clarity, where a point has a redeemable value of \$0.01, Licensee shall not pay to Sears more than \$0.01 for such points). Sears shall invoice Licensee for the costs of Sears Rewards Program promotions (in excess of the base standard offer) and Licensee shall pay such invoices no later than 30 days after the dates of such invoices.

6.5 Participation In Sears Advertising Vehicles

Sears may, at its sole option, offer to Licensee the opportunity, at its sole option and expense, to participate in Sears regularly scheduled advertising media to promote the Products and Services, on an "if and as available basis". Licensee shall reimburse Sears, within thirty (30) days of receiving an invoice, for all reasonable expenses related thereto incurred by Sears at the request of Licensee (the "Sears Advertising Expenses"). Sears will offer the Licensee prices for the Sears Advertising Expenses on par with prices offered to other licensees with concession agreements.

6.6 Designated Store Promotional Events

At its discretion, Licensee may participate in Sears Designated Stores store-wide promotional events offering Customers special discounts on purchases which may include but not be limited to events such as special discounts for seniors, and special coupon events. Such discounts shall be absorbed by Licensee as a mark down at its sole cost and Sears shall be entitled to its full Commission on the discounted sale price. Licensee shall not be charged for any share of the advertising space devoted by Sears to such Designated Stores store-wide events. Licensee will be charged for any promotional advertising by Sears which is agreed to by Licensee and which advertising is specifically focused on the Licensee, Concession or Products and Services, and which advertising does not fall under the store-wide events advertising.

6.7 Telemarketing Solicitation

Licensee shall not utilize any unsolicited telemarketing solicitation for the sale of the Products and Services without obtaining prior written approval from Sears. Such approval may be withheld in Sears's entire discretion. If approved, telemarketing solicitation shall be conducted only in accordance with Applicable Law and Sears policies and procedures in effect from time to time (including, without limitation, with respect to non-solicitation lists and contact management policies).

6.8 Internet Solicitation

Licensee shall not utilize or participate in any unsolicited Internet solicitation advertising the Products and Services without obtaining prior written approval from Sears. Such approval may be withheld in Sears's entire discretion. Internet solicitation activity, if approved, shall be conducted only in accordance with Applicable Law and Sears policies and procedures and all Customer solicitation and communication presentations for the Products and Services utilizing the Internet shall become part of or be linked to the Sears corporate website or, with the prior written approval of Sears, to a Licensee's authorized website with no facility for the Customer to exit from either of these websites into any other website.

6.9 Concession Website

Licensee shall not establish an internet website using the Sears Trademark as part of its domain name, marketing, advertising, promotional programs or to conduct sales or any other business transaction. A website to support the Licensee's Concession ("**Concession Website**") can be obtained and linked to www.sears.ca only after obtaining written approval from Sears. Such approval may be withheld by Sears in its entire discretion. If approved, Licensee may establish the Concession Website using the Sears Trademark for communication with Customers only. The Concession Website shall not be used to communicate with suppliers or any other business partners of Licensee. The Concession Website shall only be used for communication with Customers regarding the operation of the Concession and must reside on the Sears website Infrastructure or on a third party hosted Infrastructure with the prior written approval of Sears Information, Technology, Security and Audit Departments. The design of the website and its security architecture shall conform to the internet requirements for licensed business and shall comply with all Sears guidelines respecting licensed business internet websites, including the Guidelines For Licensed Business on the Internet attached hereto as Schedule "I". The implementation, content and maintenance of the Concession Website shall be the responsibility of the Licensee and all changes implemented by the Licensee must have the prior approval of Sears, which approval may be withheld in its entire discretion.

6.10 Marketing Plan

No later than September 1 of each year, Licensee shall prepare and submit to the Marketing Liaison (or such other Person as designated by Sears) a plan to market and promote the Products and Services during the next Fiscal Year. Such plan shall contain a strategy for marketing initiatives, including projected costs, in such total amount for the Fiscal Year no less than the Minimum Marketing Commitment. Sears shall provide feedback and the proposed plan shall be discussed until such time as Sears approves the plan. If Sears has not responded to the proposed plan before November 1 following submission of the proposed plan, the plan as proposed shall be deemed approved, provided the proposed plan meets the Minimum Marketing Commitment.

6.11 Marketing Agencies

Sears shall have the right to appoint one or more advertising agencies for any work related to advertising and marketing in which the Concession is participating, at Licensee's cost. Such advertising agency work shall be competitively priced, and any related discounts or other rebates obtained from such agency shall accrue to the benefit of Licensee. Upon Sears' consent, Licensee may use other advertising agencies.

6.12 Advertising Approval

Licensee shall submit to the Marketing Liaison (or such other Person as designated by Sears) via facsimile or electronic mail for Sears's prior approval, all signs and advertising copy and plans, including sales brochures, newspaper and telephone directory advertisements, radio and television commercials, sales promotional plans and devices (including coupons and contests) intended for any promotion of the Products and Services. Sears shall have the right, without limiting the generality of the foregoing, to withhold its approval of such activity based on:

- (a) improper use of Sears Trademark;
- (b) failure to comply with Sears's branding guidelines for the Brand Name;
- (c) concerns surrounding liability, loss of goodwill and damage to Sears reputation or Customer or government relations;
- (d) failure to comply with Applicable Law;
- (e) failure to conform to community or Sears reasonable standards of good taste and honest dealing; or,
- (f) failure to comply with Sears advertising and pricing policies.

ARTICLE 7. CUSTOMER PAYMENTS AND CREDIT

7.1 Tender

All sales generated from the operation of the Concession shall be made only on Sears Cards, Sears-approved third-party credit cards, debit cards, personal cheques, Sears gift cards and Sears merchandise certificates, Sears Rewards Program redemptions, and third-party direct deposits.

7.2 Promotion of Sears Card

Licensee shall always make an initial suggestion to Customers that they pay for their purchases of Products and Services using the Sears Card. Licensee's sales associates, at the beginning of every transaction, shall always ask the Customer if they would like to make the purchase on their Sears Card and for such Customers that respond that they do not have one, Licensee shall offer to such Customers to apply for one instantly and shall so help such Customers that agree.

The Card Share Guarantee shall be met. Sears shall pay to Licensee a Card Share Incentive Bonus in accordance with the conditions set out in Schedule "K". In the event the Card Share

Guarantee has not been met, Licensee shall pay to Sears a Card Share Guarantee Credit in accordance with the conditions set out in Schedule "K".

7.3 Cash

Licensee shall not accept cash as payment for Products and Services.

7.4 Gift Cards and Merchandise Certificates

Licensee shall accept all Sears gift cards and merchandise certificates as accepted by all other Sears merchandise departments as payment for Products and Services. Sears shall reimburse Licensee for all such cards and certificates.

~~7.5 Sears Rewards Program Redemption~~

~~Licensee shall accept redemption of Sears Rewards Program points as payment for Products and Services. Sears shall pay Licensee the redemption value of the points redeemed by Customers who use their points to pay for Products and Services.~~

7.6 Credit Sales

Licensee shall do all that is necessary to become a merchant capable of accepting such credit cards and offer such credit plans as requested by Sears from time to time and shall comply with all requirements established by the issuers of such credit cards and credit plans and by Sears with respect to the Sears Card.

Without limiting the generality of the foregoing, when accepting payments from Customers on credit cards, Sears regularly established credit plans or on Sears-approved third-party credit plans, Licensee shall:

- (a) obtain authorization for each individual credit sale on a Sears regularly-established credit plan, such approval to be granted at the sole discretion of the appropriate authorization location;
- (b) obtain authorization for each individual credit sale on a Sears-approved third-party credit plan and the authorization number, Customer's full account number, expiry date and Customer's name shall be shown.

No part of the carrying or interest charge which may be levied by Sears or the issuer of the Sears Card in connection with any credit sale on a Sears regularly-established credit plan, or by any third party on any Sears-approved third-party credit plan, shall be payable to or credited in any way to Licensee.

Licensee acknowledges and agrees that it shall be responsible for and charged with any Losses on any credit sale using a credit card for which the proper approval procedures have not been followed.

Licensee shall comply with all Applicable Laws governing credit sales and their solicitation, including provisions dealing with disclosure to Customers, finance charges and privacy.

7.7 Merchant Fee

As consideration for the role of Sears in settlement of Sears Card transactions and for the benefit derived to Licensee from participating in the Sears Rewards Program available to holders of the Sears Card, Licensee shall pay to Sears a fee based on a percentage of Gross Revenue and Sales Tax processed through the Sears Card (the "Merchant Fee"). The Merchant Fee charged shall be as set out in Schedule "D". The Merchant Fee shall be subject to increase or decrease on notice of no less than 30 days, in response to changes in the marketplace. Any such increase or decrease must be supported by industry evidence. The Merchant Fee shall apply only to the portion of the Gross Revenue and Sales Tax that is directly charged to a Sears Card.

7.8 Sears Card Revenues

Licensee acknowledges and agrees that any revenue generated by the use of the Sears Card or financing programs, including the Merchant Fee, will be for the benefit of Sears and shall not be included in the calculation of Gross Revenue.

7.9 Licensee to Collect Sales Tax

Licensee shall collect from Customers all taxes applicable to the sale of the Products and Services, including Sales Tax and other equivalent or similar taxes. Licensee represents and warrants that it is a registrant under the Excise Tax Act (Canada) for federal Goods and Services Tax and Harmonized Sales Tax ("GST/HST") purposes and, as applicable, is a registrant under Title I of the Quebec Sales Tax Act for Québec Sales Tax purposes. As applicable, Licensee represents and warrants that it is a registrant for the provincial sales tax in the provinces comprising the Designated Market.

ARTICLE 8. CUSTOMER RELATIONS AND ADJUSTMENTS

8.1 Customer Satisfaction Policy

Licensee shall at all times treat all Customers fairly and courteously and shall adhere to any applicable Sears policies regarding customer service and/or customer satisfaction as such policies may be amended by Sears in its sole discretion from time to time.

8.2 Customer Complaints

Licensee shall resolve all complaints and controversies with Customers in accordance with the Governing Principles, meeting the Service Level Standards and in a manner consistent with Sears customer relations policies and practices. The first level of escalation of a customer complaint shall be to a higher level of management within the Licensee's organization. Licensee shall not escalate a customer complaint to Sears, nor shall Licensee tell a customer to escalate a complaint to Sears. Licensee shall only escalate a complaint to Sears upon request of the Customer.

In any case in which the resolution of any complaint or controversy is unsatisfactory to Customers, Sears shall have the right, after discussing the complaint or controversy with Licensee, to make such adjustment or compensation as Sears may deem desirable in the circumstances, acting reasonably, in each case at Licensee's expense.

Any settlement made by Sears with a value in excess of \$1500 and in respect of which Licensee did not consent may be brought by Licensee to the Executive Committee for discussion regarding whether Sears should be responsible for all or some of the settlement amount.

8.3 Customer Contact Centre

Licensee shall maintain a contact centre with recording capability and shall record all calls from Customers. Such recordings shall be maintained for 24 months. Sears shall at any time have unfettered access to such recordings.

ARTICLE 9. OPERATIONS AND STAFFING

9.1 Normal Business Hours

The Concession in each of the Designated Stores shall be open for business and the Products and Services shall be offered for sale to Customers during such hours as set out in Schedule "A" ("Normal Business Hours"), except for an event of Force Majeure or to the extent prevented by circumstances beyond the control of Sears or Licensee, or as Sears and Licensee may otherwise agree upon in advance in writing. The Parties agree that Normal Business Hours may vary between Designated Stores.

9.2 Operational Supervision

Licensee shall supervise the performance of its employees, agents, assigns, contractors, designees, representatives, servants and sub-contractors to ensure that the operation of the Concession, including the provision of customer service meets or exceeds the requirements of this Agreement.

9.3 Policies and Practices

Licensee shall develop and implement policies and practices to be used in the operation of the Concession that serve to promote the performance of the Licensee's obligations under this Agreement and that serve to assist the Licensee to meet its obligations set out in this Agreement, all in accordance with the Governing Principles.

9.4 Conduct of Business

Licensee shall not conduct any business, conduct or practice which in Sears's reasonable opinion is likely to have an adverse effect on the positioning of the Sears brand. Any such business, conduct or practice shall be immediately discontinued by the Licensee at the request of Sears, and the Licensee shall thereafter refrain from any such business, conduct or practice.

9.5 Compliance With Applicable Law

Licensee shall comply with any and all Applicable Law and industry standards applicable to operation of the Concession including those relevant to protection of privacy and personal information, consumer protection, use of the French language in Quebec, environmental matters, rules governing credit sales and their solicitation (including disclosure to Customers

and application of finance charges), employment and labour standards matters (including compensation, hours of work, overtime and equal opportunities for employment) and accessibility for persons with disabilities.

9.6 Compliance With Sears Guidelines and Service Levels

Licensee shall comply with any and all Sears general rules and regulations which are in effect from time to time in the Designated Stores relating to the conduct of employees (including appearance and dress code) and have been disclosed to Licensee. Licensee shall meet or exceed the Service Level Standards set out at Schedule "J".

9.7 Protection of Personal Information

Licensee shall collect, use, store, disclose, dispose of and otherwise handle information about identifiable individuals ("Personal Information") solely for the purposes permitted by this Agreement and in accordance with (i) the Sears privacy policy as such policy is amended from time to time and provided to Licensee; (ii) the Payment Card Industry Standards Council; and (iii) Applicable Laws relating to the collection, use, storage and/or disclosure of Personal Information.

Licensee shall store Personal Information and protect Personal Information from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practice that meet or exceed industry standard commercially reasonable practices. In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, Licensee shall notify Sears in writing and the Parties shall act reasonably to develop appropriate remedial processes.

Licensee shall execute the Privacy Acknowledgment in substantially the form attached hereto at Schedule "G" on the Effective Date and shall thereafter execute an acknowledgment substantially similar to such Privacy Acknowledgment whenever requested to do so by Sears.

Sears shall collect, use, store, disclose, dispose of and otherwise handle Personal Information provided to it by Licensee in accordance with (i) the Sears privacy policy as such policy is amended from time to time; (ii) the Payment Card Industry Standards Council; and (iii) Applicable Laws relating to the collection, use, storage and/or disclosure of such Personal Information.

Sears shall store Personal Information provided to it by Licensee and protect such Personal Information from loss, theft, unauthorized access, copying, modification, use or disclosure during utilization, transmission and storage using technology, physical protection measures, processes and standards of practice that meet or exceed industry standard commercially reasonable practices. In the event any loss, theft or unauthorized access, copying, modification, use or disclosure occurs, Sears shall notify Licensee in writing and the Parties shall act reasonably to develop appropriate remedial processes.

9.8 Permits and Licenses

Licensee shall, at its sole expense, obtain all permits and licenses that may be required under any Applicable Law in connection with the operation of the Concession.

Licensee hereby represents and warrants that it has all required permits and authorizations required of any governmental entity that may be required in order to conduct the business of the Concession.

9.9 Business License

Licensee shall prominently display its business license and, upon the request of Sears, shall prominently display and do all things as Sears in its sole discretion may deem necessary to inform Customers that the Concession is operated by the Licensee in association with the Sears Trademark under a license from Sears.

9.10 Staffing

Licensee shall at all times staff the Concession with sufficient, fully qualified, competent, well trained, professional personnel, who shall demonstrate the morals, safe work habits and attitudes necessary to produce and maintain good relations with Customers.

Licensee shall conduct, at its own cost and expense and using the services of Sears approved service providers, the necessary reference checks, including comprehensive criminal background checks, for all employees as of the Effective Date (other than Hired Employees as defined in the Asset Transfer Agreement) and for all potential employees during the Term.

Licensee must, upon Sears's request, conduct and produce background checks on any current employees of the Concession, but Licensee shall not be obligated to conduct and produce such checks on Hired Employees (as defined in the Asset Transfer Agreement) during the first year of the Term.

In the event that a negative criminal background check is obtained on a potential or current employee and Licensee wishes to, as the case may be, engage or continue with the employment of the individual in question, Licensee must promptly notify Sears of the results of the background check and obtain Sears's approval for such engagement or continued employment, which approval may be withheld at Sears's sole discretion.

If at any time during the Term of this Agreement, the Licensee's employee voluntarily terminates his or her position at the Concession and subsequently returns for employment at the Concession, a reference check, including a comprehensive criminal background check, must be conducted prior to the re-employment of that individual.

Prior to engaging any new employee to work in a Designated Store, Licensee must inquire with Sears, through the store manager of the Designated Store, whether an applicant previously applied to or worked at Sears, or whether the applicant's employment with Sears was previously terminated. Licensee shall not, without Sears's consent, employ in or about any Licensed Area, any individual who had previously been employed by Sears and whose employment with Sears was terminated.

Licensee shall not, without prior approval of Sears, which approval shall not be unreasonably withheld or delayed, (i) cause a reduction in workforce of more than 5% in any three month period; or (ii) cause a mass termination as recognized in Applicable Law.

9.11 Sub-Contracting

Except in accordance with this Agreement, Licensee shall not authorize any Person other than its own employees to perform any of Licensee's obligations under this Agreement on Licensee's behalf without the prior written consent of Sears, which consent may be withheld in its entire discretion. Licensee may use sub-contractors to perform sales and installation services provided such sub-contractors are under written agreement with Licensee and are not themselves Competitors.

9.12 Supervision of Employees

Licensee shall diligently supervise its employees and Licensee's Representatives in order to operate the Concession in accordance with this Agreement. Licensee shall be solely responsible for the acts of its employees and Licensee's Representatives in the performance and operation of the Concession during the Term.

9.13 Labour and Employment Standards

Licensee shall have the sole and exclusive control over all its employees' and Licensee's Representative's labour relations and policies relating to wages, compensation, hours of work and working conditions. Licensee shall have the sole and exclusive right to hire, transfer, suspend, lay off, recall, promote, assign, discipline, adjust grievances and discharge said employees and/or Licensee's Representatives, provided, however, that at any time, if Sears so requests, Licensee shall remove from the operation of the Concession in any Designated Channels, any of its employees and/or any Licensee's Representatives as contemplated in this Agreement.

9.14 Compensation & Benefits

Licensee shall have complete responsibility for all salaries, wages, compensation and benefits for all of its employees and Licensee's Representatives and shall make all necessary payroll deductions and withholdings from said employees and Licensee's Representatives' salaries, wages and any other compensation. Licensee shall have full responsibility for the payment of any and all contributions, taxes and assessments including any applicable workers' compensation or workplace safety and insurance legislation and shall meet all requirements of the employment insurance and federal and provincial or territorial income tax and pension plan laws. Licensee shall, at Sears's reasonable request, provide evidence to Sears that all payroll and/or compensation obligations to its employees and Licensee's Representatives have been met in a timely and appropriate manner and that all deductions, withholdings and payments of taxes, contributions and assessments have been duly made by Licensee as required by Applicable Law.

9.15 No Connection to Sears

No employees of Licensee or Licensee's Representatives shall be considered to be employees or agents, assigns, designees, representatives, contractors, sub-contractors or sub-licensees of Sears. None of Licensee's employees, Licensee's Representatives, directors, officers or shareholders are entitled to any of the benefits that Sears provides for Sears employees, including disability insurance, group insurance, pension plan, holiday pay, paid vacation, or other benefit plans. Licensee shall have all its employees and Licensee's Representatives, engaged in the operation of the Concession under this Agreement, sign an Understanding of

Employment/Engagement Form in a form substantially in the form attached as Schedule "E" hereto, and shall provide a copy of all such completed forms to the Sears Human Resources Department in the Designated Stores prior to the employee's or Licensee's Representative's engagement in the operation of the Concession in the Designated Stores.

9.16 Sears Discount for Licensee Employees

Sears agrees to grant a discount on personal purchases made from the Designated Stores, by any Licensee's employees working on a regular schedule for the Concession. Such discount shall be allowed under the terms and conditions and at such amounts as specified by current Sears policies regarding such discounts, as updated and revised from time to time.

9.17 Licensee Discount for Sears Employees

Licensee shall grant a discount of ten percent (10%) or greater to all Sears employees and retirees, in addition to all price reductions, promotions and/or discounts offered to Customers who are not Sears employees, on all the Products and Services purchased by Sears employees and retirees from the Concession.

9.18 Sears Identification Cards

When present on Sears premises, including Designated Stores, Licensee's employees and Licensee's Representatives shall have available on their person, an Identification and security card issued by Sears. Such Identification and security cards will be issued by Sears as necessary to Licensee's employees and Licensee's Representatives, at no cost to Licensee or its employees.

Licensee shall have and hereby accepts responsibility for the control and distribution of such identification cards to ensure they are only held by current employees of Licensee and Licensee's Representatives active in the operation of the Concession. Such control shall include commercially reasonable efforts to repossess and return to Sears the identification cards of persons who are no longer active in the operation of the Concession including those who are no longer engaged by Licensee.

Upon termination or expiration for any reason of this Agreement, Licensee shall repossess and return to Sears all identification cards issued by Sears to the Licensee's employees and/or Licensee's Representatives. In the event the identification cards not repossessed by the Licensee are used to obtain a discount from Sears, Licensee shall be responsible for the amount of any such discount granted by Sears in the course of honouring such un-repossessed identification cards.

9.19 Licensee Identification Cards

When dealing with Customers, in Designated Stores and elsewhere, Licensee's employees and Licensee's Representatives shall have available on their person, and offer as identification when requested by Customers, an identification card issued by Licensee identifying the holder thereof as being authorized to provide services on behalf of Licensee under the Brand Name. Such identification cards shall provide such information as is required by, and shall otherwise comply with, Applicable Law. Such identification cards will be issued to all Licensee's employees and Licensee's Representatives, operating both inside and outside a Designated Store, at no cost to Sears.

Licensee shall have and hereby accepts responsibility for the control and distribution of such identification cards to ensure they are only held by current employees of Licensee and Licensee's Representatives active in the operation of the Concession. Such control shall include the repossession and destruction of identification cards from persons who are no longer active in the operation of the Concession including those who are no longer engaged by Licensee.

Upon termination or expiration of this Agreement for any reason Licensee shall repossess and destroy all identification cards issued by Licensee pursuant to this provision.

9.20 Removal of Employees

Sears, acting reasonably and in accordance with its own employment practices and Applicable Law, may require Licensee to remove from the operation of the Concession any Licensee's employee or Licensee's Representatives who is objectionable to Sears for reasons of safety or security of Customers, employees or merchandise, or whose manner, in Sears's sole judgement, impairs Sears goodwill or Customer relations.

Subject to the foregoing, where Licensee is required by Applicable Law to provide said Licensee's employees and/or Licensee's Representative an opportunity to remedy his or her conduct through a process and over a specified reasonable period of time, Licensee shall do so and monitor the situation and in the event the situation which caused Sears to request the removal of the Licensee's employee and/or Licensee's Representative from the operation of the Concession is not remedied to Sears sole satisfaction, acting reasonably, within the specified period of time and Licensee refuses to remove such Licensee's employee and/or Licensee's Representative, such a case is an Event of Default.

ARTICLE 10. LICENSEE'S SUPPLIERS, PURCHASES AND PAYMENTS

10.1 Purchase in the Name of Licensee

Except to the extent of Licensee's rights to use the Sears Trademark on documents evidencing contracts for the sale of Products and Services, Licensee agrees that all purchases, contracts and obligations made or incurred by Licensee in connection with the operation of the Concession shall be made solely in the name of Licensee and under no circumstances shall any legal document, purchase order, letterhead, invoice or any other document, expense or obligation of any kind whatsoever be identified with Sears, the Brand Name or a Sears Trademark. For greater certainty, under no circumstances will Licensee make any purchase or incur any obligation or expense of any kind whatsoever in the name of Sears or on its behalf.

10.2 Notification to Supplier

Prior to making any initial purchase involving the operation of the Concession, Licensee shall inform the supplier, in writing, that Sears is not obligated in any way for, or as a result of, said purchase.

10.3 Invoices Issued In Error

Upon receipt by Licensee of an invoice from a supplier identified as an invoice to Sears, the Brand Name, or identified in any manner with the Sears Trademark, Licensee shall immediately

advise the supplier in writing, with a copy to Sears, that the supplier has not invoiced correctly and advise the supplier to reissue the invoice to Licensee exclusively in Licensee's own name.

10.4 Prompt Payment of Invoices

Licensee shall promptly pay all obligations incurred in connection with the operation of the Concession and shall hold Sears free and harmless from any and all claims, costs or liabilities incurred in connection with purchases or other monetary obligations incurred in relation to the operation of the Concession.

10.5 Accounts Payable Report

In the event Licensee fails to comply, in whole or in part, with any or all of this Article 10, Sears, in addition to any other remedies afforded it under this Agreement, may request in writing and Licensee shall furnish a detailed accounts payable report to Sears including the individual amounts owing and the names and addresses of all suppliers and creditors from whom it purchased merchandise and/or services for sale or use under this Agreement, as well as the names and addresses of all other Parties with whom it has any business or contractual relations and/or obligations in connection with the operation of the Concession.

10.6 Withholding and Payment

Licensee agrees that in the event a supplier and/or creditor of Licensee makes representation, and/or provides copies of invoices and shipping and receiving documentation to Sears, as to amounts owing to the said supplier and/or creditor by Licensee which was incurred by Licensee in connection with the operation of the Concession (the "Licensee Obligations"), and Licensee has not met the terms of the payment agreed, Sears, after discussion with Licensee, may withhold the amount of such Licensee Obligations from any settlement of monies due to Licensee until such time as Licensee provides to Sears proof of payment, or Licensee provides documentation from the supplier and/or creditor that verifies that the supplier and/or creditor waives any claim against Sears for payment of such unpaid invoices, or until such time as Sears is legally absolved of any responsibility for payment of such Licensee Obligations.

In the event Licensee or Sears is found legally responsible for the payment of the Licensee Obligations, and Licensee is unwilling or unable to pay the Licensee Obligations, Licensee agrees that Sears may make such payments on Licensee's behalf and deduct the entire amount of such payments from monies due to Licensee by Sears and/or from any monies withheld by Sears from Licensee's settlement.

10.7 Business Fees and Taxes

Licensee shall be responsible for bearing the cost of and paying any and all license fees and taxes, whether presently existing or created during the Term, including, without limiting the generality of the foregoing, business and corporate, use, sales, goods and services, gross receipts, income, separately assessed property, realty or other similar or different taxes including provincial or territorial sales taxes, Goods and Services Tax, and Harmonized Sales Tax or assessments which may be charged, levied or payable in connection with the operation of the Concession, excluding however, all taxes and assessments applicable to Sears income from Commissions payable to Sears hereunder or applicable to Sears property. In the event that any such taxes are billed to Sears, then the Licensee covenants and agrees to pay the same to Sears forthwith following receipt of a written demand therefor from Sears. Sears shall be entitled

to set off any monies owing to it pursuant to this provision which are not paid in accordance with this provision against any monies it may then or in the future owe to the Licensee.

10.8 Supplier Agreements

Licensee shall use commercially reasonable efforts to ensure that material supplier contracts entered into during the Term by Licensee shall be assignable to Sears and its successors and assigns at the end of the Term, without the requirement for consent from the supplier. Licensee shall not, without prior consent of Sears, enter into any material agreements that result in disproportionate benefits being paid prior to the scheduled end of the Term, or disproportionate liabilities being incurred after the scheduled end of the Term. Licensee shall not execute a material contract without first disclosing same to Sears. Licensee shall make available to Sears any and all supplier agreements upon Sears's request.

ARTICLE 11. INSURANCE

11.1 Licensee's Property and Liability Insurance

Licensee hereby agrees and covenants that it shall, at its sole expense, obtain and maintain, during the Term of this Agreement, the following policies of insurance from a company or companies satisfactory to Sears and adequate to fully protect Sears and Licensee from and against all expenses, claims, actions, liabilities and losses arising out of subjects covered by said policies of insurance:

- (a) **Workers' Compensation Insurance or Workplace Safety Insurance:** coverage with the applicable provincial or territorial workplace safety & insurance board and/or employer's liability insurance covering all persons employed, engaged or working in connection with the operation of the Concession with the limits of such insurance not less than \$1,000,000 for bodily injury, death, and property damage. The Licensee shall provide to Sears semi-annual proof of paid up coverage for workers' compensation insurance or workplace safety and insurance coverage, or similar coverage under the legislative requirements of the applicable province or territory and any replacement or successor thereof, in the form of a provincial or territorial certificate of good standing, or a provincial or territorial financial statement showing the Licensee has paid amounts owing in full in each province and/or territory in which the Concession is operated. In addition, upon expiry or other termination of this Agreement, the Licensee shall provide to Sears evidence of compliance with workers' compensation insurance or workplace safety and insurance or equivalent or similar coverage under the legislative requirements of the applicable province or territory and any replacement or successor thereof.
- (b) **Comprehensive General Liability Insurance, including Products and Services and completed operations coverage with a twelve (12) month indemnity period which shall include and shall so state on the certificate of insurance:**
 - (i) a contractual liability endorsement specifically covering the Licensee's indemnification of Sears under this Agreement;

- (ii) Cross Liability and Severability of Interests Clauses, which such insurance being considered "primary", and not call into contribution any other insurance available to Sears;
- (iii) must not have any exclusions for work done by Licensee's Representatives, sub-contractors and/or sub-trades;
- (iv) the provision of coverage for Non-Owned Automobile Liability;
- (v) the provision of Tenant's legal liability coverage;

The limits of liability must not be less than five million dollars (\$5,000,000.00) for bodily injury, death and property damage, or such higher amount as Sears shall from time to time require; and such shall be stated on the Certificate of insurance;

- (c) **Motor Vehicle Liability Insurance** covering all vehicles used by the Licensee in connection with the operation of the Concession with limits of not less than two million dollars (\$2,000,000.00), and with a combined single limit for bodily injury, death and property damage per accident or such higher amount as Sears shall from time to time require and shall so state on the Certificate of insurance;
- (d) **All Risk Property Insurance**, including coverage for:
 - (i) theft of the Licensee's property, equipment and merchandise utilized in connection with the operation of the Concession and shall so state on the certificate of insurance; and
 - (ii) any and all Sears and/or Customer assets in the care, custody and/or control of the Licensee in an amount not less than the full replacement cost thereof and shall so state on the certificate of insurance;
- (e) **Employee Fidelity Coverage** to include the Licensee and all those under its direction involved in the operation of the Concession in an amount not less than five hundred thousand dollars (\$500,000.00);
- (f) **Bailee's Legal Liability Insurance** to the full replacement value of any and all Customer's goods in the possession of Licensee and shall so state on the certificate of insurance;
- (g) (if applicable) **Professional Errors and Omissions Liability** coverage in an amount not less than two million dollars (\$2,000,000.00).

11.2 Additional Insured

All policies of insurance required by Article 11.1 (b), (c), (d), (e), (f) and (g) shall:

- (a) be taken out with Insurers acceptable to Sears;
- (b) name Sears Canada Inc. as additional insured and shall so state on the certificate of insurance;

- (c) shall not be subject to material change or cancellation except upon at least thirty (30) days prior written notice to Sears; and
- (d) be prepared in such a form that Sears shall not be liable for any premiums and shall so state on the certificate of insurance;

11.3 Waiver of Subrogation

All policies of insurance required by section 11.1(d) and (f) shall contain a waiver of subrogation in favour of Sears and shall so state on the certificate of insurance.

11.4 Evidence of Insurance

The Licensee shall provide to Sears certificates of insurance or copies of policies as evidence of the insurance required by section 11.1 (b), (c), (d), (e), (f), and (g) both: (i) prior to commencement of the Term of this Agreement or the operation of the Concession in any Designated Channels; and (ii) upon each anniversary date of the policy or policies.

11.5 Sears Approval

No approval by Sears of any of the insurance policies obtained by the Licensee, or any insurance or additional insurance obtained by Sears on the Licensee's behalf shall relieve the Licensee of any of its obligations under this Agreement.

11.6 Failure to Insure, Cancellation

- (a) If the Licensee fails to provide evidence of insurance as required by sections 11.1 or 11.4, or if, in Sears's sole discretion, the policies obtained by the Licensee do not afford adequate protection for Sears, the Licensee shall deliver to Sears evidence of insurance or such additional insurance as Sears may require, within fifteen (15) days after notice of same being given by Sears to the Licensee, failing which Sears shall have the right to obtain such insurance or additional insurance at the expense of the Licensee and to invoice the Licensee and offset the same against any monies payable to the Licensee.
- (b) If any insurance policy upon a Designated Store or any part thereof shall be cancelled or shall be threatened by the insurer to be cancelled or the coverage thereunder reduced in any way by the insurer by reason of the use the Licensed Area or any part thereof by the Licensee, the Licensee shall remedy the condition giving rise to cancellation, threatened cancellation or reduction of coverage within twenty-four (24) hours after notification by the insurers or notice thereof by Sears whichever is the earlier.

ARTICLE 12. **COMMISSION, FEES AND REMITTANCE**

12.1 Commission

In consideration of the rights granted to Licensee herein, Sears shall be entitled to receive from Licensee and Licensee shall pay to Sears a monthly Commission as set out in Schedule "D" ("Commission").

If applicable, Licensee may deduct from monthly Commission payments a monthly Commission Rebate in the amount and on the conditions set out in Schedule "D" ("Commission Rebate").

If applicable, Sears shall pay to Licensee an annual Store Reduction Commission Adjustment in the amount and on the conditions set out in Schedule "D" ("Store Reduction Commission Adjustment").

If applicable, Licensee shall pay to Sears an annual Commission Guarantee Adjustment in the amount and on the conditions set out in Schedule "D" ("Commission Guarantee Adjustment").

12.2 Maintenance and Administration Fee

In consideration for Sears's provision of maintenance, administrative and other functions and services, the Licensee shall pay to Sears the monthly Maintenance and Administration Fee set out in Schedule "D" ("Maintenance and Administration Fee").

12.3 Sales Tax

The Licensee shall also pay to Sears any applicable Sales Tax related to payments of Commission, Maintenance and Administration Fee, and as otherwise required. The Sears GST number is 104765698RT0001.

12.4 Payment Settlement Process

Monthly

No later than the 13th day following the end of each Fiscal Month, Licensee shall pay to Sears by electronic funds transfer, with respect to such Fiscal Month, the applicable Commission, Maintenance and Administration Fee, Telephone Costs, Property Tax Contribution and CAM Contribution, as well as all applicable Sales Tax thereon.

First Year Exception

Notwithstanding the previous paragraph, for the first Fiscal Year Licensee may pay the Commission according to the following schedule:

<u>Applicable Fiscal Months</u>	<u>Commission due date</u>
First, second and third Fiscal Month	The 13th day following the end of third Fiscal Month
Fourth, fifth, and sixth Fiscal Month	The 13th day following the end of sixth Fiscal Month
Seventh, eighth, and ninth Fiscal Month	The 13th day following the end of ninth Fiscal Month
Tenth, eleventh, and twelfth Fiscal Month	The 13th day following the end of twelfth Fiscal Month

For greater certainty, the first paragraph of this section will continue to apply with respect to applicable Maintenance and Administration Fee, Telephone Costs, Property Tax Contribution and CAM Contribution.

Quarterly

No later than the 27th day following the end of each Fiscal Quarter, Licensee shall pay to Sears the amount, if any, of Quarterly Service Level Credits owing with respect to such Fiscal Quarter.

Annual

No later than 60 days after the end of each Fiscal Year, Sears shall provide to Licensee a report ("Annual Reconciliation Report") indicating, with respect to such Fiscal Year, the amounts of each of (i) Store Reduction Commission Adjustment; (ii) Card Share Incentive Bonus; (iii) Commission Guarantee Adjustment; (iv) Card Share Guarantee Credit; and (v) Annual Service Level Credits, together with the reconciled amount owing by one Party to the other.

Where such reconciled amount results in an amount owing by Sears to Licensee, Sears shall pay such amount no later than 90 days after the end of the Fiscal Year. Where such reconciled amount results in an amount owing by Licensee to Sears, Licensee shall pay to Sears such amount no later than the later of (i) 30 days after receipt of the Annual Reconciliation Report; or (ii) 90 days after the end of the Fiscal Year.

12.5 Interest on Overdue Amounts

Any amount due by Licensee to Sears will bear interest from the due date until final payment at the rate of 15% per annum. Interest shall be calculated both before and after default, expiration or termination of this Agreement for any reason, or judgment. The acceptance of any interest payment shall not be construed as a waiver by Sears of its rights in respect of a default giving rise to such payment and shall be without prejudice to any rights Sears has with respect to any such defaults.

ARTICLE 13.
SECURITY FOR PAYMENT AND FINANCIAL COVENANTS

13.1 Setoff

Where Licensee or an Affiliate of Licensee owes money to Sears under this Agreement or any other agreement with Sears, Sears is authorized to apply and offset such amount owing against an amount owing by Sears to Licensee or to an Affiliate of Licensee.

Where Sears is overdue on a payment of money to Licensee under this Agreement, Licensee is authorized to apply and offset such overdue amount owing against an amount owing to Sears by Licensee.

13.2 Lien

Subject to (i) any liens and encumbrances created in the acquisition of the Licensee's present and after acquired inventory, supplies, leasehold improvements and Furnishings installed or located from time to time in the Licensed Areas and (ii) any liens and encumbrances granted to a senior lender of the Licensee (the "Senior Lender Lien"), Sears shall at all times have a first charge, lien and hypothec upon all of the Licensee's assets, property and undertaking (the "Secured Assets"), without in any manner affecting any other remedies that Sears may have by reason thereof, to take possession of the Licensed Areas and of all Secured Assets, to

exclude the Licensee from the Licensed Area, and at the Licensee's expense, to remove from the Licensed Areas the Secured Assets or to take possession of or to sell such Secured Assets as may be necessary in order to pay Sears all of the amounts due, or to become due, to Sears and to cure all other defaults of the Licensee hereunder. In the disposal and/or sale of such Secured Assets, Sears shall have the right to accept any offer it may choose and shall have no liability or responsibility to the Licensee for payment of any perceived, estimated or actual value of such Secured Assets. Prior to the Effective Date, the Licensee shall enter into a security agreement under which it grants a charge over the Secured Assets in a form satisfactory to Sears.

13.3 No Lien on Sears Assets

The Licensee shall not allow any liens, claims or encumbrances which arise through the Licensee to attach to any Sears property or against any Designated Store. In the event any lien so attaches or is threatened, the Licensee shall promptly take all necessary action to cause such lien to be satisfied and released; provided, however, that the Licensee shall have the right to contest the validity or amount of any such lien upon its prior posting of security with Sears, which security in Sears's reasonable judgment must be adequate to pay and discharge any such lien in full plus Sears's reasonable estimate of its legal fees. The Licensee agrees to pay all legal fees and other costs incurred by Sears as a result of any such liens being placed upon any Sears property or against any Designated Store.

13.4 Creditor Non-Interference Agreement

Notwithstanding section 13.2., the Licensee agrees that it shall require its senior lender to enter into an agreement with Sears, on terms satisfactory to Sears and Licensee, whereby the senior lender agrees not to interfere with Sears's rights under this Agreement including, without limitation, Sears's rights to effect the Post-Termination Transfer.

13.5 Financial Covenants

Licensee covenants that it shall at all times during the Term maintain such financial covenants (i) as are required of Licensee pursuant to an agreement with a bank, lender or other provider of financing to the Licensee; and (ii) such financial covenants as set out in Schedule "N" hereto. No later than the 30th day following the end of every Fiscal Month, Licensee shall provide to Sears a certificate substantially in the form set out at Schedule "N", signed by the Chief Financial Officer of Licensee (or such officer of Licensee with the responsibilities commonly carried out by a chief financial officer) certifying that the Financial Covenants have been maintained during such Fiscal Month.

ARTICLE 14. GOVERNANCE, COMMITTEES AND SUPPORT

14.1 Executive Committee and Governing Principles

An executive committee will be created which will consist of at least one senior officer of each of Licensee and Sears (the "Executive Committee"). Each Party shall have the right to remove or replace its appointees to the Executive Committee for any reason and at any time, and to fill any vacancy with respect to its appointees.

The Concession shall be governed by the principles set out in Schedule "H" (the "Governing Principles"), as they may be amended by the Executive Committee from time to time. The responsibilities of the Executive Committee will be to: promote shared vision and goals in respect of the Concession; review the strategy and direction of the Concession; support and elevate initiatives in order to increase Gross Revenue; eradicate roadblocks; oversee the competitive positioning of the Concession; and to provide oversight over strategic initiatives, online initiatives, marketing (particularly that related to penetrating the Sears Card base), and investment optimization.

The Executive Committee shall follow the following procedures:

- (a) the Executive Committee shall meet (in person or by telephone or video conference) at least twice a year or at such other intervals as may be decided by the Executive Committee;
- (b) irrespective of the number of appointees to the Executive Committee by any Party, each Party shall have one vote in respect of any matter requiring approval of the Executive Committee;
- (c) the Executive Committee shall keep written records of all matters discussed and approved by it, which shall be reviewed and approved by a designated representative of each of the Parties;
- (d) should there be a deadlock in any matter requiring the approval of the Executive Committee, such matter shall be subject to the following escalation procedures:
 - (a) the Parties will attempt to resolve the subject of the escalation promptly by negotiations between the Chief Executive Officer (or his or her designate) of each of Sears and Licensee (such negotiations to be held within 10 days of a request by either Party) and, if such negotiations are unsuccessful, (b) the Parties will attempt to resolve the subject of the escalation by mediation by an independent mediator agreed upon by the Parties, provided that if such mediation does not take place within 30 days of such request, the Parties shall be free to pursue other remedies, including legal action;
- (e) the members of the Executive Committee may adopt such other rules for the conduct of meetings as the Executive Committee shall determine from time to time; and
- (f) the Executive Committee may appoint one or more subcommittees and/or special committees to assume specific responsibilities.

14.2 Operational Committee

An operational committee will be created which will consist of two members from each of Licensee and Sears (the "Operational Committee"). Each Party shall have the right to remove or replace its appointees to the Operational Committee for any reason and at any time, and to fill any vacancy with respect to its appointees.

The responsibilities of the Operational Committee will be to focus and consult on matters that are of mutual concern to the Parties, including growing Gross Revenue, marketing plans, the customer experience (including customer complaint management and service levels), product

and pricing optimization, and matters related to enhancing and/or material changes to the Concession.

The Operational Committee may review the ongoing financial reports and performance scorecards of the Concession.

The Operational Committee will review and provide input into the operation of the Concession, but will have no authority to compel Licensee to undertake any action. For greater certainty, the Operational Committee is not mandated to provide operational support to the Licensee.

The Parties will attempt to resolve the subject of any matter escalated to the Operational Committee promptly by discussions between the senior officers. The senior officers will meet in person or by telephone within 15 days after the notice of the dispute and attempt in good faith to resolve the subject matter of escalation. In the event the senior officers do not resolve the dispute within 30 days from receipt of notice of a dispute (which time period may be extended by written agreement of the senior officers), the subject matter of the escalation may be resolved by the Executive Committee or each Party may seek remedies in whatever manner they wish, including instituting legal action.

14.3 Sears Support

Sears, at its sole expense, will dedicate employees to provide Licensee with the following support:

- (a) Marketing Liaison – who shall provide Licensee with such assistance as it reasonably requests relating to the development and implementation of marketing and advertising strategies, the monitoring of marketplace trends; Sears Trademark related matters, advertising campaigns (both new and renewed) and solicitation material, sponsorships (both new and renewed), cross marketing and the Sears Rewards Program.
- (b) Product Management Liaison – who shall provide Licensee with such assistance as it reasonably requests relating to strategy regarding the assortment of Products and Services and supplier base, including assistance with monitoring trends and identifying opportunities for the Concession with Sears retail and supply chain operations.
- (c) Operations Liaison – who shall provide Licensee with such assistance as it reasonably requests relating to customer service, customer resolution, the customer experience, suggestions regarding the development and monitoring of operation plans, the support of Sears Rewards Program, and service and performance metrics.

ARTICLE 15.

RECORD KEEPING, REPORTING, MONITORING & AUDITING

15.1 Point of Sale Register System

Licensee shall provide a POS to record each sale of the Products and Services in each of the Designated Stores and through each Designated Channel. Licensee shall provide Sears with access to real-time reporting to the POS.

15.2 Licensee Reporting

Licensee shall provide to Sears such reports at such frequency as set out in Schedule "F".

15.3 Accounting Records

Licensee shall prepare, keep and maintain full, true and accurate books of account, documents and records in accordance with Accounting Principles and all Applicable Laws (including such books and records as are required by Governmental Authorities), which accurately reflect the Gross Revenue, expenses, deductions and taxes resulting from the operation of the Concession including the Sears Advertising Expenses, Initial Remodelling Commitment and other mandatory investments which the Licensee incurs under this Agreement. The Licensee shall maintain such records at the Licensee's principal office for a period ending no sooner than seven (7) years after the end of the Term.

15.4 No Waiver or Prejudice

The receipt or use by Sears of any financial statements, statement of Gross Revenue or Net Sales from the Licensee, or any payment of Commission based thereon, or any other information relating to the operation of the Concession and the expenses related thereto, shall not constitute a waiver by Sears of any obligation of the Licensee hereunder and, except where otherwise provided in this Agreement, shall be without prejudice to Sears right to audit the Licensee's books and records as provided for in this Agreement.

15.5 Audit

Sears may at any time and from time to time cause a complete audit to be made by Sears auditors or third party auditors appointed by Sears (collectively, "Sears Auditor") of the Licensee's entire business affairs, records and procedures relating to the operation of the Concession and to verify whether Licensee has met or not met its obligations under this Agreement, including whether Licensee has met or not met its financial obligations under this Agreement (including Licensee's obligations in Schedule "D" [*Financial Commitments*] and Licensee's obligations to pay applicable Service Level Credits ("Licensee's Financial Commitments") and Licensee's obligations to maintain the Financial Covenants and including whether Service Level Standards and Performance Guarantees were met.

If the Sears Auditor performing such audit reports to Sears that, in its opinion, the Licensee's records and procedures are insufficient to determine whether Licensee is meeting the Licensee's Financial Commitments, Financial Covenants, Service Level Standards, Performance Guarantees, or any other of Licensee's obligations, and Sears or the Sears Auditor so notifies Licensee, Licensee will immediately take such steps as are reasonably necessary to remedy such default.

If an audit reveals that (i) Licensee has understated any amount payable to Sears (including Commissions and Service Level Credits) by 3% or more; or (ii) Licensee has breached an obligation under this Agreement and such breach led Sears to issue a notice of such default to Licensee under section 23.3; then Licensee will pay the reasonable costs of the Sears Auditor for such audit within 30 days of a notice to that effect from Sears.

Notwithstanding anything in this section 15.5, only a third party, independent auditor will have access to and be entitled to audit Licensee's financial records necessary to allow it to determine

If Licensee has met or not met its Financial Covenants or if such records are inadequate to make such determination. The third party auditor must only report on whether or not Licensee has met its Financial Covenants or if Licensee's records are inadequate to make such determination and must keep all information confidential and not disclose or use it for any purpose except to make such report. If requested by Licensee the third party auditor will acknowledge and agree to this obligation of confidence and non-use.

15.6 Notice of Collective Agreements and Negotiations

Subject to Applicable Law, Licensee agrees to notify Sears in writing immediately upon becoming aware of any application for the appointment or certification of any bargaining agent of any of the Licensee's employees.

Subject to Applicable Law, Licensee further agrees to notify Sears in writing at least ten (10) Business Days prior to commencing negotiations with any trade union, council, trade unions or other employee organization in connection with the entering into, amendment or renewal of a collective agreement or the settlement or compromise of any dispute arising from a collective agreement affecting the Licensee's employees.

Subject to Applicable Law, Licensee shall permit at least two (2) representatives of Sears to attend all bargaining sessions as observers and shall provide to Sears (or to such representatives as Sears directs) all relevant documents, correspondence and other information relating to the proposed collective agreement or in the case of any amendment, renewal or dispute arising from a collective agreement, with respect to any such matters.

Subject to Applicable Law, Licensee further agrees to notify Sears in writing at least seven (7) days prior to entering into any collective agreement or any amendment or renewal of a collective agreement or any agreement with respect to the settlement or compromise of any dispute arising from a collective agreement affecting the Licensee. Such notices shall be accompanied by a copy of the proposed collective agreement, amendment, renewal, settlement or compromise, as the case may be, failing which the notice shall be deemed ineffective.

ARTICLE 16. TRADEMARK LICENSE

16.1 Grant of Trademark License

Sears hereby grants to the Licensee the non-exclusive, non-transferable, non-sublicenseable, royalty-free right to use the Sears Trademark in Canada as it appears in the Brand Name, in connection with Licensee's operation of the Concession and the marketing and sale of Products and Services only, subject to the terms and conditions of this Agreement and only for the Term. For greater certainty, the rights granted in this paragraph shall terminate automatically upon termination of the Concession.

16.2 Use of Trademark

The Licensee shall only use the Sears Trademark in connection with the Concession and shall only use the Sears Trademark in accordance with this Agreement. The Licensee shall never use the Sears Trademark in association with any business that is not the Concession nor in association with any products or services that are not Products and Services authorized

pursuant to this Agreement. The Licensee shall not include the Sears Trademark as part of its or an Affiliate's name.

Except as otherwise expressly allowed, the Licensee shall only use the Sears Trademark as a trade-mark and only in the format in which the Sears Trademark is registered or has been filed for registration. All uses and presentations of a Sears Trademark by the Licensee shall clearly distinguish the Sears Trademark from any other trade-mark, design or text appearing with it. The Licensee shall not use any trade-mark which is similar to, confusing with, or which so nearly resembles as to be likely to cause confusion with the Sears Trademark.

The Licensee shall use commercially reasonable efforts to preserve the value, validity and distinctiveness of the Sears Trademark. The Licensee at Sears expense shall provide assistance to Sears and any information or other assistance that may be desirable to establish use of a Sears Trademark which Sears or the Trademark Owner may require to assist in registering, enforcing or maintaining a Sears Trademark or any other name or Trademark of Sears or the Trademark Owner.

16.3 Prior Approval on Use of Sears Trademark

All uses and presentations of the Sears Trademark whether on signs, in literature, in advertising or otherwise, shall be submitted by Licensee to Sears, or to such Person as Sears may designate, for written approval prior to any use or presentation of the same.

16.4 Advertising of Sears Trademark

Licensee shall display on all signs, literature and advertising on which the Sears Trademark appears, and in such other manner as Sears may direct from time to time, a notice similar to the following notice:

Sears®
© Registered Trademark of Sears licensed for use in Canada

16.5 Restrictions on Use of the Sears Trademark by Licensee

The Licensee shall promptly notify Sears of any infringement, unauthorized use, advertising, imitation, dilution or other infringement of the Sears Trademarks which comes to its attention. Sears and the Trademark Owner shall each have the sole right, at its own expense, to take such action as it determines, in its sole discretion, to be appropriate to enforce its rights to the Trademarks. The Licensee waives the provisions of subsection 50(3) of the Trademarks Act R.S.C. 1985 Chap. T-13 as amended.

The Licensee shall co-operate and assist in any protest or legal action undertaken by Sears or the Trademark Owner, at Sears's or the Trademark Owner's expense, to enforce its rights to the Trademarks. If requested by Sears or the Trademark Owner, the Licensee shall join in such protest or legal action, at Sears's or the Trademark Owner's expense. The Licensee shall not undertake such protest or legal action on its own behalf.

16.6 Ownership of Trademarks

Sears represents and warrants that the Sears Trademark is valid and enforceable and that Sears has the exclusive right to use the Sears Trademark in Canada and that Sears has the right to license the Sears Trademark to Licensee. Licensee acknowledges that Sears will be involved in the supervision and control of the use of the Sears Trademark in Canada by Licensee.

The Licensee acknowledges that the Sears Trademark and the goodwill attached thereto are and shall remain the exclusive property of its owner ("Trademark Owner"). All use of the Sears Trademark by the Licensee and all goodwill resulting therefrom shall inure to the sole and exclusive benefit of the Trademark Owner. The Licensee shall not have any right, title or interest in the Sears Trademark or any goodwill associated therewith and shall not in any way use the Sears Trademark in such a way as to suggest or induce others into believing that the Licensee has any such right, title or interest. The Licensee shall never challenge the ownership of the Sears Trademark nor shall the Licensee oppose any application to register any trade-mark incorporating the word "Sears".

16.7 Remedies for Unauthorized Use

The Parties agree that in the event of any use of the Sears Trademarks by the Licensee in breach of the conditions of such use as set out in this Agreement, Sears and/or the Trademark Owner may suffer irreparable harm for which damages might be an inadequate remedy. Accordingly, the Parties consent to the granting of an order of specific performance or injunctive relief by a court to remedy such breach (such consent not intending to limit in any way any other remedies available Sears and the Trademark Owner).

16.8 Trademark Owner's Remedies

Sears represents and warrants that some or all of the Sears Trademarks are owned by one or more of its Affiliates and that the rights granted herein to use such Sears Trademarks were granted by Sears under authority from the Trademark Owner. The Licensee acknowledges that the Trademark Owner has an interest in ensuring the proper use of and enforcing its rights to such Sears Trademarks. The Parties agree that the covenants, representations, warranties, conditions and provisions of this Agreement respecting the Sears Trademarks owned by the Trademark Owner (collectively, the "Trademark Terms") are being entered into for and on behalf of the Trademark Owner, and Sears agrees to hold the Trademark Terms as agent for the Trademark Owner with the intent and purpose that the Trademark Owner shall have the benefit of the Trademark Terms and will be entitled to enforce the Trademark Terms, or any of them, in any action brought by or against the Trademark Owner.

16.9 Changes to Sears Trademark

Sears reserves the exclusive right to change the Sears Trademark (for greater certainty, including changing the trademark "Sears") and designate, upon notice to Licensee, such other or additional trademarks that are the subject of the license and use under this Agreement. Licensee shall have a period of three (3) months from the date of such notice within which to change uses and advertising of the Sears Trademark to refer only to the trademark as modified by such notice. Sears shall pay Licensee the reasonable costs of changing signage in the Licensed Areas as a result of such change.

ARTICLE 17.
GOODWILL AND INTELLECTUAL PROPERTY

17.1 Goodwill Generated by the Operation of the Concession

All goodwill in, or which may be generated by, the operation of the Concession shall enure to the sole and exclusive benefit of Sears. Licensee shall not have any right, title or interest in said goodwill. Licensee hereby unconditionally and irrevocably transfers and assigns to Sears any and all rights it may have or may claim to have, now and in the future, to said goodwill.

17.2 Sears Intellectual Property

Sears is and will be the exclusive owner of all of the following Information and all Intellectual Property Rights therein (collectively, the "Sears Intellectual Property"):

- (a) an undivided joint interest in all Customer Information;
- (b) any and all rights to hardware, software, systems, documentation, Sears Trade-Marks, Sears Confidential Information or other Information or Intellectual Property Rights (including any Sears website and Sears business rules and business processes):
 - (i) that were owned by Sears on the Effective Date;
 - (ii) that are procured or created by Sears (whether such activities occur before or after the Effective Date and whether such activities occur independent of or in connection with the Concession);
 - (iii) that are created or developed for, or licensed to, Sears by another Person (other than the Licensee) (whether such activities occur before or after the Effective Date and whether such activities occur independent of or in connection with the Concession), including, without limitation, technical, functional, operational, performance or other relevant specifications or requirements therefor;
 - (iv) all modifications to the property described in (i), (ii) and (iii) above created or developed at any time and for any reason by Sears or by another Person (other than the Licensee) for or on behalf of Sears; and
- (c) an undivided joint interest with Licensee in all reports and other Information created, generated, output or displayed by or as a result of the performance or receipt of the Licensee's obligations except to the extent such Information contains Licensee's Confidential Information or Licensee Intellectual Property.

Licensee will acquire no rights to any Sears Intellectual Property other than the license rights expressly granted in writing by Sears to the Licensee or as provided for in this Agreement or another agreement with Sears.

Licensee will not assert any lien right or other encumbrance on Sears Intellectual Property, even if there is a dispute between the Parties.

17.3 Licensee Intellectual Property

Licensee is and will be the exclusive owner of all of the following information and all Intellectual Property Rights therein (collectively, the "Licensee Intellectual Property"):

- (a) all hardware, software, systems, documentation, trade-marks, Licensee's Confidential Information or other information or Intellectual Property Rights (including Licensee's business rules and business processes):
 - (i) that were owned by Licensee on the Effective Date;
 - (ii) that are procured or created by Licensee (whether such activities occur before or after the Effective Date and whether such activities occur Independent of or in connection with the Concession);
 - (iii) that are created or developed for, or licensed to, Licensee by another Person (other than Sears) (whether such activities occur before or after the Effective Date and whether such activities occur Independent of or in connection with the Concession), including, without limitation, technical, functional, operational, performance or other relevant specifications or requirements therefor; and
 - (iv) all modifications to the property described in (i), (ii) and (iii) above created or developed at any time and for any reason by Licensee or by another Person (other than the Sears) for or on behalf of Licensee.

Sears will acquire no rights to any Licensee Intellectual Property other than the license rights expressly granted in writing by Licensee to Sears or as provided for in this Agreement or another agreement with Licensee.

17.4 Establishment of New Intellectual Property Rights

Each of the Parties acknowledges that the other Party may create and establish (or have created and established for it) new Intellectual Property Rights in connection with the operation of the Concession and provision of the Products and Services ("New Intellectual Property"), and agree as follows:

- (a) To the extent that Sears creates New Intellectual Property, Sears shall own all rights established during the Term, shall be responsible for making all filings and taking all other actions necessary to protect such New Intellectual Property and shall be deemed to have granted to the Licensee a non-exclusive, royalty-free license in Canada to use such New Intellectual Property solely in connection with the operation of the Concession and the marketing and sale of the Products and Services for the duration of the Term.
- (b) To the extent that Licensee creates New Intellectual Property, Licensee shall own all rights established during the Term, shall be responsible for making all filings and taking all other actions necessary to protect such New Intellectual Property and shall be deemed to have granted to Sears a non-exclusive, royalty-free license in Canada to use such New Intellectual Property solely in connection with the marketing and sale of the Products and Services indefinitely, provided

18.5 Protection of All Sears Confidential Information

Licensee shall take all necessary steps, including commercially reasonable efforts, to protect all of Sears Confidential Information from destruction, loss, theft, misuse or disclosure during the Term, and Sears shall take all necessary steps, including commercially reasonable efforts, to protect all of Licensee's Confidential Information from destruction, loss, theft, misuse or disclosure during the Term. Such efforts shall in any event be no less stringent than the efforts a Party exerts to ensure the protection of its own confidential information. Furthermore, Licensee's obligations respecting Sears Confidential Information and Sears' obligations respecting Licensee's Confidential Information shall survive and continue for two (2) years following the end of the Term.

18.6 Restricted Use of Confidential Information

Licensee agrees not to use or permit others to use any of Sears Confidential Information in any manner except in connection with the operation of the Concession during the Term, and Sears agrees not to use or permit others to use any of Licensee's Confidential Information in any manner except in connection with the operation of the Concession during the Term.

18.7 Maintenance of Confidential Information

Licensee shall at all times maintain all Sears Confidential Information physically separate and distinct from any information Licensee may maintain that is unrelated to this Agreement and the operation of the Concession.

18.8 Return of Confidential Information

Upon expiry or termination of this Agreement for any reason,

- (a) Licensee shall immediately deliver to Sears all copies of any Sears Confidential Information including all copies of Customer lists, potential Customer lists and all other copies of information concerning Customers, whether written, computerized or otherwise, and
- (b) Sears shall immediately deliver to Licensee all copies of any Licensee's Confidential Information.

ARTICLE 19. INDEMNITY AND LIMITATION OF LIABILITY

19.1 Sears's Indemnity

Sears covenants and agrees that it will, at its own cost and expense (including legal fees and disbursements), protect, defend, hold harmless, and indemnify Licensee, its Affiliates, and any of its present and former directors, officers, employees, authorized representatives, agents, dealers, distributors, designees, contractors, sub-contractors, successors and assigns from and against all allegations (even though such allegations may be false, fraudulent or groundless) asserted in any, arising out of or relating to any Claims relating to the following:

- (a) death or injury to persons and damage to property resulting from or connected with a Designated Store other than a Licensed Area and the purchase and use

by anyone of products and services purchased in a Designated Store from Sears (such purchase including without limitation, goods sold, work done, services rendered or products utilized);

- (b) the infringement, misuse, dilution, misappropriation, or other violation by Sears or an Affiliate of Sears of any patent, trademark, service mark, trade name, trade dress, copyright, trade secret, confidential relationship, domain name, right of publicity or other intellectual property right, or any unfair competition;
- (c) any violation of any Applicable Law by Sears (or its officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives whether or not such act is within the scope of the engagement and/or employment or responsibilities of such officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives);
- (d) failure to promptly warn Licensee and/or Customers of any defective products and services supplied by Sears or any failure to provide adequate warnings and/or instructions in the use, assembly, service or installation of products and services supplied by Sears;
- (e) the packaging, labelling, advertising or performance claims made by Sears;
- (f) any breach by Sears of a covenant, representation or warranty to a Person other than Licensee;
- (g) the display, assembly or installation by Sears of products and services (other than Products and Services);
- (h) any and all claims, actions or costs (including legal costs, retroactive wages, awards, damages and penalties) made against the Licensee by any of Sears' officers, directors, employees or representatives:
 - (i) for salary and wages, fringe benefits, compensation, arbitration, severance or relocation costs;
 - (ii) under the Workplace Safety and Insurance Act, 1997 (Ontario) or equivalent or similar legislation in any province or territory and any successor legislation thereof;
 - (iii) arising out of any alleged negligence, acts or omissions of any Person other than Licensee; and
 - (iv) arising out of employment, engagement or termination of employment or engagement for any reason whatsoever with Sears;
- (i) the assertion by a third party of a security interest or other legal interest created by a factoring arrangement in any amount due by Sears to Licensee; and
- (j) any claims by Sears's current or former employees, representatives, suppliers, licensees, and any third parties or Customers, for failure to pay suppliers, lack of repair in or about the Designated Stores (other than Licensed Areas), the

that such New Intellectual Property does not refer to Licensee or any of its trademarks.

17.5 Protection of Intellectual Property

Each Party will use commercially reasonable efforts to cause its employees and representatives to waive, for the benefit of the other Party and their respective successors, assigns, licensees and contractors, their respective moral rights (and any similar rights to the extent that such rights exist and may be waived in each and any jurisdiction throughout the world) in and to any New Intellectual Property and existing Intellectual Property Rights of the other Party. Each Party will maintain an up-to-date copy of the source code materials for the New Intellectual Property and any Sears Intellectual Property or Licensee Intellectual Property, as the case may be, created or developed, in whole or in part, in a secure location and will promptly deliver such source code materials required by the other Party to the extent required to satisfy its obligations under this Agreement upon the other Party's request.

Each Party agrees to reasonably co-operate, and to use commercially reasonable efforts to cause its employees and representatives to reasonably co-operate with respect to signing such documents and doing such acts and other things reasonably requested by the other Party to confirm the assignment of ownership and waiver of moral and similar rights referred to herein and to obtain registrations of Intellectual Property Rights relating to the Sears Intellectual Property, Licensee Intellectual Property and New Intellectual Property, as the case may be. Without limiting the generality of the foregoing, each Party agrees that it will, and will use reasonable commercial efforts to cause the employees and representatives to, execute any assignment requested by the other Party related to the Sears Intellectual Property, the Licensee Intellectual Property or the New Intellectual Property, as the case may be.

17.6 Residual Rights

Subject to the terms and conditions of this Agreement, the Parties agree that either Party may use and exploit any information developed or created in the course of operating the Concession which relates to the Products and Services and/or the Concession (including general knowledge, skills, experience, know-how and techniques) and which may be retained in the unaided memory of such Party's personnel, provided that in doing so such Party does not breach its obligations with respect to confidential information or infringe, violate or constitute a misappropriation of any Intellectual Property Right of the other Party or any third party.

Neither Party will be precluded from independently developing for itself, or for others, anything which is competitive with, or similar to, the other Party's Intellectual Property Rights, provided that in so doing no use is made of the other Party's Intellectual Property Rights or confidential information.

ARTICLE 18. CONFIDENTIAL INFORMATION

18.1 Customer Lists, Customer Information; Sales Information

Sears goodwill shall always include the exclusive right to an interest in Customer information, including Customer lists. All customer information and lists of customers of the Licensee and the employees of its Concession, including, without limitation, lists developed by the Licensee, its

employees or agents and any other information relating to such customers, shall belong exclusively to Sears and Sears shall have sole copyrights over such customer information and lists. The Licensee and its employees agree that they will not make use of said lists other than for the purpose of the business conducted by them in the Concession, which lists and information shall be immediately transferred in its entirety by Licensee to Sears upon expiration or termination, for any reason, of this Agreement. The Licensee shall keep customer lists and other customer information separate from any customer lists or other information that the Licensee may maintain that do not relate to this Agreement.

Information regarding Gross Revenue, Net Sales, Commissions and other information regarding the financial and sales performance of the Concession belong jointly to the Licensee and Sears (but for greater certainty, information regarding financial performance of any Licensee's business other than the Concession shall belong solely to Licensee). The Licensee agrees that all sales figures of all other departments and any and all other information obtained at or from any meeting of departments of the Designated Stores shall be deemed confidential and exclusively within the control of Sears. The obligations of the Licensee under this section shall be subject to any provisions to the contrary under Applicable Law.

18.2 Sears Confidential Information

Sears policies, processes, operating methods, source relationships, computer software and all tangible items on which there is recorded information related to Sears' business, are deemed to be the exclusive property of Sears. In addition all information relating to the presentation, merchandising, marketing, provision and sale of the Products and Services, including all Customer lists and Customer information other than those developed by Licensee and/or the Licensee's Representatives from the operation of the Concession either during the Term, or after termination of this Agreement is also deemed to be the exclusive property of Sears (collectively, the "Sears Confidential Information"). Licensee shall have no right, title or interest in the Sears Confidential Information.

18.3 Licensee's Confidential Information

All the policies and processes of Licensee, Licensee's operating methods, Licensee's source relationships, any Licensee computer software and information relating to the operation of the Concession and the procurement of the Products and Services are, where such information is not Sears Confidential Information, deemed to be the exclusive property of Licensee (collectively, the "Licensee's Confidential Information"). Sears shall have no right, title or interest in such Licensee's Confidential Information. For greater clarity Licensee's Confidential Information shall not include any information relating to the presentation, merchandising, marketing and sales of the Products and Services or any Customer information and Customer lists derived from the operation of the Concession.

18.4 No Disclosure of Confidential Information

All Sears Confidential Information and Licensee's Confidential Information shall be treated by the Parties as confidential and neither Party shall reproduce, disclose nor in any way make available, either directly or indirectly, any of the other Parties' confidential information to any other Person at any time without the prior written consent of the Party whose confidential information is being disclosed. Licensee shall ensure that all employment and engagement contracts contain an express written provision to this effect.

operation of, or defects in, any machinery, vehicles, or equipment used in Sears's business (other than in connection with the operation of the Concession by the Licensee after the Effective Date), previous license agreements for the Concession (other than with Licensee or an Affiliate of Licensee) and the use by anyone of products and services obtained in such previous Concession (other than if sold by Licensee or an Affiliate of Licensee) or supplied by Sears. Licensee may, at its election and at any time, take control of the defence and investigation of said Claims and employ legal advisers, consultants, investigators and experts of its own choice to manage and defend any such Claims at the cost and expense of Sears.

19.2 Licensee's Indemnity

The Licensee covenants and agrees that it will, at its own cost and expense (including legal fees and disbursements), protect, defend, hold harmless, indemnify Sears, its Affiliates, and any of its present and former directors, officers, employees, authorized representatives, agents, dealers, distributors, designees, contractors, sub-contractors, successors and assigns from and against all Claims related to:

- (a) death or injury to persons and damage to property resulting from or connected with the operation of the Concession and the purchase and use by anyone of the Products and Services, including without limitation, goods sold, work done, services rendered or products utilized;
- (b) the infringement, misuse, dilution, misappropriation, or other violation by Licensee of any patent, trademark, service mark, trade name, trade dress, copyright, trade secret, confidential relationship, domain name, right of publicity or other intellectual property right, or any unfair competition;
- (c) any violation of any Applicable Law by Licensee (or its officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives whether or not such act is within the scope of the engagement and/or employment or responsibilities of such officers, directors, employees, affiliates, subsidiaries, subcontractors, suppliers, or representatives) in the operation of the Concession or the possession, use or sale of the Products and Services;
- (d) failure to promptly warn Sears and/or its customers of any defective Products or Services or any failure to provide adequate warnings and/or instructions in the use, assembly, service or installation of the Products and Services;
- (e) the packaging, labelling, advertising or performance claims concerning any Products or Services;
- (f) any breach by the Licensee of a covenant, representation or warranty made herein or to a Person other than Sears;
- (g) the display, assembly or installation of the Products and Services;
- (h) any and all claims, actions or costs (including legal costs, retroactive wages, awards, damages and penalties) made against Sears by any of the Licensee's officers, directors, employees or representatives;

- (i) for salary and wages, fringe benefits, compensation, arbitration, severance or relocation costs;
 - (ii) under the Workplace Safety and Insurance Act, 1997 (Ontario) or equivalent or similar legislation in any province or territory and any successor legislation thereof;
 - (iii) arising out of any alleged negligence, acts or omissions of any Person, including Sears, except where said act or omission by Sears is the sole cause of said claim; and
 - (iv) arising out of employment, engagement or termination of employment or engagement for any reason whatsoever with Licensee;
- (l) the assertion by a third party of a security interest or other legal interest created by a factoring arrangement in any amount due to Sears by the Licensee; and
 - (j) any claims by the Licensee's current or former employees, Licensee's Representatives, suppliers, and any third parties or Customers, including failure to pay suppliers, lack of repair in or about the Licensed Areas, the operation of, or defects in, any machinery, vehicles, or equipment used in connection with the operation of the Concession, and the use by anyone of the Products and Services. Sears may, at its election and at any time, take control of the defence and investigation of said Claims and employ legal advisers, consultants, investigators and experts of its own choice to manage and defend any such Claims at the cost and expense of Licensee.

19.3 Notification of Third-Party Claims

Upon receipt by a Party of a Claim, audit, demand or assessment made or brought by an unaffiliated third party against the other Party (a "Third-Party Claim"), the Party shall notify the other Party, in writing, within fifteen (15) days of receipt of such Third-Party Claim indicating the nature of such Third-Party Claim and the basis therefor.

19.4 Limitation of Liability

Each Party acknowledges and agrees that it shall not have any liability to the other for payment of any actual, perceived and/or anticipated loss of revenue or profit or for payment of any actual, perceived and/or anticipated decrease in value of the others' business due to the expiration or termination of this Agreement by any Party, for any reason.

ARTICLE 20. **NON-SOLICITATION AND NON-COMPETITION DURING THE TERM**

20.1 Non-Solicitation of Customers

Except as set out in this Agreement or as otherwise agreed by Sears, Licensee shall not, during the Term, directly or indirectly perform services for, interfere with or endeavour to entice away from Sears any Sears customers other than for the provision of Products and Services in connection with the Concession.

20.2 Non-Solicitation of Employees by Sears

Sears shall not, directly or indirectly through another Person, without consent of Licensee, during the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Licensee or an Affiliate of Licensee to leave the employ of or engagement with Licensee or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Licensee's employees or contractors will not be prohibited by this section.

20.3 Non-Solicitation of Employees by Licensee

Licensee shall not, directly or indirectly through another Person, without consent of Sears, during the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Sears or an Affiliate of Sears to leave the employ of or engagement with Sears or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Sears employees or contractors will not be prohibited by this section.

20.4 Non-Competition During the Term

The Licensee agrees that, during the Term, it will not, without the prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business which is the same or similar to or competitive with any aspect of the business of marketing and selling products and services similar to or competitive with the Products and Services in Canada.

The Licensee agrees that, during the Term, no Affiliate of Licensee shall, without prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business of marketing or selling products and services similar to or competitive with the Products and Services to an ultimate end user in Canada.

For greater certainty, the foregoing provision does not restrict an Affiliate of the Licensee from engaging in any business that is not marketing or selling products and services similar to or competitive with the Products and Services in Canada on behalf of a Competitor or other Person, such as the procurement or installation of products and services similar to or competitive with the Products and Services.

The foregoing provision does not restrict an Affiliate of Licensee that is, at the time of signing this Agreement, in the business of marketing or selling floor covering products and services for a Competitor from continuing to engage in such business for such Competitor only.

ARTICLE 21.
CHANGES TO CONCESSION

21.1 Reduction of Designated Channels or Designated Markets

Sears shall have the right to terminate the operation of the Concession in any Designated Channels and/or Designated Markets without cause, cost, penalty or damages (subject to the possible cost to Sears of a Store Reduction Commission Adjustment) for any reason whatsoever, upon providing the Licensee with no less than 120 days written notice.

21.2 Reduction of Designated Stores by Sears

Sears shall have the right to close one or more Licensed Areas in Designated Stores and/or terminate the operation of the Concession in any Designated Store upon written notice to Licensee of no less than 90 days, provided such notice is delivered no earlier than 90 days after the Effective Date. Notwithstanding the previous sentence, Sears shall have the right to close any Licensed Area and terminate the operation of the Concession in a Designated Store on simple notice if such Designated Store is being closed such that Sears is no longer operating a store at such location. All direct costs associated with closing a Licensed Area at Sears' request shall be borne by Sears.

For greater certainty, applicable provisions of Schedules "D", "L" and "K" may apply in the event the number of Designated Stores is reduced by Sears.

21.3 Reduction of Designated Stores by Licensee

Licensee shall have the right to terminate the operation of the Concession in any Designated Store upon written notice to Sears of no less than 90 days, provided such notice is delivered no earlier than 90 days after the Effective Date, and provided that the removal of the Concession from such Designated Store would not bring the total number of Designated Stores below the Minimum Number of Designated Stores as set out at Schedule "A". All direct facilities and leasehold costs associated with closing a Licensed Area at Licensee's request shall be borne by Licensee.

21.4 Increase of Designated Stores

Sears may offer to Licensee to add one or more Designated Stores to the Concession by providing written notice to Licensee, provided such notice is delivered no earlier than 90 days after the Effective Date. Licensee shall have the option to refuse to add such proposed Designated Store to the Concession by providing notice of such refusal no later than 30 days after receipt of Sears's notice of the proposed addition.

ARTICLE 22.
ASSIGNMENT AND CHANGE OF CONTROL

22.1 Assignment by Sears

Licensee acknowledges that Sears may, at its sole discretion, assign, encumber or transfer its rights under this Agreement.

22.2 Assignment by Licensee

Licensee acknowledges that Sears, in granting this license and the rights and interests under this Agreement, has relied upon, among other things, the character, background, qualifications and financial ability of Licensee and, where applicable, its partners, officers, directors, shareholders and managers. Accordingly, this Agreement, Licensee's rights and interests hereunder and the assets owned and used by Licensee in connection with the operation of the Concession shall not be encumbered, sold, assigned or transferred in whole or in part in any manner whatsoever without the prior written consent of Sears, which consent may be withheld at Sears's sole discretion. Any actual or purported assignment occurring by operation of law or otherwise without Sears's prior written consent shall be null and void. For greater certainty, where Sears provides consent to the assignment of this Agreement, it is understood and agreed that the assignor shall immediately upon the effective date of such assignment be required to meet all Licensee's obligations under this Agreement, including, without limitation, all representations, warranties and covenants, including Financial Covenants.

22.3 Change of Control

Licensee may not undergo a Change of Control except in accordance with this Agreement (other than that occurring as the result of trading in shares listed upon a recognized stock exchange where such trading is not for the purpose of acquiring effective control). A Change of Control in the Licensee shall be deemed to be an assignment of this Agreement.

22.4 Right of First Offer

Licensee shall not make any offer to any Person to enter into a transaction that would result in a Change of Control (or solicit such an offer) unless such offer is first made to Sears in writing and Sears, in its entire discretion, refuses such offer in writing. Sears shall have 21 days from receipt from Licensee of such written offer, in sufficient detail so that Sears may fully consider such offer, to accept such offer. If Licensee does not receive such acceptance within such 21 day period, Licensee shall be free to make such offer to other Persons who are not Competitors.

22.5 Right of First Refusal

If Licensee receives a bona fide offer from a Person to enter into a transaction that would lead to a Change of Control (whether such offer was solicited or unsolicited) ("Third Party Offer"), then Licensee shall provide to Sears a copy of such Third Party Offer and Sears shall have the right, but not the obligation, to enter into a transaction with Licensee on the terms and conditions as set out in such Third Party Offer. Sears shall have 21 days from receipt from Licensee of such written Third Party Offer to notify Licensee of Sears's option to enter into such transaction. If Licensee does not receive notice from Sears of its election to enter into such transaction within such 21 day period and such Third Party Offer did not come from a Competitor, then Sears shall be deemed to have consented to Licensee for Licensee to enter into a transaction on the terms and conditions of the Third Party Offer. If such transaction is not consummated within 180 days of Sears's consent or deemed consent thereto, such consent shall be deemed to be withdrawn, and Licensee shall be required to once again seek Sears's consent to consummate such transaction. Where Sears has provided consent or is deemed to have provided consent to Licensee to enter into a Change in Control transaction with a third party on the basis of the Third Party Offer, such consent shall be deemed to be Sears's written consent to the assignment of this Agreement in conjunction with such transaction.

ARTICLE 23.
DEFAULT AND TERMINATION

23.1 No Fault Termination

During any Renewal Term, Sears shall have the right to terminate this Agreement without cost or penalty upon written notice to Licensee of no less than one year, provided no such notice shall be made in a Fiscal Year following a Fiscal Year during which the Guarantee Gross Revenue for such Fiscal Year was achieved.

23.2 Termination Due to Event of Default

Sears may terminate this Agreement upon simple notice upon the occurrence of an Event of Default.

23.3 Events of Default by Licensee

An "Event of Default" under this Agreement occurs upon the occurrence of any one or more of the following events or circumstances when such event or circumstance is not a result of Force Majeure:

- (a) **Financial Covenants:** Licensee has breached its Financial Covenants and has failed to remedy such breach within 45 days following receipt of a notice to remedy such breach;
- (b) **Material Misrepresentation:** (i) Licensee has wilfully provided incomplete, false or misleading information of a material nature in connection with its application to be approved as a licensee of Sears, or any representations and warranties provided by Licensee in this Agreement or in the Asset Transfer Agreement are false, in any material respect; or (ii) Licensee has falsified or intentionally misrepresented any report or other information furnished to Sears pursuant to this Agreement ("**Material Misrepresentation**");
- (c) **Late or Incomplete Reporting:** Licensee has failed to provide a report to Sears with all the information required for such report pursuant to this Agreement and within the deadline provided for such report in this Agreement, provided Sears has first provided Licensee no less than four Business Days' written notice to remedy such breach and Licensee has failed within such time to remedy such breach;
- (d) **Failure to pay:** Licensee has failed to pay any amount owing hereunder on the date or dates appointed for the payment thereof (provided Sears has given no less than five Business Days' written notice to Licensee of any such failure and Licensee has failed within such time to remedy such breach) ("**Payment Default**");
- (e) **Licensee policy infraction:** Licensee has failed to operate the Concession in accordance with Licensee's policies and processes and such failure has not been rectified within 15 days following notice by Sears;

-
- (f) **Disposition of assets:** Licensee has made a sale in bulk of any of its assets, wherever situated (other than a bulk sale made to a transferee permitted under this Agreement), and such sale was not in the normal course of business;
- (g) **Change of Control:** Licensee has effected or attempted to effect a Change of Control of Licensee that is not permitted by this Agreement;
- (h) **Failure to remove employee:** Licensee has failed to remove from the operation of the Concession a Licensee's Representative or employee of Licensee within five Business Days following a demand by Sears that such Person be removed, in accordance with this Agreement;
- (i) **Insurance:** Licensee has failed to provide evidence of insurance as required by this Agreement within 15 days of notice of same being given by Sears to Licensee;
- (j) **Involuntary insolvency:** a court order has been made for the winding up, dissolution or liquidation of the Licensee;
- (k) **Voluntary insolvency:** the Licensee has
- (i) undertaken corporate proceedings for the winding-up, dissolution or liquidation of the Licensee; or
 - (ii) lost its corporate charter by expiration, forfeiture or otherwise;
- (l) **Failure to operate Concession:** Licensee has without Sears's prior approval failed to operate and conduct business in a Licensed Area during Normal Business Hours for more than three consecutive days. The foregoing will not be considered an Event of Default if Sears has also failed to operate and conduct business in the Designated Store of such Licensed Area during Normal Business Hours during such period of time;
- (m) **Unpermitted use:** Without Sears's prior approval, Licensee has knowingly permitted a Licensed Area to be used by another Person in breach of this Agreement;
- (n) **Abandonment:** Except as permitted in this Agreement, Licensee has vacated a Licensed Area or has abandoned or ceased to operate the Concession in any Designated Channel;
- (o) **Misappropriation:** Licensee has misappropriated Sears's assets and or any funds, including any shortage in or manipulation of any Customer payments, unless arising from Licensee's employee or Licensee's Representatives' dishonesty and provided such employee or Licensee's Representative is immediately removed from the Licensed Area and any involvement in the operation of the Concession in any Designated Channels and complete restitution is made by Licensee to Sears's satisfaction;

-
- (p) **Breach of Sears Confidential Information:** Licensee or any of Licensee's Representatives has disclosed Sears Confidential Information in breach of Article 18 [*Confidential Information*];
 - (q) **Third-party performance:** Without prior approval of Sears, Licensee has authorized Persons other than its employees to perform any of Licensee's obligations under this Agreement;
 - (r) **Disorderly conduct:** Licensee has engaged at any time in disorderly conduct that offends moral values or which constitutes moral turpitude, all as determined by Sears in Sears's reasonable discretion;
 - (s) **Employee Obligations:** Licensee has failed to meet its employment payroll or engagement obligations in an appropriate and timely manner and has not rectified such failure within two Business Days of the due date;
 - (t) **Refusal to Co-operate:** Licensee has failed or refused to co-operate with Sears in the performance of this Agreement;
 - (u) **Other Covenants:** Unless agreed to by Sears or permitted under this Agreement, Licensee has failed to observe or perform any other of the terms, covenants (whether affirmative or negative) or conditions of this Agreement to be observed or performed by Licensee, provided Sears has first given Licensee 15 days' written notice of any such failure to perform, and Licensee within such period has failed to commence diligently and thereafter to proceed diligently and continuously to cure any such failure to perform;
 - (v) **Minimum Marketing Commitment:** Unless agreed to by Sears or permitted under this Agreement, Licensee has failed to spend the Minimum Marketing Commitment in accordance with a Marketing Plan for three or more years or during two consecutive years;
 - (w) **Annual Performance Guarantees:** Licensee has failed to meet an Annual Performance Guarantee during five or more years or during three consecutive years;
 - (x) **Annual Service Level Guarantees:** Licensee has failed to meet any Annual Service Level Guarantees in any three or more years or for two consecutive years;
 - (y) **Material Adverse Change:** There has been a material adverse change in the business or operations of the Licensee which materially impacts the Licensee's ability to perform its obligations under this Agreement.

23.4 Bankruptcy Event

Each Party has a right to terminate this Agreement upon the occurrence of a Bankruptcy Event. A "Bankruptcy Event" shall have occurred when, with respect to such Party, there has occurred or there exists any of the following events:

-
- (i) the Party admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
 - (ii) the Party institutes any proceeding or takes any corporate action or executes any agreement to authorize its participation in or commencement of any proceeding:
 - (A) assigning all or substantially all of its property for the general benefit of its creditors or seeking to adjudicate it a bankrupt or insolvent; or
 - (B) except as part of a good faith reorganization, which is completed with 90 days of the date initiated seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, winding-up, reorganization or compromise of debts or other similar laws (including any application under the *Bankruptcy and Insolvency Act (Canada)* or the *Companies' Creditors Arrangement Act (Canada)*, or the filing of a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act (Canada)*) or any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation;
 - (iii) any proceeding is commenced against or affecting the Party:
 - (A) seeking to adjudicate it a bankrupt or Insolvent;
 - (B) seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any Applicable Law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of Incorporation);
 - (C) seeking appointment of a receiver, trustee, agent, custodian, or other similar official for it or for any substantial part of its properties and assets, and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested remains outstanding, undismitted and unstayed more than 60 days from the institution of such first mentioned proceeding;
 - (iv) any creditor privately appointing a receiver, trustee or similar official for any substantial part of the Party's properties and assets, and such appointment is not being contested in good faith and by appropriate proceedings or, if so contested, such appointment continues for more than 60 days;
 - (v) any proceeding or action by a Governmental Authority to take control of the Party or its assets;

- (vi) any event occurs with respect to the Party that, under the Applicable Law of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (v) above;
- (vii) the Party takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts or events specified in paragraphs (i) to (v) above.

ARTICLE 24.
SOFTWARE AND DATA

24.1 Licensee Software Escrow

Within 90 days following the Effective Date, Licensee will, at its sole cost and expense, deposit into escrow: (i) all documentation, formulas and software (in source code format) relating to the Licensee Software and the processes for its application and use; (ii) all other documentation then in existence for the Licensee Software ("Escrow Materials") with such escrow agent as determined by Sears, acting reasonably ("Escrow Agent") and will enter into an escrow agreement in a form mutually agreed between the parties, acting reasonably ("Escrow Agreement"). At the earlier of: (i) an update to any of the Escrow Materials, and (ii) twelve (12) months from the last deposit of the Escrow Materials, Licensee will, at its sole cost and expense (including fees payable to the escrow agent), update or add to the Escrow Materials such new, revised or modified items then in existence and which have not been previously deposited into escrow under this Section 24.1 which will then be included in the definition of, and referred to as "Escrow Materials". During the Term, Licensee will make payments as may be reasonably required to maintain the Escrow Materials with the Escrow Agent pursuant to the Escrow Agreement.

In accordance with the provisions of the Escrow Agreement, the Escrow Materials will be released to Sears on the occurrence of any of the following:

- (i) Licensee notifying the escrow agent in writing to effect a release;
- (ii) Licensee ceasing all or substantially all business operations except as permitted under this Agreement;
- (iii) Sears sends a notice of termination of this Agreement; or
- (iv) the expiry of this Agreement.

24.2 List of Licensee Software

No later than 90 days after the end of each Fiscal Year, Licensee will provide to Sears a list of all then currently used software that is part of the Licensee Software. Where Licensee as part of the Licensee Software uses any software licensed from third parties, Licensee will use reasonable commercial efforts to negotiate with such third parties the ability of Licensee to assign such software to Sears upon the expiration or termination of this Agreement.

24.3 Concession Data

Every month during the Term, Licensee will provide to Sears a copy of all customer data and other information that Sears would require to operate the Concession with the Licensee Software upon the termination or expiration of this Agreement ("Concession Data").

If an arrangement is made whereby Sears has access to Concession Data that is backed up no less frequently than daily, stored at an external location with a third party, and Sears has contractual rights to access and receive copies of such Concession Data without interference from Licensee upon the same conditions as the release conditions that would be required in an Escrow Agreement, then, for so long as such arrangement is in effect, Licensee shall not be required to provide to Sears copies of Concession Data in accordance with the previous paragraph.

ARTICLE 25. AFTER TERMINATION

25.1 Surrender

Immediately upon expiration or termination of this Agreement, the Licensee shall:

- (a) cease use of the Sears Trademark and remove from Licensee's own premises and/or the Licensed Areas and return to Sears, all signs, work orders, invoices and related documentation bearing the Sears Trademark or any other Sears identification, failing which Sears shall have the right to enter any of Licensee's premises to do so, at Licensee's sole cost;
- (b) return to Sears, or as Sears may direct, all Sears property, including all Sears Confidential Information, employee identification cards, Sears merchandise, forms, signing, operating guides, sales and distribution reports;
- (c) at the request of Sears, transfer to Sears, or as Sears may direct, all Customer goods and Customer contracts which are outstanding as at the date of expiry or termination.
- (d) cease to use all listed telephone and facsimile numbers used for the operation of the Concession, transfer such numbers to Sears or as Sears may direct, and notify the telephone company of the transfer. The Licensee hereby appoints Sears as its true and lawful attorney in fact, for it and in its name, place and stead to execute and deliver any and all documents and instruments as may be required to transfer such telephone and facsimile numbers to Sears or as Sears may direct; and
- (e) at its sole expense, remove all of the Licensee's inventory, supplies and Furnishings from the Designated Stores, and the Licensee shall, without delay and without any expense to Sears whatsoever, repair any damage to the Licensed Area caused by such removal and surrender the Licensed Area to Sears in good condition and repair, ordinary wear and tear excepted. The Licensee acknowledges and agrees that failure by the Licensee to remove its inventory, supplies and Furnishings, within the fourteen (14) days immediately

following the date of the end of the Term, shall constitute legal abandonment of such the Licensee's assets, including without limitation, all the Licensee's inventory, supplies and Furnishings and Sears may, at Sears's option, and at the Licensee's sole cost and risk, dispose of the Licensee's assets including without limitation all of the Licensee's inventory, supplies and Furnishings without payment, cost, penalty or damages owed to the Licensee by Sears.

25.2 Withholding of Remittance

Upon expiration or termination of this Agreement Licensee agrees that Sears may withhold any monies due and owing to Licensee, including but not limited to monies owing from Sears to Licensee from any outstanding settlement of Licensee's sales to Customers made on Sears credit plans, for a period of one hundred and eighty (180) days from the said termination or expiry date, in order to ensure the fulfillment of any reasonable adjustments to Customers by Sears. Such adjustments will be detailed by Sears and will be deducted from monies owing to Licensee. A final settlement will be made to Licensee within twelve (12) business days of the expiration of the one hundred and eighty (180) day withholding period.

25.3 Disengagement Costs

Licensee acknowledges and agrees that Sears shall not have any liability to Licensee for any disengagement or termination costs. Without limiting the generality of the foregoing, Licensee shall assume, to the complete exoneration of Sears, all costs and expenses relating to legal, administration, overhead, employees' wages, engagement costs and all other costs relating to severance, pensions, employment insurance, employment contracts and contractor engagement contracts and Licensee shall indemnify and hold Sears harmless from any and all claims, actions arising therefrom and all costs and expenses connected therewith.

25.4 Licensed Area Restoration Costs

Notwithstanding anything to the contrary in this Agreement, Licensee acknowledges and agrees that if the operation of the Concession in a Licensed Area in a Designated Store is terminated, vacated or abandoned by Licensee or terminated by Sears for cause, Licensee shall pay to Sears the costs reasonably incurred by Sears to restore the premises to their original broom-swept condition.

25.5 Protected Asset Values

The applicable provisions of Schedule "L" shall apply in the event of expiration or termination of this Agreement.

25.6 Option to Transfer Assets

In this section 25.6:

- (a) **"Transferable Assets"** means the Working Inventory, Furniture and Equipment, and Work-In-Progress;
- (b) **"Working Inventory"** means new inventory pertaining to the Concession which is still in the original packaging, saleable at market margins and is not distressed

or otherwise incomplete, reconditioned, altered, damaged, defective, non-functional, discontinued or obsolete;

- (c) **"Furniture and Equipment"** means all assets used in the Concession and located in Licensed Areas or other premises used by Licensee in the operation of the Concession, including office supplies and similar materials of Licensee used in the Concession containing Sears Trademarks;
- (d) **"Work-In-Progress"** means all liabilities, whether known or unknown, including, without limitation, all obligations and other liabilities, whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due, of Licensee related to agreements with customers of the Concession entered into prior to the end of Term for Products and Services not yet delivered; and
- (e) **"Customer Deposits"** means deposits received by Licensee from counterparties to contracts with customers of the Concession that form the basis for the Work-in-Progress.

In addition to options available to Sears to purchase Furnishings or leasehold improvements pursuant to section 25.5, upon expiration or termination of this Agreement for any reason whatsoever, Sears shall have the right, but not the obligation, such right to be exercised by notice in writing ("Purchase Option Notice") delivered to the Licensee no later than 30 days after such date of expiration or termination, as the case may be, to purchase from the Licensee all or any portion of the Transferable Assets.

The purchase price shall be determined as follows:

- (a) for all Working Inventory, Sears shall pay an amount equal to the cost (less freight or other shipping charges) thereof to the Licensee;
- (b) for each item of Furniture and Equipment, Sears shall pay an amount equal to the net depreciated book value of each such asset. In calculating "net depreciated book value", all assets shall be deemed to have been depreciated at the greater of (A) the depreciation as shown in the Licensee's books and records; or (B) the maximum amount of depreciation allowed in accordance with the provisions of the Income Tax Act (Canada);
- (c) for all Work-in-Progress, Sears shall pay an amount equal to 5.532% of the total face value (not including Sales Taxes) of the Customer contracts that are the subject of the Work-in-Progress; and
- (d) for all Customer Deposits, Sears shall pay an amount equal to the value of the Customer Deposits.

In no event shall any amount be payable under this section 25.6 for "goodwill" or "going concern value".

No later than 5 days following receipt by Licensee of the Purchase Option Notice, Licensee shall provide to Sears the information required to determine the purchase price. After receipt of such information, Sears shall deliver to the Licensee a statement prepared by Sears's accountants setting forth the basis upon which the purchase price has been calculated. Unless disputed in

good faith, such statement shall be conclusive and binding upon all Parties. The purchase price shall be paid in immediately available funds no later than the later of: (i) closing; (ii) resolution of any dispute; and (iii) thirty (30) days after receipt by the Licensee of the Purchase Option Notice.

Closing of the transaction shall take place no later than 10 days after delivery of the Purchase Option Notice, at which time the Licensee shall: (i) deliver all documents and instruments necessary to transfer good and merchantable title to the assets purchased, to Sears or its nominee, free and clear of all liens and encumbrances and (ii) transfer or assign to Sears, or its nominee, all licenses or permits, utilized by the Licensee in the conduct of the Concession which may be assigned or transferred. The Licensee shall, prior to closing, comply with any applicable bulk sales legislation. Sears shall have the right to set off against and reduce the purchase price by any and all amounts owed by the Licensee to Sears or any of its affiliates.

25.7 Option to Assign Contracts

Upon expiration or termination of this Agreement for any reason whatsoever, Sears shall have the right, but not the obligation, such right to be exercised by notice in writing delivered to the Licensee no later than 30 days after such date of expiration or termination, as the case may be, to assume from the Licensee all or any of the contracts used by the Licensee to operate the Concession, including with suppliers and contractors ("Transferable Contracts"). Licensee shall make commercially reasonable efforts to assign the Transferable Contracts to Sears.

25.8 Licensee Work-in-Progress Put Option

If, effective on the last day of the Term, Licensee terminates 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, then Licensee has the option, in its full discretion to be exercised by notice given in writing delivered to Sears no later than, in the event of expiration, 30 days prior to such date of expiration or, in the event of termination, two days after such date of termination, to require Sears, for the purchase price established in accordance with section 25.6:

- (a) to assume all Work-in-Progress and Customer contracts that are the subject of the Work-in-Progress and to purchase Customer Deposits; and
- (b) to purchase Working Inventory related to the Work-in-Progress.

If Licensee does not terminate 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, Sears will pay Licensee a bonus of \$5 million.

25.9 Post-Termination Transfer Further Assurances

Each of the Parties will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to the transfer of assets and assignment and assumption of contracts made pursuant to sections 25.5, 25.6, 25.7 and 25.8 (collectively, the "Post-Termination Transfer") and will use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement with respect to the Post-Termination Transfer.

Licensee for itself and its successors and assigns hereby covenants and agrees that, at any time and from time to time forthwith upon the written request of Sears, Licensee will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, each and all of such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be required by Sears in order to assign, transfer, set over, convey, assure and confirm unto and vest in Sears, its successors and assigns, good and valid title to the assets sold, conveyed, transferred and delivered pursuant to the Post-Termination Transfer free and clear of all liens except for permitted liens.

Licensee hereby constitutes and appoints Sears and its successors and assigns Licensee's true and lawful attorney and attorneys, with full power of substitution, in Licensee's name and stead, by and on behalf of, and for the benefit of, Sears and its successors and assigns to demand and receive any and all of the assets so transferred, and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute, at the expenses, and for the benefit of, Sears and its successors and assigns any and all proceedings at law, in equity or otherwise, which Sears or its successors and assigns may deem proper for the collection or reduction to possession of any of the transferred assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, assigned, transferred and delivered, and to do all acts and things in relation to the transferred assets which Sears or its successors and assigns shall deemed desirable. Licensee hereby declares that the foregoing powers are coupled with an interest and are and shall be irrevocable by Licensee in any manner or for any reason whatsoever.

Nothing contained herein, express or implied, is intended or shall be construed to confer upon, or give to, any Person other than Sears and its successors and assigns any remedy, claim under or by reason of this Agreement or any agreements, terms, covenants or conditions hereof, and all agreements, terms, covenants and conditions contained herein shall be for the sole and exclusive benefit of Sears and its successors and assigns.

25.10 Transition Assistance

Following the expiration or termination of this Agreement for any reason whatsoever, Licensee shall, at Licensee's expense, in good faith cooperate with and provide such assistance to Sears and/or such third parties as designated by Sears, as reasonably requested by Sears or such third parties, to allow the Concession to be operated by Sears or by any third party as designated by Sears, with minimal disruption to the Concession and the Customers. Without limiting the generality of the foregoing, such assistance shall include, without limitation, provision of information on Customers and suppliers, access to Licensee Software, Concession Data and other computer software and databases containing such information, work-in-progress (for customers as well as internal marketing and other planning), integration and/or transfer of computer systems, software and data. Licensee shall make available sufficient competent personnel to help with such transition assistance. The assistance contemplated by this section 24.11 will be provided for one year or such other period of time as reasonably requested by Sears and agreed by Licensee.

25.11 Option to Acquire Software License

Upon expiration or termination of this Agreement for any reason whatsoever, Sears shall have the right, but not the obligation, such right to be exercised by notice in writing delivered to the Licensee no later than 30 days after such date of expiration or termination, as the case may be, to a perpetual non-exclusive license to use any Licensee Software, at a cost per month no

greater than one-tenth of one percent of Licensee's Net Sales during the last Fiscal Year of the Term, until such time as Sears notifies Licensee that it no longer requires such license.

25.12 Concession Data

Immediately upon the expiration or termination of this Agreement, Licensee will provide to Sears electronic records in a format requested by Sears for all Concession data and other data required by Sears to operate the Concession.

25.13 Licensee Non-Competition After Termination

If, effective on the last day of the Term, Licensee terminates 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, then the following shall apply:

The Licensee agrees that, for a one year period following the end of the Term, it will not, without the prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business which is the same or similar to or competitive with any aspect of the business of marketing and selling products and services similar to or competitive with the Products and Services in Canada.

The Licensee agrees that, for a one year period after the end of the Term, no Affiliate of Licensee shall, without prior written consent of Sears, either individually or in partnership or jointly or in conjunction with any Person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business of marketing or selling products and services similar to or competitive with the Products and Services to an ultimate end user in Canada.

For greater certainty, the foregoing provision does not restrict an Affiliate of the Licensee from engaging in any business that is not marketing or selling products and services similar to or competitive with the Products and Services in Canada on behalf of a Competitor or other Person, such as the procurement or installation of products and services similar to or competitive with the Products and Services.

The foregoing provision does not restrict an Affiliate of Licensee that is, at the time of signing this Agreement, in the business of marketing or selling floor covering products and services for a Competitor from continuing to engage in such business for such Competitor only.

If, effective on the last day of the Term, Licensee does not terminate 75% or more of the Concession Employees who were Concession Employees one month prior to the last day of the Term, then there are no restrictions on competition by the Licensee or an Affiliate of Licensee after the end of the Term.

25.14 Non-Solicitation of Customers

Except as set out in this Agreement or as otherwise agreed by Sears, Licensee shall not during the six month period following the end of the Term, directly or indirectly, use Sears Customer Lists or interfere with or endeavour to entice away from Sears any Sears customers.

25.15 Non-Solicitation of Employees by Sears

Except as set out in this Agreement or as otherwise agreed by Licensee, Sears shall not, directly or indirectly through another Person, without consent of Licensee, during the six month period following the end of the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Licensee or an Affiliate of Licensee to leave the employ of or engagement with Licensee or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Licensee's employees or contractors will not be prohibited by this section 25.15. Notwithstanding the foregoing, Sears may, following an Event of Default that is continuing, a Licensee Bankruptcy Event or after expiry or termination of this Agreement, provide notice to Licensee that it seeks non-application of this provision. In such event, this provision shall not apply for a period beginning, as the case may be, on the date of receipt of notice of such continuing Event of Default, on the first day of such Licensee Bankruptcy Event, or on the day of expiry or the effective date of termination, and ending no later than 30 days after the end of the Term.

25.16 Non-Solicitation of Employees by Licensee

Except as set out in this Agreement or as otherwise agreed by Sears, Licensee shall not, directly or indirectly through another Person, without consent of Sears, during the six month period following the end of the Term, induce, recruit, solicit or cause, or attempt to induce, recruit, solicit or cause any employee or independent contractor of Sears or an Affiliate of Sears to leave the employ of or engagement with Sears or such Affiliate. A general advertisement contained in a newspaper or other medium and not targeted at Sears's employees or contractors will not be prohibited by this section 25.16.

25.17 Sears Business After the Term

After expiration or termination of this Agreement in accordance with the terms herein, it is agreed that Licensee shall not have any right or interest in future contracts entered into by Sears relating to the subject matter of this Agreement or in the operation by Sears or a licensee of Sears of any business which is the same or similar to that contemplated by this Agreement and it is further agreed that Sears may, without incurring any liability to Licensee:

- (a) enter into an agreement with any Person for the operation of a concession that is the same or similar to the Concession and/or the procurement, presentation, merchandising, marketing and/or sale of products and services that are the same as or similar to the Products and Services;
- (b) directly procure, present, market and/or sell products and services that are the same as or similar to the Products and Services; or
- (c) completely terminate the operation of the Concession and/or the procurement, presentation, merchandising, marketing and/or sale of the Products and Services.

ARTICLE 26.
REPRESENTATIONS, WARRANTIES AND COVENANTS

26.1 Representations and Warranties of Licensee

Licensee hereby represents and warrants as follows and acknowledges that, despite any independent searches or investigations that may be undertaken by or on behalf of Sears and despite any information or document provided to Sears, Sears is relying upon the accuracy of each of such representations and warranties in connection with this Agreement:

- (a) **Corporate Status:** Licensee is a corporation duly incorporated and validly subsisting under the laws of Canada, with the requisite power and authority to enter into this Agreement with Sears in the manner contemplated herein and to perform all of its obligations under this Agreement.
- (b) **Due Authorization:** The execution and delivery of and performance by Licensee of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Licensee.
- (c) **No Contravention:** The execution and delivery of and performance by Licensee of this Agreement:
 - (i) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its constituting documents;
 - (ii) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any contracts or instruments to which it is a Party; and
 - (iii) does not and will not result in the violation of any law.
- (d) **Enforceability of Obligations:** This Agreement has been duly executed and delivered by Licensee and constitutes legal, valid and binding agreements of Licensee enforceable against it in accordance with their respective terms subject only to any limitation under Applicable Laws.
- (e) **Litigation:** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to Licensee's knowledge, threatened against Licensee, which prohibits, restricts or seeks to enjoin the transactions contemplated by this Agreement.

26.2 Representations and Warranties of Sears

Sears hereby represents and warrants as follows and acknowledges that, despite any independent searches or investigations that may be undertaken by or on behalf of Licensee and despite any information or document provided to Licensee, Licensee is relying upon the accuracy of each of such representations and warranties in connection with this Agreement:

- (a) **Corporate Status:** Sears is a corporation duly incorporated and validly subsisting under the laws of Canada, with the requisite power and authority to enter into this Agreement with Licensee in the manner contemplated herein and to perform all of its obligations under this Agreement.
- (b) **Due Authorization:** The execution and delivery of and performance by Sears of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of Sears, including any approval necessary from Sears Roebuck and Co., and has the right to grant the rights under the License, including the right to use the Sears Trademark.
- (c) **No Contravention:** The execution and delivery of and performance by Sears of this Agreement:
 - (i) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its constituting documents;
 - (ii) does not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any contracts or instruments to which it is a Party; and
 - (iii) does not and will not result in the violation of any law.
- (d) **Enforceability of Obligations:** This Agreement has been duly executed and delivered by Sears and constitutes legal, valid and binding agreements of Sears enforceable against it in accordance with their respective terms subject only to any limitation under Applicable Laws.
- (e) **Litigation:** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to Licensee's knowledge, threatened against Sears, which prohibits, restricts or seeks to enjoin the transactions contemplated by this Agreement.

26.3 Nature and Survival

All representations, warranties and covenants contained in this Agreement on the part of each of the Parties survive the Term of this Agreement.

ARTICLE 27.
CONDITIONS PRECEDENT

27.1 Conditions Precedent

This Agreement shall not be effective unless and until the following conditions shall have been met:

- a) Closing (as defined in the Asset Transfer Agreement) of the Asset Transfer Agreement has occurred;
- b) Unless waived by Sears, the security agreement referred to in Section 13.2. shall have been executed and delivered;
- c) Unless waived by Sears, the non-Interference agreement referred to in Section 13.4 shall have been executed and delivered; and
- d) Unless waived by Sears, the Option Agreement between the parties, dated of even date herewith, shall have been executed and delivered and the form of Shareholders Agreement, as defined therein, shall have been agreed to.

ARTICLE 28.
GENERAL MATTERS

28.1 Enurement

This Agreement shall be binding upon and enure to the benefit of Licensee and its successors and permitted assigns and shall be binding upon and enure to the benefit of Sears and its successors and assigns.

28.2 Notices

Any notice, consent, approvals, statements, authorizations, documents or other communications (collectively "Notices") required or permitted to be given under this Agreement shall be in writing and shall be hand-delivered personally, or mailed by registered mail, postage prepaid or by facsimile transmission or other means of electronic communication as hereinafter provided. Any such Notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fifth (5th) Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, Notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been

received in accordance with this section. Notices and other communications shall be addressed as follows:

if to Sears:

Sears Canada Inc.
290 Yonge Street, suite 700
Toronto, Ontario M5B 2C3

Attention: Vice-President, Specialty Services
Facsimile number: (416) 941-4855

With a Copy to:

Sears Canada Inc.
290 Yonge Street, suite 700
Toronto, Ontario M5B 2C3

Attention: General Counsel
Facsimile number: (416) 941-2321

If to the Licensee:

SHS Services Management Inc.
245, 1209 -59 Avenue SE
Calgary, AB
T2H 2P6

Attention: President
Facsimile number: (403) 255-2839

28.3 Time of Essence

Each of the Parties acknowledge and agree that time shall be of the essence for the purposes of this Agreement.

28.4 Failure to Give Notice

Failure by a Party to give notice of or otherwise object to any default, failure or breach under this Agreement by the other Party, or any waiver of the same by a Party, shall not affect or impair such Party's rights in respect of continuous or subsequent default, failure or breach, nor shall any delay or omission by a Party in exercising or failing to exercise any right arising from any default, failure or breach hereunder, affect or impair such Party's rights in respect of the same or any other default, failure or breach.

28.5 Independent Contractor

It is intended that Licensee shall operate in the capacity of an independent contractor, and that nothing contained in or done pursuant to this Agreement is to be construed as creating a partnership, agency or joint venture between or among the Parties and no Party shall become bound by any conduct, representation, act or omission of the other Party other than as specified in this Agreement. Licensee shall not do any act or make any statement that may imply that Sears in any manner owns, controls, operates or is a franchisor for the operation of the

Concession. The Parties acknowledge and agree that this Agreement is not a franchise agreement and does not allow Sears to exert ongoing operational controls over the operations of the Licensee.

28.6 Not a Lease

This Agreement is not intended to be a lease under the laws of Canada or any province, territory or municipality within Canada. This Agreement is not intended to create, nor does it create, and shall not be construed to create, a landlord-tenant relationship.

28.7 Independent Legal Advice

Licensee acknowledges that Sears has advised Licensee that prior to the execution by Licensee of this Agreement, Licensee has the right to obtain independent legal advice.

28.8 Further Assurances

Subject to specific terms and conditions of this Agreement, each of the Parties shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents, instruments and things as the other Party hereto may reasonably require and as are commercially reasonable from time to time for the purpose of giving effect to this Agreement and shall use commercially reasonable efforts and take all such steps as may be commercially reasonable and within its power to effectively carry out or better evidence or perfect or implement the full intent and meaning of this Agreement. Each Party will exercise its rights and perform its obligations under this Agreement and the other Relevant Agreement in good faith and in accordance with the Governing Principles.

28.9 Approvals and Consents

Any approvals or consents required to be obtained pursuant to this Agreement shall be in writing and may be withheld by either Party in such Party's entire discretion unless otherwise expressly provided for in this Agreement.

28.10 Announcements

Except as may be required by Applicable Law, Licensee shall not issue any publicity or press release regarding this Agreement, or the operation of the Concession contemplated hereunder without obtaining Sears's prior written approval, which approval may be arbitrarily withheld.

28.11 Currency

Except where otherwise expressly provided, all amounts in this Agreement, are stated and shall be paid in Canadian currency.

28.12 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability in respect of any such provision or part thereof by a court of competent jurisdiction shall not affect the legality, validity or enforceability of any other provision, each of which will remain in full force and effect. To the extent permitted by Applicable Law, the Parties waive any provision of law which renders any provision of this Agreement illegal, invalid

or unenforceable in any respect. The Parties shall engage in good faith negotiations to replace any provision which is declared illegal, invalid or unenforceable with a legal, valid and enforceable provision, the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provision which it replaces.

28.13 Entire Agreement

This Agreement, including all Schedules attached hereto, constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement. There are no representations (including negligent misrepresentations), warranties or conditions (including any that may be implied by statute), and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in this Agreement.

No reliance is placed by any Party to this Agreement on any representation (including negligent misrepresentation), warranty, promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any Party to this Agreement or its directors, officers, employees or agents, to any other Party to this Agreement or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the Parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such representation (including negligent misrepresentations), warranty, promise, covenant, agreement, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort (including negligence or negligent misrepresentation) or in contract, assessed in relation to any such representation (including negligent misrepresentation) warranty, promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.

28.14 Survival

The expiry or other termination of this Agreement shall not relieve any Party from its obligations which survive the termination of this Agreement, including the obligation to pay any amount due hereunder and the obligations and provisions of sections.

28.15 No Representations

Each Party acknowledges and confirms that no promises or representations whatsoever have been made to such Party, as to the potential amount of business, revenue, profit or otherwise, either Party can expect at any time during the Term.

28.16 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing (i) by the Parties, in the case of any amendment, or (ii) by the Party to be bound, in the case of a waiver. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

28.17 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

28.18 Applicable Law

Notwithstanding anything to the contrary, neither Party is required to do or refrain from doing anything under this Agreement which such Party is prohibited from doing by Applicable Law and such Party will not be in default of this Agreement for doing or not doing such thing as applicable.

28.19 Cumulative Remedies

It is agreed that no remedies available to a Party other than this Agreement or under Applicable Law is distinct, separate and cumulative and no one of them whether or not exercised by a Party shall be deemed to exclude any other rights or remedies available to a Party in this Agreement, by Applicable Law or equity.

28.20 Injunctive Relief

The Parties agree that if the non-competition, non-solicitation or confidentiality obligations provided for in this Agreement are breached, the Party seeking remedy shall be entitled to specific performance or injunctive relief by a court to remedy such breach, in addition to any other remedies available to it.

28.21 Counterparts/Facsimile

This Agreement may be executed and delivered in any number of counterparts, by facsimile or other means of electronic communication, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

28.22 Language

It is the express wish of the Parties that this Agreement and any related documents be drawn up and executed in English. Il est la volonté expressée des parties que cette convention et tous les documents s'y rattachant soient rédigés en anglais.

[Signatures follow]

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing

By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
Title:

By: _____
(I have authority to bind the Corporation)

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

By: 
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing

By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
Title:

By: _____
(I have authority to bind the Corporation)

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing



By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By: _____
(I have authority to bind the Corporation)

Name:
Title:

By: _____
(I have authority to bind the Corporation)

Name:
Title:

IN WITNESS WHEREOF the Parties have executed this Agreement this 20th day of December, 2012

SEARS CANADA INC.

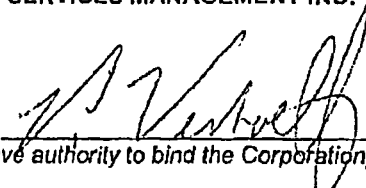
By: _____
(I have authority to bind the Corporation)

Name: Peter Kalen
Title: Executive Vice-President,
Financial and Home Services, Direct and
Marketing


By: _____
(I have authority to bind the Corporation)

Name: Terri Lowe
Title: Vice-President, Home Services

SHS SERVICES MANAGEMENT INC.

By:  _____
(I have authority to bind the Corporation)

Name:
Title:

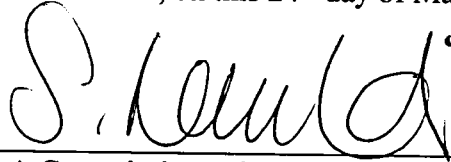
By:  _____
(I have authority to bind the Corporation)

Name:
Title:

TAB H

This is Exhibit "H" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Kaula". The signature is written in black ink and is positioned above a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

INTERIM RECEIVER'S SECOND REPORT TO THE COURT

January 7, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47
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**

**SECOND REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS INTERIM RECEIVER AND RECEIVER**

INTRODUCTION

1. By Order (the “**Appointment Order**”) of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 13, 2013 (the “**Date of Appointment**”), pursuant to section 47 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**”), PricewaterhouseCoopers Inc. was appointed as interim receiver and receiver (in both capacities referred to as the “**Interim Receiver**”) of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. (“**SHS**”) and SHS Services Limited Partnership (“**SHS LP**,” and collectively with SHS, the “**Company**”) acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the “**Property**”). The Interim Receiver’s appointment pursuant to section 47 of the BIA was made until January 11, 2014. These proceedings shall be referred to herein as the “**Interim Receivership Proceedings**”.
2. The application for the Appointment Order was brought by the Company. The Company’s principal secured creditors are Sears Canada Inc. (“**Sears**”) and Alaris Income Growth Fund Partnership (“**Alaris**”), pursuant to the terms of a loan agreement with SHS.
3. On December 23, 2013, the Court made an order (the “**Amended and Restated**”

Order") amending and replacing the Appointment Order. The Amended and Restated Order provided, among other things, that Sears may exercise its right to terminate the Concession Agreement (as defined in the Amended and Restated Order) on notice to or consent of the Interim Receiver, or on further order of the Court. The Interim Receiver notes that, as of the date of this report, Sears has not provided notice of termination of the Concession Agreement to the Interim Receiver.

4. The Interim Receiver made its first report to the Court on December 20, 2013 (the "**First Report**"), which is attached (without appendices) as Appendix "A". The purpose of this report (the "**Second Report**") is to provide an update to the Court on:
 - a) The Interim Receiver's activities since the First Report;
 - b) The relief sought in the hearing scheduled for January 9, 2014 (the "**January 9 Hearing**"), including for an order (the "**Receivership Order**"):
 - i) Continuing the Interim Receivership Proceedings as Receivership Proceedings under section 243 of the BIA;
 - ii) Approving the activities of the Interim Receiver as set out in the First and Second Reports; and
 - iii) Approving a sales process for the Company's rental portfolio assets (the "**Rental Portfolio Sales Process**"); and
 - c) The anticipated actions to be taken after the January 9 Hearing.

TERMS OF REFERENCE

5. In preparing this report and conducting its analysis, the Interim Receiver has obtained and relied upon certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and discussions with various parties including former SHS employees retained on an interim basis by the Interim Receiver (collectively, the "**Information**").
6. Except as otherwise described in this report:

- a) The Interim Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;
 - b) The Receiver has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
7. Future oriented financial information referred to in this report is based on estimates and assumptions. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be significant.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST"). Capitalized terms not otherwise defined are as defined in the Appointment Order.

ACTIVITIES OF THE INTERIM RECEIVER

9. Since the time of the First Report, the Interim Receiver has completed several activities pursuant to its duties and powers as set out in the Appointment Order. The activities have been primarily focused on the following:
- a) Reviewing the Company's outstanding work orders to determine which are to be completed, pursuing a support agreement with Sears regarding same, and assisting the Company in its resumption of limited operations;
 - b) Forecasting the cash flow requirements of the Interim Receivership Proceedings and any subsequent proceedings after the January 9 Hearing, and arranging funding for same;
 - c) Reviewing certain cash receipts and payments which occurred in the week prior to the Date of Appointment;
 - d) Reviewing certain creditor claims received to date by the Interim Receiver and its counsel; and

- e) Working with counsel for Sears on the plans for the January 9 Hearing, including seeking the appointment of PricewaterhouseCoopers Inc. as receiver of the Company under section 243 of the BIA and developing the Rental Portfolio Sales Process.
10. The Interim Receiver has also performed other activities incidental to its duties and powers under the Appointment Order and the BIA, together with other operational and statutory requirements, including the following:
- a) Reviewing and reconciling accounting information provided by the Company, and assistance with cut-off of pre- and post-Date of Appointment accounting in the Company's financial records;
 - b) Arranging alternative insurance coverage for SHS and the Interim Receiver, as the Company's existing policy expires on January 11, 2014 and the existing insurer is unwilling to extend coverage after that date;
 - c) Corresponding with SHS's various landlords regarding occupancy of SHS's leased premises, and communicating with SHS's utility and service providers regarding post-appointment services;
 - d) Communications with Canada Revenue Agency and the various provincial tax offices regarding completion of SHS's harmonized sales tax returns and provincial sales tax returns up to December 13, 2013 and making arrangements with respect to post-appointment tax returns, as required;
 - e) Completing records of employment for SHS's former employees;
 - f) Working on the Interim Receiver's communication strategy and updating and posting frequently asked questions and answers on the Interim Receiver's website to provide information to customers, former employees, installers, contractors, third party licensees and various other interested parties;
 - g) Safeguarding the Company's inventory and other assets at its rented warehouses across Canada;
 - h) Liaising with Sears to assist in managing information requests from former SHS

customers seeking service and warranty work, which Sears is performing as described below;

- i) Numerous discussions with parties expressing an interest in acquiring some or all of the Company's assets and operations;
 - j) Communicating with Sears and Alaris and their counsel regarding the status of the Interim Receivership Proceedings.
11. The Interim Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Interim Receivership Proceedings. As of January 2, 2014 the website had received over 5,300 visits. The Company's call center (1-800-469-4663) has responded to over 11,600 calls with information on the Interim Receivership Proceedings to December 31, 2013. The Interim Receiver's phone hotline (1-855-376-8474) has received over 2,000 calls, and its email address (shs.questions@ca.pwc.com) has received over 500 emails. These are being responded to by the Interim Receiver and former SHS staff retained by the Interim Receiver as quickly as possible.

LIMITED RESUMPTION OF OPERATIONS AND BACKSTOP AGREEMENT WITH SEARS

12. The Interim Receiver has worked with SHS on the limited resumption by SHS of its business activities, with the support of Sears to mitigate the potential financial loss to the estate from doing so.
13. The products and services that SHS performed included a range of interior and exterior home renovations, repairs, and other home maintenance services, in addition to the sale of air conditioners, furnaces, fireplaces, and interior and exterior renovation-related products, as well as installation and assembly of products purchased at Sears retail outlets (collectively the "Services").
14. SHS acquired the assets to perform the Services under the terms of an Asset Transfer Agreement dated December 20, 2012 (the "ATA"), and the provision of the Services was governed by the terms of a Branded Concession Agreement between Sears and SHS dated December 20, 2012 (the "BCA"). The Services were sold by employees of the Company, primarily at Sears locations and from visits to customer sites. Product used or installed as

part of the Services was also ordered by employees of the Company. The performance of the Services, including installation of purchased products, was done by independent contractors engaged by SHS.

15. Certain Services, including carpet/upholstery and duct cleaning services (collectively “PSP Jobs”) were performed by licensees (the “Licensees”) pursuant to the terms of a license agreement that was assigned to SHS by Sears as part of the ATA. Sears has informed the Interim Receiver that it gave notice of the assignment of the license agreements to the affected licenses substantially in the form of notice attached as Appendix “B”. SHS manages a portion of the generation of leads for new PSP Jobs as well as the processing of payments for this work, and receives a portion of the revenue generated by PSP Jobs depending on the nature of the work performed.
16. In the First Report, the Interim Receiver advised that it was reviewing orders for Services that were received by SHS prior to the Date of Appointment and which have not yet resulted in installations or other work performed in customer homes (the “Existing Orders”) to determine whether and how they could be completed, and on what terms they may be completed.
17. An initial review of the Existing Orders was completed on December 20, 2013. This identified a material number of Existing Orders that were expected to generate positive cash flow for the estate, and which could be completed before January 11, 2014 when the Interim Receivership Proceedings are due to expire. In general, these jobs consisted of orders placed using a Sears-branded credit card, for which the cost of Services had not yet been charged.
18. Based on this initial review, and at Sears’s request, SHS and the Interim Receiver evaluated whether it would be appropriate to pursue the completion of certain Existing Orders that could result in a net financial benefit to the estate. Potential benefits include allowing for realizations of the Company’s inventory at the prices previously contracted with customers and assisting in preserving potential going-concern sale options for parts of the Company pending evaluation by the Interim Receiver and the Secured Creditors. However, the Interim Receiver wished to mitigate the potential downside risk of the estate suffering losses specifically from the incremental costs of completing the Existing Orders and in connection with managing the Licensees in connection with the PSP Jobs.

19. On December 27, 2013, SHS and Sears entered into an agreement (the “**Backstop Agreement**”), a copy of which is attached at Appendix “C”, which provides support to SHS and the Interim Receiver from Sears for the completion Existing Orders and managing the Licensees in connection with PSP Jobs. The key terms of the Backstop Agreement include the following:
- a) SHS, in consultation with Sears, shall use its commercially reasonable efforts to identify those Existing Orders that have a reasonable prospect of being completed on or before January 11, 2014 (being the expiry date of the Interim Receivership Proceedings), and seek to schedule those jobs for completion with the relevant customers and installers (such orders being called Scheduled Jobs);
 - b) SHS shall use commercially reasonable efforts to re-commence the carpet/upholstery cleaning and duct cleaning businesses previously provided by SHS through third party licensees (i.e. PSP Jobs);
 - c) SHS makes no representation or warranty to Sears whatsoever in connection with the work performed in connection with the Scheduled Jobs. Sears shall, at its own expense, honour any warranty made previously by SHS with respect to the Scheduled Jobs completed;
 - d) Sears shall remit to SHS the funds received in respect of completed Scheduled Jobs, net of the Merchant Fee and Commission (as defined in the Backstop Agreement). These amounts will be released without setoff, netting or deduction for costs associated with products or services provided prior to the Date of Appointment. SHS shall be responsible for paying parties who supply work for the Scheduled Jobs or carpet, upholstery, and duct cleaning services sold to customers;
 - e) Sears agrees that it shall pay to SHS the amount of Losses, if any, incurred by SHS in connection with the activities contemplated by the Backstop Agreement. “Losses” is a defined term in the Backstop Agreement. In summary, Losses mean any losses incurred due to the direct labour and material costs relating to the performance of the Scheduled Jobs and PSP Jobs. Pursuant to the Backstop Agreement, Sears does not agree to include other overhead costs (with the

limited exception of some information technology costs) and the fees of the Interim Receiver and its counsel in calculating the Losses. Sears agrees that it cannot claim the Losses that it funds against the estate.

- f) Sears shall not be prevented from electing to honour a warranty claim for an SHS customer for work performed prior to the Date of Appointment, subject to a reservation of rights in connection with any claims Sears may assert against SHS as a result of such claims.
20. Since the execution of the Backstop Agreement, SHS and the Interim Receiver have been working to schedule the Existing Orders with both customers and contract installers. As part of this, customers and installers are required to sign an agreement (the “**Confirmation Agreements**”) with SHS to, among other things, acknowledge the terms under which work is being performed. According to SHS’s books and records at the date of this Second Report, contract installers (which excluded the Licensees and ordinary trade suppliers) as a group were owed approximately \$973,000 as at the date of the Appointment Order. It is a condition of the Confirmation Agreements with installers that they agree in advance with SHS to complete new Scheduled Jobs without demanding payment of any amounts owed to them prior to the Date of Appointment.
21. As of January 2, 2014, SHS was seeking to schedule approximately 284 Existing Orders with customers and contract installers. A further 204 Existing Orders requiring additional inventory (such as windows and doors which are currently produced and sitting with the manufacturers) may also be scheduled, subject to further discussions with the Secured Creditors on a viable go forward plan and securing sufficient and stable financing.
22. SHS will contact individual customers with eligible Existing Orders once contract installers have been confirmed to perform the work.
23. Also as of January 2, 2014, SHS and the Interim Receiver sent notice to 47 Licensees who perform carpet/upholstery and duct cleaning licensees advising that SHS was agreeing to resume these operations on the basis of the Licensees signing a Confirmation Agreement with SHS to, among other things, acknowledge the terms under which work is being performed. Similarly to the contract installers, Licensees are required to acknowledge

that they will complete new orders without demanding payment of any pre-filing amounts owed. According to SHS's books and records at the date of this report, Licensees as a group were owed approximately \$1.8 million as at the date of the Appointment Order (though this includes amounts owing to Licensees who performed work other than carpet/upholstery and duct cleaning services).

24. It is currently anticipated that, should the Interim Receivership Proceedings be continued as discussed later in this report, SHS will seek to schedule additional Existing Orders and PSP Jobs for completion to January 17, 2014, subject to an agreed extension of the term of the Backstop Agreement to that date and Sears providing the Borrowings as discussed in more detail below.
25. For emergency repairs, warranty or service work required by customers of SHS for Services that were either incomplete on or performed prior to the Date of Appointment, the Interim Receiver continues to work with Sears to identify such work orders so that Sears may elect whether it wishes to complete such work immediately. This specific type of work is not expected to result in a net financial benefit to SHS.
26. Counsel for Sears has indicated to the Interim Receiver that to the extent that Sears has rights to assert claims against SHS under the BCA (or any related agreements) for indemnity, it reserves its right to assert a claim for such expenses, and that any work Sears elects to perform for customers of SHS itself should be done so on a without prejudice basis (on the part of Sears and the Interim Receiver). The Interim Receiver also reserved its right to review and vet any such claims and has not yet reviewed the merits of any claims which Sears may wish to assert pursuant to the BCA or otherwise.

CASH FLOW FORECAST AND FINANCING OF RECEIVERSHIP PROCEEDINGS

27. Attached as Appendix "D" is a summary of actual cash flows to December 27, 2013 and forecast cash flows to March 28, 2014 (the "Cash Flow Forecast"), on the assumption these proceedings will be continued in their current form or as Receivership Proceedings following the January 9 Hearing.
28. As of the Date of Appointment, the Company had approximately \$1.2 million in cash in its bank accounts that was recovered by the Interim Receiver. From the Date of

Appointment to January 3, 2014, the Interim Receiver received approximately \$32,000 in miscellaneous accounts receivable collections, and paid or incurred costs required to carry out its duties under the Appointment Order totaling approximately \$490,000, excluding the professional costs of the Receiver and its counsel. These costs primarily related to premises rent; costs for former SHS staff retained by the Interim Receiver to assist in securing the assets, taking inventories, securing and obtaining information from the books and records, addressing customer and supplier inquiries and other essential activities; the cost of the Company's third party systems provider and call center; and amounts payable to Sears pursuant to the BCA. Accordingly, as of January 3, 2014, the Interim Receiver held net available cash (after deducting accrued obligations) of approximately \$706,000.

29. As described further below under the heading "Claims" (at paragraph 42), the Interim Receiver has recently received notice of two potential construction lien trust claims, as well as other potential trust claims, that are being asserted over funds held by SHS and Sears.
30. The funding of the receivership is currently anticipated to be addressed through Receiver's borrowings, proceeds from asset sales and any surplus proceeds from the completion of Scheduled Jobs and PSP Jobs, to the extent that these sources of cash are available when required. As discussed below, Sears has agreed to advance Borrowings (as defined below) permitting the Interim Receiver to maintain the \$706,000 currently being held by the Interim Receiver as a contingency reserve.
31. The Interim Receiver requested funding (the "**Borrowings**") from Sears as permitted by the Appointment Order through an Interim Receiver's Borrowing Certificate, which is secured on a priority basis by the Receiver's Borrowing Charge. Sears provided Borrowings of \$324,000 on January 6, 2014, at an annual interest rate of 9% compounded monthly. The Interim Receiver notes that this rate is equivalent to the interest rate on the Secured Creditors' existing loans, including default interest.
32. Funding is required in order to maintain the operations of SHS during the receivership process. This principally includes payroll costs for the limited employees retained by the Receiver, rent and utilities on leased premises across Canada, and the Company's third party systems provider and call center. The Cash Flow Forecast illustrates the use of the

Borrowings on the basis of continuing the limited operations described above for the forecast period. The Borrowings would cover expected costs through the week of January 17, after which point the available cash from the Borrowings would be substantially used in full (including accrued obligations) if no other receipts from operations or asset sales are realized.

33. The Cash Flow Forecast does not reflect any receipts from asset sales, the limited continuation of operations described above, or from other sources, as the Interim Receiver cannot estimate the quantum or timing of such receipts at this point in time. Such receipts may reduce the amount of further Borrowings required.
34. The Borrowings, as well as the Interim Receiver's fees and those of its counsel during the forecast period, will be paid from available cash and the sale of SHS's assets, including from the Rental Portfolio Sales Process described below. Additional Borrowings may also be required to pay the Interim Receiver's fees and those of its counsel, which continue to accrue.
35. The Borrowings are only sufficient to provide the Interim Receiver, Sears, Alaris and other stakeholders of the Company with a brief period in which to consider the way forward in these proceedings with a view to maximizing recoveries for all stakeholders.

SHS PRE-FILING CASH TRANSACTIONS

36. In the First Report, the Interim Receiver indicated that it had frozen the bank accounts (the "**HSBC Accounts**") held by the Company with HSBC Bank Canada ("**HSBC**"), and established new accounts in the name of the Interim Receiver at the Royal Bank of Canada. The HSBC Accounts consisted of one Canadian dollar account and one US dollar account. The Interim Receiver is informed by former SHS employees that the HSBC Accounts were general operating accounts used for the receipt of funds for the sale of a wide range of products and services, as well as for making payments to the Company's various creditors including employees, trade creditors, installers, contractors, and other parties. In the normal course of business, credit card transactions for customer payments (both on Sears-branded cards as well as third party credit cards) would be cleared through merchant account systems managed by Sears, and the cleared funds would then be remitted to SHS and deposited into the HSBC Accounts. SHS did not maintain any

segregated trust accounts and all funds received by SHS were co-mingled in the HSBC Accounts.

37. Sears has informed the Interim Receiver that it is currently withholding certain funds from SHS related to pre-filing transactions. The Interim Receiver has requested a reconciliation of the funds held by Sears, which is expected to be provided shortly. The Interim Receiver will continue to pursue an accounting from Sears with respect to the funds it holds and a release of funds payable to SHS.
38. In the First Report, the Interim Receiver noted that the balance of funds transferred to the Interim Receiver by HSBC had been revised downwards by approximately \$695,000 from the initial amount indicated. This related to certain cheques or payments which had been presented and accepted by HSBC for payment prior to the Interim Receiver's appointment but for which the account balance had not yet been updated. The Interim Receiver has reviewed these transactions and noted that approximately \$616,000 of the payments were for remittances of employee deductions at source made by the Company shortly before the Interim Receiver's appointment. The Interim Receiver considers that most if not all of these funds would have been subject to a statutory deemed trust in favour of the relevant taxation authorities at the time of the Interim Receiver's appointment had the remittances not been made. The remaining payments included small amounts for workers' compensation premiums, employer health tax, and legal fees.
39. Also as indicated in the First Report, the Interim Receiver is aware of other amounts that were paid by the Company prior to the Interim Receivership Proceedings. Included in Appendix "E" is a breakdown of the cash receipts and payments from December 9 to 13, 2013, the week preceding the Date of Appointment, which are summarized as follows:

Opening bank balance at December 9, 2013	\$2.2 million
Cash receipts	\$1.5 million
Cash payments	(\$2.5 million)
Closing bank balance at December 13, 2013	<u>\$1.2 million</u>

The \$1.2 million of funds remaining after these transactions was swept from the HSBC accounts following the Date of Appointment as described in the First Report.

40. The receipts consisted primarily of co-mingled funds transferred by Sears for various

customer purchases and deposits.

41. The payments consisted of the following:

a) \$2.0 million was paid for employee-related disbursements. Of this:

i) \$1.3 million related to employee compensation costs including payroll, accrued vacation pay, and employee expense reports. The Interim Receiver understands from former SHS employees that these payments resulted in the vast majority of Company employees being paid in full up to the Date of Appointment for pre-filing wage and accrued vacation pay obligations. The Interim Receiver notes that these payments substantially reduced potential amounts payable to employees on account of priority obligations pursuant to sections 81.4 and 81.6 of the BIA, but may in some case have exceeded the priority lien of \$2,000 per employee.

ii) \$0.7 million related to Crown remittances for employee deductions at source related to the wage and vacation payments referred to above. As noted above, the Interim Receiver considers that most if not all of these funds would have been subject to a statutory deemed trust in favour of the relevant taxation authorities at the time of the Interim Receiver's appointment had the remittances not been made.

b) The remaining \$0.5 million related to trade creditor obligations, sales tax remittances, professional costs, and a customer refund.

CLAIMS

42. The Interim Receiver has not made a general call for claims from creditors. However it has received claims from several parties asserting priority claims in these Interim Receivership Proceedings.

43. The Interim Receiver has received several claims pursuant to section 81.1 of the BIA for the repossession of certain inventory by unpaid suppliers. The statutory deadline for filing such claims has now passed and the Interim Receiver is considering all claims

received in accordance with its duties.

44. The Interim Receiver is reviewing the potential existence of other priority claims for statutory deemed trust amounts, or priority claims pursuant to sections 81.4 and 81.6 of the BIA.
45. The Interim Receiver has recently received notice of trust claims from the following parties retained by SHS to perform Services for customers of SHS prior to the Date of Appointment, including the following:
 - a) Three claims for which the claimants have filed builders' liens against customers' properties in connection with unpaid amounts, including Cedar Grove Building Products Ltd. (claiming \$267,000), Rocky View Roofing Inc. (claiming \$1,018.55) and 1310294 Alberta Ltd. (claiming \$432.97); and
 - b) Two claims from installers asserting that SHS is holding funds impressed with a trust, including Katrich Holdings Ltd. (claiming \$21,635.32) and RDJ Holdings Ltd. (claiming \$16,368.09).
46. The Receiver has not yet determined whether any of the trust claims relating in the funds recovered by the Interim Receiver after the Date of Appointment are valid.

APPOINTMENT OF RECEIVER PURSUANT TO SECTION 243 OF THE BIA

47. The application for the Receivership Order contemplates the appointment of PricewaterhouseCoopers Inc. as Receiver pursuant to section 243 of the BIA, the approval of the Interim Receiver's activities to date, and the continuation of the Interim Receivership Proceedings as a national receivership under the BIA (the "Receivership Proceedings").
48. The term of the Interim Receivership Proceedings is limited to January 11, 2014 under the Appointment Order (and as continued under the Amended and Restated Order). At the Date of Appointment, Sears had just issued a Notice of Intention to Enforce Security pursuant to section 244 of the BIA, but the statutory notice period had not yet expired. The Court granted the Appointment Order, which was sought by the Company, on the basis that the Company consented to the making of the order and that the appointment of

an interim receiver was necessary for the protection of the debtor's estate.

49. The Interim Receiver considers that the continuation of the Interim Receivership Proceedings as Receivership Proceedings is appropriate in the circumstances. The issues which precipitated the initiation of the Interim Receivership Proceedings as set out in the initial application materials, including the insolvency of the Company and the need for the protection of the Company's estate, are continuing. The Interim Receiver has taken possession of the assets and operations of the Company and, as indicated above, has been working closely with Sears on plans to continue limited operations. Further time is required to pursue the realization of the Company's assets and to distribute these proceeds in an orderly manner, which can be accomplished through the Receivership Proceedings.

RENTAL PORTFOLIO SALES PROCESS

50. The application for the Receivership Order also contemplates the approval of the Rental Portfolio Sales Process described below.
51. The Interim Receiver is aware of a number of parties who are potentially interested in acquiring some of the assets or operations of SHS. Prior to the Interim Receivership Proceedings, SHS had spoken with a number of parties regarding their interest in purchasing the Company's rental portfolio assets (the "**SHS Rental Portfolio**"). Two preliminary expressions of interest were received from third parties prior to the Date of Appointment, and one of these expressions of interest was signed back by SHS. The Interim Receiver is aware that at least one of these parties remains interested in completing a transaction.
52. Additional parties have contacted the Interim Receiver since the Date of Appointment to express their interest in purchasing some of the Company's other assets and operations. The Interim Receiver will evaluate the options available to pursue such realizations with the Secured Creditors shortly.
53. The Interim Receiver considers it appropriate to seek the Court's approval of the Rental Portfolio Sales Process at this time in order to facilitate the timely completion of a sale of the SHS Rental Portfolio. The SHS Rental Portfolio is comprised of assets and contracts which are unique and separable from the rest of the Company's business operations, and

so can be marketed on their own. The Interim Receiver is aware of interest in this asset expressed to date by several parties, both before and after the Date of Appointment, and considers it appropriate to pursue that interest now. Additionally a sale of the SHS Rental Portfolio would improve the liquidity position of the Company's estate. Further sale processes may be commenced for other assets or operations of the Company in due course once the options available have been discussed with the Secured Creditors.

54. The SHS Rental Portfolio consists of approximately 3,400 residential water heaters and other HVAC equipment that is rented to customers across Canada under contracts ranging from 5 to 15 years.
55. The Interim Receiver has established, subject to the Court's approval, a marketing process to identify and solicit offers from parties to purchase the SHS Rental Portfolio. The details of the proposed Rental Portfolio Sales Process are attached as Appendix "F" and are summarized as follows:
 - a) Initial discussions and marketing of the SHS Rental Portfolio to prospective purchasers has already begun, and will be formally commenced on the Court's approval of the Rental Portfolio Sales Process. Notice of the Rental Portfolio Sales Process will also be published in Globe and Mail (National Edition) within 5 days of the approval of the Rental Portfolio Sales Process;
 - b) Qualified Bidders will be required to submit an offer on the Receiver's Form of Purchase Agreement (as defined in the Rental Portfolio Sales Process) to the Receiver (an "**Offer**") on or before 12:00 noon EST on a date that is 30 days after the Rental Portfolio Sales Process is approved (the "**Offer Deadline**");
 - c) Qualified Bids must meet certain criteria set out in the Rental Portfolio Sales Process, including that they are irrevocable and that they are not conditioned on financing or the performance of further due diligence;
 - d) Each Qualified Bid will be considered by the Receiver, and the Receiver may, at its discretion, negotiate any and all Qualified Bids;
 - e) The Receiver will select a Qualified Bid to consummate a transaction (the "**Accepted Offer**"), and shall promptly notify the successful bidder, that their

offer has been accepted. The Receiver shall take such steps as may be necessary to facilitate a closing of the Accepted Offer within 30 days following the Offer Deadline, and subject to the approval of the Court.

56. The Interim Receiver is of the view that the total time period contemplated by the Rental Portfolio Sales Process provides a reasonable period in which the Receiver, if appointed, will be able to ascertain if an acceptable transaction for the SHS Rental Portfolio can be obtained, particularly given that some limited marketing of the SHS Rental Portfolio has already occurred. Equally, it is anticipated that the Rental Portfolio Sales Process will result in a transaction that will provide further liquidity in order to complete these proceedings and facilitate a distribution to creditors.
57. The Interim Receiver notes that additional funding by way of Receiver's borrowings (or funds from other asset sales) will be required to fund the cost of completing the Rental Portfolio Sales Process. As part of the planned discussions with the Secured Creditors noted above regarding the way forward for these proceedings, the Interim Receiver will address this issue with Sears and Alaris.

ANTICIPATED ACTIONS AFTER THE JANUARY 9 HEARING

58. Following the January 9 Hearing, and assuming the continuation of the Interim Receivership Proceedings as Receivership Proceedings, the Interim Receiver or PricewaterhouseCoopers Inc. as Section 243 Receiver intends to perform, *inter alia*, the following actions:
 - a) Continue to pursue the completion of Existing Orders and PSP Jobs under the Backstop Agreement (once extended);
 - b) Commence the Rental Portfolio Sales Process, if approved, and develop further realization plans for the balance of the Company's assets and operations;
 - c) Work with Sears and Alaris to consider the way forward in these proceedings with a view to maximizing recoveries for all stakeholders, and address any further funding requirements arising therefrom;
 - d) Continue responding to requests for information from interested parties, including customers and creditors, and coordinate with Sears on requests for

urgent repair or warranty work; and

- e) Address and resolve outstanding priority claims of creditors, and consider whether a broader claims process may be required; and
- f) Other administrative and statutory duties, including processing of payrolls for retained employees and payments for services provided.

RELIEF SOUGHT

59. The Interim Receiver respectfully requests this Court grant the Receivership Order, including the approval of the Rental Portfolio Sales Process described herein.

All of which is respectfully submitted on this 7th day of January, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Interim Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SIIS Services Limited Partnership



Mica Arlette
Senior Vice President

Appendix "A"
First Report

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

INTERIM RECEIVER'S FIRST REPORT TO THE COURT

December 20, 2013

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC.
AND SHS SERVICES MANAGEMENT LP**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47
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**

**FIRST REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS INTERIM RECEIVER**

INTRODUCTION

1. By Order (the "**Appointment Order**") of Mr. Justice Moratwetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 13, 2013 (the "**Date of Appointment**"), pursuant to section 47 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**"), PricewaterhouseCoopers Inc. was appointed as interim receiver and receiver (in both capacities referred to as the "**Interim Receiver**") of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. ("**SHS**") and SHS Services Management LP ("**SHS LP**," and collectively with SHS, the "**Company**") acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**"). The Interim Receiver's appointment pursuant to section 47 of the BIA was made until January 11, 2014. These proceedings shall be referred to herein as the "**Interim Receivership Proceedings**". A copy of the Appointment Order is attached as Appendix "A" to this report.
2. The application for the Appointment Order was brought by the Company. The Company's principal secured creditors are Sears Canada Inc. ("**Sears**") and Alaris Income Growth Fund Partnership ("**Alaris**"), pursuant to the terms of a loan agreement with SHS.
3. The purpose of this report (the "**First Report**") is to provide an update to the Court on:

- a) The Interim Receiver's activities since the Date of Appointment;
 - b) The relief sought in the comeback hearing scheduled for December 23, 2013 (the "**Comeback Hearing**"); and
 - c) The anticipated actions to be taken in the Interim Receivership Proceedings.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("**HST**"). Capitalized terms not otherwise defined are as defined in the Appointment Order.

ACTIVITIES OF THE INTERIM RECEIVER

5. The Appointment Order was granted at approximately 4:30pm on December 13, 2013. Since that time the Interim Receiver has completed several activities pursuant to its duties and powers as set out in the Appointment Order. The activities have been primarily focused on:
- a) taking possession and control of the assets, undertakings and properties of the Company;
 - b) issuing notices of termination to employees on behalf of the Company;
 - c) retaining, on behalf of the Company, certain select staff on a term and task contract basis;
 - d) suspending substantially all business operations pending a financial viability review; and
 - e) completing other statutory and operational requirements.

POSSESSION AND CONTROL

6. Representatives of the Interim Receiver attended at the Company's head office in Markham, Ontario and at the Company's operating locations in Vancouver, Calgary, Edmonton, Winnipeg, Cambridge (ON), Toronto, Ottawa and Montreal in the afternoon and evening of December 13, 2013. On arrival, the Interim Receiver arranged meetings with employees to discuss the status of the Company's operations, the receivership

process, and the Interim Receiver's proposed course of action.

7. At those locations, the Interim Receiver arranged for the locks to be changed on all access doors, changed security system passcodes, secured a copy of the Company's books and records, and obtained payroll records and a list of customers and creditors. Access to the Company's computer systems was restricted to key retained individuals, and backups of system data were obtained. The Interim Receiver also arranged for inventory counts to be performed in each location, which were performed in the week of December 16, 2013.
8. The Interim Receiver did not attend at the Company's locations in Regina (SK) and Oshawa (ON), but has arranged for former employees of SHS who were retained by the Interim Receiver to exercise control over assets at those locations and perform the actions noted above as required.
9. Some of the Company's inventory is located in sites managed by Sears, including certain distribution centres and store locations. Sears has confirmed to the Interim Receiver that this inventory shall not be moved, removed or transferred without the direction of the Interim Receiver. Further, Sears shall not attempt to market, sell, or otherwise relinquish control of this inventory without the direction of the Interim Receiver. Arrangements will be made shortly to perform a count of this inventory.
10. The Interim Receiver has frozen the bank accounts held by the Company with HSBC Bank Canada ("HSBC"), and established new accounts in the name of the Interim Receiver at the Royal Bank of Canada. At the time of taking possession, approximately \$1.2 million of funds was held in the accounts of the Company. In the Interim Receiver's notice to creditors filed pursuant to section 246(1) of the BIA, the Receiver indicated funds of approximately \$1.9 million were obtained. This balance had been reported by HSBC, but did not take into account certain cheques or payments totaling approximately \$0.7 million which had been presented and accepted by HSBC for payment prior to the Interim Receiver's appointment but for which the account balance had not yet been updated. This is being reviewed by the Interim Receiver.

EMPLOYEES

11. Pursuant to paragraph 13 of the Appointment Order, the Interim Receiver, on behalf of the Company, terminated the employment of all of the Company's employees upon taking

possession of the Company on December 13, 2013. Verbal notice was given to employees present at the Company's locations on taking possession that day. Additional notices of termination were sent by mail on December 16, 2013.

12. Certain former employees of SHS have been temporarily retained by SHS through the Interim Receiver on a term and task contract basis to provide assistance to the Interim Receiver.

OPERATION OF THE COMPANY

13. The assets and operations of the Company were described in the affidavit of Micheal Clements sworn December 12, 2013 (the "**Clements Affidavit**") which was filed as part of the application for the Interim Receivership Proceedings.
14. The products and services that SHS performed included a range of interior and exterior home renovations, repairs, and other home maintenance services, in addition to the sale of air conditioners, furnaces, fireplaces, and interior and exterior renovation-related products, as well as installation and assembly of products purchased at Sears retail outlets (collectively the "**Services**"). The provision of the Services was pursuant to the terms of a Branded Concession Agreement between Sears and SHS dated December 20, 2012 (the "**BCA**"). In addition, SHS operates a hot water heater rental business (the "**Water Heater Business**").
15. The Interim Receiver is not currently accepting new orders for Services under the BCA. Orders for Services that were received by SHS prior to the Date of Appointment and which have not yet resulted in installations or other work performed in customer homes (the "**Work In Process**") are being reviewed and evaluated to determine whether and how they will be completed, and on what terms they may be completed. Among other things, the Interim Receiver is considering the net financial benefit to the estate of SHS of performing such work, in part given the deposits received from a number of customers prior to the Interim Receivership Proceedings.
16. The Interim Receiver is working diligently to complete this review, and will consult further with Sears and Alaris on this issue. The Interim Receiver will report further to the Court on its findings.

17. For emergency repairs, warranty or service work required by customers of SHS for Services that were either incomplete on or performed prior to the Date of Appointment, the Interim Receiver is working with Sears to identify such work orders so that Sears may elect whether it wishes to complete such work immediately. If completed now on behalf of the Company, this specific type of work is not expected to result in a net financial benefit to SHS.
18. Counsel for Sears has indicated to the Interim Receiver that to the extent that Sears has rights to assert claims against SHS under the BCA (or any related agreements) for indemnity, it reserves its right to assert a claim for such expenses, and that any work Sears elects to perform for customers of SHS itself should be done so on a without prejudice basis (on the part of Sears and the Interim Receiver). The Interim Receiver has not yet reviewed the merits of any claims which Sears may wish to assert pursuant to the BCA or otherwise.

OTHER ACTIVITIES

19. The Interim Receiver notified the Company's various utility and telephone companies of our appointment and provided a copy of the Receivership Order to ensure service was not disrupted. The Interim Receiver has also spoken with certain key service providers to ensure continuation of services pursuant to the terms of the Appointment Order.
20. As of the date of the First Report, the Interim Receiver has received several claims pursuant to section 81.1 of the BIA for the repossession of certain inventory by unpaid suppliers. The Interim Receiver expects to receive additional claims and will consider all such claims in accordance with its duties.
21. The Interim Receiver is reviewing the potential existence of other priority claims for statutory deemed trust amounts, or priority claims pursuant to sections 81.4 and 81.6 of the BIA. The Interim Receiver is aware of amounts that were paid by the Company prior to the Interim Receivership Proceedings which among other things would have reduced these amounts owing. Both Sears and Alaris have requested further information on such payments. The Interim Receiver will report further on this in a future report to the Court.
22. The Interim Receiver has also performed other activities incidental to its duties and powers under the Appointment Order and the BIA, including the following:

- a) Initial review and reconciliation of accounting information provided by the Company, assistance with cut-off of pre- and post-receivership accounting in the Company's financial records, and preparation of initial cash flow forecasts for the Interim Receivership;
 - b) Reviewed the adequacy of insurance coverage, advised the Company's insurer of the receivership, and requested to be added as a named insured to the policy;
 - c) Issued statutory notices pursuant to s. 245 and 246(1) of the BIA, which were mailed on December 20, 2013; and
 - d) Held calls with Sears and Alaris regarding the status of the Interim Receivership Proceedings.
23. The Interim Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Interim Receivership Proceedings. As of December 19, 2013 the website had received over 1600 unique visitors. The Company's call center (1-800-469-4663) has responded to over 4,000 calls with information on the Interim Receivership Proceedings. The Interim Receiver's phone hotline (1-855-376-8474) has received over 800 calls, which are being responded to in priority sequence.

COMEBACK HEARING

24. In his endorsement on granting the Appointment Order, Justice Morawetz stipulated that a comeback hearing was to be held on December 23, 2013. The Interim Receiver filed a notice of motion on December 18, 2013 seeking an order to amend the Appointment Order (the "**Amendment Order**") for the following purposes.

CONTINUATION OF SERVICES PROVISIONS SHALL NOT APPLY TO BRANDED CONCESSION AGREEMENT

25. Prior to the Interim Receivership Proceedings, Sears asserted grounds to terminate the BCA, but refrained from actually terminating the contract on the basis that the receivership order would contain a limited exemption from the stay of proceedings relative to Sears's ability to terminate the BCA. At that time, the Interim Receiver agreed

to seek this relief upon its appointment.

26. The BCA is attached as Appendix "B" of this report. Due to the commercially sensitive nature of some of the information in the schedules to the BCA, these have not been included.
27. The BCA governs the conduct of the business as it relates to, among other things, the use and promotion of the Sears trademark and logo, as well as other intellectual property of Sears. It also deals with service level commitments in the conduct of the business. Given the use of the Sears' proprietary intellectual property, Sears support for the continuation of the business during a receivership was contingent upon Sears having the ability to terminate the CBA, on terms providing for a transition period acceptable to the Interim Receiver, on reasonable notice to the Interim Receiver. If the CBA had been terminated before the receivership, it is highly unlikely that the Interim Receiver would be able to market parts of the business or complete any outstanding work orders or repair work.
28. The continuation of the BCA during the receivership gives the Interim Receiver the opportunity to seek buyers for all or parts of the business, and preserves the Interim Receiver's ability to have Sears process credit card sales and other essential services which are provided to SHS under the CBA and related documents. It also allows SHS to continue to use Sears locations to safely store assets of SHS which are in a Sears store or warehouse, without the cost of relocating these assets to a third party warehouse.
29. The Interim Receiver considers that this relief is appropriate in the circumstances. The specific relief sought includes a notice requirement, transitional provisions, and indemnification for costs by Sears which are of benefit to SHS in the Interim Receivership Proceedings. Further, this exclusion does not affect the rights of SHS with regards to the Water Heater Business, which the Interim Receiver considers to be of potential value.

INCLUSION OF E-SERVICE PROTOCOL

30. The proposed order includes the adoption of the E-Service Protocol of the Commercial List. The E-Service Protocol has recently come into effect and, pursuant to section 7 of the Protocol, is to be used in all Receivership proceedings. The Receiver believes that implementation of the E-Service Protocol will allow for the efficient service of materials and will benefit all stakeholders.

ANTICIPATED ACTIONS IN THE INTERIM RECEIVERSHIP

31. The Interim Receiver understands that Sears intends to move for an Order for the continuation of these proceedings under section 243 of the BIA, and the conversion of the Interim Receiver to a Receiver pursuant to that section of the BIA. It is anticipated that this motion shall be scheduled during the week of January 6, 2014 (the “**January Hearing**”).
32. Pending the expected application of Sears to expand the Interim Receiver's appointment pursuant to section 243 of the BIA, or further clarification of the Interim Receiver's sale powers at the Comeback Hearing the Interim Receiver will sell assets pursuant to paragraph 3(l) of the Order only if such Property is perishable or likely to depreciate rapidly in value or the sale of assets is permitted by virtue of its appointment as receiver under the CJA.
33. The Interim Receiver is currently in discussions with Sears with regard to provision of critical services to SHS customers on an interim basis, in order to provide stability to the business and support to customers with urgent service issues. The Interim Receiver is hopeful that it will be able to complete an agreement with Sears in this regard prior to December 23, 2013, and will report more fully to the Court at that time.
34. The Interim Receiver is aware of a number of parties who are potentially interested in acquiring some of the assets or operations of SHS. Prior to the Interim Receivership Proceedings, SHS had spoken with a number of parties regarding their interest in purchasing the Water Heater Business. Two preliminary expressions of interest were received from third parties prior to the Date of Appointment, and one of these expressions of interest was signed back by SHS. The Interim Receiver is following up with these parties on these expressions of interest, and is speaking with other parties who have contacted it subsequent to the Date of Appointment to express their interest in the Water Heater Business and/or the other assets and operations of the Company. As part of the January Hearing, the Interim Receiver currently intends to bring an application for the approval of a sale and marketing process for the Company's assets and operations.

35. Between now and the January Hearing, the Interim Receiver intends to perform, *inter alia*, the following actions:
- a) Complete the review of the Work In Process to determine whether and how any Work in Process will be completed, and on what terms, and consult with Sears and Alaris regarding same, including an estimate of costs that may need to be incurred in this regard;
 - b) Contact potential interested parties in the assets and operations of the Company, including the Water Heater Business, in anticipation of the commencement of a sale and marketing process to be approved at the January Hearing;
 - c) Continue responding to requests for information from interested parties, including customers and creditors, and coordinate with Sears on requests for urgent repair or warranty work; and
 - d) Other administrative and statutory duties, including processing of payrolls for retained employees and issuance of T4 and Records of Employment for all employees.

RELIEF SOUGHT

36. The Interim Receiver respectfully requests this Court grant the Amendment Order.

All of which is respectfully submitted on this 20th day of December, 2013.

PricewaterhouseCoopers Inc.

In its capacity as Interim Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Management LP



Mica Arlette
Senior Vice President

Appendix "B"
Form of assignment of license agreements



Pamela Murphy
Vice-President, Specialty Services, Travel and Home Services
Tel: (416) 941-2393
Fax: (416) 941-2496
Email: pamela.murphy@sears.ca

[name and address of SICAS or SCUC Licensee]
Attention: President

February [], 2013

Dear Sir/Madame:

Re Assignment of Agreement to SHS Services Management Inc.

Sears recently announced a strategic alliance with SHS Services Management Inc. ("SHS") whereby its Sears Home Services home improvements business will be managed by SHS. We expect the transfer to occur on or about March 3, 2013 ("Transfer Date").

We refer to your [Sears Indoor Clean Air Service][Sears Carpet and Upholstery Cleaning Services] License Agreement with Sears Canada Inc. (the "Agreement"). You are hereby notified that, pending closing of the relevant transactions between Sears and SHS, and effective on the Transfer Date, the Agreement will be assigned to SHS. However, the trade-mark license granted in the Agreement will continue to be granted by Sears Canada Inc.

The business will continue to operate under the trusted "Sears Home Services" brand name. SHS will be managing the business but the current Sears staff you rely on will be transferred to SHS, so the transition should be seamless for you and for our customers.

We look forward to a mutually beneficial new stage in our business and continued success in the future.

Yours truly,

Pamela Murphy

Appendix "C"
Backstop Agreement

EXECUTION COPY

BACKSTOP AGREEMENTMade as of December 27th, 2013

Between

Sears Canada Inc.
(“Sears”)

and

SHS Services Management Inc. (“SHS”) executed on its behalf
by PricewaterhouseCoopers Inc., solely in its capacity as receiver of
SHS Services Management Inc. and SHS Services Limited Partnership (“SHS LP”)
and not in its corporate or personal capacity
(the “Receiver”)

EXECUTION COPY

TABLE OF CONTENTS

RECITALS.....	1
ARTICLE 1 – INTERPRETATION.....	1
Section 1.1 Definitions.....	1
Section 1.2 Headings and References	3
Section 1.3 Schedules.....	4
ARTICLE 2 – PROVISION OF PRODUCTS AND SERVICES.....	4
Section 2.1 Identification of Scheduled Jobs	4
Section 2.2 Scheduling.....	4
Section 2.3 No SHS Representation or Warranty	4
Section 2.4 Warranty for Scheduled Jobs	4
Section 2.5 Processing of Payments for Scheduled Jobs	4
Section 2.6 Termination of Scheduled Jobs.....	5
Section 2.7 Commencement of PSP Business	5
ARTICLE 3 – SEARS BACKSTOP INDEMNITY AND RESERVATION OF RIGHTS	5
Section 3.1 Sears Back Stop.....	5
Section 3.2 Calculation of Losses	5
Section 3.3 No Post-Filing Set-Offs or Deductions.....	6
Section 3.4 Warranty Claims for Products and Services Provided Prior to the Receivership.....	6
ARTICLE 4 – GENERAL PROVISIONS.....	7
Section 4.1 No Agency.....	7
Section 4.2 Publicity	7
Section 4.3 Severability.....	7
Section 4.4 Governing Law.....	7
Section 4.5 Waiver.....	7
Section 4.6 Entire Agreement	7
Section 4.7 Amendment.....	7
Section 4.8 Paramountcy.....	8
Section 4.9 Counterparts	8
SCHEDULE “A” SERVICES.....	10

EXECUTION COPY

BACKSTOP AGREEMENT

This Agreement is made as of December 27th, 2013 between

Sears Canada Inc.
 ("Sears")

and

SHS Services Management Inc. ("SHS") executed on its behalf by PricewaterhouseCoopers Inc., solely in its capacity as receiver of SHS Services Management Inc. and SHS Services Limited Partnership ("SHS LP") and not in its corporate or personal capacity (the "Receiver")

RECITALS

A. SHS and the Receiver have identified certain contracts between SHS and its customers that have the potential to be completed in the short term and to provide a net benefit to SHS and SHS' various stakeholders.

B. Sears wishes to support SHS's efforts to complete such contracts and is prepared to provide a financial backstop on the terms and conditions set out herein.

FOR VALUE RECEIVED, the parties agree as follows:

ARTICLE 1 – INTERPRETATION**Section 1.1 Definitions**

In this Agreement:

- (1) **Agreement** means this Backstop Agreement and all its schedules and attachments, as amended and modified from time to time;
- (2) **Commission** has the meaning given to such term in Section 12.1 of the Branded Concession Agreement;
- (3) **Contractors** means all contractors, sub-contractors or any other person retained by SHS or by the Receiver to perform installation of Products or performance of Services on behalf of SHS on or after December 13, 2013;
- (4) **Costs** means, collectively, the PSP Costs and the Scheduled Jobs Costs;
- (5) **Court** means the Ontario Superior Court of Justice, Commercial List;
- (6) **Concession Agreement** means the Branded Concession Agreement dated December 20, 2012 between Sears and SHS;
- (7) **Excluded Costs** means the fees and disbursements of the Receiver and its legal counsel;

- (8) **Existing Orders** means firm and committed orders by customers with SHS for Products and Services for which no payment has been made by the customer as of the date hereof;
- (9) **Losses** has the meaning ascribed to it in Section 3.2;
- (10) **Merchant Fee** has the meaning given to such term in Section 7.7 of the Concession Agreement;
- (11) **Prior Warranty** means a warranty provided by SHS to an SHS customer in respect of a Product or Services;
- (12) **Products** means the products listed in Schedule "A" and any other products required to perform the services listed in Schedule "A";
- (13) **PSP Business** means the carpet cleaning and duct cleaning provided by SHS;
- (14) **PSP Costs** means, without duplication of any costs included in Scheduled Jobs Costs and excluding the Excluded Costs:
- (a) compensation earned by Contractors (i.e. labour costs) and up to two (2) newly retained independent contractors to provide administrative support to the PSP Business (in addition to the independent contractors for administrative service retained to support Existing Orders);
 - (b) reasonable documented recoverable expenses incurred by Contractors in performing their duties in connection with the Scheduled Jobs on a basis consistent with SHS's past practices;
- (15) **Receivership** means the appointment of the Receiver as receiver of SHS and SHS LP by Order of the Court dated December 13, 2013;
- (16) **Scheduled Jobs** means Existing Orders:
- (a) for which SHS's accounting system reflects an expected potential positive gross margin contribution together with sixteen (16) additional jobs identified by SHS to Sears which may not produce a positive gross margin (for greater certainty, Scheduled Jobs excludes in-store installation and assembly jobs);
 - (b) SHS and the applicable Contractor expect can be completed on or before January 11, 2014, including Existing Orders that are in progress as of the date hereof and Existing Orders that have not been started as of the date hereof, with priority to be given to Existing Orders which were commenced before the appointment of the Receiver;
 - (c) scheduled by the applicable customer to commence before January 11, 2014;
 - (d) in respect of which SHS obtains a Written Confirmation executed by the applicable customer; and

- (e) in respect of which a Contractor has agreed to complete the Existing Order prior to January 11, 2014 without receiving payment of any amounts owed to such Contractor by SHS in relation to work performed on or before December 13, 2013;
- (17) **Scheduled Jobs Costs** means, other than the Excluded Costs:
- (a) compensation earned or payable to Contractors (i.e. labour costs) and up to two (2) newly retained independent contractors to provide administrative support in respect of Existing Orders;
 - (b) reasonable documented recoverable expenses incurred by Contractors in performing their duties in connection with the Scheduled Jobs on a basis consistent with SHS's past practices (provided that such expenses shall not be duplicative of any costs included in subsection 1.1(17)(d));
 - (c) information technology usage and licensing fees deemed to be in the amount of \$12,500.00; and
 - (d) all direct material and tooling costs, including but not limited to the original purchase price of inventory or purchased materials (in each case whether or not paid for by SHS) used in the performance and completion of any Scheduled Jobs. For greater certainty, Sears acknowledges that SHS may make payments to suppliers holding valid unpaid supplier claims pursuant to section 81.1 of the *Bankruptcy and Insolvency Act (Canada)* in respect of inventory required for completing the Scheduled Jobs in an amount up to the supplier's invoice price for such inventory. Such payments will not be duplicative in the calculation of Losses;
- (18) **Services** means those services listed in Schedule "A";
- (19) **Warranty** means a warranty provided by SHS to a Sears Home Services customer in respect of a Product or Services; and
- (20) **Written Confirmation** means a written confirmation in form and substance satisfactory to the Receiver wherein the applicable customer confirms and acknowledges that:
- (a) the customer continues to wish to have the Product or Service completed at the existing contract price by SHS based exclusively on a warranty from SHS which Sears will agree to honour; and
 - (b) the Receiver will not make any representation or warranty whatsoever to the customer.

Section 1.2 Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder," and

similar expressions refer to this Agreement and not to any particular section, subsection, or other portion hereof and includes all schedules and any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections, subsections, and further subdivisions of sections of this Agreement.

Section 1.3 Schedules

Schedules to this Agreement form an integral part of this Agreement and are hereby incorporated by reference.

ARTICLE 2 – PROVISION OF PRODUCTS AND SERVICES

Section 2.1 Identification of Scheduled Jobs

SHS, in consultation with Sears, shall use its commercially reasonable efforts to promptly identify the Existing Orders that have a reasonable prospect of becoming Scheduled Jobs. SHS makes no commitment or representation to Sears concerning the number or value of Existing Orders that can or will become Scheduled Jobs.

Section 2.2 Scheduling

Priority will be given to scheduling and completing Existing Orders reasonably suitable for becoming Scheduled Jobs which; (i) firstly, were commenced, but not finished, before the appointment of the Receiver; and then (ii) secondly, prior to the date of the Receivership, were scheduled by SHS to commence between December 13, 2013 and January 11, 2014.

Section 2.3 No SHS Representation or Warranty

SHS makes no representation or warranty to Sears whatsoever in connection with the work performed in connection with the Scheduled Jobs.

Section 2.4 Warranty for Scheduled Jobs

Sears shall, at its own expense, honour any Warranty with respect to the Scheduled Jobs completed pursuant to this Agreement. In no event will Sears assert any claim as against SHS or its property in connection with any warranty claims it receives in respect of the Scheduled Jobs.

Section 2.5 Processing of Payments for Scheduled Jobs

Sears shall remit funds received from customers in respect of completed Scheduled Jobs to SHS, net of the Merchant Fee and Commission as defined by and pursuant to the Concession Agreement, with no setoff or reduction other than chargebacks for services provided after the date that the Receiver was appointed. Such funds shall be released by Sears to SHS on Mondays (for Friday-Sunday receipts), Wednesdays (for Monday-Tuesday receipts) and Fridays (for Wednesday-Thursday receipts). For greater certainty, the Merchant Fee is 1.7% for Sears card purchases and 1.85% for other credit card providers and the Commission is 3.5%.

Section 2.6 Termination of Scheduled Jobs

After consulting with Sears, SHS may terminate and cancel any Scheduled Jobs on a job-by-job basis, if:

- (a) completing those jobs would reasonably be expected to result in Losses for any reason including due to price reductions demanded by customers or demands by required suppliers; or
- (b) SHS determines that it does not have sufficient Contractors, inventory or other resources to complete the applicable Scheduled Jobs.

Details, including customer information and order information, of any cancelled jobs shall be provided to Sears.

Section 2.7 Commencement of PSP Business

SHS shall use commercially reasonable efforts to re-commence the PSP Business. Sears shall remit funds received from customers in respect of the PSP Business from and after the date hereof to SHS, net of the Merchant Fee and Commission (each as described in Section 2.5 hereof) (the "PSP Payment"), with no setoff or reduction other than chargebacks for services provided after the date that the Receiver was appointed. Such funds shall be released by Sears to SHS on Mondays (for Friday-Sunday receipts), Wednesdays (for Monday-Tuesday receipts) and Fridays (for Wednesday-Thursday receipts).

ARTICLE 3 – SEARS BACKSTOP INDEMNITY AND RESERVATION OF RIGHTS**Section 3.1 Sears Back Stop**

Sears agrees that it shall make a payment to SHS equal to the amount of the Losses, if any, incurred by SHS in connection with the activities contemplated by this Agreement, including in connection with SHS's efforts to complete the Scheduled Jobs.

Section 3.2 Calculation of Losses

- (1) The losses ("Losses"), if any, incurred by SHS in connection with this Agreement shall be equal to:
 - (a) the aggregate of: (i) all payments remitted to SHS (whether through a credit card transaction or by way of personal cheque, bank draft or money order) with respect to Scheduled Jobs and all receivables with respect to same (the "Scheduled Jobs Payments"), and (ii) all payments remitted to SHS (whether through a credit card transaction or by way of personal cheque, bank draft or money order) with respect to the PSP Business from and after the date of this Agreement and all receivables with respect to same ("PSP Payments"), minus
 - (b) all Costs, for greater certainty, excluding Excluded Costs.

For greater certainty, the calculation of Losses shall include all Costs incurred in connection with Scheduled Jobs that are subsequently cancelled by the customer before completion for any

reason except where the refusal to pay results in a valid chargeback that is confirmed by the applicable credit card provider.

- (2) SHS will use its commercially reasonable efforts to report to Sears in respect of Scheduled Jobs on a daily basis and the form and substance of such reporting shall be agreed to by SHS and Sears, acting reasonably.
- (3) SHS will use its commercially reasonable efforts to report to Sears in respect of the PSP Business on a daily basis and the form and substance of such reporting shall be agreed to by SHS and Sears, acting reasonably.
- (4) After January 11, 2014, SHS will calculate the aggregate Scheduled Jobs Payments, PSP Payments and Costs to determine the quantum of Losses, if any, incurred by SHS referable to the term of this Agreement. If SHS has incurred Losses, Sears will pay to SHS the amount of the Losses in full within three (3) business days of notice of such Losses provided to Sears by SHS, such funds to be used for whatever purpose SHS determines appropriate in the ordinary course of the Receivership.
- (5) If a dispute arises in respect of any payment owed by Sears to SHS pursuant to Section 3.2(4), the parties agree to use reasonable commercial efforts to resolve the dispute within five (5) days, if the dispute is not resolved within this period, either party may bring a motion in the Court to resolve the dispute.

Section 3.3 No Post-Filing Set-Offs or Deductions

During the term of this Agreement (including any funds received after the expiry of this Agreement with respect to Scheduled Jobs and the PSP Business commenced pursuant to this Agreement), Sears agrees that it will release to SHS all amounts it receives from customer credit card settlements or other payments without setoff, netting or deduction of any kind (other than directly related Merchant Fees and Commissions pursuant to the Concession Agreement and chargebacks for services provided after the date that the Receiver was appointed) for products or services provided by SHS to its customers from and after December 13, 2013, including without limitation from Products or Services. The parties reserve their rights in relation to all other setoffs or claims that Sears may assert under the Concession Agreement or otherwise and nothing in this Agreement is intended to be an acknowledgement by SHS (or the Receiver) of any admission of any valid or permitted setoff, netting, consolidation or other claim by Sears against SHS or any cash, customer deposits or other property held or under the control of Sears.

Section 3.4 Warranty Claims for Products and Services Provided Prior to the Receivership

The parties hereby acknowledge and agree that nothing in this Agreement shall prevent Sears from electing to honour a Prior Warranty claim from a customer of SHS for work done by SHS prior to December 13, 2013, provided that Sears and SHS acknowledge and agree that the parties rights are expressly reserved in connection with any claims Sears may validly assert against SHS or its property as a result of any such Prior Warranty claims.

ARTICLE 4 – GENERAL PROVISIONS

Section 4.1 No Agency

Nothing contained in or done pursuant to this Agreement is to be construed as creating a partnership, agency or joint venture between or among the parties and no party shall become bound by any conduct, representation, act or omission of the other party other than as specified in this Agreement.

Section 4.2 Publicity

Sears shall not issue any press release or make any other public statement or announcement relating to the work to be performed pursuant to this Agreement without obtaining the prior written approval of SHS in respect of the content and the manner of presentation and publication thereof.

Section 4.3 Severability

If any provision of this Agreement is held invalid, illegal or unenforceable, the remaining provisions will not be affected.

Section 4.4 Governing Law

This Agreement will be governed by and interpreted in accordance with the laws of Ontario and the laws of Canada applicable therein without reference to its conflict of laws principles.

Section 4.5 Waiver

Any waiver by either party, whether express or implied, of any breach of any term or condition of this Agreement shall not constitute a waiver as to any subsequent breach of the same or of any other term or condition of this Agreement. Failure of a party to declare any breach upon the occurrence of such a breach, or any delay by either party in taking action with respect to any breach shall not waive any such breach.

Section 4.6 Entire Agreement

This Agreement, including all Schedules hereto, forms the entire agreement between the parties and supersedes every previous agreement, communication, expectation, negotiation, representation or understanding, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter of this Agreement. Amendments to or waivers of this Agreement will be effective only if in writing and signed by authorized representatives of all parties.

Section 4.7 Amendment

This Agreement may only be amended, modified or supplemented by a written agreement signed by the parties hereto.

Section 4.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the Concession Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

Section 4.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or electronic mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

~Remainder of page deliberately left blank.~

The parties have executed this Agreement.

Sears Canada Inc.

By: 

Name: Terri Louie

Title: VP Human Capital, HomeServices

SHS Services Management Inc., executed on its behalf by PricewaterhouseCoopers Inc., solely in its capacity as receiver of SHS Services Management Inc. and SHS Services Limited Partnership and not in its corporate or personal capacity.

By: _____

Name:


Title:

The parties have executed this Agreement.

Sears Canada Inc.

By: _____
Name:
Title:

SHS Services Management Inc., executed on its behalf by PricewaterhouseCoopers Inc., solely in its capacity as receiver of SHS Services Management Inc. and SHS Services Limited Partnership and not in its corporate or personal capacity

By:  _____
Name: Mica Arlette
Title: Senior Vice President

**Schedule "A"
Services**

Air Conditioners
Attic Insulation
Boiler - Electric
Boiler - Gas
Cabinets
Carpet
Continuous Gutter
Custom Bedding
Custom Closets
Custom Drapery - Window Coverings
Duct Heater - Electric
Ductless - Air Conditioner/Heat Pump
Electronic Air Cleaner
Entry Doors
Fireplace - Gas/Propane
Flat Roof
Furnace - Electric
Furnace - Gas/Propane
Garage Doors
Garden Doors
Hard Surface Flooring - Vinyl
Hard Surface Flooring - Wood & Laminate
Heat Pump
Heat Recovery Ventilator Or Air Exchanger
Hot Water Tank - Gas/Propane
Humidifier
Indoor Air Cleaning Products
Indoor Shutters
Insulation
Kitchen Cabinets
Kitchen Countertops - Granite Quartz Hard Surface
Kitchen Countertops - Laminate
Patio Doors
Roof Semi-Detached
Roof Shingles (Residential)Siding
Soffit & Fascia
Storm Doors
Tankless Water Heater - Gas/Propane
Water Softener
Windows Prime
Air Conditioners
Attic Insulation
Boiler - Electric
Boiler - Gas
Cabinets

Carpet
Continuous Gutter
Custom Bedding
Custom Closets
Custom Drapery - Window Coverings
Duct Heater - Electric
Ductless - Air Conditioner/Heat Pump
Electronic Air Cleaner
Entry Doors
Fireplace - Gas/Propane
Flat Roof
Furnace - Electric
Furnace - Gas/Propane
Garage Doors
Garden Doors
Hard Surface Flooring - Vinyl
Hard Surface Flooring - Wood & Laminate
Heat Pump
Heat Recovery Ventilator Or Air Exchanger
Hot Water Tank - Gas/Propane
Humidifier
Indoor Air Cleaning Products
Indoor Shutters
Insulation
Kitchen Cabinets
Kitchen Countertops - Granite Quartz Hard Surface
Kitchen Countertops - Laminate
Patio Doors
Roof Semi-Detached
Roof Shingles (Residential)
Siding
Soffit & Fascia
Storm Doors
Tankless Water Heater - Gas/Propane
Water Softener
Windows Prime
Bathroom Renovation
Area Rug Cleaning Services
Cabinet Refacing
Carpet Cleaning
Duct Cleaning
Interior/Exterior Painting Services
Kitchen Renovation/Refacing Remodel
Upholstery Cleaning
Air Conditioner - Tune Up/Maintenance
Energy Assessment
Furnace (Electric, Gas, Propane) - Cleaning/Maintenance

Appendix "D"
Cash Flow Forecast

SHS Services Management Inc.
Cash Flow Forecast
in 000's

Week Ending:	Actual		Forecast		Forecast		Forecast		Forecast		Forecast		Forecast		Forecast		Forecast		Forecast		
	20-Dec-13	27-Dec-13	3-Jan-14	10-Jan-14	17-Jan-14	24-Jan-14	31-Jan-14	7-Feb-14	14-Feb-14	21-Feb-14	28-Feb-14	7-Mar-14	14-Mar-14	21-Mar-14	28-Mar-14	4-Apr-14	11-Apr-14	18-Apr-14	25-Apr-14	2-May-14	
1	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Inflows	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Receipts	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Source deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Centah	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technology Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly rent / lease payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sears Branded Concession Agreement Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Outflows	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow (Week)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow (Cumulative)	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Cash	1,205	1,230	1,197	303	513	513	256	193	120	88	349	407	477	685	927	685	927	685	927	685	1,205
Net Cash Flow	25	(33)	(188)	(117)	(257)	(257)	(83)	(73)	(209)	(261)	(58)	(70)	(209)	(242)	(59)	(70)	(1,880)	(1,880)	(1,880)	(1,880)	(1,880)
Funds received under Receiver's Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingency reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	1,230	1,197	303	513	256	193	120	88	349	407	477	685	927	685	927	685	927	685	927	685	1,205
Accrued Obligations	(154)	(228)	(303)	(325)	(182)	(234)	(284)	(284)	(331)	(175)	(222)	(265)	(310)	(172)	(217)	(258)	(258)	(258)	(258)	(258)	(258)
Accrued Operating Costs	(154)	(228)	(303)	(325)	(182)	(234)	(284)	(284)	(331)	(175)	(222)	(265)	(310)	(172)	(217)	(258)	(258)	(258)	(258)	(258)	(258)
Total Accrued Obligations	1,076	967	667	188	73	(41)	(164)	(419)	(524)	(629)	(742)	(686)	(1,089)	(1,202)	(1,313)	(1,313)	(1,313)	(1,313)	(1,313)	(1,313)	(1,313)
Available Cash Balance	154	228	303	325	182	234	284	284	331	175	222	265	310	172	217	258	258	258	258	258	258

Note: Accrued Professional Fees

**SHS Services Management Inc.
Notes to Cash Flow Forecast**

This cash flow forecast (the "Forecast") covers the period from December 16, 2013 to March 28, 2014 (the "Period"). It does not include any receipts or disbursements related to the completion of Existing Orders, PSP Jobs, or other asset sales as the timing and quantum of such transactions cannot be estimated at this time

- Note 1** As noted above, the Forecast does not include any estimated receipts from operations before or after the Date of Appointment.
- Note 2** The amount included in the Forecast represents cheques deposited by the Receiver for jobs which were completed pre-filing. The majority of orders are completed on credit card and the Receiver does not anticipate receiving a significant amount of cheques for deposit. As such, no further receipts have been included in the Forecast.
- Note 3** The Receiver has retained key employees to assist with certain receivership activities. The amount forecast represents the estimated net pay per employee, including car allowances.
- Note 4** Source deductions are anticipated to be remitted 1 week in arrears. The amount is estimated to be 29% of gross salaries which is consistent with the Company's average deduction rate for salaried employees.
- Note 5** Utilities includes heat, hydro, janitorial services, waste disposal, snow removal, and security services. The amount was forecast using the average amount paid for each service in the past 4 months at each of the locations. This amount was prorated on a weekly basis as the invoices will all have varying due dates and payment schedules.
- Note 6** Telecommunications costs include phone and internet service costs. The amount included in the Forecast is a prorated weekly estimate based on historical payments made to Bell which covered the period March to November 2013, reduced by 75% to account for the decrease in operations and number of staff using these services.
- Note 7** The Company uses a third party customer management system and call center provider. The forecast reflects cost for estimated usage of services during the Period.
- Note 8** Technology Services includes costs for the payroll software provider, website hosting, call forwarding to the call centre, and certain lease obligations. The amounts are paid at the beginning of the month, for services to be rendered in that month.
- Note 9** The current insurance policy expires on January 11, 2014 and the current insurance provider will not be renewing the policy. The amount included in the Forecast is an estimate from an alternate insurance provider assuming continuation of limited operations. The premium is due monthly, in advance. Any potential refund for overpaid premiums is not anticipated to be received during the Period.
- Note 10** The Company does not own any of the 12 premises which it occupies. The amount forecast for rent/lease payments includes common area maintenance charges, as well as certain utilities which are included in the monthly payment. The amounts are due at the beginning of each month. An extra \$29K has been included in the Forecast to be paid in the week ended January 10, 2014 for past due December rent for three of the premises.
- Note 11** Sears costs include costs owing by SHS to Sears in accordance with the Branded Concession Agreement and the Transition Services Agreement. These include telephone costs, property taxes, CAM contributions, and a Maintenance and Administration Fee.
- Note 12** The Receiver expects to be in a refund position for sales taxes given the volume of expenses and minimal receipts forecast. To remain conservative, these refunds have been excluded from the Forecast.
- Note 13** A contingency for unforeseen costs of \$10K per week have been included in the forecast. This contingency is expected to reduce to \$5K per week starting in week 8 once operations have stabilized.
- Note 14** Contingency reserve included as described in the Second Report.
- Note 15** Accrued professional costs include the fees of the Interim Receiver, the Receiver and its legal counsel. Fees have been estimated based on anticipated hours at varying hourly rates depending on staff level. Anticipated costs are expected to reduce over the Period as urgent matters are dealt with at the beginning of the receivership and operations stabilize. Professional fees are anticipated to be paid from the proceeds of the sale of the assets which has not been reflected in this Forecast.

Appendix "E"
Summary of amounts received and paid from December 9 to 13, 2013

Cash Movement December 9 - December 13, 2013	
Cash Inflows	Amount
Customer deposits	99,965
Receipts from Sears	1,456,401
Total Cash Inflows	1,556,365
Cash Outflows	
Employee Related Disbursements	
Payroll	(584,253)
Source deductions	(687,805)
Vacation Pay	(611,530)
Employee Expenses	(71,943)
Employee Pension Contributions	(12,808)
EHT	(35,373)
Garnishments	(633)
WSIB	(33,077)
Total Employee Related Disbursements	(2,037,422)
Customer refund	(1,594)
Professional fees	(190,000)
Sales Taxes	(47,763)
Trade creditor payments	(226,576)
Total Cash Outflows	(2,503,356)
Net Cash Flow	(946,991)
Net Change per Bank:	
Bank Balances Dec 9, 2013	2,151,541
Bank Balances Dec 13, 2013	1,204,549
Net Change per Bank	(946,991)

Appendix "F"
Rental Portfolio Sales Process

SALE PROCESS
for the Sale of the SHS Services Management Inc.
Rental Portfolio Assets (the "SHS Rental Portfolio")

Introduction

By Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 13, 2013 pursuant to section 47 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**"), PricewaterhouseCoopers Inc. was appointed as interim receiver and receiver (in both capacities referred to as the "**Receiver**") of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. ("**SHS**") and SHS Services Limited Partnership ("**SHS LP**," and collectively with SIIS, the "**Company**") acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**").

The Company's principal secured creditors are Sears Canada Inc. ("**Sears**") and Alaris Income Growth Fund Partnership (the "**Secured Creditors**"). On January 9, 2014, Sears will make an application to the Court to appoint PricewaterhouseCoopers Inc. as Receiver of the Company pursuant to section 243 of the BIA, and to approve a sale process for the SHS Rental Portfolio (the "**Sale Process Order**").

The SHS Rental Portfolio consists of approximately 3,400 residential water heaters and other HVAC equipment that is rented to customers across Canada under contracts ranging from 5 to 15 years.

The sale of the SHS Rental Portfolio will be on an "as is, where is" basis and without representations or warranties of any kind, nature or description by the Receiver, the Company or any of their respective agents or estates. The right, title and interest of SHS in and to the SHS Rental Portfolio will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and there against, pursuant to such court orders as may be desirable.

Objectives

- To obtain offers to effect a sale of the SHS Rental Portfolio assets;
- To ensure that the process is fair and effective for all parties, and is undertaken in a cost-effective manner recognizing the limited financial resources available;
- To preserve the continuity of the SHS Rental Portfolio's operations during the Sale Process; and
- To maximize value for the creditors of the Company.

Role of the Receiver

1. The Receiver will be responsible for managing all aspects of the Sale Process in order to maximize value. Key responsibilities of the Receiver include:
 - a. preparing a list of potential buyers;
 - b. drafting of an initial offering summary ("**Teaser Letter**");
 - c. assisting legal counsel with the preparation of a confidentiality agreement ("**CA**");
 - d. preparing a confidential information memorandum ("**CIM**") and populating and managing an electronic data room ("**Data Room**");
 - e. managing all communications with prospective buyers and negotiating all deal documentation.
2. The Receiver will have responsibility for managing all communication with prospective bidders prior to and after receipt of binding offers ("**Offers**"). This shall include facilitating the delivery of all communications, contacting prospective bidders and providing them with the Teaser Letter and CIM, coordinating the execution of CAs, managing the process of answering all inquiries from prospective bidders, coordinating any presentations that may be requested by prospective bidders, soliciting and tracking all Offers and reviewing and negotiating deal documentation. No communication is to be had with the customers of the Company, Secured Creditors, or any former Company management or staff, or any individuals retained by the Receiver without the prior written consent of the Receiver or the involvement of the Receiver.

Identification of Potential Interested Parties

3. The Receiver, with input from the Secured Creditors and former Company staff retained by the Receiver, will develop a list of credible strategic and financial parties who may be interested in acquiring the SHS Rental Portfolio (the "**Potential Bidders**").
4. The Receiver will publish notice of the Sale Process in the Globe and Mail (National Edition) within five days of the granting of the Sale Process Order.

Sale Process

1. The Receiver will begin to contact the Potential Bidders to determine if they are interested in acquiring the SHS Rental Portfolio. The Receiver will distribute the Teaser Letter to all Potential Bidders and any other party who requests same.
2. The Receiver, exercising its reasonable judgment, will make an assessment of any party interested in acquiring the SHS Rental Portfolio to determine if they are a credible and qualified bidder that has the financial capability to complete the acquisition of the SHS Rental Portfolio (each a "**Qualified Bidder**") and the Receiver may require the interested party to provide any information that the Receiver considers reasonable or appropriate in making such assessments. Only Qualified Bidders will be permitted to commence due diligence.

3. Qualified Bidders who wish to commence due diligence will be required to sign a CA, in a form acceptable to the Receiver.
4. Upon execution of a CA, the Receiver will provide each Qualified Bidder with:
 - a. a copy of this Sale Process document; and
 - b. a copy of the CIM and access to the Data Room, where preliminary data will be available.
5. The Receiver will ensure that these materials are available no later than 5 business days after granting of the Sale Process Order.
6. The Receiver will provide each Qualified Bidder with a form of agreement (the "**Form of Purchase Agreement**") at least one week prior to the Offer Deadline listed below.
7. All requests for additional information will be made through the Receiver, who will coordinate responses to such requests.
8. Each Qualified Bidder will be required to submit an offer on the Receiver's Form of Purchase Agreement to the Receiver (an "**Offer**") on or before 12:00 noon EST on [●], such date being 30 days after the Sale Process Order is issued (the "**Offer Deadline**").
9. If no Offer is received prior to the Offer Deadline or no Offer is acceptable to the Receiver, then the Receiver, in consultation with the Secured Creditors, shall have the option to terminate the Sale Process and the Court will be advised accordingly.
10. An Offer submitted will be considered a Qualified Bid only if it is submitted by a Qualified Bidder and the bid complies with all of the following (a "Qualified Bid"):
 - a. it includes a letter (a) summarizing the principal terms of the proposed transaction, including, the purchase price (including liabilities to be assumed), (b) any of the SHS Rental Portfolio assets expected to be excluded (c) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable), (d) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals and (e) stating that the bidder's offer is irrevocable until selection of the Successful Bidder, and provided that if such bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the sale to the Successful Bidder and (ii) the outside date stipulated in the Successful Bid;
 - b. it includes a duly authorized and executed purchase and sale agreement substantially in the form of the Receiver's Form of Purchase Agreement, including the purchase price, expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules

thereto as well as copies of such materials marked to show those amendments and modifications to the Form of Purchase Agreement (the "**Marked Agreement**");

- c. to the extent the Qualified Bidder is relying on third party financing, it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing to consummate the proposed transaction;
- d. it is not conditioned on (i) the outcome of unperformed due diligence by the bidder and/or (ii) obtaining any financing or capital;
- e. it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;
- f. it includes an acknowledgement and representation that the bidder will assume the obligations of the Company under the executory contracts and unexpired leases proposed to be assigned (or identifies with particularity which of such contracts and leases the bidder wishes not to assume, or alternatively which additional executory contracts or unexpired leases the bidder wishes to assume), contains full details of the bidder's proposal for the treatment of related cure costs; and it identifies with particularity any executory contract or unexpired leases the assumption and assignment of which is a condition to closing;
- g. it includes an acknowledgement and representation that the bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its bid and (iv) it agrees to be bound by the terms of this Sale Process.
- h. it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- i. it is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to 10% of the Purchase Price to be held and dealt with in accordance with these Sale Process Procedures;
- j. it contains other information reasonably requested by the Receiver;
- k. it is received by the Offer Deadline.

11. The Receiver, may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be a Qualified Bid.
12. All Qualified Bids must be capable of acceptance and must be irrevocable until 11:59 pm EST on [●], such date being 30 days following the Offer Deadline.
13. Subject to its discretion, the Receiver may seek clarifications with respect to any and all Qualified Bids.

Offer Acceptance and Negotiation Process

14. Subject to its discretion, the Receiver may seek clarifications with respect to any and all Qualified Bids and negotiate the terms of Qualified Bids prior to selecting the successful bid.
15. The Receiver will select a Qualified Bid to consummate a transaction (the “**Accepted Offer**”), and shall promptly notify the successful bidder, that their offer has been accepted.
16. The Receiver shall take such steps as may be necessary to facilitate a closing of each transaction by [●], such date being 30 days following the Offer Deadline.
17. The Receiver shall not be required to accept the highest, best or any Qualified Bid.
18. In the event that the Accepted Offer is not closed by the successful bidder on the closing date, the Receiver shall be at liberty, but not required, to accept an alternate Qualified Bid (subject to obtaining Court approval of such alternate Qualified Bid). Any such alternate Qualified Bid so accepted shall be closed by [●], such date being 90 days following the Offer Deadline.

Court Approval and Closing

19. The Accepted Offer shall be subject only to the conditions contained in the Form of Purchase Agreement and other conditions, if any, as may be acceptable to the Receiver.
20. Any Accepted Offer shall be subject to final Court approval in Canada.
21. Closing of the transaction shall be completed as soon as possible after all approvals are received, but in any event on or before [●] (being 30 days following the Offer Deadline) unless otherwise agreed by the Receiver (and [●], being 90 days following the Offer Deadline, in the case of any alternate Qualified Bid subsequently accepted as set out above).

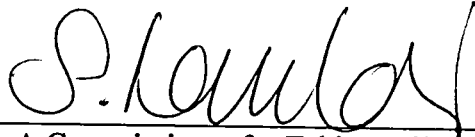
Other

22. The Receiver may amend the Sale Process including as it relates to any time limits as may be necessary to achieve the above objectives, or as may be amended by further Order of the Court. The Receiver may terminate this Sale Process at any time it deems appropriate.

TAB I

This is Exhibit "I" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "J. Kaulon", written over a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL



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

THE HONOURABLE

MR. JUSTICE D. BROWN

) THURSDAY, THE 9TH
)
) DAY OF JANUARY, 2014

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47
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**

RECEIVERSHIP ORDER

THIS MOTION made by Sears Canada Inc. ("Sears") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") appointing PricewaterhouseCoopers Inc. ("PwC") as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion Des Services SHS Inc. and SHS Services Limited Partnership (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Daniel Westreich sworn December 13, 2013, and the Exhibits thereto, the Affidavit of Daniel Westreich sworn January 7, 2014, and the Exhibits thereto (the "Westreich Affidavit"), the First Report to the Court of the Interim Receiver dated December 20, 2013 (the "First Report") and the Second Report to the Court of the Interim Receiver dated January 7, 2014 (the "Second Report"), and on hearing the submissions of counsel for Sears, the Receiver and those other parties present, no one appearing for any other

- 2 -

person on the service list, although duly served as appears from the Affidavit of Service of Lily Coodin sworn January 6, 2014 and on reading the consent of PwC to act as the Receiver:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the motion record in respect of this motion, including the Westreich Affidavit, the First Report and the Second Report, be and it is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof be and is hereby dispensed with.

INTERIM RECEIVERSHIP

2. **THIS COURT ORDERS** that the First Report and Second Report, each be and they are hereby approved and the actions and activities of PwC, in its capacity as interim receiver pursuant to section 47(1) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (in both such capacities, the "Interim Receiver"), pursuant to the Appointment Order dated December 13, 2013, in these proceedings, described therein be and they are hereby approved.

3. **THIS COURT ORDERS** that, with effect as of the date hereof, PwC shall be discharged and relieved from its obligations, liabilities, responsibilities and duties in its capacity as Interim Receiver in these proceedings, provided however that notwithstanding its discharge herein:

- a) the Interim Receiver shall continue as Interim Receiver for the limited purpose of transitioning the administration of the Debtors' estates to the Receiver;
- b) the Interim Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including, without limitation, all: (i) fee, and other, approvals; (ii) protections; and (iii) stays of proceedings in favour of PwC in its capacity as Interim Receiver;
- c) the Interim Receiver and Receiver shall continue to have all of the rights, benefits and obligations conferred on the Interim Receiver by any contract or agreement entered by the Interim Receiver in these proceedings;
- d) prior Receiver's Certificates issued by the Interim Receiver under prior Orders made in these proceedings shall continue to have the same priority provided for in accordance with such Orders; and

- 3 -

- e) for the purposes of section 81.1 of the BIA, the Receivership shall be deemed to have commenced on December 13, 2013.

4. **THIS COURT ORDERS AND DECLARES** that PwC is hereby released and discharged from any and all liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Interim Receiver in these proceedings, save and except its gross negligence or willful misconduct. Without limiting the generality of the foregoing, PwC is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in these proceedings.

5. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Interim Receiver in any way arising from or related to its capacity or conduct as Interim Receiver except with prior leave of this Court and on prior written notice to the Interim Receiver.

APPOINTMENT

6. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA, PwC is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

7. **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:

- 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;
- b) to receive, preserve, and protect of 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;

- 4 -

- c) to manage, operate, and carry on the business of the Debtors, 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 contracts of the Debtors;
- 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 Debtors or any part or parts thereof;
- f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- g) to settle, extend or compromise any indebtedness owing to the Debtors;
- 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 Debtors, for any purpose pursuant to this Order;
- i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- j) 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 Debtors, 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;
- k) 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;
- l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; 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 set out in the preceding clause,

- 5 -

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- m) 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;
- n) 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;
- o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- p) 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 Debtors;
- q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- s) to disclaim any contracts entered into by the Debtors; and
- t) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

8. **THIS COURT ORDERS** that (i) the Debtors; (ii) all of their 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

- 6 -

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, 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.

9. **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 Debtors, 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 9 or in paragraph 10 of this Order shall require the delivery of Records, or the granting of access to 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.

10. **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 -

NO PROCEEDINGS AGAINST THE RECEIVER

11. **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 DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

13. **THIS COURT ORDERS** that all rights and remedies against the Debtors, 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 Debtors to carry on any business which the Debtors are not lawfully entitled to carry on; (ii) exempt the Receiver or the Debtors 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; (iv) prevent the registration of a claim for lien; or (v) affect the rights of unpaid suppliers to repossess goods pursuant to section 81.1 of the BIA.

NO INTERFERENCE WITH THE RECEIVER

14. **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 Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

15. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors 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 Debtors 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' 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 Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

16. **THIS COURT ORDERS** that notwithstanding paragraph 15, but subject to the terms of this paragraph, Sears may exercise its right to terminate the Branded Concession Agreement with SHS Services Management Inc. dated December 20, 2012 (as amended) (the "Concession Agreement") upon (i) two weeks prior written notice to the Debtors (with a copy to the Receiver), (ii) with the written consent of the Receiver, or (iii) pursuant to further Order of this Court. In the event of the termination of the Concession Agreement, Sears shall provide the Receiver with a reasonable transition period and the Receiver and Sears shall attempt to negotiate the transition procedure and period, failing which, either the Receiver or Sears may seek the direction of the Court. All reasonable costs and disbursements incurred by the Receiver in connection with the transitional process established pursuant to this paragraph shall be for the account of Sears. For greater certainty, notwithstanding the termination of the Concession Agreement or any related agreement with Sears, such termination shall in no way affect the rights of the Debtors to operate the water heater rental business, relieve Sears of any existing obligations to provide support or services to the Debtors under the Transition Services Agreement dated March 2, 2013 in connection with their operation of such business or in any way restrict the sale of the water heater business.

RECEIVER TO HOLD FUNDS

17. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation 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 one or more new accounts to be opened by the Receiver (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

18. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' 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*.

PIPEDA

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

- 10 -

material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed. For greater certainty, this paragraph 19 shall apply to the Rental Portfolio Sales Process described in paragraph 22.

LIMITATION ON ENVIRONMENTAL LIABILITIES

20. **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

21. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, 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*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

SALES PROCESS

- 11 -

22. **THIS COURT ORDERS** that the Rental Portfolio Sales Process, substantially as described in the Second Report, is hereby approved, and the Receiver is hereby authorized and directed to conduct the Rental Portfolio Sales Process, and execute such documents and take such steps as may be necessary or incidental to the Rental Portfolio Sales Process.

RECEIVER'S ACCOUNTS

23. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, 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 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.

24. **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.

25. **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 normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

26. **THIS COURT ORDERS** that the Receiver 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 \$2,000,000 (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, for the purpose of funding the exercise of the powers and duties conferred upon the

- 12 -

Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

28. **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.

29. **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.

30. **THIS COURT ORDERS** that prior Receiver's Certificates issued by the Interim Receiver under prior Orders made in these proceedings shall receive the same treatment pursuant to this Order as Receiver's Certificates issued by the Receiver under this Order.

NOTICE SECTIONS

31. **THIS COURT ORDERS** that, pursuant to section 249 of the BIA, for the purposes of the appointment of PwC as Receiver, the notices sent pursuant to subsections 245(1) and 246(1) of the BIA (the "Notice Sections") by PwC in its capacity as Interim Receiver shall fulfill the obligations of the PwC in its capacity as Receiver under the Notice Sections and PwC shall not be required to deliver additional notices pursuant to the Notice Sections.

- 13 -

GENERAL

32. **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.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada 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.

35. **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.

36. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

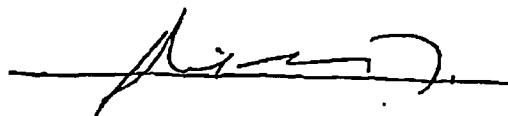
37. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 09 2014

NB

1771742v3
00793-2089 16423194.5



SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that PricewaterhouseCoopers Inc., the receiver (the "Receiver") of the assets, undertakings and properties of SHS Services Management Inc. / Gestion Des Services SHS Inc. and SHS Services Limited Partnership (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated January 9, 2014 (the "Order"), made in an action having Court file number CV-13-10370-00CL, 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 MONTH, 20YR.

PricewaterhouseCoopers Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____
Name:
Title:

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT INC. / GESTION
DES SERVICES SHS INC. AND SHS SERVICES LIMITED PARTNERSHIP**

Court File No. CV-13-10370-00CL

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 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**

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

Proceeding commenced at Toronto

RECEIVERSHIP ORDER

Torys LLP
79 Wellington Street West
Suite 300, TD Centre
Toronto, Ontario M5K 1N2

Fax: 416.865.7380

Scott A. Bombhof (LSUC#: 37006F)

Tel: 416.865.7370

Email: sbombhof@torys.com

Adam M. Slavens (LSUC#: 54433J)

Tel: 416.865.7333

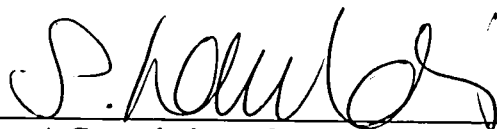
Email: aslavens@torys.com

Lawyers for Sears Canada Inc.

TAB J

This is Exhibit "J" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "J. Paul", written over a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S THIRD REPORT TO THE COURT

January 28, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**THIRD REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

INTRODUCTION

1. By Order (the "**Appointment Order**") of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 13, 2013 (the "**Date of Appointment**"), pursuant to section 47 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**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as interim receiver and receiver (in both capacities referred to as the "**Interim Receiver**") of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. ("**SHS**") and SHS Services Limited Partnership ("**SHS LP**," and collectively with SHS, the "**Company**") acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**"). These proceedings up to the Interim Receiver's discharge on January 9, 2014 (as noted below) shall be referred to herein as the "**Interim Receivership Proceedings**".
2. The application for the Appointment Order was brought by the Company. The Company's principal secured creditors are Sears Canada Inc. ("**Sears**") and Alaris Income Growth Fund Partnership ("**Alaris**"), pursuant to the terms of a loan agreement with SHS.
3. On January 9, 2014, by order (the "**Receivership Order**") of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the "**Receiver**"), without security, of the Property pursuant to section 243 of the BIA, and was discharged as Interim Receiver. These proceedings shall be referred to as the "**Receivership**".

Proceedings”.

4. The Interim Receiver made two reports to the Court on December 20, 2013 (the “**First Report**”) and January 7, 2014 (the “**Second Report**”) during the Interim Receivership Proceedings. The purpose of this report (the “**Third Report**”) is to inform to the Court on:
 - a) The Receiver’s activities since the Second Report;
 - b) The Receiver’s statement of receipts and disbursements for the period from the Date of Appointment to January 24, 2014, the forecast cash flows to March 28, 2014, and the potential funding requirements indicated therein;
 - c) The relief sought in the hearing scheduled for February 4, 2014 (the “**February 4 Hearing**”), including for an order (the “**February 4 Order**”):
 - i) Authorizing the Receiver to enter into an auction services agreement (the “**Auction Agreement**”), and a transaction to sell the Auction Assets (as defined below), and vesting in the purchaser the Auction Assets free and clear of all encumbrances;
 - ii) Approving the release of Prepaid Custom Inventory (as defined below) to customers; and
 - iii) Approving the activities of the Receiver as set out in this Third Report;
 - d) The Receiver’s views on the application by certain licensees of the Company to lift the stay of proceedings in the Receivership Order.

DISCLAIMER AND TERMS OF REFERENCE

5. In preparing this report and conducting its analysis, the Receiver has obtained and relied upon certain unaudited, draft and/or internal financial information of the Company, the Company’s books and records, and discussions with various parties including former SHS employees retained on an interim basis by the Receiver (collectively, the “**Information**”).
6. Except as otherwise described in this report:
 - a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy

or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;

- b) The Receiver has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
7. Future oriented financial information referred to in this report is based on estimates and assumptions. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be significant.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("**HST**"). Capitalized terms not otherwise defined are as defined in the Receivership Order.

ACTIVITIES OF THE RECEIVER

9. Since the date of the Receivership Order, the Receiver has completed several activities pursuant to its duties and powers as set out in the Receivership Order. The activities have been primarily focused on the following:
- a) Developing a strategy for the completion of the Receivership Proceedings, and obtaining the support of the Secured Creditors for same;
 - b) Forecasting the cash flow requirements of the Receivership Proceedings and arranging funding for same;
 - c) Assisting the Company in the resumption of limited operations, including the completion of certain outstanding work orders;
 - d) Conducting the Rental Portfolio Sales Process, as defined and described below;
 - e) Seeking offers for the liquidation of the Company's remaining inventory and fixed assets;
 - f) Reviewing certain creditor claims received to date by the Receiver and its counsel;

- g) Seeking the recovery of certain pre-filing receipts currently being withheld by Sears; and
 - h) Responding to a notice of motion filed by certain licensees of the Company, as more fully described below.
10. The Receiver has also performed other activities incidental to its duties and powers under the Receivership Order and the BIA, together with other operational and statutory requirements, including the following:
- a) Reviewing and reconciling accounting information provided by the Company, and assistance with cut-off of pre- and post-Date of Appointment accounting in the Company's financial records;
 - b) Communicating with Canada Revenue Agency and the various provincial tax offices regarding completion of SHS's harmonized sales tax returns and provincial sales tax returns up to December 13, 2013 and making arrangements with respect to post-appointment tax returns, as required;
 - c) Calculating amounts owed to former employees pursuant to SHS's payroll records and provincial legislation for compliance with the *Wage Earner Protection Program Act* requirements.
 - d) Updating and posting frequently asked questions and answers on the Receiver's website, and responding to phone and e-mail inquiries from customers, former employees, installers, contractors, third party licensees and various other interested parties;
 - e) Safeguarding the Company's inventory and other assets at its rented warehouses across Canada;
 - f) Liaising with Sears to assist in managing information requests from former SHS customers seeking service and warranty work, which Sears is performing as described below;
 - g) Communicating with parties expressing an interest in acquiring some or all of the Company's assets and operations; and

- h) Communicating with Sears and Alaris and their counsel regarding the status of the Receivership Proceedings.
11. The Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Receivership Proceedings. From the Date of Appointment to January 24, 2014 the website had received over 9,200 visits. Additionally, in that period, the Company's call center (1-800-469-4663) has received over 30,000 calls seeking information on the Company, the Interim Receivership and Receivership. The Receiver's phone hotline (1-855-376-8474) has received over 4,500 calls, and its email address (shs.questions@ca.pwc.com) has received over 1,200 emails since the Date of Appointment. These are being responded to by the Receiver and former SHS staff retained by the Receiver as quickly as possible.

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

12. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to January 24, 2014 is detailed in Appendix "A" and is summarized as follows:

STATEMENT OF RECEIPTS AND DISBURSEMENTS	
For the Period from December 13, 2013 to January 24, 2014	
in \$ 000's	
Total Receipts	261
Disbursements:	
Employee Costs	158
Rent / Lease Payments	131
Other Operating Costs	101
Installer Payments	23
Sears Branded Concession Agreement Payments	127
Total Disbursements	539
Net Cash Flow	(278)
Opening Cash	1,205
Net Cash Flow	(278)
Funds Received Under Receiver's Borrowings	427
Reserve for s.81.1 claims	(64)
Contingency Reserve	(706)
Ending Cash Balance	584

13. In addition to the amounts shown above, accrued obligations for operating costs, employees and installer payments (excluding accrued and unpaid professional fees) totaling approximately \$334,000 were outstanding. Accordingly, the net available cash

balance available to the Receiver is approximately \$250,000.

14. Customer receipts include amounts collected from the completion of Existing Orders (as defined below). The Receiver has reserved \$64,000 from these receipts that relate to the Company's cost of certain inventory sold through completion of the Existing Orders, which inventory is potentially subject to claims of suppliers for the repossession of unpaid inventory pursuant to section 81.1 of the BIA (the "81.1 Claims"). The distribution of these funds will be made once these claims are finally determined.
15. As discussed in the Second Report, the Receiver held net available cash (after deducting accrued obligations) of approximately \$706,000 as of January 3, 2014. The Receiver requested funding (the "Borrowings") from Sears and Alaris as permitted by the Appointment Order and the Receivership Order through the issuance of Borrowing Certificates, which are secured on a priority basis by the Receiver's Borrowing Charge. To date, \$427,000 has been advanced as Borrowings, permitting the Receiver to maintain the \$706,000 as a contingency reserve. The Borrowings have been made at an annual interest rate of 9% compounded monthly, which is equivalent to the interest rate on the Secured Creditors' existing loans, including default interest.

CASH FLOW FORECAST AND FINANCING OF RECEIVERSHIP PROCEEDINGS

16. Attached as Appendix "B" is an updated summary of forecast cash flows to March 28, 2014 (the "Cash Flow Forecast").
17. The funding of the receivership is currently anticipated to be addressed through Borrowings, proceeds from asset sales and any surplus proceeds from the completion of Existing Orders and PSP Jobs (both as defined below), to the extent that these sources of cash are available when required.
18. Funding is required in order to maintain the operations of SHS during the receivership process. This principally includes payroll costs for the limited employees retained by the Receiver, rent and utilities on leased premises across Canada, and the Company's third party systems provider and call center. The Cash Flow Forecast illustrates the use of the Borrowings on the basis of continuing limited operations for the forecast period.
19. The current Borrowings would cover forecast operating costs through the week of

February 7, albeit with a very limited cushion for contingencies in that week, after which point the available cash would be substantially used in full (including accrued obligations) if no other receipts from operations or asset sales are realized, or no further Borrowings are made.

20. The Cash Flow Forecast does not reflect any receipts from asset sales, the completion of Existing Orders (described below), or from other sources, as the Receiver cannot estimate the quantum or timing of such receipts at this point in time. Such receipts may reduce the amount of further Borrowings required.
21. The Borrowings, as well as the Receiver's fees and those of its counsel, will be paid from available cash and the sale of SHS's assets, including from the sale of the Auction Assets and completion of the Rental Portfolio Sales Process described below. Additional Borrowings may also be required to pay the Receiver's fees and those of its counsel, which continue to accrue.
22. Given the uncertainty regarding the timing and quantum of receipts, the continuation of the Receivership Proceedings has been dependent on funding by the Secured Lenders through the Borrowings. The Receiver has made requests of the Secured Lenders to provide sufficient funding (based on forecasts provided to the Secured Lenders) to the end of February 2014, by which point the Receiver hopes to have completed a transaction under the Rental Portfolio Sale Process (discussed below, though this transaction may not be completed until early March). The ongoing discussions on funding have resulted in increased professional costs, which will be borne by the Company's creditors.
23. The Receiver is not prepared to make financial commitments extending beyond when it is confident it will have adequate funds to support the associated costs. To date, the funding provided has been limited, and has only permitted the Receiver to continue operations on a week-to-week basis. This has reduced the number of Existing Orders that the Company can complete in the Receivership Proceedings, given the need to schedule many of the orders out over a longer period than that for which the Receiver has adequate funds.
24. Sears has indicated it will consider additional funding requests in due course as they arise. Should it become apparent that the Secured Lenders are not prepared to provide additional Borrowings as required to complete the Receivership Proceedings, the Receiver

may be required to curtail the completion of the Existing Orders and other actions being taken to improve recoveries to the estate, or seek additional Borrowings from other sources. The Receiver may also seek further advice and direction of the Court if necessary.

LIMITED RESUMPTION OF OPERATIONS AND BACKSTOP AGREEMENT WITH SEARS

25. As outlined in the Second Report, the Receiver has worked with SHS on the limited resumption by SHS of its business activities, with the support of Sears to mitigate the potential financial loss to the estate from doing so. Potential benefits of completing this work have included allowing for realizations of the Company's inventory at the prices previously contracted with customers, and preserving potential sale and realization options for the Company's assets and operations pending evaluation by the Receiver and the Secured Creditors.
26. The Receiver has pursued the completion of certain orders for SHS's services that were received by SHS prior to the Date of Appointment which had not resulted in installations or other work performed in customer homes, but which were expected to generate positive cash flow for the estate (the "Existing Orders"). As of January 23, 2014, SHS had completed 100 of the Existing Orders during the Interim Receivership and Receivership Proceedings for gross revenue of approximately \$227,000. A further 28 orders for \$65,000 of gross revenue are scheduled for completion. The net recovery from the completion of these Existing Orders will be reduced for amounts payable to installers for this work, as well as the resolution of the 81.1 Claims.
27. Also as discussed in the Second Report, the Receiver has sought to resume certain carpet/upholstery and duct cleaning services (collectively "PSP Jobs") were performed by licensees (the "Licensees") pursuant to the terms of a license agreement that was assigned to SHS by Sears prior to the Receivership Proceedings. However, to date only one of the 47 Licensees has agreed to sign a confirmation agreement with SHS to, among other things, acknowledge the terms under which work is being performed. The application of certain of the Licensees to lift the stay of proceedings in the Receivership Order is addressed further below.
28. The Backstop Agreement with Sears (as defined and described in the Second Report)

provides support to SHS and the Receiver from Sears for the completion of Existing Orders and managing the Licensees in connection with PSP Jobs. This agreement mitigates the potential downside risk of the estate suffering losses specifically from the incremental costs of completing the Existing Orders, and in connection with managing the Licensees in connection with the PSP Jobs. The Receiver and Sears have mutually agreed to extend the Backstop Agreement to February 7 2014, based on the current funding available to the Receiver.

29. SHS is contacting individual customers with Existing Orders that the Company wishes to complete in the Receivership Proceedings once contract installers have been confirmed to perform the work. The Receiver is exploring other options for the completion of the Existing Orders, including the sale or contracting out of certain Existing Orders that are ultimately not pursued by the Receiver.
30. For emergency repairs, warranty or service work required by customers of SHS for Services that were either incomplete on or performed prior to the Date of Appointment, the Receiver continues to work with Sears to identify such work orders so that Sears may elect whether it wishes to complete such work immediately. This specific type of work is not expected to result in a net financial benefit to SHS.
31. Counsel for Sears has indicated to the Receiver that to the extent that Sears has rights to assert claims against SHS under the BCA (or any related agreements) for indemnity, it reserves its right to assert a claim for such expenses, and that any work Sears elects to perform for customers of SHS itself should be done so on a without prejudice basis (on the part of Sears and the Receiver). The Receiver has reserved its right to review and vet any such claims and has not yet reviewed the merits of any claims which Sears may wish to assert pursuant to the BCA or otherwise.

UPDATE ON RENTAL PORTFOLIO SALES PROCESS

32. The Receivership Order approved a sale process (the “**Rental Portfolio Sale Process**”) for the Company’s portfolio of residential water heater and HVAC rental assets (the “**SHS Rental Portfolio**”). To date, 25 parties have executed non-disclosure agreements and reviewed information on the SHS Rental Portfolio. A further 11 parties have expressed an interest in the SHS Rental Portfolio and have been provided a non-disclosure agreement for execution.
33. The deadline for offers in the Rental Portfolio Sale Process is February 10, 2014 (the “**Offer Deadline**”). The Receiver expects to identify a successful bidder for the SHS Rental Portfolio shortly after the Offer Deadline, and will proceed to negotiate a definitive asset purchase agreement with the successful bidder thereafter. The Receiver shall take such steps as may be necessary to facilitate a closing of the Accepted Offer as soon as possible following the Offer Deadline, and subject to the approval of the Court.
34. It is anticipated that the Rental Portfolio Sales Process will result in a transaction that will provide further liquidity in order to complete these proceedings and facilitate a distribution to creditors.

LIQUIDATION OF INVENTORY AND AUCTION SERVICES AGREEMENT

35. At the Date of Appointment, the Company’s records indicated that it held inventory with a book value of approximately \$3.0 million. This primarily consisted of HVAC equipment, window and floor covering products, and air filtration equipment located in the Company’s warehouses, Sears distribution centres and warehouses, and third party logistics locations across Canada. Additionally, the Company’s records indicated that the Company had fixed assets (excluding the Rental Portfolio assets) with a net book value of approximately \$3.0 million, of which \$1.8 million related to tangible assets (excluding leasehold improvements).
36. The inventory described above included some custom-made products for certain customers who paid for these products in full prior to the Date of Appointment (the “**Prepaid Custom Inventory**”). The Receiver is of the view that these customers (the “**Prepaid Customers**”) may have a valid property claim to this inventory, and is

contacting the affected Prepaid Customers to arrange the collection of the Prepaid Custom Inventory upon production of appropriate documentation to substantiate such a claim. The Receiver will seek the Court's approval of these actions as part of the February 4 Order.

37. The Receiver, in consultation with the Secured Lenders, determined that it would be appropriate to obtain proposals to liquidate the inventory and tangible fixed assets not otherwise used, released or sold through the limited operations described above (the "Auction Assets"). The Receiver sought proposals from five liquidators requesting offers on the Inventory and PPE Assets from the liquidators, and requested that those offers provide a net minimum guarantee bid with shared up-side and/or other proposals for the purchase of the Auction Assets (the "Proposals").
38. As at the date of this report, the Receiver is in discussions with three of the five liquidators on the terms of their Proposals. The Proposals are expected to be received prior to January 31, 2014. The Receiver intends, in consultation with the Secured Lenders, to determine if there is a Proposal to take forward as the basis to negotiate a definitive Auction Agreement for the Auction Assets. The Receiver will file a supplementary report prior to the February 4 Hearing if it is able to agree the form of a definitive Auction Agreement for which the Court's approval will be sought.

CLAIMS

39. The Receiver has not made a general call for claims from creditors. However it has received claims from several parties asserting priority claims in these Receivership Proceedings.
40. The Receiver received eight 81.1 Claims. The Receiver is considering the claims received in accordance with its duties, and has requested additional information from some of these parties to substantiate their claims.
41. The Receiver has estimated the potential priority claims for employee wages and vacation pay pursuant to section 81.4 of the BIA at approximately \$68,000. The actual amount of the priority claim will depend on the final claims filed by employees and Service Canada. The Receiver understands that the Company's pension plan service provider will shortly be filing a claim for potential pension priority amounts owing pursuant to section 81.6 of

the BIA.

42. The Receiver is reviewing the potential existence of other priority claims for statutory deemed trust amounts.
43. The Receiver has recently received notice of trust claims from the following parties retained by SHS to perform services for customers of SHS prior to the Date of Appointment. This includes:
 - a) Eight claims for which the claimants have filed builders' liens against customers' properties in connection with unpaid amounts, totaling approximately \$277,000; and;
 - b) Three claims from installers asserting that SHS is holding funds impressed with a trust, totaling approximately \$65,000.
44. The Receiver has not yet determined whether any of the trust claims relating to the funds recovered by the Receiver after the Date of Appointment are valid. The Receiver may seek the Court's approval of a claims process in due course to consider the extent, quantum and validity of these and other trust claims which may be asserted.

FUNDS HELD BY SEARS

45. In the ordinary course of SHS' business, payments for work performed by SHS for customers are processed by Sears and are then remitted on to SHS, net of merchant fees (ranging from 1.7% to 1.85%) and Sears commission (3.5%).
46. The Receiver understands from the Company's books and records that Sears received approximately \$1.4 million of payments from customers for work performed prior to the Date of Appointment (the "**Pre-Filing Customer Payments**"). A summary of the Pre-Filing Customer Payments received by Sears to SHS based on the Company's books and records is attached as Appendix "C".
47. In the Second Report, the Interim Receiver noted that Sears has informed the Interim Receiver that it was withholding the Pre-Filing Customer Payments, and that the Interim Receiver had requested from Sears a reconciliation of the funds it was holding. Since that

time, the Receiver has made several verbal and written requests to Sears to provide an accounting of the Pre-Filing Customer Payments and ultimately a request to turn over the Pre-Filing Customer Payments to the Receiver. Sears committed to provide the Receiver an accounting by the end of day on January 28, 2014. To the extent that Sears fails to provide the accounting or the accounting provided by Sears is not satisfactory to the Receiver, the Receiver will file a supplementary report in support of further relief to be sought in connection with this issue on the return of this motion.

APPLICATION BY THE LICENSEE RESPONDENTS

48. On January 23, 2014, a notice of motion was filed by counsel for a group of Licensees (the “**Licensee Respondents**”) for an order lifting the stay provisions in paragraphs 14 and 15 of the Receivership Order (the “**Stay Provisions**”) as against the Licensee Respondents.
49. The Receiver wishes to clarify some of the comments made in the notice of motion filed by the Licensee Respondents:
 - a) At paragraph (g) the Licensee Respondents submit that SHS or the Receiver either repudiated the license agreements or have ceased operations. Neither of these alleged actions has occurred. As indicated in the Second Report, the Receiver has taken actions to seek to continue the Company’s operations with the support of Sears through the Backstop Agreement.
 - b) At paragraph (i) the Licensee Respondents submit that the Receiver has not proposed attempting to sell the license agreements with the Licensees since the outset of the receivership. As indicated in the Second Report, SHS, the Receiver and Sears pursued the Backstop Agreement to, among other things, assist in preserving potential going-concern sale options for parts of the Company, including the work performed by the Licensees. The Receiver has continued to pursue these options since that time, and has offered the opportunity to all Licensees to work with the Receiver in the interim.
50. As indicated in the Second Report, SHS and the Interim Receiver sent notice to all 47 Licensees who perform carpet/upholstery and duct cleaning services advising that SHS was agreeing to resume these operations on the basis of the Licensees signing a

Confirmation Agreement with SHS to, among other things, acknowledge the terms under which work is being performed. The Receiver subsequently spoke with each of the 47 Licensees by phone.

51. The Receiver has spoken with each of the Licensees regarding their willingness to work with the Receiver going forward. One Licensee is prepared to work with the Receiver at this time. Some of the other Licensees have indicated that they may wish to work with the Receiver going forward subject to amending certain terms of their license agreements. The Receiver has not consented to these proposed amendments, as (among other things) they would restrict the ability of the Receiver to assign these agreements to any third party.
52. Among other things, the license agreements provide for the use by the Licensees of certain intellectual property of Sears. The Receiver is of the view that the assignment of those license agreements to other parties would require the consent of Sears, which in the current circumstances it does not expect will be granted.
53. The Receiver takes no position on the application of the Licensee Respondents insofar as it pertains to a lifting of the Stay Provisions for the purposes of terminating their license agreements with SHS, but if such relief is granted, the Receiver takes the position that the order should only be effective upon receipt by the Receiver of:
 - a) (i) an accounting from Licensees of the services performed under the license agreements by such Licensees since the Date of Appointment; and (ii) funds from Licensees properly payable to Sears and SHS under the terms of such license agreements on account of services performed; or
 - b) if no services were provided since the Date of Appointment, a statutory declaration from Licensees stating that no services were performed under the license agreements and that no funds are payable to Sears and SHS under the terms of such license agreements.
54. The Receiver opposes any application by the Licensee Respondents to lift the Stay Provisions for any other, broader purpose.
55. The Receiver is aware that Sears and counsel for the Licensee Respondents have held

without-prejudice discussions regarding this motion. The Receiver will comment on the outcome of such discussions, if necessary, in a supplementary report.

RELIEF SOUGHT

56. The Receiver respectfully requests this Court grant the relief in the February 4 Order:
- a) Approving the release of Prepaid Custom Inventory to customers; and
 - b) Approving the activities of the Receiver as set out in this Third Report.
57. As indicated, the Receiver will, as required, make a supplementary report to the Court prior to the February 4 Hearing to address the further relief sought authorizing the Receiver to enter into an Auction Agreement and a transaction to sell the Auction Assets, vesting in the purchaser the Auction Assets free and clear of all encumbrances, and addressing the issues relating to the Pre-Filing Customer Payments.

All of which is respectfully submitted on this 28th day of January, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Limited Partnership



Mica Arlette
Senior Vice President

Appendix "A"
Receiver's Statement of Receipts and Disbursements

STATEMENT OF RECEIPTS AND DISBURSEMENTS	
For the Period from December 13, 2013 to January 24, 2014	
	Canadian \$
Receipts:	
Operating Receipts	231
Miscellaneous Receipts	30
Total Receipts	261
Disbursements:	
Payroll and Source Deductions	158
Utilities	2
Telecommunications	0
Centah	50
Technology Services	7
Service Providers	21
Insurance	12
Monthly rent / lease payments	131
Sears BCA Payments	127
HST	0
Installer Payments	23
Other Expenses	8
Total Disbursements	539
Excess of Receipts over Disbursements	(278)
Opening Cash Swept by Receiver	1,205
Receiver's Borrowings	427
Funds Held in Reserve	(770)
Cash Held in Trust - January 24, 2014	584

Appendix "B"
Cash Flow Forecast

SHS Services Management Inc.
Cash Flow Forecast
In 000's

Week Ending:	Actual Week 1 20-Dec-13	Actual Week 2 27-Dec-13	Actual Week 3 3-Jan-14	Actual Week 4 10-Jan-14	Actual Week 5 17-Jan-14	Actual Week 6 24-Jan-14	Actual Week 7 31-Jan-14	Forecast Week 8 7-Feb-14	Forecast Week 9 14-Feb-14	Forecast Week 10 21-Feb-14	Forecast Week 11 28-Feb-14	Forecast Week 12 7-Mar-14	Forecast Week 13 14-Mar-14	Forecast Week 14 21-Mar-14	Forecast Week 15 28-Mar-14	Total
Cash Receipts	-	-	-	-	138	138	85	130	-	-	-	-	-	-	-	382
Customer Receipts	32	(7)	(7)	(9)	1	1	-	-	-	-	-	-	-	-	-	30
Miscellaneous Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Inflows	32	(7)	(7)	(9)	137	137	85	130	-	-	-	-	-	-	-	392
Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Costs	-	32	28	29	28	28	27	26	24	24	22	28	19	19	19	347
Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Source deductions	-	-	14	-	-	-	-	54	-	-	-	38	-	-	-	105
Operating Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	2	0	0	9	8	9	9	9	9	9	9	79
Telecommunications	-	-	-	-	-	-	4	4	4	4	4	4	4	4	4	33
Cenlith	-	-	-	-	50	-	-	87	-	-	-	-	-	-	-	137
Technology Services	4	-	-	-	-	3	5	-	-	5	-	-	-	-	-	23
Service Providers	-	-	-	-	-	21	5	5	5	5	5	5	5	5	5	66
Insurance	-	-	-	-	-	12	-	12	-	-	-	12	-	-	-	36
Monthly rent / lease payments	-	-	48	26	39	20	-	120	-	-	-	120	-	-	-	372
Sears Brandford Concession Agreement Payments	-	-	-	-	127	-	-	-	127	-	-	-	-	-	-	260
HST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installer Payments	-	-	-	-	18	5	10	-	-	-	-	-	-	-	-	39
Contingency	3	-	1	2	2	-	10	5	5	5	5	5	5	5	5	58
Total Cash Outflows	7	32	88	184	139	139	90	76	234	260	48	222	41	41	48	1,559
Net Cash Flow (Week)	25	(38)	(75)	(192)	(2)	4	54	(234)	(260)	(46)	(54)	(323)	(41)	(41)	(48)	(1,167)
Net Cash Flow (Cumulative)	25	(14)	(89)	(281)	(283)	(279)	(224)	(458)	(718)	(764)	(818)	(1,039)	(1,080)	(1,121)	(1,167)	
Opening Cash	1,205	1,230	1,191	1,116	545	485	584	618	382	122	76	22	(199)	(240)	(281)	1,205
Net Cash Flow	25	(38)	(75)	(192)	(2)	4	54	(234)	(260)	(46)	(54)	(323)	(41)	(41)	(48)	(1,167)
Funds received under Receiver's Borrowings	-	-	-	327	-	100	-	-	-	-	-	-	-	-	-	427
Reserve for a.91.1 claims	-	-	-	-	(58)	(6)	(22)	-	-	-	-	-	-	-	-	(86)
Contingency Reserve	-	-	-	-	(706)	-	-	-	-	-	-	-	-	-	-	(706)
Ending Cash Balance	1,230	1,191	1,116	845	486	584	618	382	122	76	22	(199)	(240)	(281)	(327)	(327)
Accrued Obligations	(137)	(205)	(263)	(215)	(227)	(333)	(373)	(359)	(154)	(182)	(174)	(134)	(141)	(149)	(130)	(130)
Total Accrued Obligations	(137)	(205)	(263)	(215)	(227)	(333)	(373)	(359)	(154)	(182)	(174)	(134)	(141)	(149)	(130)	(130)
Available Cash Balance	1,093	986	853	630	258	250	245	23	(32)	(86)	(152)	(333)	(381)	(430)	(457)	(457)
Note: Accrued Professional Fees	250	425	570	664	758	851	845	883	1,020	1,038	1,095	1,133	1,170	1,206	1,245	1,245

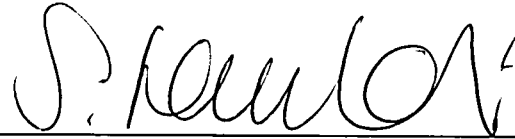
Appendix "C"
Summary of Pre-Filing Customer Payments owing per SHS records

<u>Form of tender</u>	<u>Count</u>	<u>Total (\$)</u>
American Express	64	51,627.52
Mastercard	209	104,632.82
Sears Card	375	588,311.56
Sears Gift Card	17	5,725.02
Sears MasterCard	212	502,104.33
Visa	358	150,879.33
Grand Total	1235	1,403,280.58

TAB K

This is Exhibit "K" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in black ink, appearing to read "J. Kaulon". The signature is written in a cursive style with a large initial "J" and a stylized "K".

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

**SUPPLEMENTARY REPORT TO THE
RECEIVER'S THIRD REPORT TO THE COURT**

January 31, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**SUPPLEMENTARY REPORT TO THE
THIRD REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

INTRODUCTION

1. The purpose of this supplement (the "Supplementary Report") to the Receiver's Third Report to the Court dated January 28, 2014 (the "Third Report") is to update the Court on:
 - a) The Receiver's request for an order approving the Liquidator Offer (as defined below) and authorizing the Receiver to enter into an auction services agreement generally in the form attached hereto (the "Auction Agreement"), and approving the transaction to sell the Auction Assets (as defined below), and vesting in the purchaser the Auction Assets free and clear of all encumbrances; and
 - b) The Receiver's request for information from Sears concerning the Pre-Filing Customer Payments.

DISCLAIMER AND TERMS OF REFERENCE

2. In preparing this report and conducting its analysis, the Receiver has obtained and relied upon certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and discussions with various parties including former SHS employees retained on an interim basis by the Receiver (collectively, the "Information").
3. Except as otherwise described in this report:
 - a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy

or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;

- b) The Receiver has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
4. Future oriented financial information referred to in this report is based on estimates and assumptions. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be significant.
5. The Supplementary Report should be read in conjunction with the Third Report. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST"). Capitalized terms not otherwise defined are as defined in the Receivership Order or the Third Report.

LIQUIDATION OF INVENTORY AND AUCTION SERVICES AGREEMENT

6. As indicated in the Third Report, the Receiver, in consultation with the Secured Lenders, determined that it would be appropriate to obtain proposals to liquidate the remaining inventory and tangible fixed assets not otherwise sold through the operations of the Company or returned or released to suppliers or customers (the "Auction Assets"). The Receiver sought proposals from five nationally recognized liquidators specializing in dealing with assets of the type constituting the Auction Assets requesting offers on the Auction Assets from the liquidators, and requested that those offers provide a net minimum guarantee bid with shared up-side and/or other proposals for the purchase of the Auction Assets (the "Proposals"). Proposals were ultimately made by three of the liquidators.
7. Based on its review of the three Proposals received, the Receiver, in consultation with the Secured Lenders, determined that the most favourable alternative available to it was the liquidation sale and auction of the Auction Assets pursuant to the gross guarantee bid (the "Liquidator Offer") submitted by Century Services Inc. (the "Liquidator"). The Liquidator Offer provided for a high minimum guaranteed recovery to the Company

compared to the other Proposals received, as well as a comprehensive plan for the liquidation of the Auction Assets. A summary of the Proposals is attached hereto as Confidential Appendix "A", and the Liquidator Offer is attached hereto as Confidential Appendix "B".

8. The Receiver will shortly proceed to negotiate the definitive Auction Agreement based on the Liquidator Offer for the Auction Assets. The proposed form of Auction Agreement is attached as Appendix "C". Key elements of the Liquidator Offer that are to be included in the Auction Agreement will be the following:
 - a) Upon acceptance of the offer, the Liquidator will provide a deposit to the Receiver. The Receiver's share of the liquidation proceeds shall be paid to the Receiver every two weeks after the commencement of the liquidation. If the minimum guarantee has not been met, the difference shall be paid to the Receiver within 30 days of completion of the liquidation and/or auction;
 - b) An inventory of the HVAC equipment included in the Auction Assets will be taken at the start of the liquidation. An adjustment to the gross guarantee will be made based on certain adjustments or variances from the inventory list used for purposes of making the Liquidation Offer, including any variances ultimately arising on account of valid 81.1 Claims;
 - c) The Auction Assets may be sold by liquidation sale followed by an auction from the Company's premises as required and the Liquidator has agreed to provide the Receiver and landlords with a customary indemnity for any damage caused by the Liquidator to such premises; and
 - d) The Auctioneer is entitled to cost-free use of the Company's premises for a period not to exceed 70 days.
9. In the event that the Court approves the Liquidator Offer, the Receiver will negotiate and enter into the Auction Agreement.
10. The Receiver is of the view that it is preferable that the Proposal Summary and the Liquidator Offer remain confidential until the completion of the liquidation and auction contemplated therein. If the transaction contemplated is not completed, the Receiver is of

the view that efforts to remarket the Company's Property may be impaired if the Proposal Summary and/or the Liquidator Offer are made public at this time. Accordingly, the Receiver seeks an order temporarily sealing the Proposal Summary and the Liquidator Offer pending the completion of the Auction.

11. The Receiver is of the view that the Liquidator Offer negotiated with the Liquidator represents the best opportunity to recover the value of the Auction Assets in the circumstances, and recommends that the Court issue an order authorizing the Receiver to enter into the Auction Agreement for the following reasons:
 - a) Following the completion of the Existing Orders as described in the Third Report, liquidation is considered to be the only viable option available to the Receiver to realize on the Auction Assets in a cost-effective manner, particularly having regard to the limited funds available in the Receivership Proceedings;
 - b) The Liquidator Offer represents the best offer received by the Receiver; and
 - c) The Secured Lenders support the liquidation of the Assets pursuant to the Auction Agreement.

FUNDS HELD BY SEARS

12. As stated in the Third Report, the Receiver understands from the Company's books and records that Sears received approximately \$1.4 million in Pre-Filing Customer Payments. In response to requests made by the Receiver to Sears to turn over the Pre-Filing Customer Payments, it has asserted set off claims in excess of this amount and committed to provide an accounting of the Pre-Filing Customer Payments and set-off amounts claimed by the end of the day on January 28, 2014. After the close of business that evening, the Receiver was provided with a preliminary reconciliation, on a without-prejudice basis, of amounts alleged to be owing by SHS to Sears as at December 13, 2013 (the "**Preliminary Reconciliation**").
13. The Preliminary Reconciliation did not have sufficient information for the Receiver to evaluate the reasons for the variance in the Pre-Filing Customer Payments held, the validity of the amounts included as alleged amounts owing by SHS to Sears, or the basis

on which Sears claimed a right of set-off of these amounts.

14. Sears has undertaken to the Receiver that, prior to the close of business on February 7, 2014, it will provide:
 - a) A final version of the Preliminary Reconciliation without any material reservations or qualifications (the "Updated Reconciliation");
 - b) A memorandum explaining the Updated Reconciliation in detail, including the legal authority and basis for the charges or amounts that Sears asserts are owed by SHS to Sears, the legal authority and basis for Sears to claim any setoff, deduction or recoupment, and the relevant supporting documentation referenced in the memorandum. This explanatory memorandum will be delivered by Sears on a with prejudice basis without material qualification or reservation; and
 - c) a timely response to any reasonable requests for additional information and documentation made by the Receiver.
15. Sears has reserved the right to amend the Updated Reconciliation if new information becomes available. It also reserved its right to claim any amounts owing to it as a claim in any claims process in the future.
16. To the extent that Sears fails to provide the Updated Reconciliation and supporting memorandum, or the information provided by Sears is not satisfactory to the Receiver, the Receiver will file a report in support of further relief to be sought in connection with this issue.

APPLICATION BY THE LICENSEE RESPONDENTS

17. The Receiver wishes to clarify some of the comments made in the factum filed by the Licensee Respondents:
 - a) With respect to paragraph 12, the Receiver advised at paragraph 34 of the First Report that it was aware of a number of parties who are potentially interested in acquiring some of the assets or operations of SHS. This included parties interested in the carpet and duct cleaning business of SHS. Further, in the

Second Report the Receiver made specific mention of the work performed by Licensees which the Receiver was seeking to continue pursuant to the terms of the Backstop Agreement (as defined in the Second Report), and the further actions taken to engage with the Licensees. This was done with a view to maintaining those operations in order to determine whether a sale or assignment of the license agreements could be completed for a benefit to the estate. In addition, the Receiver sought to engage the Licensees in completing work from numerous jobs during the Receivership, but the Licensees rejected the opportunity to do so.

- b) With respect to paragraph 14, the Receiver did not consent to the release of the terms of the Receivership Order restraining persons from terminating contracts with the Company, but noted to counsel for the Licensee Respondents that it was continuing to work to develop options for the business and would continue to work to address their concerns. Sears and the Receiver made certain without-prejudice proposals to resolve these issues, in a way that would balance the interests of the Licensee Respondents with those of other stakeholders and the estate, but these proposals have not resolved this matter to date.
 - c) With respect to paragraph 18, the Receiver has outlined in its previous reports how it was attempting to continue the lines of business performed by the Licensees. This was done with a view to preserving the value of the license agreements while the Receiver pursued sale options for that business, together with the balance of the assets and operations of the Company. This process of evaluating the various businesses of SHS has been on-going and the Receiver only recently determined that it would not be seeking to realize on the line of business performed by the Licensees.
18. The Receiver is currently in discussions with the Licensee Respondents to address their concerns and resolve the lift stay motion. If necessary the Receiver will provide this Court with a further report on these discussions.

RELIEF SOUGHT

19. The Receiver respectfully requests this Court grant the relief in the February 4 Order approving the Liquidator Offer, authorizing the Receiver to enter into an Auction Agreement, and approving the transaction to sell the Auction Assets, and vesting in the purchaser the Auction Assets free and clear of all encumbrances.

All of which is respectfully submitted on this 31st day of January, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Limited Partnership



Mica Arlette
Senior Vice President

TAB A

Confidential Appendix "A"
Proposal Summary

SUBJECT TO REQUEST FOR SEALING ORDER

TAB B

Confidential Appendix "B"
Liquidator Offer

SUBJECT TO REQUEST FOR SEALING ORDER

TAB C

Appendix "C"
Form of Auction Agreement

DRAFT Form of Auction Agreement – Final Form to be settled per the Liquidator Offer

AUCTION SERVICES AGREEMENT

This Agreement is made as of February ____ 2014, between

PRICEWATERHOUSECOOPERS INC., solely in its capacity
as receiver of SHS Services Management Inc. / Gestion des
Services SHS Inc. and SHS Services Limited Partnership (together,
“SHS”) and not in its corporate or personal capacity (the
“Receiver”)

and

CENTURY SERVICES INC.,
(the “Auctioneer”)

RECITALS

A. Pursuant to an order of the Honourable Mr. Justice Brown of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated January 9, 2014 (the “Receivership Order”), PricewaterhouseCoopers Inc. was appointed as the receiver of all of the assets, undertakings and properties of SHS (the “Debtor”) pursuant to section 243 of the *Bankruptcy and Insolvency Act* under Court File No. CV-13-10370-00CL (the “Receivership”).

B. Subject to the granting of the Authorization and Approval Order, the Receiver has agreed to retain the Auctioneer to sell the Assets (as hereinafter defined) on its behalf in accordance with the terms hereof.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (1) *Account* has the meaning ascribed to it in Section 2.5;
- (2) *Advance* has the meaning ascribed to it in Section 2.4(a);
- (3) *Accounting Deadline* has the meaning ascribed to it in Section 2.6;
- (4) *Assets* means the right, title and interest of the Debtor in and to ●, for greater certainty, does not include the Excluded Assets;
- (5) *Auction Date* has the meaning ascribed to it in Section 2.1;

- (6) **Business Day** means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (7) **Buyer's Premium** means the ●% fee charged to purchasers by the Auctioneer upon sale of the Assets (prior to the imposition of Sales Taxes, if any) of on-site and on-line sales;
- (8) **Court** has the meaning ascribed to it in Recital A;
- (9) **Debtor** has the meaning ascribed to it in Recital A;
- (10) **Debtor's Premises** means ●;
- (11) **Employees** has the meaning ascribed to it in Section 2.10;
- (12) **ETA** means *Excise Tax Act* (Canada), or any successor, replacement or amended legislation.
- (13) **Excluded Assets** means (i) ● and all assets excluded by the Receiver pursuant to section 2.3(2);
- (14) **Garbage Disposal Expenses** means the costs charged by third parties to have garbage and other waste material removed from the Debtor's Premises in a commercially reasonable manner provided that the proposed manner of disposal and the associated costs have been approved in advance by the Receiver before they are incurred and the Receiver or the Auctioneer have been properly invoiced for such costs;
- (15) **GST** means Goods and Services Tax imposed under Part IX of the ETA.
- (16) **HST** means Harmonized Sales Tax imposed under Part IX of the ETA.
- (17) **Indemnified Parties** has the meaning ascribed to it in Section 2.8(2);
- (18) **Liquidation Period** means [● to be defined based on a seventy (70) day period];
- (19) **Liquidation Offer** means the offer approved by the Court pursuant to the order granted on ●, 2014;
- (20) **Minimum Guaranteed Amount** means the amount referred to in Section 2.3(1);
- (21) **Person** means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, any governmental authority or any incorporated or unincorporated entity or association of any nature;
- (22) **Receiver's Recovery** has the meaning ascribed to it in Section 2.5(1)(a);
- (23) **Receivership** has the meaning ascribed to it in Recital A;
- (24) **Receivership Order** has the meaning ascribed to it in Recital A;

- (25) *Sales Taxes* has the meaning ascribed thereto in Section 2.13;
- (26) *Termination Date* means the date which is ● calendar days following the commencement of the Liquidation Period or the first Business Day thereafter if such date is not a Business Day; and
- (27) *Transaction* means the liquidation, sale and removal of the Assets contemplated by this Agreement.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to a "Section" followed by a number and/or a letter refer to the specified section of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and *vice versa*, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

SECTION 2 – SALE OF ASSETS AND EXCLUDED EQUIPMENT

2.1 Sale of Assets

The Auctioneer, in a commercially reasonable manner and otherwise in accordance with the terms and conditions of this Agreement, shall sell the Assets for and on behalf of the Receiver, by way of liquidation sale and/or public auction to be held by no later than ●, 2014 or such later date as may be agreed to in writing by the Receiver and the Auctioneer (the "Auction Date") or, by private sale from the Debtor's Premises. Any private sale of the Assets to a person that owes a debt or obligation to the Debtor or a party to any court proceedings with the Debtor shall require the prior written approval of the Receiver. The Auctioneer further agrees that payment terms for all sales shall be by cash, debit, credit card, wire transfer, certified cheque or a draft drawn on a major Canadian bank. Without limiting any other rights of the Receiver pursuant to this Agreement but subject to the Auctioneer's rights under Section 2.3(2), the Auctioneer acknowledges that the Receiver may exclude any Assets made available for sale from the Transaction, provided the Receiver provides written notice to the Auctioneer describing such Assets prior to the sale of such Assets by the Auctioneer.

2.2 As Is, Where Is

The Auctioneer acknowledges that it has made such inspections of the Assets as it deems appropriate and it is understood that the Assets are to be sold by the Auctioneer on an "as is, where is" basis, at the Auctioneer's own risk, and that the Receiver has not and will not make any representation, warranty or condition, whether statutory (including, without limitation, under the *Sale of Goods Act* (Ontario) or similar legislation), express or implied, oral or written, legal, equitable, collateral or otherwise, as to title, encumbrances, fitness for purpose, marketability, condition, quantity or quality thereof or in respect of any other matter or thing whatsoever. Any descriptions provided to purchasers or prospective purchasers by the Auctioneer's sales staff, which may include former employees of the Debtor hired by the Auctioneer, shall be given solely on behalf of the Auctioneer in its own capacity and not as agent for the Receiver, and the Receiver shall have no obligations with respect thereto. Auctioneer agrees that the auction terms will provide that all sales are final, and that signs will be prominently displayed at the Debtor's Premises advising purchasers that all sales are final.

2.3 Minimum Guarantee

- (1) The Auctioneer guarantees that the proceeds (net of any Sales Taxes and Buyer's Premium collected) to be paid to the Receiver for the Receiver's own account as a result of the sale of the Assets shall not be less than \$● (the "Minimum Guaranteed Amount")¹, notwithstanding that the actual proceeds generated from the sale of the Assets may be less than the Minimum Guaranteed Amount.
- (2) If the Receiver excludes any Assets made available for sale from the Transaction pursuant to Section 2.1, the Minimum Guaranteed Amount shall be reduced by the applicable amount of the Minimum Guaranteed Amount allocated to the applicable Asset(s) in question, except where the applicable Asset is subject to an unconditional offer to purchase that continues to be open for acceptance by the Auctioneer, in which case the Minimum Guaranteed Amount shall be reduced by the purchase price for such asset. If a specific allocated amount for the Asset(s) in question is not set out in the Allocation Schedule, the Auctioneer and the Receiver shall negotiate in good faith in an attempt to reach agreement as to such adjustments.

2.4 Payment of Minimum Guaranteed Amount

The Auctioneer shall pay the Minimum Guaranteed Amount as follows:

- (a) the sum of \$●, net of Sales Taxes, upon the execution of this Agreement, such payment representing an advance payment on account of the Minimum Guaranteed Amount; and
- (b) should the total of the payments to the Receiver as set out in section 2.5 be less than the balance of the Minimum Guaranteed Amount after crediting the amount

¹ NTD: The Minimum Guaranteed Amount shall be subject to adjustment for HVAC inventory cost reductions pursuant to the Liquidator Offer and this section will be revised accordingly.

specified in Section 2.4(a), the shortfall shall be paid by not later than ● Business Days following the Auction Date.

All monies payable to the Receiver shall be paid to the Receiver by certified cheque, wire transfer or draft drawn on a major Canadian bank.

2.5 Collections and Payments by Auctioneer

(1) The Auctioneer shall establish one or more accounts with a Canadian chartered bank used exclusive in connection with receipts and disbursements made in accordance with this agreement (the "Account"). The Account shall be in the name of the Auctioneer. All proceeds (including Sales Taxes and Buyer's Premium) from the sale of Assets, whether by auction or private sale, shall be deposited on a daily basis to the Account. Disbursements from the Account, including for remittance of Sales Taxes, may only be made by cheque or wire transfer signed by the Auctioneer. The Auctioneer will distribute all funds on deposit in the Account representing proceeds from the sale of Assets as follows:

- (a) the Receiver shall receive ●% of the gross collections, net of Sales Taxes collected, in the Account (the "Receiver's Recovery") and the Auctioneer shall receive ●% of such funds (all such amounts net of Sales Taxes collected) as compensation for its services. The Auctioneer shall remit the full amount of the Receiver's Recovery to the Receiver on a regular basis, but not less than bi-weekly.

(2) For greater certainty, the Auctioneer shall be entitled to charge the Buyer's Premium to purchasers upon the sale of the Assets. The amounts payable to the Auctioneer on account of Buyer's Premium shall be retained by the Auctioneer in accordance with this Agreement as its compensation for performing its obligations pursuant to this Agreement.

2.6 Accounting for Sale Proceeds

The Auctioneer shall provide the Receiver with the following accounting and reporting:

- (a) a listing of the deposits made to the Account together with a detailed listing of the Assets sold, such listing to include without limitation, the price for all Assets sold and the Sales Taxes charged and collected with respect to all such Assets;
- (b) a complete and detailed final accounting with respect to the sale of all Assets incurred within ● days following the Auction Date (the "Accounting Deadline"); and
- (c) such additional accounting and reporting regarding the sale of the Assets and reconciliations of the Account and the reporting and remittance of Sales Taxes as and when the Receiver may reasonably request from time to time.

The reporting contemplated by Section 2.6(a) shall be provided on a weekly basis commencing on the first business day of the second week of the Liquidation Period for four

consecutive weekly reporting periods and thereafter such reporting shall be provided on a bi-weekly basis until the expiry of the Liquidation Period.

2.7 Access to Debtor's Premises

The Receiver shall ensure that the Auctioneer has access to the Debtor's Premises, without charge, for the purposes of carrying out the Transaction as contemplated under this Agreement during the Liquidation Period. For greater certainty, during the Liquidation Period, the Auctioneer shall have rent-free use of the Debtor's Premises.

2.8 Obligations with Respect to Debtor's Premises

(1) The Auctioneer shall have vacated the Debtor's Premises by the earlier of: ● [NTD: To be customized based on the Liquidator Offer.]. The Auctioneer agrees to leave the Debtor's Premises in broom-swept condition and shall be responsible for all costs of clean-up of the Debtor's Premises other than Garbage Disposal Expenses which shall be for the account of the Receiver. Notwithstanding the foregoing, the Auctioneer shall not be responsible for the costs of removal, clean-up or disposition of any of the Debtor's books and records or any environmentally hazardous chemicals or substances found at the Debtor's Premises save and except to the extent that any discharge or spill of any environmentally hazardous chemicals or substances is caused by the Auctioneer or Persons for whom it is responsible.

(2) The Auctioneer agrees to act in a prudent manner while at the Debtor's Premises and the Debtor's Premises shall be maintained by the Auctioneer in the same state of repair as existed as at the commencement of the Liquidation Period, reasonable wear and tear excepted. The Auctioneer undertakes to repair any damages to the Debtor's Premises or the Assets caused in the course of its attendance or the attendance of its representatives, invitees, purchasers, agents or anyone for whom it is in law responsible during the Liquidation Period or caused by any of them in the course of preparing for the auction, auctioning, dismantling or removing any Assets; provided, however, the Auctioneer shall not be responsible for any diminution in the value of the Debtor's Premises caused by the absence of the Assets. The Auctioneer further agrees to indemnify, defend and hold the Receiver and its employees, agents and representatives (collectively, the "Indemnified Parties") harmless from and against all claims for damages, losses, injury or costs resulting from a breach of its obligations under this section and for damages, losses or injury caused to property or persons through the actions or negligence of the Auctioneer, its invitees or anyone for whom it is in law responsible.

2.9 Expenses

Excluding occupancy costs (e.g. rent, property taxes, utilities and telephone, including long distance telephone charges), the Auctioneer shall be responsible for all expenses incurred in connection with the Transaction, including without limitation, postage, courier services, supplies needed by the Auctioneer, bank and credit or debit card charges, cheque verification services and personnel hired or provided by the Auctioneer. Notwithstanding the foregoing, the Auctioneer's costs of consolidating the Assets, up to a maximum of \$●, shall be for the account of the Receiver. The Auctioneer shall reimburse the Receiver to the extent that such expenses are incurred by the Auctioneer and paid by the Receiver and such amounts paid to the Receiver are

in addition to and shall not reduce or otherwise affect the amount of the Minimum Guaranteed Amount or the Receiver's entitlement pursuant to Section 2.5.

2.10 Personnel

The Auctioneer shall be responsible at its own cost for providing competent personnel to prepare for and perform all tasks relating to the Transaction. It is understood that the Receiver is not and will not in any event be an employer of any such personnel or liable to pay any amounts to or with respect to such personnel. The Receiver does not assume any responsibilities whatsoever with respect to the continuation of the employment of any existing employees of the Debtor (the "Employees") pursuant to this Section. In particular, the Receiver does not warrant or guarantee that the employment of any Employees can be continued for all or any part of the Liquidation Period.

2.11 Trade Names

The Auctioneer shall be permitted and is hereby granted a non-exclusive, temporary licence to use the name "SHS Services Management Inc." and make reference to "PricewaterhouseCoopers Inc. as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Limited Partnership" and to the receivership of the Debtor solely for the purposes of this Agreement and any advertising pursuant to Section 2.12 during the Liquidation Period. The Auctioneer acknowledges that it is not acquiring any interest in or other rights to the Debtor's name or any trade-marks or other intellectual property of the Debtor.

2.12 Advertising

The Auctioneer, at its own expense, shall advertise and otherwise promote the liquidation and auction of the Assets by all appropriate means, as reviewed by the Receiver, in order to give adequate exposure to the Assets to the maximum number of potential purchasers. All advertising copy is to be submitted initially to the Receiver for review not less than ● Business Days prior to its first publication and use by the Auctioneer. The Auctioneer shall be responsible for paying all costs of advertising.

2.13 Authorizations and Remittance of Sales Taxes

(1) The Auctioneer shall be responsible for ensuring that all necessary governmental or other approvals, permits or authorizations are obtained in order to conduct its liquidation program in compliance with all applicable laws. In addition, the Auctioneer shall ensure that all applicable taxes and duties including, without limitation, GST, HST and provincial sales taxes (collectively, the "Sales Taxes") are collected and remitted to the proper governmental or tax authorities when due. The Auctioneer agrees to indemnify and save the Receiver harmless from and against all claims for payment or remittance of, or liability for, any such Sales Taxes, plus any fines, penalties and interest thereon, or in respect of, in lieu of, or for non-collection of, any such Sales Taxes, and any liability or costs incurred directly or indirectly as a result of any such claim or failure to charge or collect such Sales Taxes or pay or remit them when due, and all claims arising out of any failure to obtain all necessary government or other approvals, permits or

authorizations. This indemnity shall survive the expiration or termination of this Agreement indefinitely.

(2) To the extent that the GST/HST auctioneer rules under subsection 177(1.2) of the ETA are inapplicable to any sales/supplies made by the Auctioneer on behalf of the Receiver and the Auctioneer and Receiver can enter into a joint election pursuant to subsection 177(1.1) of the ETA in the prescribed form GST506 to have the Auctioneer report and remit with its GST/HST returns any GST/HST charged and collected on such sales/supplies, the Auctioneer and Receiver shall enter into such an election. If such a joint election cannot be made for any taxable supplies made by the Auctioneer on behalf of the Receiver where subsection 177(1.2) of the ETA is inapplicable, notably in the case of Intellectual Property supplied by auction, the Receiver shall report and remit with the Debtor's GST/HST returns any GST/HST charged and collected by the Auctioneer on any such supplies. The Auctioneer shall forward to the Receiver forthwith (and in no event more than ● Business Days after receipt) any such GST/HST charged and collected on Intellectual Property supplied by auction.

(3) In accordance with section 286 of the ETA, the Auctioneer shall retain adequate documentary records and information to substantiate its GST/HST liabilities arising from the Transaction. In the event of a Sales Tax audit by a governmental or tax authority of the Receiver relating to the Transaction, the Auctioneer agrees to provide reasonable cooperation with the Receiver in providing documentation and information needed by the Receiver to address the Sales Tax Audit.

2.14 Insurance

(1) The Auctioneer will be responsible for arranging third-party liability insurance with respect to the Auctioneer's access to and use of the Debtor's Premises during the Liquidation Period and shall be responsible for the costs of such insurance. The third party liability insurance shall provide for not less than \$● coverage per occurrence. The Auctioneer shall provide proof of such insurance to the Receiver. The Receiver shall be added as an additional insured on the Auctioneer's third party liability insurance and the Auctioneer shall provide evidence thereof satisfactory to the Receiver forthwith.

(2) The Receiver shall be responsible for arranging or maintaining insurance coverage to a minimum of \$● against loss of or damage to the Assets and shall be responsible for the costs of such insurance until the earlier of (i) the date the Auctioneer has vacated the Debtor's Premises, and (ii) the expiry of the Liquidation Period

(3) In the event that all or any material part of the Assets are destroyed or damaged by fire or other casualty or stolen at any time prior to the sale of such Assets, the insurance proceeds attributable to such damaged Assets shall be deemed to be the proceeds of the sale of such Assets for the purposes of this Agreement and, for greater certainty, shall be included for the purposes of distributing funds in accordance with Section 2.5. The Receiver and the Auctioneer agree not to settle any insurance claim without the prior written consent of the other, such consent not to be unreasonably withheld.

2.15 Extension of Credit

In the event that the Auctioneer extends credit (other than by way of credit cards) to any purchaser, the Auctioneer will be responsible for all related credit risks and costs thereof.

2.16 Extended Sales

In the event there are any unsold Assets remaining at the end of the Liquidation Period, the Auctioneer shall, at its own cost, move such Assets to a location or locations to be agreed upon with the Receiver for subsequent sale and the proceeds (net of any Sales Taxes collected) shall be treated as sale proceeds in accordance with Section 2.5 hereof. Once the Auctioneer has paid to the Receiver the Minimum Guaranteed Amount, the Receiver may, at its option, transfer title in and to the unsold Assets to the Auctioneer. The form of Bill of Sale to be delivered to the Auctioneer in the event that the Receiver exercises this option shall be agreed to between the Receiver and Auctioneer, acting reasonably.

2.17 Movement of Assets

[NTD: The regime concerning movement of Assets to be consistent with the Liquidator Offer.] The Auctioneer agrees to indemnify, defend and hold the Indemnified Parties harmless from and against any losses, damages, costs or claims caused by or resulting from the removal or transportation of the Assets. Subject to the limitation contained in Section 2.9, the Auctioneer shall be responsible for the costs of any such move.

2.18 Augmentation

The Auctioneer may, subject to prior approval by the Receiver (such approval not to be unreasonably withheld), add other assets to the auction to enhance the sale. The Auctioneer shall be fully responsible for the costs associated with adding such other assets to the sale and any damage, injury, claim or other liability in any way connected with such assets, their presence on or about the Debtor's Premises or their inclusion in sale or auction.

SECTION 3 – REPRESENTATIONS AND WARRANTIES

3.1 Representation and Warranty of the Receiver

The Receiver represents and warrants to the Auctioneer that it has been duly appointed as the receiver of the property, assets and undertaking of the Debtor pursuant to the Receivership Order and, subject to the granting of the Authorization and Approval Order, will have the right to enter into and carry out its obligations under this Agreement.

3.2 Representation and Warranty of the Auctioneer

The Auctioneer represents and warrants to the Receiver that it has full right, power and authority to enter into and carry out its obligations under this Agreement and this Agreement has been duly and validly authorized, executed and delivered by the Auctioneer. The Auctioneer represents and warrants that it is validly registered for the GST/HST under Part IX of the ETA as

number _____ and is not a non-resident person or non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and its Regulations.

SECTION 4 – CONDITION

4.1 Mutual Condition

The obligations of the Receiver and the Auctioneer are subject to the condition that as at the commencement of the Liquidation Period, the order approving the Liquidator Offer shall not have been stayed, varied or vacated, and no order shall have been issued and no action or proceeding shall be pending to restrain or prohibit the completion of the Transaction. If this condition is not satisfied by the time provided therefore (or have not been waived by the Receiver and the Auctioneer, as applicable), then this agreement shall be terminated without any penalty or liability whatsoever to the Receiver or the Auctioneer, other than the return of the Advance by the Receiver to the Auctioneer, but without cost or other compensation.

SECTION 5 – GENERAL

5.1 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the recipient as follows:

in the case of the Receiver:

PricewaterhouseCoopers Inc.
Suite 2600, PwC Tower
18 York Street
Toronto, ON M5J 0B2

Attention: Mica Arlette
Telephone No.: 416.814.5834
Facsimile No.: 416.814.3210

with a copy to:

McMillan LLP
Brookfield Place, Suite 4400
181 Bay Street
Toronto, ON M5J 2T3

Attention: Wael M. Rostom
Telephone No: 416.865.7790
Facsimile No.: 416.865.7048

in the case of the Auctioneer:

Century Services Inc.
6 Director Court
Suite 200
Vaughan, ON L4L 3Z5

Attention: ●
Telephone No.: ●
Facsimile No.: ●

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication shall be conclusively deemed to have been given, if given by personal delivery, on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if transmitted during normal business hours of the recipient on a Business Day and on the Business Day following the transmittal thereof if not so transmitted.

5.2 Dispute Resolution

If any dispute arises under this Agreement which the parties are unable to resolve by way of mutual agreement, such dispute shall be resolved by an application or motion to the Court in the Receivership. A party seeking to commence a motion or application to resolve any such dispute shall provide the other party with at least ● days written notice prior to commencing such application and motion.

5.3 Time of Essence

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Receiver and the Auctioneer or by their respective solicitors.

5.4 Currency

All references herein to money amounts are in Canadian currency.

5.5 Agreement Costs

The parties agree to bear their own respective legal and other expenses for preparing, negotiating and executing this Agreement and any related documents.

5.6 Further Assurances

Each party shall, at the other party's expense, from time to time execute and deliver, or cause to be executed and delivered, all such documents and instruments and do, or cause to be done, all such acts and things as the other party may, either before or after the Transaction, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

5.7 Obligations to Survive

The obligations, representations and warranties of the parties hereto shall survive the completion of the Transaction.

5.8 Entire Agreement

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and supersedes any and all prior negotiations and understandings. No amendment of this Agreement shall be binding unless in writing and signed by the parties. No waiver by a party of any breach of this Agreement shall take effect or be binding upon the party unless it is in writing and signed by the party and, unless otherwise expressly stated therein, any such waiver shall be limited to the specific breach waived.

5.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario.

5.10 Benefit of Agreement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns; provided that the Auctioneer shall not assign the benefit of this Agreement without the prior written consent of the Receiver.

5.11 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

5.12 Capacity

PricewaterhouseCoopers Inc. is acting solely in its capacity as Receiver and Manager of SHS Services Management Inc. and SHS Services Limited Partnership and shall have no corporate or personal liability under this Agreement or for any other matter whatsoever relating to the Transaction.

5.13 Agency Relationship

The Auctioneer acknowledges that it will not hold itself out as agent of the Receiver except as specifically provided for in this Agreement and that the Auctioneer's authority as agent for the Receiver is limited to the powers specifically provided for in this Agreement.

5.14 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

5.15 Facsimile Execution

Receipt by facsimile transmission of an executed copy of this Agreement will be deemed to be receipt of an original.

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Agreement.

PRICEWATERHOUSECOOPERS INC., in its capacity as Receiver of the property, assets and undertaking of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Limited Partnership and not in its personal capacity

By: _____
Name:
Title:

CENTURY SERVICES INC.

By: _____
Name:
Title:

Schedule 1.1(4) – Assets

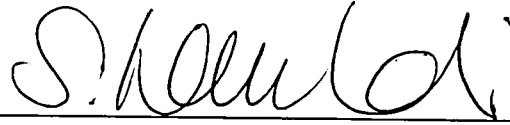
- see following pages -

Schedule 1.1(12) – Excluded Assets

TAB L

This is Exhibit "L" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. K. W. L. D.", written in black ink.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

**SECOND SUPPLEMENTARY REPORT TO THE
RECEIVER'S THIRD REPORT TO THE COURT**

February 3, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**SECOND SUPPLEMENTARY REPORT TO THE
THIRD REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

INTRODUCTION AND TERMS OF REFERENCE

1. The purpose of this second supplement (the "**Second Supplementary Report**") to the Receiver's Third Report to the Court dated January 28, 2014 (the "**Third Report**") and is to update the Court on the assets comprising the Auction Assets (as defined below) to be liquidated, and the status of claims made by suppliers for the repossession of unpaid inventory pursuant to section 81.1 of the BIA (the "**81.1 Claims**").
2. The Second Supplementary Report should be read in conjunction with the Third Report and the first supplementary report to the Third Report dated January 31, 2014 (the "**First Supplementary Report**"). Capitalized terms not otherwise defined are as defined in the Receivership Order, the Third Report, or the First Supplementary Report.

LIQUIDATION OF AUCTION ASSETS

3. As indicated in the Third Report and the First Supplementary Report, the Receiver is seeking the Court's approval to liquidate the remaining inventory and tangible fixed assets not otherwise sold through the operations of the Company or returned or released to suppliers or customers (the "**Auction Assets**").
4. The Receiver has reserved the right with the Liquidator to remove any assets from the liquidation any time before the assets are sold, and such right will be documented substantially in accordance with sections 2.1 and 2.3(2) of the Auction Agreement

appended to the First Supplementary Report. Although any delay in commencing the liquidation will increase costs and could negatively impact recoveries, the Receiver does not expect that a delay until February 11, 2014 in proceeding to liquidate the Auction Assets would affect the ability of the liquidation to be completed on a timely basis, or result in a material negative consequence to the outcome of the liquidation. Accordingly, the Receiver has until such time to deal with any disputed claims to the Auction Assets.

5. For clarity, the Auction Assets will exclude (i) all fixtures (other than fixtures that SHS is permitted to remove pursuant to the terms of any applicable lease), mechanical, plumbing, heating and air-conditioning systems, fire extinguishers and other fire safety equipment, (ii) books and records, (iii) all inventory that is determined to be subject to a valid 81.1 Claim by the Court on or before February 11, 2014; and (iv) all assets excluded by the Receiver pursuant to the Auction Agreement as described above.

81.1 CLAIMS

6. The Receiver received eight 81.1 Claims on or before December 28, 2013. The 81.1 Claims as filed did not, in most cases, provide sufficient information for the Receiver to conclude whether the claim was a valid 81.1 Claim. The Receiver sought further information in early January from the parties who filed 81.1 Claims in order to properly evaluate their claims. In some cases this information was not provided until late in the week ending January 31, 2014.
7. The Receiver has now written letters (the “**Notices of Revision or Disallowance**”) to all eight parties that filed 81.1 Claims informing them of the Receiver’s determination of their 81.1 Claim. In order to facilitate moving forward with the liquidation as outlined in the First Supplementary Report (subject to the Court’s approval), the Receiver seeks the Court’s approval to require holders of 81.1 Claims that object to the Receiver’s position in the Notices of Revision or Disallowance to have any appeal of the Receiver’s determination heard by the Court on or before February 11, 2014 (the “**81.1 Claim Appeal Deadline**”). This will provide an appropriate period for any issues arising from the revision or disallowance of the 81.1 Claims to be resolved, and allow the Receiver to proceed with the liquidation in a timely manner.

RELIEF SOUGHT

8. The Receiver respectfully requests this Court grant the relief in the February 4 Order approving the 81.1 Claim Appeal Deadline.

All of which is respectfully submitted on this 3rd day of February, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Limited Partnership

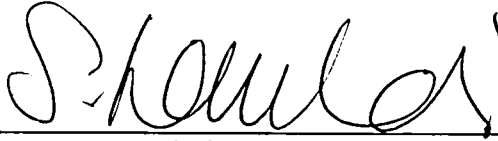


Mica Arlette
Senior Vice President

TAB M

This is Exhibit "M" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Kowal", written over a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S FOURTH REPORT TO THE COURT

March 4, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**FOURTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

TABLE OF CONTENTS

INTRODUCTION.....	2
DISCLAIMER AND TERMS OF REFERENCE.....	4
ACTIVITIES OF THE RECEIVER	4
RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	7
LIMITED CONTINUATION OF OPERATIONS	9
LIQUIDATION OF INVENTORY AND AUCTION SERVICES AGREEMENT.....	11
8.1.1 CLAIMS	12
FUNDS HELD BY SEARS.....	12
SALE OF RENTAL PORTFOLIO	13
LIEN AND TRUST CLAIMS IDENTIFICATION PROCESS	15
REQUEST FOR FEE APPROVAL.....	17
RELIEF SOUGHT	18

APPENDICES

- A. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS
- B. CASH FLOW FORECAST
- C. EXECUTED AUCTION AGREEMENT (REDACTED)
- D. RELIANCE AGREEMENT (REDACTED)
- E. CONFIDENTIAL APPENDIX – RELIANCE AGREEMENT (UNREDACTED)
- F. CONFIDENTIAL APPENDIX – BID SUMMARY
- G. WEAVER AFFIDAVIT
- H. ROSTOM AFFIDAVIT
- I. SUMMARY OF TIME COSTS BY CATEGORY

INTRODUCTION

1. By Order (the "**Appointment Order**") of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 13, 2013 (the "**Date of Appointment**"), pursuant to section 47 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**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as interim receiver and receiver (in both capacities referred to as the "**Interim Receiver**") of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. ("**SHS**") and SHS Services Limited Partnership ("**SHS LP**," and collectively with SHS, the "**Company**") acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**"). These proceedings up to the Interim Receiver's discharge on January 9, 2014 (as noted below) shall be referred to herein as the "**Interim Receivership Proceedings**".
2. The application for the Appointment Order was brought by the Company. The Company's principal secured creditors are Sears Canada Inc. ("**Sears**") and Alaris Income Growth Fund Partnership ("**Alaris**"), pursuant to the terms of a loan agreement with SHS.
3. On January 9, 2014, by order (the "**Receivership Order**") of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the "**Receiver**"), without security, of the Property pursuant to section 243 of the BIA. The Receivership Order also approved the activities of the Interim Receiver, and discharged PwC as Interim Receiver. The proceedings subsequent to January 9, 2014, shall be referred to as the "**Receivership Proceedings**".
4. On February 4, 2014, the Court made an order (the "**February 4 Order**"):
 - a) Authorizing the Receiver to enter into an auction services agreement (the "**Auction Agreement**") and a transaction to sell the Auction Assets (as defined below), and vesting in the purchaser the Auction Assets free and clear of all encumbrances;
 - b) Approving the release of Prepaid Custom Inventory to customers; and
 - c) Approving the activities of the Receiver as set out in the Receiver's Third Report to the Court dated January 28, 2014, the Supplementary Third Report to the Court

- dated January 31, 2014, and the Second Supplementary Third Report to the Court dated February 3, 2014 (collectively the "**Third Report**").
5. On February 4, 2014, the Court also made an order (the "**Licensee Order**") on the application of a group of the Company's licensees (the "**Licensee Respondents**") for an order lifting the stay provisions in paragraphs 14 and 15 of the Receivership Order (the "**Stay Provisions**") as against the Licensee Respondents, for the limited purpose of permitting the Licensee Respondents to terminate any of their respective license agreements with SHS.
 6. The Interim Receiver and Receiver have made three reports to the Court to date. The purpose of this report (the "**Fourth Report**") is to inform to the Court of:
 - a) The Receiver's activities since the date of the Third Report;
 - b) The statement of receipts and disbursements for the period of the Interim Receivership Proceedings and the Receivership Proceedings to February 21, 2014, and the forecast cash flows to March 28, 2014;
 - c) The relief sought in the hearing scheduled for March 11, 2014, including for:
 - i) An order (the "**Sale Approval Order**") authorizing the Receiver to enter into a purchase and sale agreement with Reliance Comfort Limited Partnership ("**Reliance**") and a transaction to sell the Rental Portfolio excluding the Quebec Rental Portfolio (both as defined below), and vesting in Reliance the Rental Portfolio free and clear of all encumbrances;
 - ii) An order (the "**Lien and Trust Claims Procedure Order**") approving the Lien and Trust Claims Identification Process (as defined below); and
 - iii) An order (the "**Fee Approval Order**") approving the activities of the Receiver as set out in this Fourth Report, and approving the fees and disbursements of the Interim Receiver and its counsel arising from the performance of their duties in the period to January 8, 2014, and approving the fees and disbursements of the Receiver and its counsel for the period from January 9 to February 21, 2014.

DISCLAIMER AND TERMS OF REFERENCE

7. In preparing this report and conducting its analysis, the Receiver has obtained and relied upon certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and discussions with various parties including former SHS employees retained on an interim basis by the Receiver (collectively, the "Information").
8. Except as otherwise described in this report:
 - a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;
 - b) The Receiver has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
9. Future oriented financial information referred to in this report is based on estimates and assumptions. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be significant.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST"). Capitalized terms not otherwise defined are as defined in the Receivership Order.

ACTIVITIES OF THE RECEIVER

11. Since the Third Report was issued on January 28, 2014, the Receiver has completed several activities pursuant to its duties and powers as set out in the Receivership Order. The activities have been primarily focused on the following:
 - a) Assisting the Company in the completion of limited operations, including the completion of certain outstanding work orders and the sale of certain orders to third parties;

- b) Communicating with Licensees (as defined below) regarding the termination of their agreements with SHS;
 - c) Commencing the liquidation of the Company's inventory and fixed assets pursuant to the Auction Agreement;
 - d) Resolving claims of suppliers for the repossession of unpaid inventory pursuant to section 81.1 of the BIA (the "81.1 Claims");
 - e) Seeking the recovery of certain pre-filing receipts currently being withheld by Sears; and
 - f) Completing the Rental Portfolio Sales Process, as defined and described below;
 - g) Reviewing certain creditor claims received to date by the Receiver and its counsel;
 - h) Reviewing the materials filed by the Licensee Respondents pursuant to the terms of the Licensee Order, as discussed further below; and
 - i) Designing the Lien and Trust Claims Identification Process, as defined and described below.
12. The Receiver has also performed other activities incidental to its duties and powers under the Receivership Order and the BIA, together with other operational and statutory requirements, including the following:
- a) Reviewing and reconciling accounting information provided by the Company, and assistance with cut-off of pre- and post-Date of Appointment accounting in the Company's financial records;
 - b) Forecasting the cash flow requirements of the Receivership Proceedings and arranging funding for same where necessary;
 - c) Communicating with Canada Revenue Agency and the various provincial tax offices regarding completion of SHS's harmonized sales tax returns and provincial sales tax returns up to December 13, 2013 and making arrangements

- with respect to post-appointment tax returns, as required;
- d) Calculating amounts owed to former employees pursuant to SHS's payroll records and provincial legislation for compliance with the *Wage Earner Protection Program Act* ("WEPPA") requirements, communicating with Service Canada regarding same, and corresponding with former employees of SHS regarding WEPPA compliance;
 - e) Arranging for the release of Prepaid Custom Inventory to Prepaid Customers (as discussed in the Third Report);
 - f) Updating and posting frequently asked questions and answers on the Receiver's website, and responding to phone and e-mail inquiries from customers, former employees, installers, contractors, third party licensees and various other interested parties;
 - g) Safeguarding the Company's inventory and other assets at its rented warehouses across Canada;
 - h) Liaising with Sears to assist in managing information requests from former SHS customers seeking service and warranty work, which Sears is performing as described below;
 - i) Communicating with parties expressing an interest in acquiring some or all of the Company's assets and operations;
 - j) Terminating contracts for certain leases and services that are no longer required by SHS or the Receiver, including the premises leases for certain SHS warehouses which have now been vacated, and correspondence with landlords regarding same; and
 - k) Communicating with Sears and Alaris and their counsel regarding the status of the Receivership Proceedings.
13. The Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Receivership Proceedings. From the Date of Appointment to February 27, 2014 the website had received over 12,600

visits. Additionally, the Company's call center received over 38,800 calls seeking information on the Company, the Interim Receivership and Receivership prior to the closure of the call center on February 21, 2014. The Receiver's phone hotline (1-855-376-8474) has received over 6,200 calls, and its email address (shs.questions@ca.pwc.com) has received over 1,700 emails since the Date of Appointment. These are being responded to by the Receiver and former SHS staff retained by the Receiver as quickly as possible.

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

14. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to February 21, 2014 is detailed in Appendix "A" and is summarized as follows:

STATEMENT OF RECEIPTS AND DISBURSEMENTS	
For the Period from December 13, 2013 to February 21, 2014	
in \$ 000's	
Total Receipts	829
Disbursements:	
Employee Costs	330
Rent / Lease Payments	217
Other Operating Costs	226
Installer Payments	100
Sears Branded Concession Agreement Payments	269
Total Disbursements	1,142
Net Cash Flow	(313)
Opening Cash	1,205
Net Cash Flow	(313)
Funds Received Under Receiver's Borrowings	557
Reserve for S.S.I. claims	(115)
Contingency Reserve	(706)
Ending Cash Balance	628

15. In addition to the amounts shown above, accrued obligations for operating costs, employees and installer payments (excluding accrued and unpaid professional fees) totaling approximately \$256,000 were outstanding. Accordingly, the net available cash balance available to the Receiver is approximately \$372,000.

16. The receipts shown above include amounts collected from the completion of Existing Orders (as defined below). The Receiver has to date reserved \$115,000 from these receipts that relate to the Company's cost of certain inventory sold through completion of the Existing Orders, which inventory is potentially subject to the 81.1 Claims. This is discussed further below.
17. As discussed in the Third Report, the Receiver held net available cash (after deducting accrued obligations) of approximately \$706,000 as of January 3, 2014. The Receiver requested funding (the "**Borrowings**") from Sears and Alaris as permitted by the Appointment Order and the Receivership Order through the issuance of Borrowing Certificates, which are secured on a priority basis by the Receiver's Borrowing Charge. To date, \$557,000 has been advanced as Borrowings, permitting the Receiver to maintain the \$706,000 as a contingency reserve. The Borrowings have been made at an annual interest rate of 9% compounded monthly, which is equivalent to the interest rate on the Secured Creditors' existing loans, including default interest.
18. To date, no fees have been paid to the Interim Receiver, the Receiver or its counsel.
19. Attached as Appendix "**B**" is an updated summary of forecast cash flows to March 28, 2014 (the "**Cash Flow Forecast**").
20. The funding of the receivership is currently anticipated to be addressed through Borrowings, proceeds from asset sales and any surplus proceeds from the completion of Existing Orders (as defined below), to the extent that these sources of cash are available when required.
21. Funding is required in order to maintain the operations of SHS during the receivership process. This principally includes payroll costs for the limited employees retained by the Receiver, rent and utilities on leased premises across Canada, and the Company's third party IT systems provider. The Cash Flow Forecast illustrates the use of the Borrowings on the basis of continuing limited operations for the forecast period.
22. The current Borrowings would cover forecast operating costs through the week of March 28, 2014. The Cash Flow Forecast does not reflect all potential receipts from asset sales (including the sale of the Rental Portfolio as described further below), the completion of Existing Orders (described below), or from other sources, as the Receiver cannot estimate

the quantum or timing of such receipts at this point in time. Such receipts may reduce the amount of further Borrowings required.

LIMITED CONTINUATION OF OPERATIONS

23. As outlined in the Third Report, the Receiver has worked with SHS on the limited continuation by SHS of its business activities, with the support of Sears to mitigate the potential financial loss to the estate from doing so. Potential benefits of completing this work have included allowing for realizations of the Company's inventory at the prices previously contracted with customers, and preserving potential sale and realization options for the Company's assets and operations pending evaluation by the Receiver and the Secured Creditors. This has also helped to mitigate the impact of the Receivership Proceedings on many of SHS's customers.
24. SHS, by the Receiver, pursued the completion of certain orders for services that were received prior to the Date of Appointment which had not resulted in installations or other work performed in customer homes, but which were expected to generate positive cash flow for the estate (the "**Existing Orders**"). As of February 21, 2014, SHS had completed 178 of the Existing Orders during the Interim Receivership and Receivership Proceedings for gross receipts of approximately \$503,000. A further 56 orders for \$281,000 of gross receipts are scheduled for completion. The net recovery from the completion of these Existing Orders will be reduced for amounts payable to installers for this work.
25. Also as discussed in the Third Report, the Receiver sought to resume certain carpet/upholstery and duct cleaning services (collectively "**PSP Jobs**") that were performed by licensees (the "**Licensees**") pursuant to the terms of a license agreement (the "**License Agreement**") that was assigned to SHS by Sears prior to the Receivership Proceedings. In the circumstances, the vast majority of Licensees were unwilling to continue to work with SHS during the Receivership Proceedings, and many sought variations to the terms of their License Agreement in order to consider continuing operations. The Receiver has elected to discontinue the performance of PSP Jobs and is terminating the License Agreements with the Licensees.
26. As a result of the Licensee Order referred to in paragraph 5 above, the License Agreement was automatically terminated for the Licensee Respondents. The Licensee Order required

the Licensee Respondents to provide an accounting of the work they performed (the "**Work Period Accounting**") from the Date of Appointment to the date upon which such accounting was provided to the Receiver (the "**Work Period**") together with funds properly payable to SHS for work performed during the Work Period, or a statutory declaration that no services were performed by those Licensees during the Work Period. The Work Period Accounting was provided to the Receiver on February 14, 2014. The Receiver notes that this information indicates that each of the Licensee Respondents performed PSP Jobs that were solicited by the Licensees during the Interim Receivership and Receivership Proceedings, and failed to comply with the terms of the License Agreements during this period that required the proceeds from the PSP Jobs to be delivered to SHS.

27. The Receiver is reviewing the Work Period Accounting provided by the Licensees. However, the Licensee Respondents have asserted that none of them owe any funds to SHS for work performed during the Work Period based on an alleged repudiation of the License Agreements by SHS and alleged set off claims. Neither of these allegations was fully substantiated in the materials submitted to the Receiver, though it appears that the Licensee Respondents are seeking to set off amounts owing from prior to the Date of Appointment against the proceeds generated from the PSP Jobs performed after the Date of Appointment. The Receiver is considering the alternatives available to it to recover the amounts to which the Company is entitled.
28. The Receiver has written to the remaining Licensees other than the Licensee Respondents to propose the termination of their License Agreements subject to the receipt of the Work Period Accounting for each Licensee.
29. The Backstop Agreement with Sears (as defined and described in previous reports of the Receiver) provides support to SHS and the Receiver from Sears for the completion of Existing Orders and managing the Licensees in connection with PSP Jobs. This agreement mitigates the potential downside risk of the estate suffering losses specifically from the incremental costs of completing the Existing Orders, and in connection with managing the Licensees in connection with the PSP Jobs. Any Losses (as defined in the Backstop Agreement) are to be funded by Sears. The Receiver and Sears mutually agreed to extend the Backstop Agreement to February 21, 2014, except for certain window and door orders for which the terms of the Backstop Agreement were amended to provide that

orders confirmed by February 28, 2014 would be included under the Backstop Agreement.

30. SHS is not pursuing the completion of additional Existing Orders in the Receivership Proceedings. The Receiver is exploring other options to realize value from the Existing Orders, including the sale or contracting out of certain Existing Orders that have not been pursued by the Receiver. To date, the Receiver has agreed with two companies that furnish and install windows and doors to purchase related orders from the Company, for which the Company will be paid an amount if those orders are successfully completed.
31. Emergency repairs, warranty or service work required by customers of SHS for Services that were either incomplete on or performed prior to the Date of Appointment are being referred to Sears so that Sears may elect whether it wishes to complete such work.
32. Counsel for Sears has indicated to the Receiver that to the extent that Sears has rights to assert claims against SHS under the Branded Concession Agreement between SHS and Sears dated December 20, 2012 (the "BCA") (or any related agreements) for indemnity, it reserves its right to assert a claim for such expenses, and that any work Sears elects to perform for customers of SHS itself should be done so on a without prejudice basis (on the part of Sears and the Receiver). The Receiver has reserved its right to review and vet any such claims and has not yet reviewed the merits of any claims which Sears may wish to assert pursuant to the BCA or otherwise.

LIQUIDATION OF INVENTORY AND AUCTION SERVICES AGREEMENT

33. The February 4 Order authorized the Receiver to enter into the Auction Agreement with Century Services Inc. ("Century") to liquidate the remaining inventory and tangible fixed assets not otherwise sold through the operations of the Company or returned or released to suppliers or customers (the "Auction Assets")
34. The Auction Agreement was agreed by the Receiver and Century on March 3, 2014, and Century has commenced the liquidation process. A copy of the executed Auction Agreement (with financial terms redacted) is included as Appendix "C". The Auction Agreement provides that the liquidation process will terminate on May 6, 2014, or such other date as the Receiver and Century may agree to in writing. In accordance with the Auction Agreement, the Receiver has excluded certain equipment and inventory from the

Auction Assets that are subject to valid property or 81.1 Claims.

81.1 CLAIMS

35. As indicated in the Third Report, the Receiver received eight 81.1 Claims on or before December 28, 2013. The Receiver issued Notices of Revision or Disallowance of all of these claims on or before February 3, 2014. The February 4 Order provided that any supplier who wished to dispute a Notice of Revision or Disallowance were to do so by February 14, 2014 (the "**Appeal Deadline**"). The Receiver consulted with certain of the claimants prior to the Appeal Deadline to resolve concerns on the determination of their claims, and no appeals were filed by the Appeal Deadline. The inventory subject to valid 81.1 Claims has been made available to those claimants for repossession.
36. The Receiver initially reserved \$115,000 of the receipts from the sale of the Company's inventory, related to the cost of that inventory sold through the completion of Existing Orders which might have been subject to 81.1 Claims. None of the holders of 81.1 Claims made a valid claim to these funds. The Receiver will release the reserved funds for general use in the Receivership Proceedings.

FUNDS HELD BY SEARS

37. As indicated in the Third Report, the Receiver understands from the Company's books and records that Sears received approximately \$1.4 million of payments from customers for work performed prior to the Date of Appointment (the "**Pre-Filing Customer Payments**"). The Pre-Filing Customer Payments are being withheld from SHS by Sears on account of certain setoff claims which have been asserted by Sears.
38. In the Third Report, the Receiver noted that Sears provided a preliminary reconciliation, on a without-prejudice basis, of amounts alleged to be owing by SHS to Sears as at December 13, 2013 (the "**Preliminary Reconciliation**"). Sears undertook to provide a final version of the Preliminary Reconciliation on a with-prejudice basis and without any material reservations or qualifications (the "**Updated Reconciliation**"), together with a memorandum explaining the Updated Reconciliation in detail, including the legal authority and basis for the charges or amounts that Sears asserts are owed by SHS to Sears, the legal authority and basis for Sears to claim any setoff, deduction or recoupment,

and the relevant supporting documentation referenced in the memorandum.

39. The Updated Reconciliation was provided on February 7, 2014. However, the Updated Reconciliation was provided on a without prejudice basis and with limited detail in support of the amounts claimed. Additionally, Sears gave no details in support of the Pre-Filing Customer Payments it is holding.
40. The Receiver has informed Sears that this information is not sufficient to confirm either the amount of the funds held by Sears, or the validity of the setoff claims being asserted. The Receiver has performed a preliminary review of the Updated Reconciliation and will be seeking additional information from Sears in this regard. The Receiver will file a further report in support of further relief to be sought in connection with this issue as required.

SALE OF RENTAL PORTFOLIO

41. The Receivership Order approved a sale process (the "**Rental Portfolio Sale Process**") for the Company's portfolio of residential water heater and HVAC rental assets (the "**Rental Portfolio**"). The actions taken in the Rental Portfolio Sale Process are set out below. Based on the results of the Rental Portfolio Sale Process, the Receiver now seeks the Court's approval of the sale of the Rental Portfolio to Reliance Comfort Limited Partnership ("**Reliance**").
42. The Receiver identified 18 Ontario-based providers of home water heater and energy solutions as potential bidders for the Rental Portfolio. The Receiver prepared an initial offer summary (the "**Teaser Letter**") and a confidential information memorandum package ("**CIM**"). The CIM outlined the Company's operations, existing rental contracts and the underlying assets, historical financial information and other information that the Receiver viewed as relevant in the circumstances, and included a standard form of offer. The Teaser Letter was distributed to the 18 parties initially identified by the Receiver.
43. Additionally, on January 15, 2014, the Receiver ran a one day advertisement regarding the sale of the Property in the Globe and Mail (National Edition). A total of 19 additional parties contacted the Receiver based on the promotion of the Rental Portfolio Sale Process. Each of these parties were also sent the Teaser Letter.

44. The CIM was requested by 25 interested parties (the "**Potential Bidders**") following their receipt of the Teaser Letter. After execution of a confidentiality agreement ("**CA**") by the interested party, the Receiver provided each party with a copy of the CIM and access to a collection of Company-provided spreadsheets and PDF documents (the "**Documents**"). The Documents contained detailed information about each of the approximately 3,500 rental contracts, sample forms of rental contracts and internal operational policies, and accounts receivable data. In accordance with the timelines set out in the Receivership Order, the Receiver began distributing the CIM to the 25 Potential Bidders who provided an executed CA during the week of January 13, 2014, and the Documents were provided over time as they were made available to the Receiver.
45. The Sales Process established a deadline for the submission of offers as of 12:00 pm on February 10, 2014 (the "**Offer Deadline**"). This deadline was adjusted by the Receiver to 12:00 pm on February 14, 2014 (the "**Revised Offer Deadline**") in order to allow interested parties to complete due diligence activities.
46. As of the Revised Offer Deadline, four offers were received from Potential Bidders. The Receiver elected not to pursue two of the offers as the purchase price was too low or the offers contained unsatisfactory conditions. The Receiver consulted with the two leading bidders on the terms of their offers. The offer received from Reliance was ultimately negotiated and successfully memorialized in the agreement of purchase and sale (the "**Reliance Agreement**"), attached (with financial terms redacted) as Appendix "**D**". An unredacted version of the Reliance Offer is attached as Confidential Appendix "**E**".
47. The Receiver has summarized the offers received, including the proposed purchase price that the interested parties indicated in their respective bids, in the summary (the "**Bid Summary**") attached as Confidential Appendix "**F**".
48. The Receiver is of the view that it is preferable that the Bid Summary and the unredacted Reliance Agreement remain confidential until the completion of the transaction contemplated therein. If the transaction contemplated is not completed, the Receiver is of the view that efforts to remarket the Rental Portfolio may be impaired if the Bid Summary and/or the Reliance Offer are made public at this time. Accordingly, the Receiver seeks an order temporarily sealing the Proposal Summary and the unredacted Reliance Agreement in Confidential Appendices "**E**" and "**F**" pending the completion of the transaction.

49. The Receiver is of the view that the Rental Portfolio Sales Process was conducted in accordance with the terms of the Receivership Order, and that the market was properly canvassed. Significant interest was expressed in acquiring the assets of the Companies as evidenced by the number of requests for CIM's and the offers received. To the best of its knowledge, the Receiver considers that all reasonable requests for information made to the Receiver by parties in the Rental Portfolio Sales Process were satisfied.
50. The Reliance Agreement reflects the highest value offer received, and has the fewest conditions and the least execution risk of the offers received.
51. The Receiver notes that the Reliance Agreement excludes the portion of the Rental Portfolio located in Quebec (the "**Quebec Rental Portfolio**"). The Receiver is considering alternatives to realize value from the Quebec Rental Portfolio.
52. The Secured Lenders support the offer received from Reliance.
53. The Receiver is of the view that the Reliance Agreement represents the best opportunity to recover the value of the majority of the Rental Portfolio in the circumstances, and accordingly recommends that the Court issue an order authorizing the Receiver to enter into the Reliance Agreement.

LIEN AND TRUST CLAIMS IDENTIFICATION PROCESS

54. As indicated in the Third Report, the Receiver has not made a general call for claims from creditors given that the Receiver does not expect there to be any recovery by unsecured creditors. However, the Receiver has received claims from several creditors of the Company asserting priority claims in these Receivership Proceedings, including trust claims and construction lien trust claims (the "**Lien and Trust Claims**"). The majority of these claims have been asserted on an ad hoc basis with insufficient information to substantiate the amounts claimed and the basis for the claim being a trust claim.
55. In order to properly consider and quantify the potential Lien and Trust Claims, and the complexity and likely costs associated with resolving such claims, the Receiver is seeking the approval of the Court for a process for the submission and identification of Lien and Trust Claims against the Company (the "**Lien and Trust Claims Identification Process**"). This process does not include steps for the determination, revision or

disallowance by the Receiver of any Lien and Trust Claims filed; approval for such a process may be sought depending on the outcome of the Lien and Trust Claims Identification Process and the Receiver's assessment of the amount of recoverable pre-filing payments held by Sears, if any, and the net amount of the contingency reserve that is subject to valid Lien and Trust Claims.

56. The proposed Lien and Trust Claims Process is set out in the draft Lien and Trust Claims Procedure Order. In summary, the main steps of the proposed Lien and Trust Claims Identification Process are the following (all capitalized terms are as defined in the draft Lien and Trust Claims Procedure Order):
- a) The Receiver is only calling for Claims as defined in the Lien and Trust Claims Identification Process, specifically being claims made in connection with any construction or builder's lien or claim to trust funds pursuant to applicable Lien Legislation;
 - b) Proofs of Claim will be sent to all Known Claimants (being those parties who have previously submitted information to the Receiver supporting their Claim) and Contractors (being those contractors engaged by SHS to install or service products sold by SHS to Customers), and any party asserting a Claim;
 - c) A Notice to Creditors will be published in the Globe and Mail (National Edition) for one day on or before March 20, 2014. The Lien and Trust Claims Procedure Order and the related motion record, as well as the Proof of Claim Document Package, will be posted to the Receiver's website; and
 - d) Claimants will be required to file their claims by 5:00pm on or before April 11, 2014. Claimants must provide sufficient documentary evidence in support of their claim as a proper Claim for purposes of the Lien and Trust Claims Identification Process.
57. The Receiver considers that the proposed Lien and Trust Claims Identification Process is fair and reasonable, and respectfully requests that this process be approved by the Court.

REQUEST FOR FEE APPROVAL

58. The Receiver and its counsel, McMillan LLP ("**McMillan**") have maintained detailed records of their professional time and disbursements since the Date of Appointment.
59. Pursuant to paragraphs 15 to 17 of the Receivership Order, the fees and disbursements of the Receiver and the fees and disbursements of its legal counsel are authorized to be paid on a periodic basis subject to any final approval as ordered by the Court.
60. The Receiver is seeking approval of the Court of the Receiver's fees and McMillan's fees for the period from December 13, 2013 to January 8, 2014, in connection with the performance of their duties in the Interim Receivership Proceedings (the "**Interim Receivership Fee Period**"), and from January 9 to February 21, 2014 in respect of the performance of their duties in the Receivership Proceedings (the "**Receivership Fee Period**").
61. The total fees of the Receiver during the Interim Receivership Fee Period amount to \$479,253.50, together with disbursements in the amount of \$5,722.80 (all excluding HST). The total fees incurred by McMillan for the Interim Receivership Fee Period amount to \$138,800.00, together with disbursements in the amount of \$3,599.63.
62. The total fees of the Receiver during the Receivership Fee Period amount to \$514,161.00, together with disbursements in the amount of \$2,171.06. The total fees incurred by McMillan for the Receivership Fee Period amount to \$177,639.00, together with disbursements in the amount of \$1,275.84.
63. The time spent by Receiver's personnel during the Interim Receivership Fee Period and the Receivership Fee Period is more particularly described in the Affidavit of Tracey Weaver of PwC (the "**Weaver Affidavit**"), sworn in support hereof and attached as Appendix "G". The Weaver Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of each of the Fee Periods.
64. The time spent by McMillan personnel during each of the Fee Periods is more particularly described in the Affidavit of Wael Rostom of McMillan (the "**Rostom Affidavit**"), attached as Appendix "H".

65. The table at Appendix "I" provides an indicative summary of the time and costs incurred in both the Interim Receivership Fee Period and the Receivership Fee Period by category according to the purposes for which time costs were incurred.
66. The Receiver respectfully submits that the Interim Receiver's and Receiver's fees and disbursements and the fees and disbursements of McMillan, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Appointment Order and the Receivership Order. Accordingly, the Receiver now seeks the approval of the Court of the Receiver's fees and disbursements and McMillan's fees and disbursements for the Interim Receivership Fee Period and the Receivership Fee Period.

RELIEF SOUGHT

67. The Receiver respectfully requests this Court grant the Sale Approval Order, the Lien and Trust Claims Procedure Order, and the Fee Approval Order.

All of which is respectfully submitted on this 4th day of March, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and
SHS Services Limited Partnership

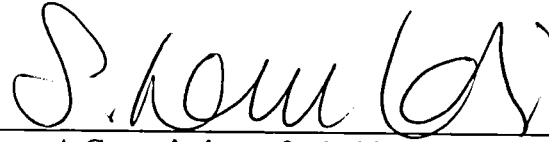


Mica Arlette
Senior Vice President

TAB N

This is Exhibit "N" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "J. Rowland". The signature is written in black ink and is positioned above a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S FIFTH REPORT TO THE COURT

June 19, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**FIFTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

TABLE OF CONTENTS

INTRODUCTION	2
DISCLAIMER AND TERMS OF REFERENCE.....	4
ACTIVITIES OF THE RECEIVER	5
WIND-DOWN OF REMAINING OPERATIONS	8
RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	9
REVIEW OF SECURITY	10
SALE OF QUEBEC RENTAL PORTFOLIO	11
FUNDS HELD BY SEARS.....	13
PRIORITY CLAIMS.....	15
RESULTS OF LIEN AND TRUST CLAIMS IDENTIFICATION PROCESS.....	17
POTENTIAL BANKRUPTCY	18
PROPOSED LIEN AND TRUST CLAIMS RESOLUTION PROCESS.....	19
RELIEF SOUGHT.....	20

APPENDICES

- A. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS
- B. SEARS SECURITY DOCUMENTS
- C. ALARIS SECURITY DOCUMENTS
- D. HYDROSOLUTION AGREEMENT (REDACTED)
- E. CONFIDENTIAL APPENDIX – HYDROSOLUTION AGREEMENT (UNREDACTED)

INTRODUCTION

1. By order (the "**Appointment Order**") of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 13, 2013 (the "**Date of Appointment**"), pursuant to section 47 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**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as interim receiver and receiver (in both capacities referred to as the "**Interim Receiver**") of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. ("**SHS**") and SHS Services Limited Partnership ("**SHS LP**," and collectively with SHS, the "**Company**") acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**"). These proceedings up to the Interim Receiver's discharge on January 9, 2014 (as noted below) are referred to herein as the "**Interim Receivership Proceedings**".
2. The application for the Appointment Order was brought by the Company. The Company's principal secured creditors are Sears Canada Inc. ("**Sears**") and Alaris Income Growth Fund Partnership ("**Alaris**"), and collectively with Sears the "**Secured Lenders**", pursuant to the terms of loan agreements with SHS.
3. On January 9, 2014, by order (the "**Receivership Order**") of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the "**Receiver**"), without security, of the Property pursuant to section 243 of the BIA. The Receivership Order also approved the activities of the Interim Receiver, and discharged PwC as Interim Receiver. The proceedings subsequent to January 9, 2014, are referred to as the "**Receivership Proceedings**".
4. On February 4, 2014, the Court made an order (the "**February 4 Order**"):
 - a) Authorizing the Receiver to enter into an auction services agreement (the "**Auction Agreement**") and a transaction to sell the Auction Assets (as defined below), and vesting in the purchaser the Auction Assets free and clear of all encumbrances;
 - b) Approving the release of Prepaid Custom Inventory to customers; and
 - c) Approving the activities of the Receiver as set out in the Receiver's Third Report to

the Court dated January 28, 2014, the Supplementary Third Report to the Court dated January 31, 2014, and the Second Supplementary Third Report to the Court dated February 3, 2014 (collectively the "**Third Report**").

5. On February 4, 2014, the Court also made an order (the "**Licensee Order**") on the application of a group of the Company's licensees (the "**Licensee Respondents**") for an order lifting the stay provisions in paragraphs 14 and 15 of the Receivership Order (the "**Stay Provisions**") as against the Licensee Respondents, for the limited purpose of permitting the Licensee Respondents to terminate any of their respective license agreements with SHS.
6. On March 11, 2014, the Court made the following orders:
 - a) An order (the "**Reliance Sale Approval Order**") authorizing the Receiver to enter into a purchase and sale agreement with Reliance Comfort Limited Partnership ("**Reliance**") and a transaction to sell the Rental Portfolio excluding the Quebec Rental Portfolio (both as defined below), and vesting in Reliance the Rental Portfolio free and clear of all encumbrances; and
 - b) An order (the "**Lien and Trust Claims Procedure Order**") approving the Lien and Trust Claims Identification Process (as defined below).
7. The transaction with Reliance successfully closed on March 20, 2014.
8. On March 24, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fourth Report to the Court dated March 4, 2014 (the "**Fourth Report**"), and approving the fees and disbursements of the Interim Receiver and its counsel arising from the performance of their duties in the Interim Receivership Proceedings, and approving the fees and disbursements of the Receiver and its counsel for the period from January 9 to February 21, 2014.
9. The Interim Receiver and Receiver have made four reports to the Court to date. The purpose of this report (the "**Fifth Report**") is to inform to the Court of:
 - a) The Receiver's activities since the date of the Fourth Report;
 - b) The statement of receipts and disbursements for the period of the Interim Receivership Proceedings and the Receivership Proceedings to June 15, 2014;

- c) The review of the security held by Sears and Alaris by the Receiver's legal counsel, McMillan LLP ("**McMillan**");

and to seek orders of the Court:

- d) Authorizing the Receiver to enter into a purchase and sale agreement with Hydrosolution LP ("**Hydrosolution**") and a transaction to sell the Quebec Rental Portfolio (as defined below), and vesting in Hydrosolution the Quebec Rental Portfolio free and clear of all encumbrances (the "**Quebec Sale Approval Order**"); and
- e) If necessary, setting a timetable for a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments; and seeking the direction of the Court concerning the Lien and Trust Claims Resolution Process.

DISCLAIMER AND TERMS OF REFERENCE

- 10. In preparing this report and conducting its analysis, the Receiver has obtained and relied upon certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and discussions with various parties including former SHS employees retained on an interim basis by the Receiver (collectively, the "**Information**").
- 11. Except as otherwise described in this report:
 - a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;
 - b) The Receiver has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
- 12. Future oriented financial information referred to in this report is based on estimates and assumptions. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be significant.

13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST"). Capitalized terms not otherwise defined are as defined in the Receivership Order.

ACTIVITIES OF THE RECEIVER

14. Since the date of the Fourth, the Receiver has completed several activities pursuant to its duties and powers as set out in the Receivership Order, together with other operational and statutory requirements in the Receivership Proceedings, including the following:
- a) Assisting the Company in the completion and wind-up of limited operations, including the sale of certain orders to third parties, as further discussed below;
 - b) Communicating with Licensees (as defined in the Fourth Report) regarding the termination of their agreements with SHS, and recovering amounts owed to SHS, if any;
 - c) Completing the liquidation of the Company's inventory and fixed assets pursuant to the Auction Agreement;
 - d) Seeking the recovery of the Pre-Filing Customer Payments currently being withheld by Sears, as defined and discussed below;
 - e) Closing the Reliance transaction referred to above, and pursuing the sale of the Quebec Rental Portfolio, as defined and described below;
 - f) Reviewing certain creditor claims received by the Receiver and its counsel;
 - g) Administering the Lien and Trust Claims Identification Process, including mailing and publishing notices, recording proofs of claim received, maintaining a register of all proofs of claim received, and completing initial checklists of missing or incomplete supporting documentation to be provided; and
 - h) Designing the Lien and Trust Claims Resolution Process, as defined and described below.
 - i) Reviewing and reconciling accounting information provided by the Company,

and assistance with cut-off of pre- and post-Date of Appointment accounting in the Company's financial records;

- j) Forecasting the cash flow requirements of the Receivership Proceedings;
- k) Communicating with Canada Revenue Agency and the various provincial tax offices regarding completion of SHS's HST returns and provincial sales tax returns up to December 13, 2013 and making arrangements with respect to post-appointment tax returns, as required;
- l) Communicating with SHS's former employees regarding amounts owed to them pursuant to SHS's payroll records, providing their T4 and (where relevant) T2200 forms, assisting them with their applications for a payment from Service Canada pursuant to the provisions of the *Wage Earner Protection Program Act* ("WEPPA") and, where possible, providing the information requested by the employee;
- m) Communicating with Service Canada regarding amounts owed to SHS's former employees and other related WEPPA compliance issues, including advising Service Canada of the proofs of claim received from SHS's former employees and recording all letters of subrogation received from Service Canada with respect to payments made to employees under the WEPPA program;
- n) Communicating with the Commission des normes du travail du Québec (the "CNTQ") with respect to amounts owed to SHS's former employees resident in Quebec and the claim asserted by CNTQ against SHS's estate;
- o) Responding to phone and e-mail inquiries from customers, former employees, installers, contractors, third party licensees and various other interested parties;
- p) Safeguarding the Company's inventory and other assets at its rented warehouses across Canada, until the sale of those assets was completed;
- q) Finalizing arrangements with Sears regarding the go-forward procedures for managing requests from former SHS customers seeking service and warranty work, which Sears is performing as described below;

- r) Terminating contracts for certain leases and services that are no longer required by SHS or the Receiver, including the premises leases for certain SHS warehouses which have now been vacated, and correspondence with landlords regarding same and recovering amounts owed to SHS, if any;
 - s) Communicating with Sun Life Financial regarding their claim filed pursuant to section 81.6 of the BIA (the "81.6 Claim");
 - t) Communicating with Financial Services Commission of Ontario regarding SHS's former pension plans;
 - u) Communicating with relevant insurance adjusters from Sears and SHS regarding warranty issues;
 - v) Communicating with Sears regarding operational and warranty issues;
 - w) Communicating with Sears and Alaris and their counsel regarding the status of the Receivership Proceedings and ongoing matters; and
 - x) Other administrative matters incidental to the administration of the estate, including communicating with insurers regarding amendments to SHS's insurance, as various leased locations were vacated during the Receivership Proceedings, arranging long tail liability insurance and banking and cash management.
15. The Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Receivership Proceedings. From the Date of Appointment to June 15, 2014 the website had received approximately 17,000 visits. Additionally, the Company's call center received over 38,800 calls seeking information on the Company, the Interim Receivership Proceedings and the Receivership Proceedings prior to the closure of the call center on February 21, 2014. The Receiver's hotline (1-855-376-8474) has received over 6,600 calls, and its dedicated email address (shs.questions@ca.pwc.com) has received over 3,500 emails since the Date of Appointment. Third party enquiries have been responded to by the Receiver, and former SHS staff retained by the Receiver, as quickly as possible.

WIND-DOWN OF REMAINING OPERATIONS

PREMISES AND BOOKS AND RECORDS

16. Between February and April 2014, the Receiver exited the various offices and warehouses leased by SHS throughout Canada (the “**Branches**”), including the corporate head office located at 125 Commerce Valley West, Markham Ontario (the “**Head Office**”). The Branches and the Head Office contained the Auction Assets and books and records of the Company. The Company’s computer server, which stored all of the Company’s electronic books and records (the “**Server**”) was located at the Head Office. All of the property previously located at the Branches and Head Office were removed prior to the Receiver terminating the leases and exiting the respective locations.
17. As agreed upon in the Auction Agreement with Century Services Inc. (“**Century**”), Century removed the Auction Assets from the Branches and left the Branches in a broom-swept condition.
18. Certain books and records, such as historical financial information and payroll, were relocated to storage facilities and/or a temporary office space leased by the Receiver. Books and records related to installations and product warranty were sent to Sears as it has indicated that it will honour the related warranties for this work going forward.
19. The Server was temporarily shut down, dismantled and relocated to the temporary office space leased by the Receiver, along with certain books and records. The Receiver continues to use this temporary office space to facilitate its review of the Company’s books and records in connection with the Receivership Proceedings.
20. Upon the termination of the leases of the Branches and the Head Office, the Receiver made arrangements with service and utility providers to have services and utilities cutoff and final bills issued. The Receiver continues to reconcile final bills to ensure no charges are paid for services prior to the Date of Appointment.

21. Based on the Company's books and records, the Receiver understands that certain leases required deposits to be paid by SHS upon inception and are currently being held by the respective landlords. Certain landlords that hold deposits in the range of \$170,000 have asserted damages and other claims against SHS and refuse to return the deposits. The Receiver continues to pursue these deposits.

SALE/ASSIGNMENT OF EXISTING ORDERS TO THIRD PARTIES

22. SHS, by the Receiver, pursued the completion of certain orders for services that were received prior to the Date of Appointment which had not resulted in installations or other work performed in customer homes, but which were expected to generate positive cash flow for the estate (the "Existing Orders").
23. As discussed in the Fourth Report, SHS is no longer pursuing the completion of Existing Orders in the Receivership Proceedings. The Receiver explored other options to realize value from the Existing Orders, including the sale or contracting out of certain Existing Orders that have not been pursued by the Receiver. The Receiver sold certain Existing Orders to two companies that furnish and install windows and doors, for which the Company receives an earnout as orders are successfully completed.
24. The Receiver had discussions with other parties with respect to further opportunities to realize on the remaining Existing Orders. At this point, given the passage of time since the Date of Appointment, the Receiver does not expect any additional agreements to be reached to realize on the remaining Existing Orders.

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

25. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to June 15, 2014 is detailed in Appendix "A" and is summarized as follows:

STATEMENT OF RECEIPTS AND DISBURSEMENTS	
For the period from December 13, 2013 to June 15, 2014	
	in \$ 000's
Total receipts	6,223
Disbursements:	
Receiver's fees and disbursements (includes legal counsel)	1,451
Sales tax payments (refunds)	625
Employee costs	502
Sears BCA and Transition Service Agreement payments	470
Installer payments	347
Other operating costs	336
Rent / lease payments	291
Total disbursements	4,021
Net cash flow	2,203
Opening cash swept by Receiver	1,205
Net cash flow	2,203
Funds received under Receiver's Borrowings	688
Funds held in reserve	(706)
Cash held in trust - June 15, 2014	3,389

REVIEW OF SECURITY

26. The primary pre-filing secured indebtedness of SHS to Sears and Alaris arose pursuant to certain loans concluded on September 30, 2013 pursuant to promissory notes later replaced by loan agreements on October 31, 2013, which provided for loans of \$2.0 million by each of Sears and Alaris to SHS LP (respectively the "Sears Loan" and the "Alaris Loan"), for a total of \$4.0 million of secured obligations excluding accrued interest.
27. Sears has also asserted that the obligations under section 13.2 of the Branded Concession Agreement between Sears and SHS dated December 20, 2012 (the "BCA") are secured (the "BCA Secured Obligations"). McMillan is awaiting receipt of certain documentation to confirm Sears' position.

28. The Sears Loan is secured, *inter alia*, under the security agreements listed in Appendix "B" (the "Sears Security"). As security for the Alaris Loan, Alaris was granted the security documents listed in Appendix "C" (the "Alaris Security").
29. The Receiver has been provided with the independent legal opinion (the "Security Opinion") from McMillan with respect to the validity and enforceability of the Sears Security and the Alaris Security. Subject to the standard assumptions, qualifications and limitations contained therein, McMillan has provided its opinion to the Receiver that:
 - a) The Sears Security is effective, valid and enforceable against the Receiver and a trustee in bankruptcy of SHS in accordance with its terms; and
 - b) In light of the decided cases on point, the Alaris Security is either void or voidable because it was received and is held by Alaris in violation of section 60(a) of the *Partnership Act*, Alberta.
30. The Receiver notes that Alaris' legal counsel has advised the Receiver that it disagrees with the conclusion reached by McMillan as described above in sub-paragraph (b).
31. The Receiver notes that its preliminary estimate of the net proceeds for distribution to the Secured Lenders is less than \$2.0 million if the Pre-Filing Customer Payments (as defined below) and any remaining balance of the Contingency Reserve (as defined below) are subject to valid and enforceable trust claims. No distribution will be made on account of the Sears Loan, the Alaris Loan or the BCA Secured Obligations (relating to the period prior to the Receivership Proceedings) except as may be approved by the Court in the future.

SALE OF QUEBEC RENTAL PORTFOLIO

32. The Receivership Order approved a sale process (the "Rental Portfolio Sale Process") for the Company's portfolio of residential water heater and HVAC rental assets (the "Rental Portfolio"). In the Fourth Report¹, the Receiver outlined the actions taken and results of the Rental Portfolio Sale Process which led to the selection of the offer from Reliance. On March 11, 2014, the Court granted the Reliance Sale Approval Order which

¹ See paragraphs 41-53 therein

resulted in the sale to Reliance of the Rental Portfolio excluding the portion of the Rental Portfolio located in Quebec (the "**Quebec Rental Portfolio**").

33. The Receiver has pursued the sale of the Quebec Rental Portfolio, and now seeks the Court's approval of the sale of the Quebec Rental Portfolio to Hydrosolution.
34. The Quebec Rental Portfolio is comprised of approximately 261 customers and related rental assets, representing approximately 7% of the total Rental Portfolio before the Reliance transaction. Given the relative size of the Quebec Rental Portfolio, the Receiver has pursued the sale of the Quebec Rental Portfolio as permitted by paragraph (7)(1)(i) of the Receivership Order.
35. In addition to the marketing of the water heater business generally and previously described, the Receiver considered Quebec-based providers of home water heater and energy solutions as potential bidders for the Quebec Rental Portfolio.
36. The Receiver contacted Hydrosolution to determine their interest in the Quebec Rental Portfolio. Hydrosolution executed a confidentiality agreement and was provided with a confidential information memorandum package ("**CIM**"). The CIM outlined the Company's operations, existing rental contracts in the Quebec Rental Portfolio and the underlying assets, historical financial information and other information that the Receiver viewed as relevant in the circumstances, and included a standard form of offer.
37. An offer was received from Hydrosolution which was subject to further due diligence. The Receiver and Hydrosolution agreed to pursue further discussions of the offer while Hydrosolution completed its due diligence. The offer received from Hydrosolution was ultimately negotiated and successfully memorialized in the agreement of purchase and sale (the "**Hydrosolution Agreement**"), attached (with financial terms redacted) as Appendix "D". An unredacted version of the Hydrosolution Agreement will be filed separately as Confidential Appendix "E". Among other things, the Hydrosolution Agreement contemplates that an approval and vesting order would be sought from the Court.
38. The Receiver is of the view that it is preferable that the unredacted Hydrosolution Agreement remain confidential until the completion of the transaction contemplated therein. If the transaction contemplated is not completed, the Receiver is of the view that

efforts to continue marketing the Quebec Rental Portfolio may be impaired if the Hydrosolution Agreement is made public at this time. Accordingly, the Receiver seeks an order temporarily sealing the unredacted Hydrosolution Agreement pending the completion of the transaction.

39. The Receiver is of the view that the sale of the Quebec Rental Portfolio was conducted in accordance with the terms of the Receivership Order, and that the market was properly canvassed. To the best of its knowledge, the Receiver considers that all reasonable requests for information made to the Receiver by parties contacted regarding the Quebec Rental Portfolio were satisfied.
40. The Hydrosolution Agreement reflects the highest value offer received. The Receiver is of the view that the Hydrosolution Agreement represents the best offer for the Quebec Rental Portfolio in the circumstances, and accordingly recommends that the Court issue an order approving the Hydrosolution Agreement.

FUNDS HELD BY SEARS

41. As indicated in the Third Report, the Receiver understands from the Company's books and records that Sears received approximately \$1.4 million of payments from SHS' customers for work performed by SHS prior to the Date of Appointment (the "**Pre-Filing Customer Payments**"). The Pre-Filing Customer Payments are being withheld from SHS by Sears on account of certain setoff claims being asserted by Sears.
42. In the Third Report, the Receiver noted that Sears provided a preliminary reconciliation, on a without-prejudice basis, of amounts that Sears alleged were owed by SHS to it, as at December 13, 2013 (the "**Preliminary Reconciliation**"). Sears undertook to provide a final version of the Preliminary Reconciliation on a with-prejudice basis and without any material reservations or qualifications (the "**Updated Reconciliation**"), together with a memorandum explaining the Updated Reconciliation in detail, including the legal authority and basis for the charges or amounts that Sears asserts are owed by SHS to Sears, the legal authority and basis for Sears to claim any setoff, deduction or recoupment, and the relevant supporting documentation referenced in the memorandum.
43. In the Fourth Report, the Receiver noted that the Updated Reconciliation was provided on

February 7, 2014. However, the Updated Reconciliation was provided on a without prejudice basis and with limited detail in support of the amounts claimed beyond various references to the BCA. Additionally, Sears gave no details in support of the Pre-Filing Customer Payments it is holding. The Receiver informed Sears that the Updated Reconciliation was not sufficient to confirm either the amount of the funds held by Sears, or the validity of the setoff claims being asserted, and has requested additional information in this regard on several occasions.

44. The Receiver is of the view that Sears has not yet demonstrated that it has a valid basis to withhold the Pre-Filing Customer Payments from SHS, nor has it adequately supported any set-off rights that it claims against the Pre-Filing Customer Payments, either pursuant to the BCA or otherwise. Further, the Receiver is of the view that the Pre-Filing Customer Payments held by Sears and payable to SHS may be impressed with a trust pursuant to section 8 of the Ontario *Construction Lien Act* (“CLA”) and analogous construction lien legislation in many of the other relevant provinces or otherwise under applicable law. Sears has advised the Receiver that it disagrees that any of the Pre-Filing Customer Payments are impressed with a trust and is opposed to any funds being distributed to holders of Lien and Trust Claims on account of any trust claims.
45. The Receiver has been seeking to negotiate a resolution of this issue with Sears for several months. In the two weeks prior to the issuance of this report, the Receiver and Sears have held more substantive discussions on the terms of a proposed settlement of this issue. However, these negotiations have been further complicated by two very recent court decisions which have held that construction lien deemed trusts do not survive bankruptcy².
46. In this context, the Receiver and Sears are continuing discussions towards a resolution and settlement of the issues relative to the Pre-Filing Customer Payments, which the Receiver hopes will be reached in the near future, but believes that a timetable should be set for the determination of the issue if a negotiated resolution cannot be reached. As a result, the Receiver intends to seek an order from the Court regarding a timetable to have the issues of entitlement to the Pre-Filing Customer Payments resolved on an expedited basis and to seek directions from the Court concerning the Lien and Trust Claims

² See *Royal Bank of Canada v. Atlas Block Co. Limited*, 2014 ONSC 2062 and *Iona Contractors Ltd. (Re)*, 2014 ABQB 347.

Resolution Process as discussed below.

PRIORITY CLAIMS

47. In the Second Report to the Court dated January 7, 2014 (the "**Second Report**"), the Receiver (in its then capacity as Interim Receiver) indicated³ that it was aware of the potential existence of priority claims for statutory deemed trust amounts as well as priority claims pursuant to sections 81.4 and 81.6 of the BIA (collectively, the "**Statutory Priority Claims**"). The Receiver also indicated that it had received notice of potential Lien and Trust Claims, prior to the commencement of the Lien and Trust Claims Identification Process (discussed further below).
48. Based on its review of the Company's books and records, and additional materials filed by certain parties described below, the Receiver is aware of the following Statutory Priority Claims:

EMPLOYEE WAGE CLAIMS

49. Based on a review of the Company's payroll records, the Receiver has estimated the potential priority claims of SHS's approximately 640 former employees, for outstanding wages and vacation pay pursuant to section 81.4 of the BIA (the "**81.4 Claim**") to be approximately \$68,000. This figure takes into account the payments made to employees prior to the Date of Appointment as discussed in the Interim Receiver's First Report to the Court dated December 20, 2013 (the "**First Report**") and the Second Report.
50. To date approximately 500 of SHS's former employees have filed claims with the Receiver, of which claims for approximately \$731,000 have been asserted as priority claims pursuant to section 81.4 of the BIA (the "**Employee Claims**") and CNTQ, on behalf of SHS's former employees resident in Quebec, has filed a claim pursuant to section 81.3 (albeit that it should be 81.4) of the BIA for approximately \$1,061,000 (the "**CNTQ Claim**").
51. The Receiver is in the process of completing its review and analysis of the Employee Claims and the CNTQ Claim. The majority of the Employee Claims and the CNTQ Claim

³ See paragraph 42 of the Second Report

appear to relate to wage amounts claimed in excess of the maximum allowable claim pursuant to section 81.4 of the BIA, or severance amounts which constitute unsecured claims.

52. The Employee Claims and the CNTQ Claim include amounts for commissions and expenses that are in excess of the amounts recorded pursuant to SHS's payroll records. As a result, the amount owed to SHS's former employees pursuant to section 81.4 of the BIA cannot be finally determined until the Receiver has completed its analysis and review of the Employee Claims and the CNTQ Claim
53. In addition, the Receiver understands that the CNTQ Claim appears to be a duplicate of a number of the Employee Claims filed by certain of SHS's former employees resident in Quebec. The Receiver is currently working with CNTQ to quantify and resolve the relevant priority, if any, of CNTQ's claim filed against SHS's estate.

PENSION CLAIM

54. The Receiver has reviewed the claim filed by Sun Life Financial pursuant to 81.6 of the BIA, in respect of unremitted contributions to the Company's defined contribution pension plan, in the amount of \$42,712.03 (the "81.6 Claim"). The Receiver has determined that the 81.6 Claim is valid and proven pursuant to the provisions of the BIA and SHS's books and records.

CROWN OBLIGATIONS

55. The Receiver is aware of potential amounts owed to Canada Revenue Agency ("CRA"), Revenu Quebec and various provincial tax offices with respect to provincial sales tax and HST amounts, totaling approximately \$559,000 (excluding penalties and interest).
56. The Receiver understands that no amounts are owed to CRA by SHS with respect to employee source deductions.

CONTINGENCY RESERVE

57. As discussed in the Second Report, at the time of that report, Sears had agreed to advance funding (the "Borrowings") to the Interim Receiver to permit the Interim Receiver to

hold a contingency reserve of \$706,000 (the “**Contingency Reserve**”). The Contingency Reserve comprised the net available cash in the Company’s bank accounts with HSBC (the “**HSBC Accounts**”) at the Date of Appointment, after deducting accrued obligations in the Interim Receivership Proceedings to January 3, 2014.

58. The Contingency Reserve was created in light of the potential existence of the Statutory Priority Claims, as well as Lien and Trust Claims (as defined below) and Court-ordered charges as indicated in the Second Report.
59. The Receiver notes that the funds in the Contingency Reserve consist of co-mingled funds, and the relatively small quantum of the Contingency Reserve makes the process of tracing such funds impractical if not impossible. The background to this was noted in the Second Report⁴. As a result it may be the case that the funds do not satisfy the requirements for a true common law trust. If this issue was contested, the Receiver thinks that the time and cost associated with such review would significantly reduce the cash available to stakeholders.
60. In order to find a practical solution to this issue, the Receiver is in discussions with the Secured Lenders regarding using a portion of the Contingency Reserve to fund the Lien and Trust Cash Pool contemplated by the Lien and Trust Claims Resolution Order, discussed further below.

RESULTS OF LIEN AND TRUST CLAIMS IDENTIFICATION PROCESS

61. Pursuant to the Lien and Trust Claims Procedure Order, the Receiver was authorized and instructed by the Court to administer a claims procedure (the “**Lien and Trust Claims Identification Process**”) to identify the claims of parties asserting potential construction liens or claims to potential trust funds (the “**Lien and Trust Claims**”) pursuant to applicable provincial construction lien legislation (the “**Lien Legislation**”) that existed as at the date of the Interim Receivership Order. Capitalized terms used and not defined in this section have the meaning given to them in the Lien and Trust Claims Procedure Order.
62. Pursuant to the Lien and Trust Claims Procedure Order:

⁴ See paragraph 36 of the Second Report

- a) on March 14, 2014, the Receiver mailed a Proof of Claim Document Package to a total of 718 Known Claimants and Contractors;
- b) a copy of the Lien and Trust Claims Procedure Order, the Proof of Claim Document Package, the motion records with respect to the Lien and Trust Claims Procedure and other materials related to the Lien and Trust Claims Identification Process was made available on the Receiver's website at www.pwc.com/car-shs; and
- c) on March 18, 2014, the Notice to Claimants was published in The Globe and Mail (National Edition).

63. The following table summarizes the claims filed with the Receiver in accordance with the Lien and Trust Claims Procedure Order:

Status	Count	Value claimed as:			
		Lien	Trust	Unspecified	Total
Filed prior to Claims Bar Date	184	\$917,700.67	\$1,555,565.50	\$468,399.68	\$2,941,665.85
Filed on Claims Bar Date but after 5:00pm	5	11,470.92	8,408.11	-	19,879.03
Filed after Claims Bar Date and before April 17, 2014	9	5,154.32	5,253.64	3,333.50	13,741.46
Totals	198	\$934,325.91	\$1,569,227.25	\$471,733.18	\$2,975,286.34

POTENTIAL BANKRUPTCY

64. The Receiver was advised by counsel to Alaris on June 18, 2014 that it is considering

seeking leave of the Court to bring an application for a receiving order for SHS.

65. If granted, this would result in the Company becoming bankrupt, and would reverse certain of the Statutory Priority Claims (principally the deemed trust claims for HST and provincial retail sales taxes). Based on recent case law, a bankruptcy may also have the effect of rendering ineffective any Lien and Trust Claim in and to the Pre-Filing Customer Payments and the Contingency Reserve; being the only funds which may be subject to Lien and Trust Claims.

PROPOSED LIEN AND TRUST CLAIMS RESOLUTION PROCESS

66. Until the Receiver was advised on June 18, 2014 that Alaris may be seeking leave to bring an application for a receiving order against SHS, the Receiver had intended to seek the Court's approval of a process (the "**Lien and Trust Claims Resolution Process**") it had developed to evaluate the claims filed by Lien and Trust Claimants in order to determine the appropriate entitlement, if any, of those claimants to a pool of funds (the "**Lien and Trust Cash Pool**") to which they may be entitled to under Lien Legislation.
67. In light of the possibility of the bankruptcy of SHS and given that a settlement has not yet been reached with Sears concerning the release or payment of all or part of the Pre-Filing Customer Payments, the Receiver is of the view that if a settlement of these issues cannot be reached prior to the hearing scheduled for June 26th, that the direction and assistance of the Court will be required.


RELIEF SOUGHT

68. The Receiver respectfully requests this Court grant the Quebec Sale Approval Order.
69. The Receiver will, if necessary, issue a supplementary report prior to the June 26 Hearing to advise of the implications of any further discussions with Sears, Alaris or the Company's other stakeholders.

All of which is respectfully submitted on this 19th day of June, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and
SHS Services Limited Partnership



Mica Arlette
Senior Vice President

TAB A

Appendix "A"
Receiver's Statement of Receipts and Disbursements

STATEMENT OF RECEIPTS AND DISBURSEMENTS	
For the period from December 13, 2013 to June 15, 2014	
	in \$ 000's
Receipts:	
Sales proceeds	4,582
Customer receipts	998
Sales tax collected on receipts	604
Miscellaneous receipts	39
Total receipts	6,223
Disbursements:	
Receiver's fees and disbursements (includes legal counsel)	1,451
Payroll and source deductions	502
Sears BCA and Transition Service Agreement payments	470
Installer payments	347
Sales tax remittances (refunds)	327
Sales tax paid on disbursements	299
Monthly rent / lease payments	291
Centah	188
Telecommunications	45
Insurance	34
Utilities	27
Other expenses	42
Total disbursements	4,021
Excess of receipts over disbursements	2,203
Opening cash swept by Receiver	1,205
Funds received under Receiver's Borrowings	688
Funds held in reserve	(706)
Cash held in trust - June 15, 2014	3,389

TAB B

Appendix "B"
Sears Security agreements

- (1) General Security Agreement dated March 2, 2013 signed by SHS Services Limited Partnership by its general partner SHS Services Management Inc. in favour of Sears Canada Inc.;
- (2) General Security Agreement dated March 2, 2013 signed by SHS Services Management Inc. in favour of Sears Canada Inc.;
- (3) Security Agreement dated September 30, 2013 signed by SHS Services Limited Partnership by its general partner SHS Services Management Inc. in favour of Sears Canada Inc.;
- (4) Security Agreement dated September 30, 2013 signed by SHS Services Management Inc. in favour of Sears Canada Inc.;
- (5) Hypothec on Moveable Property granted by SHS Services Management Inc. in favour of Sears Canada Inc. in March of 2013 which was registered at the Register of Personal and Moveable Real Rights (Quebec) ("RPMRR") on March 6, 2013, under number 13-0165915-0001; and
- (6) Hypothec on Moveable Property granted by SHS Services Limited Partnership in favour of Sears Canada Inc. in March of 2013 which was registered at the RPMRR on March 6, 2013, under number 13-0165915-0002.

TAB C

Appendix "C"
Alaris Security agreements

- (1) Security Agreement dated September 30, 2013 signed by SHS Services Limited Partnership by its general partner SHS Services Management Inc. in favour of Alaris Income Growth Fund Partnership; and
- (2) Security Agreement dated September 30, 2013 signed by SHS Services Management Inc. in favour of Alaris Income Growth Fund Partnership;

TAB D

Appendix "D"
Hydrosolution Agreement (redacted)

AGREEMENT OF PURCHASE AND SALE

Made as of the 18th day of June, 2014

Between

PRICEWATERHOUSECOOPERS INC.,
in its capacity as receiver of
SHS Services Management Inc. / Gestion Des Services SHS Inc. and SHS Services Limited
Partnership pursuant to the Appointment Order

(the "Receiver")

and

HYDROSOLUTION, L.P.
(the "Purchaser")

TABLE OF CONTENTS

1.1	Definitions.....	1
1.2	Interpretation Not Affected by Headings, etc.	3
1.3	Extended Meanings	3
1.4	Schedules.....	3
2.1	Sale and Purchase of Assets.....	4
2.2	Assignment and Assumption of Contracts	4
2.3	"As is, Where is"	4
2.4	Assumed Obligations	5
2.5	Excluded Obligations.....	5
2.6	Pre-Closing Receivables and Post-Closing Receivables.....	5
2.7	Payment of the Purchase Price	5
2.8	Allocation of Purchase Price.....	6
2.9	Taxes	6
3.1	Purchaser's Representations.....	6
3.2	Receiver's Representations	7
4.1	Conditions - Purchaser	7
4.2	Conditions – Receiver	8
4.3	Approval and Vesting Order	9
4.4	Non-Satisfaction of Conditions.....	9
5.1	Closing	9
5.2	Purchaser's Deliveries on Closing	9
5.3	Receiver's Deliveries on Closing.....	10
5.4	Purchaser's Acknowledgement	10
5.5	Possession of Assets.....	10
5.6	Access to Assets, No Customer Contact	11
5.7	Risk.....	11
5.8	Termination	11
5.9	Breach by Purchaser.....	11
6.1	Further Assurances.....	11
6.2	Notice	12
6.3	Time	13
6.4	Currency	13
6.5	Survival	13
6.6	Benefit of Agreement.....	13
6.7	Entire Agreement	13
6.8	Paramountcy.....	13
6.9	Severability.....	14
6.10	Receiver's Capacity.....	14
6.11	Governing Law.....	14
6.12	Commission.....	14
6.13	Confidentiality.....	14
6.14	Counterparts	14
	Schedule 1.1(10) – Confidentiality Agreement	1
	Schedule 1.1(11) – Contracts.....	1

Schedule 1.1(17) – Inventory..... 1
Schedule 2.8 – Allocation of Purchase Price 1
Schedule 4.3(a) – Form of Approval and Vesting Order..... 1
Schedule 5.2(c) – Form of Bill of Sale and Assignment 1

PURCHASE

This Agreement is made as of the 18th day of June, 2014, between

PRICEWATERHOUSECOOPERS INC., in its capacity as
receiver of SHS Services Management Inc. / Gestion Des Services
SHS Inc. and SHS Services Limited Partnership pursuant to the
Appointment Order
(the "Receiver")

and

HYDROSOLUTION, L.P.
(the "Purchaser")

RECITALS

A. Pursuant to an order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court (Commercial List) dated December 13, 2013, PricewaterhouseCoopers Inc. was appointed interim receiver of SHS Services Management Inc. and SHS Services Limited Partnership pursuant to Section 47(1) of the *Bankruptcy and Insolvency Act* (Canada) ("*BIA*") and Section 101 of the *Courts of Justice Act* (Ontario).

B. Pursuant to an order of the Honourable Mr. Justice Brown of the Ontario Superior Court of Justice (Commercial List) dated January 9, 2014, PricewaterhouseCoopers Inc. was appointed receiver of SHS Services Management Inc. and SHS Services Limited Partnership pursuant to Section 243 of the *BIA* and was discharged and relieved of substantially all of its duties as Interim Receiver.

C. The Receiver desires to sell and the Purchaser desires to purchase the Assets, as more particularly set out herein, subject to the terms and conditions hereof.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (1) *Agreement* means this Agreement of Purchase and Sale;
- (2) *Appointment Order* means the order of the Court appointing PricewaterhouseCoopers Inc. as Receiver of the Debtors on January 9, 2014, as amended;

- 2 -

- (3) *Approval and Vesting Order* has the meaning set out in Section 4.3(a);
- (4) *Assets* means the right, title and interest of SHS in and to the Inventory, Post-Closing Receivables and the Contracts;
- (5) *Assumed Obligations* means the obligations of SHS under the Contracts from and after the Closing Date;
- (6) *Business* means the residential water heater and HVAC equipment rental business presently carried on by SHS in the province of Quebec;
- (7) *Business Day* means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (8) *Closing* means the successful completion of the Transaction;
- (9) *Closing Date* means July 2, 2014 or such date as the Purchaser and receiver may agree to in writing, provided that such date shall not be later than July 30, 2014;
- (10) *Confidential Information* has the meaning set out in the Confidentiality Agreement dated April 7, 2014 between the Purchaser and the Receiver and attached as Schedule 1.1(10);
- (11) *Contracts* means the rental agreements between SHS and its customers as set out in Schedule 1.1(11);
- (12) *Court* means the Ontario Superior Court of Justice (Commercial List);
- (13) *Debtors* means, together, SHS Services Management Inc. and SHS Services Limited Partnership;
- (14) *Deposit* has the meaning specified in Section 2.7(a);
- (15) *ETA* means the *Excise Tax Act (Canada)*;
- (16) *Excluded Assets* means the Pre-Closing Receivables or proceeds thereof;
- (17) *HST* means all goods and service and harmonized sales taxes payable under the ETA;
- (18) *Inventory* means the residential water heaters and HVAC equipment located in the province of Quebec used in the operation of the Business as set out in Schedule 1.1(18);
- (19) *Pre-Closing Receivables* means rental payment or buy-out payment obligations that are due or past due by customers pursuant to the Contracts in the period prior to the Closing Date;
- (20) *Post-Closing Receivables* means rental payment or buy-out payment obligations due by customers pursuant to the Contracts on and after the Closing Date;
- (21) *Receiver* has the meaning ascribed to it on the first page of this Agreement;

- 3 -

- (22) *Receiver Discharge Date* means the date that the Receiver is discharged and relieved of substantially all of its duties under the Appointment Order;
- (23) *Purchase Price* means the aggregate of [REDACTED] and the value of the Assumed Obligations;
- (24) *SHS* means SHS Services Management Inc.;
- (25) *Time of Closing* means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree; and
- (26) *Transaction* means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to a "section" followed by a number and/or a letter refer to the specified section of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement:

- Schedule 1.1(10) – Confidentiality Agreement
- Schedule 1.1(11) - Contracts
- Schedule 1.1(18) - Inventory
- Schedule 4.3(a) – Form of Approval and Vesting Order
- Schedule 5.2(c) – Form of Bill of Sale and Assignment

- 4 -

SECTION 2 SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof and the Court granting the Approval and Vesting Order, the Receiver, exercising the powers of sale granted pursuant to the Appointment Order, shall sell to the Purchaser and the Purchaser shall purchase the Assets on the Closing Date, at the price and in accordance with the terms set forth herein and subject to all of the conditions set forth herein being fulfilled. The Purchaser acknowledges that it is not purchasing any other property or assets of SHS other than the Assets. For greater certainty, the Purchaser acknowledges that it is not purchasing any rights, benefits or interests in and to any intellectual property licensed, assigned or otherwise granted to SHS by Scars Canada Inc.

2.2 Assignment and Assumption of Contracts

Subject to the conditions and terms hereof, the Receiver shall assign to the Purchaser all of SHS' rights, benefits and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of SHS under the Contracts on the Closing Date.

This Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Contract or, in the alternative, the order contemplated in Section 4.1(c) herein has not been obtained. At the option of the Receiver, any such assignment may be made in the name of and on behalf of SHS.

2.3 "As is, Where is"

The Purchaser acknowledges that the Receiver is selling the Assets on an "as is, where is" basis as they shall exist on the Closing Date and that the Assets are purchased at the Purchaser's own risks. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Receiver does not guarantee title to the Assets and that the Purchaser has conducted such inspections of the condition of and title to the Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Assets or the right of the Receiver to sell same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario), the Civil Code of Quebec, or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Receiver concerning completeness or the accuracy of such descriptions.

- 5 -

2.4 Assumed Obligations

In connection with its acquisition of the Assets, the Purchaser shall assume the Assumed Obligations on Closing. On Closing, the Purchaser shall enter into an assumption agreement in form and substance satisfactory to the Receiver.

2.5 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable for any other liabilities or obligations of SHS.

2.6 Pre-Closing Receivables and Post-Closing Receivables

(1) From and after Closing, collection of Post-Closing Receivables shall be the sole responsibility of the Purchaser and the Receiver shall have no obligation to pursue the collection of Post-Closing Receivables, provided that in the event the Receiver receives funds from a customer that constitute Post-Closing Receivables, it shall:

- (a) hold such funds received in a segregated account in trust for the Purchaser;
- (b) notify the Purchaser in writing that it has received such funds, such notice to be given within 2 days of receipt of the funds; and
- (c) forthwith remit such funds to the Purchaser by wire transfer or by such other method as the parties may agree, on the Friday of each week, as necessary.

(2) Collection of Pre-Closing Receivables shall remain the sole responsibility of the Receiver and the Purchaser shall have no obligation to pursue the collection of Pre-Closing Receivables, provided that in the event the Purchaser receives funds from a customer that constitute Pre-Closing Receivables, it shall:

- (a) hold such funds received in a segregated account in trust for the Receiver and
- (b) notify the Receiver in writing that it has received such funds, such notice to be given within 2 days of receipt of the funds; and
- (c) forthwith remit such funds to the Receiver by wire transfer or by such other method as the parties may agree, on the Friday of each week, as necessary.

(3) The parties' obligations under this Section 2.6 shall terminate in respect of funds actually received by them after the earlier of (x) 60 days after the Closing Date or (y) the Receiver Discharge Date. The Receiver and the Purchaser agree to provide reasonable assistance to the other as each may require in their efforts to collect receivables.

2.7 Payment of the Purchase Price

On or prior to the Time of Closing, the Purchaser shall pay the Purchase Price to the Receiver as follows:

- 6 -

- (a) the sum of \$ [REDACTED] the receipt of which the Receiver acknowledges, shall be paid by the Purchaser upon execution of this Agreement as a deposit (the "Deposit") to be held by the Receiver in trust until the Time of Closing and credited toward the Purchase Price upon Closing; and
- (b) the balance of the Purchase Price, after crediting the Deposit, shall be paid at the Time of Closing.

The Receiver agrees to cause the Deposit to be placed into an interest bearing account or certificate of deposit, with all interest earned or accrued thereon to be paid or credited to the Purchaser at the Time of Closing, unless the Purchaser forfeits the Deposit as provided below in which event the interest shall be paid to the Receiver. Unless otherwise agreed, all amounts payable to the Receiver either by way of Deposit or at the Time of Closing shall be paid to the Receiver in cash, or by cheque certified by, or draft of, a major Canadian bank listed in Schedule I to the *Bank Act* (Canada).

2.8 Allocation of Purchase Price

At the Closing, the Purchase Price shall be allocated among the Assets by the Purchaser, who shall deliver the allocation in a form consistent with Schedule 2.8 acting reasonably.

2.9 Taxes

The Purchaser shall pay upon Closing, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the purchase and sale of the Assets including, without limitation, HST and QST. The Purchaser agrees to indemnify and save the Receiver harmless from and against all claims and demands for payment of the above-mentioned taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.

SECTION 3- REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Receiver that:

- (a) the Purchaser is a limited partnership, organized and subsisting under the laws of province of Quebec;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery

- 7 -

by it of this Agreement or the performance by it of any of the terms contained herein;

- (d) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success.
- (e) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof; and
- (f) the Purchaser is not a non-Canadian person as defined in the *Investment Canada Act*;

3.2 Receiver's Representations

The Receiver represents and warrants to the Purchaser as follows:

- (a) the Receiver has been duly appointed as the Receiver of the Debtors pursuant to the Appointment Order with authority to exercise the powers of sale contained therein; and
- (b) the Receiver has the right to enter into this Agreement and to complete the Transaction, subject to the granting of the Approval and Vesting Order.

SECTION 4- CONDITIONS

4.1 Conditions - Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Receiver contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and on as of that date;
- (b) the Receiver shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;

- 8 -

- (c) the Assets are purchased as an indivisible whole and form the entirety of the Business;
- (d) Between the date of execution of this agreement and the Closing Date, there will be no substantial detrimental change affecting or that may affect the Assets or the Business;
- (e) All documents and copies of documents in the possession of the Receiver relating to the transfer of the Assets offered herein will have been provided to the Purchaser and the execution and completion of the deliveries, including the documentation required to effect the transfer of the Assets, to be made to the Purchaser by the Receiver on or before closing set forth herein will have been made to the entire satisfaction of the Purchaser's advisors;
- (f) the Purchaser and the Purchaser's representatives and advisors shall have had access to all of the information relevant to the Assets so as to allow the Purchaser to verify the titles, value and quality of the Assets, and the Purchaser shall be fully satisfied of such at its entire discretion. Without limiting the generality of the preceding, access to the Contracts and an up to date list of accounts receivable shall be provided by the Receiver to the Purchaser. This condition shall have been satisfied or waived on or before June [20], 2014;
- (g) An act of God does not make the execution of the transaction contemplated herein impossible; and
- (h) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

4.2 Conditions – Receiver

The obligation of the Receiver to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (c) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date.

- 9 -

The foregoing conditions are for the exclusive benefit of the Receiver. Any condition may be waived by the Receiver in whole or in part. Any such waiver shall be binding on the Receiver only if made in writing.

4.3 Approval and Vesting Order

The obligations of the Receiver and the Purchaser are subject to the conditions that:

- (a) an Order shall have been made by the Court approving this Agreement and the Transaction and vesting all the right, title and interest of SHS in the Assets free and clear of all liens, security interests and other encumbrances, and, to the extent necessary, authorizing the assignment of the Contracts and assumption of the Assumed Obligations as contemplated under this Agreement, such Order to be substantially in the form of the Order attached hereto as Schedule 4.3(a) (the "Approval and Vesting Order"); and
- (b) the Approval and Vesting Order shall not have been stayed, varied or vacated, and no order shall have issued and no action or proceeding shall be pending to restrain or prohibit the completion of the Transaction.

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Receiver and the Purchaser.

4.4 Non-Satisfaction of Conditions

If any condition set out in this Section 4 is not satisfied or performed prior to the time specified therefor, the party for whose benefit the condition is inserted may in writing:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

SECTION 5 – CLOSING

5.1 Closing

The completion of the Transaction shall take place at the offices of McMillan LLP, 44th floor, Brookfield Place, 181 Bay Street, Toronto, Ontario, on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the parties in writing.

5.2 Purchaser's Deliveries on Closing

At or before the Time of Closing, the Purchaser shall execute and deliver to the Receiver the following, each of which shall be in form and substance satisfactory to the Receiver, acting reasonably:

- 10 -

- (a) payment of the Purchase Price;
- (b) payment or evidence of payment of applicable federal and provincial taxes or alternatively, appropriate exemption certificates, as required by Section 2.9;
- (c) a bill of sale and assignment substantially in the form of Schedule 5.2(c);
- (d) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (e) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (f) such further and other documentation as is referred in this Agreement or as the Receiver may reasonably require to give effect to this Agreement.

5.3 Receiver's Deliveries on Closing

At or before the Time of Closing, the Receiver shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale and assignment substantially in the form of Schedule 5.2(c);
- (b) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Receiver contained in this agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (c) copies of the Contracts in the Receiver's possession or control; and
- (d) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 4.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date.

5.4 Purchaser's Acknowledgement

The Purchaser acknowledges that the Receiver is selling the rights, benefits and interests of the Debtor in and to the Assets pursuant to the Receiver's powers and as authorized by the Approval and Vesting Order. The Purchaser agrees to purchase and accept the rights, benefits and interests of the Debtor in and to the Assets pursuant to and in accordance with the terms of the bill of sale and assignment and the Approval and Vesting Order.

5.5 Possession of Assets

SHS shall remain in possession or control of the Assets until the Time of Closing. On Closing, the Purchaser shall take possession or control of the Assets where situate at the Time of Closing. The Purchaser acknowledges that the Receiver has no obligation to deliver physical possession of the Assets to the Purchaser. In no event shall the Assets be sold, assigned,

- 11 -

transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 5.2.

5.6 Access to Assets, No Customer Contact

The Purchaser may have reasonable access to the Assets prior to the Time of Closing solely for the purpose of completing necessary preparations for Closing and its due diligence and not for any other purpose. The Purchaser acknowledges and agrees that it shall not contact any SHS customer or communicate in any manner with any SHS customer prior to the Time of Closing. The Purchaser agrees to indemnify and save SHS and the Receiver harmless from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way directly related to its access to the Assets or as a result of any breach of its covenants hereunder prior to the Time of Closing.

5.7 Risk

The Assets shall be and remain at the risk of SHS and/or Receiver until Closing and at the risk of the Purchaser from and after Closing.

5.8 Termination

If either the Receiver or the Purchaser validly terminates this Agreement pursuant to the provisions of Section 4.4,

- (a) all the obligations of both the Receiver and Purchaser pursuant to this Agreement shall be at an end; and
- (b) the Purchaser shall be entitled to have the Deposit and all the monies paid hereunder to the Receiver returned with any interest earned thereon but without deduction.

5.9 Breach by Purchaser

If the Purchaser fails to comply with the terms of this Agreement, the Receiver may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In that event, the Deposit and any other payments made by the Purchaser shall be forfeited to the Receiver on account of its liquidated damages, and the Assets may be resold by the Receiver. In addition, the Purchaser shall pay to the Receiver on demand the deficiency, if any, arising upon such resale (after deducting the expenses of resale) together with interest and all other damages or charges occasioned by or resulting from the default by the Purchaser.

SECTION 6 – GENERAL

6.1 Further Assurances

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be

- 12 -

executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

Hydrosolution, L.P.
12020 boul. Albert-Hudon
Montréal (Québec) H1G 3K7

Attention: Nicolas Ayotte
Telephone No.: (514) 326-0606
Fax No.: (514) 322-7290

with a copy to:
Prévost Fortin D'Aoust, lawyers
3080, boul. Le Carrefour
Bureau 530
Laval (Québec) H7T 2R5

Attention: Me Martin Laurendeau
Telephone No.: (450) 681-2511
Fax No.: (450) 681-3342

and in the case of the Receiver, as follows:

PricewaterhouseCoopers Inc.
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario
M5J 0B2

Attention: Mica Arlette
Senior Vice-President

Telephone No.: (416) 814-5834
Fax No.: (416) 814-3210

with a copy to:

McMillan LLP
Barristers & Solicitors
181 Bay Street, Suite 4400
Brookfield Place

- 13 -

Toronto, Ontario
M5J 2T3

Attention: Wael Rostom
Telephone No.: (416) 865-7790
Fax No.: (416) 865-7048

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Receiver and the Purchaser or by their respective solicitors.

6.4 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.5 Survival

The representations and warranties of the parties hereto contained in this Agreement shall survive Closing.

6.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, provided that the Purchaser shall not assign the benefit of this Agreement without the prior written consent of the Receiver.

6.7 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

6.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered by the Receiver in connection with this Transaction or this Agreement the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

- 14 -

6.9 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

6.10 Receiver's Capacity

The Receiver acts in its capacity as Receiver of the Debtors and shall have no personal or corporate liability under this Agreement.

6.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

6.12 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Receiver on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Receiver against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.13 Confidentiality

All information exchanged between the Receiver and the Purchaser in connection with the Transaction shall be considered Confidential Information. For greater certainty, the Confidentiality Agreement shall continue to be in effect until Closing. Any publicity relating to the Transaction and the manner of releasing any information regarding the Transaction shall be mutually agreed upon by the Receiver and the Purchaser, both parties acting reasonably.

6.14 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or electronic mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

- 15 -

The parties have executed this Agreement.

PRICEWATERHOUSECOOPERS INC., in
its capacity as Receiver of
SHS Services Management Inc. / Gestion Des
Services SHS Inc. and SHS Services Limited
Partnership and not in its personal or corporate
capacity

By: Mica Arlette
Name: Mica Arlette
Title: Senior Vice-President

HYDROSOLUTION, L.P.

By: _____
Name: Nicolas Ayotte
Title: President

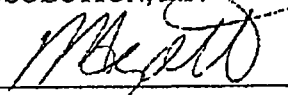
- 15 -

The parties have executed this Agreement.

**PRICEWATERHOUSECOOPERS INC., in
its capacity as Receiver of
SHS Services Management Inc. / Gestion Des
Services SHS Inc. and SHS Services Limited
Partnership and not in its personal or corporate
capacity**

By: _____
Name: Mica Arlette
Title: Senior Vice-President

HYDROSOLUTION, L.P.

By:  _____
Name: Nicolás Ayotte
Title: President

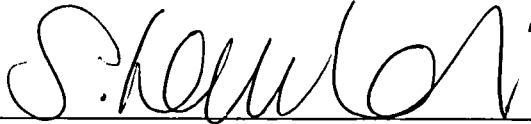
TAB E

Confidential Appendix "E"
Hydrosolution Agreement (unredacted)

TAB 0

This is Exhibit "O" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Kewton". The signature is written in black ink and is positioned above a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S SIXTH REPORT TO THE COURT

July 14, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**SIXTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

TABLE OF CONTENTS

INTRODUCTION..... 2
REVIEW OF SECURITY 3
BANKRUPTCY APPLICATION 4
POTENTIAL SETTLEMENT REGARDING FUNDS HELD BY SEARS 5
RELIEF SOUGHT 6

APPENDICES

- A. Summary of prior orders of the Court
- B. Proposed amended Timetable

NOTICE TO READER: The prior reports of the Receiver and related materials filed with the Court are available on the Receiver’s website at www.pwc.com/car-shs. Links to key documents are contained in the footnotes of this report.

INTRODUCTION

1. By order (the “**Appointment Order**”) of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 13, 2013 (the “**Date of Appointment**”), pursuant to section 47 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**”), PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as interim receiver and receiver (in both capacities referred to as the “**Interim Receiver**”) of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. (“**SHS**”) and SHS Services Limited Partnership (“**SHS LP**,” and collectively with SHS, the “**Company**”) acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the “**Property**”). These proceedings up to the Interim Receiver’s discharge on January 9, 2014 (as noted below) are referred to herein as the “**Interim Receivership Proceedings**”.
2. The application for the Appointment Order was brought by the Company. The Company’s principal secured creditors are Sears Canada Inc. (“**Sears**”) and Alaris Income Growth Fund Partnership (“**Alaris**”), and collectively with Sears the “**Secured Lenders**”), pursuant to the terms of loan agreements with SHS.
3. On January 9, 2014, by order (the “**Receivership Order**”) of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the “**Receiver**”), without security, of the Property pursuant to section 243 of the BIA. The Receivership Order also approved the activities of the Interim Receiver, and discharged PwC as Interim Receiver. The proceedings subsequent to January 9, 2014, are referred to as the “**Receivership Proceedings**”.
4. The orders made to date in these Receivership Proceedings are summarized in Appendix “A”.
5. The prior reports of the Receiver, and related materials in the Interim Receivership Proceedings and the Receivership Proceedings, are available on the Receiver’s website at www.pwc.com/car-shs.
6. The purpose of this report (the “**Sixth Report**”) is to inform to the Court of:
 - a) The review performed by the Receiver’s legal counsel, McMillan LLP (“**McMillan**”)

- of certain obligations of SHS owed to Sears and subject to the security held by Sears;
- b) The application for a bankruptcy order expected to be made imminently by Alaris, and the implications of same in these Receivership Proceedings; and
 - c) The potential settlement with Sears in regards to the Pre-Filing Customer Payments (as defined below).
7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST"). Capitalized terms not otherwise defined are as defined in the Receivership Order.

REVIEW OF SECURITY

8. In the Receiver's Fifth Report to the Court dated June 19, 2014 (the "**Fifth Report**"), the Receiver indicated that it has been provided with the independent legal opinion (the "**Security Opinion**") from McMillan with respect to the validity and enforceability of the Sears Security and the Alaris Security (both as defined in the Fifth Report). Subject to the standard assumptions, qualifications and limitations contained therein, McMillan has provided its opinion to the Receiver that:
- a) The Sears Security is effective, valid and enforceable against the Receiver and a trustee in bankruptcy of SHS in accordance with its terms; and
 - b) In light of the decided cases on point, the Alaris Security is either void or voidable because it was received and is held by Alaris in violation of section 60(a) of the *Partnership Act*, Alberta.
9. The effectiveness of the Sears Security was reviewed in the context of the \$2.0 million loan advanced to SHS by Sears pursuant to a loan agreement concluded on September 30, 2013 (the "**Sears Loan**").

¹ See http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf

10. Sears has also asserted that the obligations under section 13.2 of the Branded Concession Agreement between Sears and SHS dated December 20, 2012 (the “**BCA**”) are secured (the “**BCA Secured Obligations**”). As at the time of filing the Fifth Report, McMillan was awaiting receipt of certain documentation to confirm Sears’ position. McMillan has now confirmed to the Receiver that the obligations owed by SHS LP to Sears under the BCA are secured obligations under the Sears Security.

BANKRUPTCY APPLICATION

11. In the Fifth Report, the Receiver indicated² that it was recently advised by counsel to Alaris on June 18, 2014 that it is considering seeking leave of the Court to bring an application (the “**Bankruptcy Application**”) for a receiving order (the “**Receiving Order**”) for SHS. To date Alaris has not yet filed the the Bankruptcy Application but has reiterated to the Receiver that it intends to do so imminently.
12. If granted, the Receiving Order would result in the Company becoming bankrupt, and would reverse certain statutory priority claims (principally the deemed trust claims for HST and provincial retail sales taxes).
13. Based on recent case law³ (the “**Trust Claim Decisions**”), a bankruptcy of SHS may also have the effect of rendering ineffective the claims of parties that have asserted potential deemed trust claims (the “**Lien and Trust Claims**”) pursuant to applicable provincial construction lien legislation (the “**Lien Legislation**”), to the Pre-Filing Customer Payments of \$1.4 million (as defined below) and the Contingency Reserve of \$706,000 (as defined in the Fifth Report); being the only funds which may be subject to Lien and Trust Claims. The Receiver understands that Sears and Alaris have taken this position.
14. In light of the state of the case law on this issue, the Receiver will not take a position opposite to the Bankruptcy Application. However, if the Receiving Order is granted, the Receiver expects that it will be able to reach a settlement of the Pre-Filing Customer Payments issue as discussed below.

² See paragraphs 64 and 65 therein

³ See Royal Bank of Canada v. Atlas Block Co. Limited, 2014 ONSC 2062 and Iona Contractors Ltd. (Re), 2014 ABQB 347.

POTENTIAL SETTLEMENT REGARDING FUNDS HELD BY SEARS

15. As indicated in the Fifth Report, the Receiver understands from the Company's books and records that Sears received approximately \$1.4 million of payments from SHS's customers for work performed by SHS prior to the Date of Appointment (the "**Pre-Filing Customer Payments**"). The Pre-Filing Customer Payments are being withheld from SHS by Sears on account of certain setoff claims and other claims being asserted by Sears.
16. The Receiver has been seeking to negotiate a resolution of this issue with Sears for several months. In addition, the Receiver was preparing to bring a motion to compel Sears to pay over the Pre-Filing Customer Payments to fund a Lien and Trust Claim resolution order which the Receiver had designed based on its analysis of the entitlements of Lien and Trust claims outside of a bankruptcy. The actions taken to date in this regard were set out in the Fifth Report.
17. The Receiver and Sears have recently held more potentially fruitful discussions on the terms of a proposed settlement of this issue. These negotiations were affected by the Trust Claim Decisions, which have held that construction lien deemed trusts do not survive bankruptcy.
18. In the event that the Receiving Order referred to above is granted, Sears and Alaris have discussed the terms of a settlement between Sears and the Receiver that, once finalized, will be brought to the Court for approval. The terms of the settlement are anticipated to include the implementation of a claims resolution process to primarily, but not exclusively, make a distribution of certain settlement proceeds to holders of valid lien claims. The settlement is not expected to result in a distribution to holders of deemed trust claims under Lien Legislation.. We understand that Sears and Alaris have come to a related settlement of their own in respect of the terms of the intercreditor agreement to which Sears and Alaris are party of in the context of the security of Alaris being found to be ineffective. The Receiver understands that the settlement deals with the sharing of distributions that are expected to be made to Sears under the Sears Security as between Sears and Alaris.
19. In light of the impact of a potential Receiver Order would have on the priority of various claims, including Lien and Trust Claims, and the progress made in the settlement

discussions with Sears and Alaris, the Receiver considers that it would be prudent and appropriate to defer the dates in the timetable approved on June 26, 2014 (the "Timetable") for the filing of materials and hearing of a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments. A proposed amended Timetable is included at Appendix "B". Sears and Alaris have agreed to the amended Timetable.

20. In the event that the Bankruptcy Order is not granted, the settlements discussed above would not be implemented and the proceedings would be continued following the amended Timetable to seek recovery of the Pre-Filing Customer Payments from Sears and the approval of a process to resolve Lien and Trust Claims.

RELIEF SOUGHT

21. The Receiver respectfully requests this Court approve the amended Timetable set out in Appendix "B".

All of which is respectfully submitted on this 14th day of July, 2014.

PricewaterhouseCoopers Inc.
In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and
SHS Services Limited Partnership



Mica Arlette
Senior Vice President

Appendix A
Summary of prior orders of the Court

1. On February 4, 2014, the Court made an order (the “**February 4 Order**”):
 - a) Authorizing the Receiver to enter into an auction services agreement (the “**Auction Agreement**”) and a transaction to sell the Auction Assets (as defined therein), and vesting in the purchaser the Auction Assets free and clear of all encumbrances;
 - b) Approving the release of Prepaid Custom Inventory to customers; and
 - c) Approving the activities of the Receiver as set out in the Receiver’s Third Report to the Court dated January 28, 2014, the Supplementary Third Report to the Court dated January 31, 2014, and the Second Supplementary Third Report to the Court dated February 3, 2014 (collectively the “**Third Report**”⁴).
2. On February 4, 2014, the Court also made an order (the “**Licensee Order**”) on the application of a group of the Company’s licensees (the “**Licensee Respondents**”) for an order lifting the stay provisions in paragraphs 14 and 15 of the Receivership Order (the “**Stay Provisions**”) as against the Licensee Respondents, for the limited purpose of permitting the Licensee Respondents to terminate any of their respective license agreements with SHS.
3. On March 11, 2014, the Court made the following orders:
 - a) An order (the “**Reliance Sale Approval Order**”) authorizing the Receiver to enter into a purchase and sale agreement with Reliance Comfort Limited Partnership (“**Reliance**”) and a transaction to sell the Rental Portfolio excluding the Quebec Rental Portfolio (both as defined below), and vesting in Reliance the Rental Portfolio free and clear of all encumbrances; and
 - b) An order (the “**Lien and Trust Claims Procedure Order**”) approving the Lien and Trust Claims Identification Process (as defined therein).

⁴ Third Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-058_012914.pdf (Report),
Supplementary Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-064_020314.pdf
Second Supplementary Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-067_020414.pdf

4. The transaction with Reliance successfully closed on March 20, 2014.
5. On March 24, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fourth Report to the Court dated March 4, 2014 (the "**Fourth Report**"⁵), and approving the fees and disbursements of the Interim Receiver and its counsel arising from the performance of their duties in the Interim Receivership Proceedings, and approving the fees and disbursements of the Receiver and its counsel for the period from January 9 to February 21, 2014.
6. On June 26, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fifth Report to the Court dated June 19, 2014 (the "**Fifth Report**"⁶), approving the sale of the Quebec Rental Portfolio (as defined in the Fifth Report) to Hydrosolution LP, and setting a timetable for a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments.
7. The transaction with Hydrosolution LP successfully closed on July 7, 2014.

⁵ Fourth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-078_030514.pdf

⁶ Fifth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf

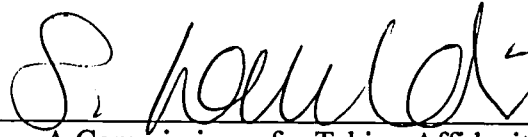
Appendix "B"
Proposed Amended Timetable

Action	Original date	Revised date
Motion materials to be delivered by the Receiver	July 15, 2014	August 12, 2014
All responding materials to be delivered	July 25, 2014	August 22, 2014
Any reply materials to be delivered	August 1, 2014	August 29, 2014
All cross-examinations to be completed	August 8, 2014	September 5, 2014
Receiver's factum to be filed	August 15, 2014	September 12, 2014
All responding factums to be filed	August 25, 2014	September 22, 2014
Any reply factum to be filed	August 29, 2014	September 26, 2014
Matter to be heard	September 8, 2014	Date to be determined

TAB P

This is Exhibit "P" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Paul", written over a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S SEVENTH REPORT TO THE COURT

July 28, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**SEVENTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

TABLE OF CONTENTS

INTRODUCTION..... 2
**SETTLEMENT REGARDING FUNDS HELD BY SEARS AND PROPOSED CLAIMS
RESOLUTION PROCESS..... 3**
BANKRUPTCY APPLICATION 5

APPENDICES

- A. Summary of prior orders of the Court

NOTICE TO READER: The prior reports of the Receiver and related materials filed with the Court are available on the Receiver’s website at www.pwc.com/car-shs. Links to key documents are contained in the footnotes of this report.

INTRODUCTION

1. By order (the “**Appointment Order**”) of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 13, 2013 (the “**Date of Appointment**”), pursuant to section 47 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, PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as interim receiver and receiver (in both capacities referred to as the “**Interim Receiver**”) of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. (“**SHS**”) and SHS Services Limited Partnership (“**SHS LP**,” and collectively with SHS, the “**Company**”) acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the “**Property**”). These proceedings up to the Interim Receiver’s discharge on January 9, 2014 (as noted below) are referred to herein as the “**Interim Receivership Proceedings**”.
2. The application for the Appointment Order was brought by the Company. The Company’s principal secured creditors are Sears Canada Inc. (“**Sears**”) and Alaris Income Growth Fund Partnership (“**Alaris**”)¹, pursuant to the terms of loan agreements with SHS.
3. On January 9, 2014, by order (the “**Receivership Order**”) of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the “**Receiver**”), without security, of the Property pursuant to section 243 of the BIA. The Receivership Order also approved the activities of the Interim Receiver, and discharged PwC as Interim Receiver. The proceedings subsequent to January 9, 2014, are referred to as the “**Receivership Proceedings**”.
4. The orders made to date in these Receivership Proceedings are summarized in Appendix “A”.
5. The prior reports of the Receiver, and related materials in the Interim Receivership Proceedings and the Receivership Proceedings, are available on the Receiver’s website at www.pwc.com/car-shs.

¹ The Receiver has been advised by its counsel, McMillan LLP, that Alaris’ security is either void or voidable because it was received and is held by Alaris in violation of section 60(a) of the *Partnership Act* (Alberta), see paragraph 8 of the Receiver’s Sixth Report to the Court dated July 14, 2014 (the “**Sixth Report**”), http://www.pwc.com/en_CA/CA/car/shs/assets/shs-130_071414.pdf.

6. The purpose of this report (the "**Seventh Report**") is to inform to the Court of:
 - a) The Settlement Agreement (as defined below) with Sears in regards to the Pre-Filing Customer Payments; and
 - b) The application for bankruptcy orders in respect of each of SHS and SHS LP (together, the "**Receiving Order**") made by Alaris, and the implications of same in these Receivership Proceedings.
7. Capitalized terms not otherwise defined are as defined in the Receivership Order.

SETTLEMENT REGARDING FUNDS HELD BY SEARS AND PROPOSED CLAIMS RESOLUTION PROCESS

8. As indicated in the Receiver's Sixth Report to the Court dated July 14, 2014 (the "**Sixth Report**"²) and previous reports of the Receiver, the Receiver understands from the Company's books and records that Sears received approximately \$1.4 million of payments from SHS's customers for work performed by SHS prior to the Date of Appointment (the "**Pre-Filing Customer Payments**"). The Pre-Filing Customer Payments are being withheld from SHS by Sears on account of certain setoff claims and other claims being asserted by Sears.
9. After several months of negotiation, the Receiver and Sears recently entered into a settlement agreement (the "**Settlement Agreement**") to settle all amounts owing and alleged to be owing between the parties, including entitlement to the Pre-Filing Customer Payments, and to agree on a framework for resolution of the construction lien and trust claims filed pursuant to the Lien and Trust Claims Procedure Order.
10. The Court previously approved a timetable for the hearing of the matters related to the Pre-Filing Customer Payments. The motion record to seek the approval the Settlement Agreement, together with related materials, will be filed with the Court on or before August 12, 2014 as provided by that timetable. A hearing to consider same has been scheduled for October 3, 2014.

² Sixth Report: http://www.pwc.com/en_CA/CA/cnr/shs/assets/shs-130_071414.pdf

11. Pursuant to the Settlement Agreement, Sears agrees that following the determination by the Receiver of substantially all Proofs of Claim in accordance with a proposed Lien Claims Resolution Order (the “**Proposed Claims Resolution Order**”), Sears will pay to the Receiver an amount up to \$1,000,000 (the “**Sears Primary Settlement Payment**”) to satisfy proven Lien Claims.
12. In addition, concurrent with the payment of the Sears Primary Settlement Payment, Sears has agreed to pay to the Receiver the amount of \$100,000 (the “**Sears Secondary Settlement Payment**”) to be applied to proven claims of creditors of SHS in accordance with applicable priorities, which may include Sears if it is determined to have priority to such funds over other creditors of SHS.
13. The Settlement Agreement resolves certain setoff claims and other claims asserted by Sears, some of which were disputed by the Receiver, for payment of various amounts Sears alleged were owed to it as post-filing administrative priority claims. Pursuant to the Settlement Agreement, the Receiver and Sears have agreed that other than specified amounts payable under the Settlement Agreement, neither party has a claim against the other for any other amounts in respect of the Interim Receivership Proceedings or Receivership Proceedings.
14. As discussed above, the terms of the Settlement Agreement include approval of the Proposed Claims Resolution Order which outlines a process to resolve lien and trust claims filed against SHS (the “**Claims Resolution Process**”).
15. Pursuant to the Claims Resolution Process, distributions will only be made on account of proven lien claims. No distribution will be made on account of trust claims. On approval of the Proposed Claims Resolution Order, all trust claims will be deemed to have been finally determined.
16. The Receiver shall review each proof of claim filed by a claimant to determine the amount, if any, that is considered to be a proven lien claim. In making this determination, the Receiver is permitted to request additional information from claimants, as it deems necessary.
17. Upon completion of the Claims Resolution Process, distributions will be made to holders of proven lien claims from the Sears Primary Settlement Payment. In the event that the

Sears Primary Settlement Payment does not contain sufficient funds to satisfy all proven lien claims in full, claims will be paid on a *pro rata* basis from the Sears Primary Settlement Payment.

BANKRUPTCY APPLICATION

18. In the Fifth Report, the Receiver indicated³ that it had been advised by counsel to Alaris on June 18, 2014 that Alaris was preparing to seek leave of the Court to bring an application for a bankruptcy order against SHS and SHS LP (the “**Bankruptcy Application**”).
19. Effectiveness of the Settlement Agreement is conditional on, among other things, a Receiving Order being granted, and Court approval of the Settlement Agreement and the Proposed Claims Resolution Order. The Receiver will seek such approval at a later date.
20. In the event these conditions are not satisfied by August 7, 2014 (or such other date as agreed upon by the Sears and the Receiver), the Settlement Agreement will become null and void.
21. On July 17, 2014, Alaris filed the Bankruptcy Application with a returnable date of July 30, 2014.
22. As indicated in the Sixth Report, if granted, the Receiving Order would result in the Company becoming bankrupt, and would reverse certain statutory priority claims (principally the deemed trust claims for HST and provincial retail sales taxes).
23. The Receiver notes that the granting of the Receiving Order is a condition precedent to the Settlement Agreement. However, in light of the state of the recent case law concerning the ineffectiveness in bankruptcy of trusts asserted pursuant to construction lien legislation, the Receiver takes no position on the Bankruptcy Application.

³ See paragraphs 64 and 65 of the Fifth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf

All of which is respectfully submitted on this 28th day of July, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and
SHS Services Limited Partnership

A handwritten signature in black ink, appearing to read "Mica Arlette". The signature is written in a cursive, flowing style.

Mica Arlette
Senior Vice President

Appendix A
Summary of prior orders of the Court

1. On February 4, 2014, the Court made an order (the “**February 4 Order**”):
 - a) Authorizing the Receiver to enter into an auction services agreement (the “**Auction Agreement**”) and a transaction to sell the Auction Assets (as defined therein), and vesting in the purchaser the Auction Assets free and clear of all encumbrances;
 - b) Approving the release of Prepaid Custom Inventory to customers; and
 - c) Approving the activities of the Receiver as set out in the Receiver’s Third Report to the Court dated January 28, 2014, the Supplementary Third Report to the Court dated January 31, 2014, and the Second Supplementary Third Report to the Court dated February 3, 2014 (collectively the “**Third Report**”⁴).
2. On February 4, 2014, the Court also made an order (the “**Licensee Order**”) on the application of a group of the Company’s licensees (the “**Licensee Respondents**”) for an order lifting the stay provisions in paragraphs 14 and 15 of the Receivership Order (the “**Stay Provisions**”) as against the Licensee Respondents, for the limited purpose of permitting the Licensee Respondents to terminate any of their respective license agreements with SHS.
3. On March 11, 2014, the Court made the following orders:
 - a) An order (the “**Reliance Sale Approval Order**”) authorizing the Receiver to enter into a purchase and sale agreement with Reliance Comfort Limited Partnership (“**Reliance**”) and a transaction to sell the Rental Portfolio excluding the Quebec Rental Portfolio (both as defined below), and vesting in Reliance the Rental Portfolio free and clear of all encumbrances; and
 - b) An order (the “**Lien and Trust Claims Procedure Order**”) approving the Lien and Trust Claims Identification Process (as defined therein).
4. The transaction with Reliance successfully closed on March 20, 2014.

⁴ Third Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-058_012914.pdf (Report),
Supplementary Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-064_020314.pdf
Second Supplementary Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-067_020414.pdf

5. On March 24, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fourth Report to the Court dated March 4, 2014 (the "**Fourth Report**"⁵), and approving the fees and disbursements of the Interim Receiver and its counsel arising from the performance of their duties in the Interim Receivership Proceedings, and approving the fees and disbursements of the Receiver and its counsel for the period from January 9 to February 21, 2014.
6. On June 26, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fifth Report to the Court dated June 19, 2014 (the "**Fifth Report**"⁶), approving the sale of the Quebec Rental Portfolio (as defined in the Fifth Report) to Hydrosolution LP, and setting a timetable for a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments. The transaction with Hydrosolution LP successfully closed on July 7, 2014.
7. On July 15, 2014, the Court made an endorsement approving the revised timetable for a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments for the reasons set out in the Receiver's Sixth Report to the Court dated July 14, 2014 (the "**Sixth Report**"⁷).

⁵ Fourth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-078_030514.pdf

⁶ Fifth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf

⁷ Sixth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-130_071414.pdf

TAB Q

This is Exhibit "Q" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in black ink, appearing to read "J. Koenig". The signature is written in a cursive style with a large, stylized initial "J".

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S EIGHTH REPORT TO THE COURT

August 12, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**EIGHTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

TABLE OF CONTENTS

INTRODUCTION..... 2

DISCLAIMER AND TERMS OF REFERENCE 3

ACTIVITIES OF THE RECEIVER..... 4

RECEIVER’S STATEMENT OF RECEIPTS AND DISBURSEMENTS 6

**SETTLEMENT REGARDING FUNDS HELD BY SEARS AND PROPOSED CLAIMS
RESOLUTION PROCESS..... 7**

RELIEF SOUGHT15

APPENDICES

- A. Summary of prior orders of the Court
- B. Receiver’s Statement of Cash Receipts and Disbursements to July 31, 2014
- C. Settlement Agreement

NOTICE TO READER: The prior reports of the Receiver and related materials filed with the Court are available on the Receiver’s website at www.pwc.com/car-shs. Links to key documents are contained in the footnotes of this report.

INTRODUCTION

1. By order (the “**Appointment Order**”) of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 13, 2013 (the “**Date of Appointment**”), pursuant to section 47 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, PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as interim receiver and receiver (in both capacities referred to as the “**Interim Receiver**”) of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. (“**SHS**”) and SHS Services Limited Partnership (“**SHS LP**,” and collectively with SHS, the “**Company**”) acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the “**Property**”). These proceedings up to the Interim Receiver’s discharge on January 9, 2014 (as noted below) are referred to herein as the “**Interim Receivership Proceedings**”.
2. The application for the Appointment Order was brought by the Company. The Company’s principal secured creditors are Sears Canada Inc. (“**Sears**”) and Alaris Income Growth Fund Partnership (“**Alaris**”) ¹, pursuant to the terms of loan agreements with SHS.
3. On January 9, 2014, by order (the “**Receivership Order**”) of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the “**Receiver**”), without security, of the Property pursuant to section 243 of the BIA. The Receivership Order also approved the activities of the Interim Receiver, and discharged PwC as Interim Receiver. The proceedings subsequent to January 9, 2014, are referred to as the “**Receivership Proceedings**”.
4. On July 30, 2014, an order (the “**Lift Stay Order**”) of Mr. Justice Wilton-Siegel of the Court was made to, *inter alia*, lift the stay of proceedings in the Receivership Proceedings against each of SHS and SHS LP for the sole purpose of filing, serving and proceeding with an application for orders (the “**Bankruptcy Orders**”) adjudging each of the Companies bankrupt and appointing PwC as trustee in bankruptcy (in such capacity, the

¹ The Receiver has been advised by its counsel, McMillan LLP, that Alaris’ security is either void or voidable because it was received and is held by Alaris in violation of section 60(a) of the *Partnership Act* (Alberta), as noted in paragraph 8 of the Receiver’s Sixth Report to the Court dated July 14, 2014 (the “**Sixth Report**”), http://www.pwc.com/en_CA/CA/car/shs/assets/shs-130_071414.pdf.

“Trustee”) of each of SHS and SHS LP. The Bankruptcy Orders were made on July 31, 2014. The Lift Stay Order provided that the Bankruptcy Orders would be suspended for 10 days for purposes of serving same on the Office of the Superintendent of Bankruptcy; this period expired on August 10, 2014.

5. The orders made to date in the Receivership Proceedings and the prior reports of the Receiver are summarized in Appendix “A”. These documents are available on the Receiver’s website at www.pwc.com/car-shs, together with the motion materials and other related materials from the Interim Receivership Proceedings and the Receivership Proceedings.
6. The purpose of this report (the **“Eighth Report”**) is to inform to the Court of:
 - a) The Receiver’s activities since the Receiver’s Fifth Report to the Court dated June 19, 2014 (the **“Fifth Report”**)², inclusive of the activities set out in the Receiver’s Sixth Report to the Court dated July 14, 2014 (the **“Sixth Report”**)³ and the Receiver’s Seventh Report to the Court dated July 28, 2014 (the **“Seventh Report”**)⁴;
 - b) The Receiver’s statement of cash receipts and disbursements for the period of the Interim Receivership Proceedings and the Receivership Proceedings to July 31, 2014; and to seek an order of the Court (the **“Lien Claims Resolution Order”**):
 - c) Approving the Settlement Agreement and the Proposed Claims Resolution Process, both as defined below; and
 - d) Approving the activities of the Receiver as set out in the Sixth, Seventh and Eighth Reports.

DISCLAIMER AND TERMS OF REFERENCE

7. In preparing this report and conducting its analysis, the Receiver has obtained and relied upon certain unaudited, draft and/or internal financial information of the Company, the Company’s books and records, and discussions with various parties including former SHS employees

² Fifth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf

³ Sixth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-130_071414.pdf

⁴ Seventh Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-133_072814.pdf

retained on an interim basis by the Receiver (collectively, the “**Information**”).

8. Except as otherwise described in this report:
 - a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook;
 - b) The Receiver has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
9. Future oriented financial information referred to in this report is based on estimates and assumptions. Actual results may vary from forecast, even if the assumptions materialize, and such variations may be significant.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax (“**HST**”). Capitalized terms not otherwise defined are as defined in the Receivership Order.

ACTIVITIES OF THE RECEIVER

11. Since the Fifth Report was issued on June 19, 2014, the Receiver has completed several activities pursuant to its duties and powers as set out in the Receivership Order. The activities have been primarily focused on the following:
 - a) Closing the sale of the Quebec Rental Portfolio to Hydrosolution LP, both as defined and discussed in the Fifth Report;
 - b) Seeking the recovery of certain pre-filing receipts currently being withheld by Sears, and ultimately reaching the Settlement Agreement with Sears as described below; and
 - c) Designing the Proposed Claims Resolution Process as described below.
12. The Receiver has also performed other activities incidental to its duties and powers under

the Receivership Order and the BIA, together with other operational and statutory requirements, including the following:

- a) Reviewing and reconciling accounting information provided by the Company;
- b) Reviewing the status of the Company's orders that were purchased by third parties to be completed, and receiving payment for such completed orders;
- c) Communicating with Canada Revenue Agency ("CRA") and the various provincial tax offices regarding completion of SHS's harmonized sales tax for the period of the Receivership Proceedings to date;
- d) Communications with CRA regarding completion of a payroll audit;
- e) Terminating contracts for certain leases and services that are no longer required by SHS or the Receiver, including utilities for the premises which have now been vacated, and correspondence with the various utility companies regarding same;
- f) Communicating with Sears and Alaris and their counsel regarding the status of the Receivership Proceedings and providing requested analyses;
- g) Communicating with the Commission des normes du travail du Québec (the "CNTQ") with respect to amounts owed to SHS's former employees resident in Quebec and the claim asserted by CNTQ against SIIS's estate;
- h) Reviewing and assessing multiple proofs of claim filed by SHS's former employees with respect to their entitlements pursuant to section 81.4 of the BIA and, where appropriate, issuing notices of disallowance of claim to those employees who claimed in excess of the amounts owed to them pursuant to SIIS's payroll records;
- i) Communications with Service Canada regarding proof of claims filed by SIIS's former employees in connection with the *Wage Earner Protection Program Act* ("WEPPA") and recording subrogation letters received from Service Canada with respect to payments made to employees under the WEPPA program;
- j) Responding to phone and e-mail inquiries from customers, former employees,

installers, contractors, third party licensees and various other interested parties;
and

k) Other administrative matters incidental to the administration of the estate, managing the preservation of the Company's books and records, ongoing banking and cash management.

13. The Receiver has established a website (www.pwc.com/car-shs) for creditors, customers and other stakeholders to obtain further information on the Receivership Proceedings. The Receiver also has a phone hotline (1-855-376-8474) and email address (shs.questions@ca.pwc.com) through which the Receiver is responding to further inquiries.

RECEIVER'S STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

14. The Receiver's statement of cash receipts and disbursements for the period from the Date of Appointment to July 31, 2014 is detailed in Appendix "B" and is summarized as follows:

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	
For the period from December 13, 2013 to July 31, 2014	
	in \$ 000's
Total receipts	6,406
Disbursements:	
Receiver's fees and disbursements (includes legal counsel)	1,601
Sales tax paid on disbursements and remittances	617
Employee costs	516
Sears BCA and Transition Service Agreement payments	470
Installer payments	347
Other operating costs	380
Rent / lease payments	306
Total disbursements	4,237
Net cash flow	2,169
Opening cash swept by Receiver	1,205
Net cash flow	2,169
Funds received under Receiver's Borrowings	688
Funds held in reserve	(706)
Cash held in trust - July 31, 2014	3,356

SETTLEMENT REGARDING FUNDS HELD BY SEARS AND PROPOSED CLAIMS RESOLUTION PROCESS

15. As indicated in the Seventh Report, the Receiver and Sears have entered into a settlement agreement (the "**Settlement Agreement**") to settle all amounts owing and alleged to be owing between the parties, including entitlement to payments totaling approximately \$1.4 million received by Sears for work performed by SHS prior to the Date of Appointment (the "**Pre-Filing Customer Payments**"), and to agree on a framework for resolution of the construction lien and trust claims (the "**Lien and Trust Claims**") filed pursuant to the Lien and Trust Claims Procedure Order of the Court dated March 11, 2014 (the "**Proposed Claims Resolution Process**").
16. The Settlement Agreement is conditional upon, *inter alia*, approval of the Court and the granting of the Bankruptcy Orders. The Receiver now seeks the Court's approval of the

Settlement Agreement and the Proposed Claims Resolution Process.

BACKGROUND

17. In the ordinary course of SHS' business, payments for work performed by SHS for customers were processed by Sears and were then remitted to SHS, net of merchant fees and Sears's commission. These payments were processed pursuant to certain merchant card service agreements between Sears and SHS.
18. The Company's books and records indicated that the Pre-Filing Customer Payments were processed and received by Sears. In the Second Report, the Interim Receiver noted that Sears has informed the Interim Receiver that it was withholding the Pre-Filing Customer Payments, and that the Interim Receiver had requested from Sears a reconciliation of the funds it was holding.
19. In the Third Report (as defined in Appendix "A"), the Receiver noted that Sears provided a preliminary reconciliation, on a without-prejudice basis, of amounts that Sears alleged were owed by SHS to it, as at December 13, 2013 (the "**Preliminary Reconciliation**"). Sears undertook to provide a final version of the Preliminary Reconciliation on a without-prejudice basis and without any material reservations or qualifications (the "**Updated Reconciliation**"), together with a memorandum explaining the Updated Reconciliation in detail, including the legal authority and basis for the charges or amounts that Sears asserts are owed by SHS to Sears, the legal authority and basis for Sears to claim any setoff, deduction or recoupment, and the relevant supporting documentation referenced in the memorandum.
20. In the Fourth Report, the Receiver noted that an Updated Reconciliation was provided on February 7, 2014. The Updated Reconciliation suggested that the obligations owing to Sears by SHS pursuant to the Branded Concession Agreement between SHS and Sears dated December 20, 2012 (the "**BCA**") were in excess of the amount of the Pre-Filing Customer Payments, and that it was permitted to set-off the Pre-Filing Customer Payments against those obligations pursuant to the terms of the BCA. However, the Updated Reconciliation was initially provided on a without-prejudice basis and with limited detail in support of the amounts claimed beyond various references to the BCA. Additionally, Sears gave no details confirming the Pre-Filing Customer Payments it is

holding.

21. The Receiver informed Sears that the Updated Reconciliation was not sufficient to confirm either the amount of the funds held by Sears, or the validity of the setoff claims being asserted, and requested additional information in this regard on several occasions. Other than providing summary information regarding certain credit card chargebacks processed by Sears which were not included in the Updated Reconciliation, and informing the Receiver that the Updated Reconciliation was being asserted on a with-prejudice basis, no additional information has been provided by Sears.
22. The Receiver was of the view that Sears had not demonstrated that it had a valid basis to withhold the Pre-Filing Customer Payments from SHS, nor had it adequately supported any set-off rights that it claimed against the Pre-Filing Customer Payments, either pursuant to the BCA or otherwise. Further, the Receiver was of the view that the Pre-Filing Customer Payments held by Sears and payable to SHS may be impressed with a trust pursuant to section 8 of the Ontario *Construction Lien Act* ("CLA") and analogous construction lien legislation in many of the other relevant provinces (the "**Lien Legislation**") or otherwise under applicable law. Sears advised the Receiver that it disagreed that any of the Pre-Filing Customer Payments were impressed with a trust, that it considered that its position on its set-off rights was properly supported, and was opposed to any funds being distributed to holders of Lien and Trust Claims on account of any trust claims.
23. The Receiver sought to negotiate a resolution of this issue with Sears over several months. These negotiations were further complicated by two very recent court decisions (the "**Trust Claim Decisions**")⁵ released in May and June of 2014, which have held that deemed trusts under Lien Legislation do not survive bankruptcy. In light of the Trust Claim Decisions, Sears and Alaris both took the position that a bankruptcy of SHS would render ineffective the Lien and Trust Claims filed pursuant to the Lien Legislation as against the Pre-Filing Customer Payments and the Contingency Reserve of \$706,000 (as defined in the Fifth Report); these being the only funds which may be subject to Lien and Trust Claims. The issuance of the Trust Claim Decisions had a significant effect on the positions taken by Sears and Alaris in the negotiations generally and in respect of any

⁵ See *Royal Bank of Canada v. Atlas Block Co. Limited*, 2014 ONSC 2062 and *Jona Contractors Ltd. (Re)*, 2014 ABQB 347.

alleged trust claims in particular.

24. The Receiver was advised on June 18, 2014 that Alaris intended to seek leave to bring an application for the Bankruptcy Orders, which orders have now been granted.
25. The Receiver and Sears continued to pursue a resolution of the Pre-Filing Customer Payments, having regard to the impact of the Trust Claim Decisions in the event of a bankruptcy of SHS, the expectations on the outcome of a litigation of the setoff arguments made by Sears, and the anticipated costs of litigating the matter.
26. It is important to note that based on the security opinion of the Receiver's counsel, the security interest asserted by Alaris is unenforceable. As such, Sears is the sole holder of a general security agreement with the Company. In addition, the claims asserted by Sears greatly exceed the anticipated net recoveries in the Receivership Proceedings. Accordingly, as a result of the combination of the Trust Claims Decisions, the security opinion of the Receiver's counsel and the amount of Sears' secured claims, it became evident that Sears would receive any recoveries from the Pre-Filing Customer Payments in any event (subject to prior ranking claims in the Receivership Proceedings).
27. In this context, the Receiver and Sears reached the Settlement Agreement that is described in more detail below.
28. The Receiver also understands that the foregoing facts have also contributed to a settlement between Sears and Alaris concerning the proceeds sharing and proceeds turnover arrangements contained in the intercreditor agreement executed by them. This was pursued by Sears and Alaris concurrently with the Receiver's negotiations with Sears on the Settlement Agreement.
29. Alaris does not oppose the Settlement Agreement reached between the Receiver and Sears.

KEY TERMS OF SETTLEMENT AGREEMENT AND PROPOSED CLAIMS RESOLUTION PROCESS

30. The Settlement Agreement between Receiver and Sears is attached as Appendix "C" of this Report. The form of the proposed Lien Claims Resolution Order is included in Schedule "A" of the Settlement Agreement.

31. The key terms of the Settlement Agreement are summarized as follows (capitalized terms not otherwise defined are as defined in the Settlement Agreement):
- a) Sears agrees that following the determination by the Receiver of substantially all Proofs of Claim in accordance with the Proposed Lien Claims Process, Sears will pay to the Receiver an amount up to \$1,000,000 (the “**Sears Primary Settlement Payment**”) to satisfy proven Lien Claims;
 - b) Concurrent with the payment of the Sears Primary Settlement Payment, Sears has agreed to pay to the Receiver the amount of \$100,000 (the “**Sears Secondary Settlement Payment**”) to be applied to proven claims of creditors of SHS in accordance with applicable priorities, which may include the secured claims of Sears;
 - c) The Settlement Agreement resolves certain setoff claims and other claims asserted by Sears, some of which were disputed by the Receiver, for payment of various amounts Sears alleged were owed to it as post-filing administrative priority claims. Pursuant to the Settlement Agreement, the Receiver and Sears have agreed that other than specified amounts payable under the Settlement Agreement, neither party has a claim against the other for any other amounts in respect of the Interim Receivership Proceedings or Receivership Proceedings;
 - d) Sears agrees to support the approval of the proposed Lien Claims Resolution Order, and any motion for the approval of the fees of the Receiver and its counsel incurred during the period up to June 30, 2014; and
 - e) The Receiver agrees to repay the borrowings received from Sears in the Interim Receivership Proceedings and the Receivership Proceedings following the Effective Date of the Settlement Agreement.
32. The terms of the Settlement Agreement include approval of the Proposed Claims Resolution Process, the key terms of which are the following (capitalized terms are as defined in the proposed Lien Claims Resolution Order):
- a) All Trust Claims will be deemed to have been disallowed and finally adjudicated. Distributions will only be made on account of Proven Lien Claims. No

distribution will be made on account of Trust Claims;

- b) The Receiver shall review each proof of claim filed by a Claimant (including the Late Claims, as defined below) to determine the amount, if any, that is considered to be a Proven Lien Claim. In making this determination, the Receiver is permitted to issue a Request for Supporting Information to a Claimant identifying supporting documentation that was previously requested but not included in the Proof of Claim as filed. A Claimant may provide the requested information by no later than 15 days from the date it was requested, after which the Receiver is not obligated to accept such or any additional information from the Claimant. The Receiver notes that a significant proportion of the Proofs of Claim filed that asserted a Lien Claim did not include all of the basic documentation requested to substantiate the claim. The Receiver is of the view that it would be prudent to allow a process for further information to be solicited where required, rather than simply disallowing the claims as they stand and resolving the validity of the claim through a dispute process;
- c) The Receiver shall provide Sears with copies of all supporting documentation relevant to any Lien Claim in an amount greater than \$50,000 for the sole purpose of allowing Sears to assess the validity of the Receiver's determination of such Lien Claim;
- d) The Receiver shall send a Notice of Revision or Disallowance to those Claimants whose Proof of Claim is partially disallowed or disallowed in its entirety by the Receiver. A Claimant may appeal such notice by serving a Dispute Notice on the Receiver within 15 days of the Receiver issuing a Notice of Revision or Disallowance to the Claimant;
- e) Following final determination of substantially all Proofs of Claim, the Receiver will notify Sears of the quantum of the Proven Lien Claims and the aggregate amount of Disputed Lien Claims. Within 5 Business Days of receipt of such notice, Sears will transfer the Sears Primary Settlement Payment to the Receiver, in an amount equal to the lesser of (A) \$1,000,000 or (B) the Proven Lien Claims Amount plus the aggregate amount of Disputed Lien Claims (the "**Lien Claim Cash Pool**"); and

- f) Distributions will be made to holders of Proven Lien Claims from the Lien Claim Cash Pool. In the event that the Lien Claim Cash Pool does not contain sufficient funds to satisfy all Proven Lien Claims in full, claims will be paid on a *pro rata* basis from the Sears Primary Settlement Payment. In all cases, the distribution to a Claimant on account of such Claimant's Proven Lien Claim is conditional upon the Claimant first effecting the discharge of its lien, at its own expense, that is the subject of such Proven Lien Claim, and effecting the dismissal of any Lien Claim as against any Customer, SHS, the Receiver, and Sears, asserted by way of court action that is the subject of such Proven Lien Claim, and providing satisfactory proof of discharge and any such dismissal to the Receiver.
33. The Settlement Agreement provided for an Effective Date, by which date the Bankruptcy Orders were to be granted and the Court was to have approved the Settlement Agreement and the proposed Lien Claims Resolution Order. This Effective Date was to have occurred prior to August 7, 2014 (the "**Outside Date**"). As a result of the scheduling of the hearings in the Receivership Proceedings, the Receiver and Sears mutually agreed to extend the Outside Date to October 8, 2014.

RECEIVER'S VIEWS

34. The Receiver is of the view that the Settlement Agreement and the Proposed Claims Resolution Process are reasonable and appropriate in the circumstances, for the following reasons:
- a) The Settlement Agreement provides for a recovery to those Claimants in the Lien and Trust Claims Procedure who are found to hold valid Lien Claims, who may not otherwise be entitled to recover any funds in the Receivership Proceedings by virtue of the Trust Claims Decisions. As indicated in the Fifth Report, the value of Lien Claims filed in the Lien and Trust Claims Identification Process was approximately \$934,000, which is less than the maximum amount of the Sears Primary Settlement Payment to be distributed to holders of Proven Lien Claims;
- b) The Settlement Agreement should provide significant assistance to customers of SHS who were materially negatively affected by the insolvency of SHS and had

construction liens filed against their properties. Claimants with Proven Lien Claims must discharge their liens to receive a distribution. Those Claimants who do not have Proven Lien Claims will have their claims discharged and released for all purposes by the Order;

- c) The Sears Secondary Settlement Payment may provide additional recoveries for any creditors that have claims ranking in priority to the secured claims held by Sears; and
- d) In the absence of a settlement, the litigation of the Pre-Filing Customer Payments would result in significant costs being incurred by the Receiver, which would principally affect the net recovery to Sears on account of its secured claims. Further, any recovery of the Pre-Filing Customer Payments would likely be returned to Sears in repayment of its secured claims, which claims exceed the total amount of the net recoveries anticipated in the Receivership Proceedings.

35. As noted in the Fifth Report, Lien and Trust Claims filed by 14 claimants totaling \$33,620.49 (the “**Late Claims**”) were received after the Claims Bar Date of 5:00pm of April 11, 2014, but all of which were received on or before May 16, 2014. No other Proofs of Claim related to the Lien Claims Identification Process have been received by the Receiver since that date. The Proposed Claim Resolution Process contemplates that the Late Claims would be included as part of the Proposed Claim Resolution Process. While the Late Claims were not filed by the Claims Bar Date, the amount of the claims is relatively small (comprising about 1% of all Lien and Trust Claims filed) and the Receiver does not think that other Claimants would be materially prejudiced by the inclusion of these claims. Further, as these claims include Lien Claims, the Receiver thinks it would be prudent to resolve the Late Claims in the Proposed Claims Resolution Process in keeping with the reasons described in the previous paragraph.
36. The Receiver understands that the Settlement Agreement is not opposed by Alaris.

RELIEF SOUGHT

37. The Receiver respectfully requests that this Court grant an order:

- a) Approving the Settlement Agreement and the Lien Claims Resolution Procedure;
and
- b) Approving the activities of the Receiver as set out in the Sixth, Seventh and Eighth Reports.

All of which is respectfully submitted on this 12th day of August, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and
SHS Services Limited Partnership



Mica Arlette
Senior Vice President

Appendix A
Summary of prior orders of the Court and reports of the Receiver

1. On February 4, 2014, the Court made an order (the “**February 4 Order**”):
 - a) Authorizing the Receiver to enter into an auction services agreement (the “**Auction Agreement**”) and a transaction to sell the Auction Assets (as defined therein), and vesting in the purchaser the Auction Assets free and clear of all encumbrances;
 - b) Approving the release of Prepaid Custom Inventory to customers; and
 - c) Approving the activities of the Receiver as set out in the Receiver’s Third Report to the Court dated January 28, 2014, the Supplementary Third Report to the Court dated January 31, 2014, and the Second Supplementary Third Report to the Court dated February 3, 2014 (collectively the “**Third Report**”) ⁶.
2. On February 4, 2014, the Court also made an order (the “**Licensee Order**”) on the application of a group of the Company’s licensees (the “**Licensee Respondents**”) for an order lifting the stay provisions in paragraphs 14 and 15 of the Receivership Order (the “**Stay Provisions**”) as against the Licensee Respondents, for the limited purpose of permitting the Licensee Respondents to terminate any of their respective license agreements with SHS.
3. On March 11, 2014, the Court made the following orders:
 - a) An order (the “**Reliance Sale Approval Order**”) authorizing the Receiver to enter into a purchase and sale agreement with Reliance Comfort Limited Partnership (“**Reliance**”) and a transaction to sell the Rental Portfolio excluding the Quebec Rental Portfolio (both as defined below), and vesting in Reliance the Rental Portfolio free and clear of all encumbrances; and
 - b) An order (the “**Lien and Trust Claims Procedure Order**”) approving the Lien and Trust Claims Identification Process (as defined therein).
4. The transaction with Reliance successfully closed on March 20, 2014.

⁶ Third Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-058_012914.pdf (Report),
Supplementary Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-064_020314.pdf
Second Supplementary Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-067_020414.pdf

5. On March 24, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fourth Report to the Court dated March 4, 2014 (the "**Fourth Report**")⁷, and approving the fees and disbursements of the Interim Receiver and its counsel arising from the performance of their duties in the Interim Receivership Proceedings, and approving the fees and disbursements of the Receiver and its counsel for the period from January 9 to February 21, 2014.
6. On June 26, 2014, the Court made an order approving the activities of the Receiver as set out in the Receiver's Fifth Report to the Court dated June 19, 2014 (the "**Fifth Report**")⁸, approving the sale of the Quebec Rental Portfolio (as defined in the Fifth Report) to Hydrosolution LP, and setting a timetable for a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments. The transaction with Hydrosolution LP successfully closed on July 7, 2014.
7. On July 15, 2014, the Court made an endorsement approving the revised timetable for a motion to resolve the issue of entitlement to the Pre-Filing Customer Payments for the reasons set out in the Receiver's Sixth Report to the Court dated July 14, 2014 (the "**Sixth Report**")⁹.
8. The Receiver filed its Seventh Report to the Court dated July 28, 2014 (the "**Seventh Report**")¹⁰ summarizing the terms of a settlement agreement between the Receiver and Sears (the "**Settlement Agreement**") resolving all amounts owing and alleged to be owing between the parties (including certain Pre-Filing Customer Payments as defined therein) and agreeing a framework for resolution of the construction lien and trust claims filed pursuant to the Lien and Trust Claims Procedure Order.
9. On July 30, 2014, an order (the "**Lift Stay Order**") of Mr. Justice Wilton-Siegel of the Court was made to, inter alia, lift the stay of proceedings in the Receivership Proceedings against each of SHS and SHS LP for the sole purpose of filing, serving and proceeding with an application for orders (the "**Bankruptcy Orders**") adjudged each of the Companies bankrupt and appointing PwC as trustee in bankruptcy (in such capacity, the "**Trustee**") of each of SHS and SHS LP. The Bankruptcy Orders were made on July 31, 2014. The Lift Stay Order provided that the Bankruptcy Orders would be suspended for

⁷ Fourth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-078_030514.pdf

⁸ Fifth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf

⁹ Sixth Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-130_071414.pdf

¹⁰ Seventh Report: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-133_072814.pdf

10 days for purposes of serving same on the Office of the Superintendent of Bankruptcy;
this period expired on August 10, 2014.

Appendix B
Receiver's Statement of Cash Receipts and Disbursements

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	
For the period from December 13, 2013 to July 31, 2014	
	in \$ 000's
Receipts:	
Sales proceeds	4,693
Customer receipts	1,030
Sales tax collected on receipts	620
Miscellaneous receipts	63
Total receipts	6,406
Disbursements:	
Receiver's fees and disbursements (includes legal counsel)	1,601
Payroll and source deductions	516
Sears BCA and Transition Service Agreement payments	470
Installer payments	347
Sales tax remittances (refunds)	289
Sales tax paid on disbursements	328
Monthly rent / lease payments	306
Centah	188
Telecommunications	49
Insurance	48
Utilities	53
Other expenses	41
Total disbursements	4,236
Excess of receipts over disbursements	2,170
Opening cash swept by Receiver	1,205
Funds received under Receiver's Borrowings	688
Funds held in reserve	(706)
Cash held in trust - July 31, 2014	3,356

Appendix C
Settlement Agreement

Date July 22, 2014

Sears Canada Inc.
290 Yonge Street, Suite 700
Toronto, ON
M5B 2C3

Attention: Daniel Westreich,
Divisional Vice-President, Central Operations & Senior Corporate Counsel

Dear Sirs:

Re: Receivership of SHS Services Management Inc. /
Gestion des Services SHS Inc. ("SHS GP") and SHS
Services Limited Partnership ("SHS LP" together,
"SHS")

We are writing to you in our capacity as court-appointed receiver (the "Receiver") of the property of SHS (the "Receivership") pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on December 13, 2013 (the "Appointment Order") and the Order of the Court made on January 9, 2014 (the "Receivership Order").

Sears Canada Inc. ("Sears") and the Receiver have discussed several material issues related to the Receivership. These issues include: (a) the Receiver's position that Sears holds SHS customer payments of approximately \$1,400,000 or more that should be remitted to SHS (the "Disputed Funds") and the grounds upon which Sears disputes the quantum of the Disputed Funds and the Receiver's position concerning the Disputed Funds; (b) resolution of the construction lien and trust claims filed pursuant to the Lien and Trust Claims Procedure Order (Identification of Claims) dated March 11, 2014 (the "Claims Identification Process Order") and use of the Disputed Funds and certain other funds held by the Receiver to settle valid claims thereunder; and (c) certain claims asserted by Sears, some of which are disputed by the Receiver, for payment of various amounts Sears alleges are owed to it pursuant to or in connection with: (i) the Branded Concession Agreement dated December 20, 2012, between Sears and SHS GP, SHS GP's rights and obligations thereunder subsequently assigned to and assumed by SHS LP (the "BCA"); (ii) the Transition Services Agreement dated as of February 28, 2013, between SHS GP and Sears, as amended and extended (the "Transition Agreement"); (iii) the Asset Transfer Agreement dated December 20, 2012, between SHS GP and Sears (the "Transfer Agreement"); (iv) the Sears Card Merchant Agreement made effective as of January 29, 2013, between SHS GP and Sears (the "Merchant Agreement"); and (v) the Sublease made as of September 1, 2013, between SHS GP and Sears (the "Sublease") or otherwise, that are referable to and calculated by reference to the period from and after the date of the Appointment Order.

Sears and the Receiver have agreed to settle the above issues and any other open issues between Sears, SHS and the Receiver subject to the terms and conditions of this settlement agreement (the "Agreement").

FOR VALUE RECEIVED the parties agree as follows:

The Receiver on its own behalf and on behalf of SHS and Sears hereby agree to settle all matters between them in relation to SHS or its business and in any way connected to the Receivership as follows:

1. This Agreement shall only become effective upon the date that all of the following conditions precedent have been satisfied: (a) the court has granted a bankruptcy order in respect of both SHS GP and SHS LP on the application of Alaris Income Growth Fund or Sears (a "**Bankruptcy Order**"), (b) the Agreement has been duly executed and delivered by the parties, and (c) the Agreement and the claims resolution and distribution order substantially in the form attached hereto as Schedule "A" (the "**Proposed Claims Resolution Order**") has been approved by the court substantially in the form submitted to the court for approval by the Receiver and Sears (the "**Effective Date**"). Sears acknowledges and agrees that the Receiver will only seek the approval of this Agreement by the court if the Bankruptcy Order is granted. The parties acknowledge and agree that this Agreement will have no force and effect and shall become null and void if the Effective Date does not occur prior to August 7, 2014, unless the parties otherwise agree in writing.
2. Sears agrees to support the approval of the Proposed Claims Resolution Order and any motion for the approval of the Receiver's and the Receiver's counsel's fees incurred during the period up to and including June 30, 2014. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Proposed Claims Resolution Order;
3. Upon court approval of the Proposed Claims Resolution Order, the Receiver undertakes to provide at least two (2) business days' written notice to Sears prior to accepting any Lien Claim (as such term is defined in the Claims Identification Process Order and adopted by reference in the Proposed Claims Resolution Order) which is in excess of \$50,000 and to provide counsel for Sears all documentation filed by the Claimant in support of such claim or other documentation in the possession of the Receiver and relevant to the determination of the Lien Claim by the Receiver; in the event that Sears, acting reasonably, objects to the approval of such claim, the Receiver shall not accept such claim unless authorized by the Court;
4. Sears agrees that following determination by the Receiver of substantially all Proofs of Claim in accordance with the Proposed Claims Resolution Order, the Receiver will notify Sears in writing of the quantum of the Proven Lien Claims Amount and the aggregate amount of Disputed Lien Claims. Within five (5) business days of receipt of such written notice from the Receiver, Sears will transfer immediately available funds to the Receiver (without any setoff or deduction of any kind) in an amount equal to the lesser of: (A) \$1,000,000.00 or (B) the Proven Lien Claims Amount plus the aggregate amount of Disputed Lien Claims (the "**Sears Primary Settlement Payment**");
5. Sears agrees that concurrent with the payment of the Sears Primary Settlement Payment, Sears will transfer immediately available funds to the Receiver (without any setoff or deduction of any kind) in an amount of \$100,000.00 (the "**Sears Secondary Settlement**");

Payment"; together with the Sears Primary Settlement Payment, collectively the "**Sears Settlement Payment**"), which amount shall be available to satisfy the claims of creditors of SHS in accordance with their legal priority thereto; for greater certainty, nothing herein prohibits the Receiver from distributing the Sears Secondary Payment to Sears if it is determined that Sears has priority to such funds over other creditors of SHS;

6. The Receiver agrees that, other than the Sears Amounts (as defined below), it is not aware of any other amounts or payments that are outstanding, owing or due from Sears or any of its affiliates to SHS or to the Receiver and that the Receiver agrees to accept the payment of the Sears Settlement Payment in full and final satisfaction of all amounts that are, or may be, owed by Sears to SHS or to the Receiver, except for any obligations or liabilities of Sears that arise from facts, omissions or circumstances that occur from and after the Effective Date. For the purpose of this Agreement, the term "**Sears Amounts**" means all of the following: (a) the Disputed Funds, (b) amounts payable by Sears to the Receiver pursuant to the Backstop Agreement between Sears and the Receiver dated December 27, 2013, (c) amounts payable by Sears to the Receiver pursuant to the Transitional Services Agreement among Sears, the Receiver and Reliance Comfort Limited Partnership dated March 13, 2014, (d) rental payments relating to SHS' rental water heater and HVAC business collected by Sears on behalf of SHS (net of commissions and merchant fees), and (e) amounts payable by Sears to the Receiver or to SHS pursuant to the BCA, the Transition Agreement, the Transfer Agreement, the Merchant Agreement and the Sublease.
7. The Receiver agrees that forthwith following the Effective Date, the Receiver will repay the borrowings it received from Sears pursuant to the Appointment Order and Receivership Order (the "**Borrowings**") in the aggregate principal amount of \$638,000 (plus accrued and unpaid interest), all such amounts being secured by the Receiver's Charge, as such term is defined in the Receivership Order;
8. The Receiver requested that its counsel, McMillan LLP, conduct an independent review of the security documentation granted by SHS to Sears and provided to McMillan LLP by the Receiver (the "**Security**"). McMillan LLP has advised the Receiver that the Security is valid and enforceable as against the Receiver and it secures obligations owed by SHS to Sears under: (i) the BCA; and (ii) the Loan Agreement dated October 31, 2013 between SHS Services Limited Partnership and Sears (the "**Loan**"). Sears will submit a proof of claim to the Receiver in respect of the BCA, the Transition Agreement, the Transfer Agreement, the Merchant Agreement, the Sublease, the Loan and Security and any other amounts owed to Sears, whether the same are secured or unsecured or pre-filing or post-filing, for distribution purposes. Except as indicated above, McMillan LLP has not reviewed the validity or enforceability of any other secured claim of Sears as of the date hereof;
9. Other than the administrative priority claims for payment set out on the attached Schedule "B" (the "**Administrative Priority Claims**") and the Receiver's Borrowings from Sears that are secured by the Interim Receiver's Borrowings Charge referred to above, Sears agrees to assert no other administrative priority claims against SHS or the Receiver in the Receivership, provided that Sears may assert all other claims it may have

either as against the collateral (or proceeds thereof) that is secured by the Security (the "Sears Collateral") or as general unsecured claims against SHS. For greater certainty, nothing in this Agreement is to be construed as prejudicing: (a) Sears' right to file claims in respect of the BCA, the Transition Agreement, the Transfer Agreement, the Merchant Agreement, the Sublease, the Loan and Security or any other amounts owed to Sears, whether the same are secured or unsecured or pre-filing or post-filing, as against the Sears Collateral, as secured claims against SHS or as general unsecured claims against SHS; and (b) the Receiver's obligations to review and validate such claims; and

10. The Administrative Priority Claims shall be paid by the Receiver to Sears upon payment of the Sears Settlement Payment by Sears to the Receiver.

RELEASES

Except for the Receiver's obligations to Sears under this Agreement (which are only owed to Sears in its capacity as Receiver and not in its personal or corporate capacity), Sears hereby agrees to release PricewaterhouseCoopers Inc., in its capacity as Receiver and in its corporate and personal capacity, from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether based on contract, negligence or other tort, fiduciary duty, common law, equity, statute or otherwise, whether known or unknown, whether foreseen or unforeseen in any way related to SHS or the Receivership which Sears may have for, upon or by reason of any matter, cause or thing whatsoever, as of the date hereof.

The Receiver on its own behalf and on behalf of SHS agrees not to pursue Sears in respect of any amounts other than Sears Amounts. Except for Sears' obligations to the Receiver under this Agreement and its obligation to pay the Receiver the Sears Amounts, the Receiver agrees to release Sears from any and all claims, obligations, rights, causes of action, and liabilities, of whatever kind or nature, whether based on contract, negligence or other tort, fiduciary duty, common law, equity, statute or otherwise, whether known or unknown, whether foreseen or unforeseen in any way related to SHS or the Receivership which the Receiver may have for, upon or by reason of any matter, cause or thing whatsoever, as of the date hereof.

GENERAL

Entire Agreement: This Agreement, including the Schedule hereto, contains the entire agreement between the parties with respect to the subject matter of this Agreement, and supersedes all prior representations and negotiations.

Counterparts: This Agreement may be executed by either party hereto by signing a counterpart hereof (whether in original, facsimile or electronic form), each of which counterpart so executed shall be deemed to be an original and such counterparts together shall constitute a single instrument bearing the date first written above.

Assignment: Neither party may assign any of its rights under this Agreement except with the prior written consent of the other party.

Governing Law: This Agreement shall be interpreted in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Third Party Beneficiaries: This Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties, provided that PricewaterhouseCoopers Inc. in its corporate and personal capacity may rely on and take the benefit of the releases herein granted by Sears.

The parties hereto have executed this Agreement the day and year first above written.

SHS SERVICES MANAGEMENT INC.

by its receiver PricewaterhouseCoopers Inc., solely in its capacity as receiver of SHS Services Management Inc./Gestion des Services SHS Inc. and SHS Services Limited Partnership and not in its personal or corporate capacity

By: 

Name: Mica Arlette

Title: Senior Vice President

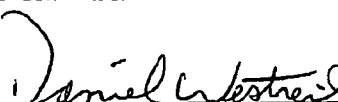
SEARS CANADA INC.

By: 

Name: Pamela Murphy

Title: Vice-President, Specialty Services,
Travel and Home Services

SEARS CANADA INC.

By: 

Name: Daniel Westreich

Title: Divisional Vice-President, Central
Operations and Senior Corporate Counsel

SCHEDULE "A"

See attached

Court File No. CV-13-10370-00CL

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

THE HONOURABLE

) ●

)

●

) DAY OF ●, 2014

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC./GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

LIEN CLAIMS RESOLUTION ORDER

THIS MOTION made by PricewaterhouseCoopers Inc. ("PwC" or the "Receiver") in its capacity as Receiver of SHS Services Management Inc./Gestion des Services SHS Inc. and SHS Services Limited Partnership (together, "SHS") appointed pursuant to an order of the Honourable Mr. Justice Brown of the Ontario Superior Court (Commercial List) dated January 9, 2014 (the "**Receivership Order**") and made pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (Canada) ("**BIA**") for, *inter alia*, approval of a construction lien claims resolution process, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Sixth Report to the Court of the Receiver dated July 14th, 2014 (the "**Sixth Report**"), the Seventh Report to the Court of the Receiver dated July 28th, 2014 (the "**Seventh Report**") and the Eighth Report to the Court of the Receiver dated August 12th, 2014 (the "**Eighth Report**") and the actions and activities of the Receiver described therein and on hearing the submissions of counsel for the Receiver and such other counsel as may be in attendance, it is hereby **ORDERED AND DECLARED THAT**:

1. The time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

- 2 -

2. The Sixth Report, the Seventh Report, the Eighth Report, and the activities of the Receiver as described therein, are hereby approved.

3. The Settlement Agreement dated July 22, 2014 between Sears Canada Inc. ("Sears") and the Receiver, and the payments, releases and other transactions contemplated therein, are hereby approved.

A. RECEIVER

4. The Receiver is hereby authorized and empowered to take such other actions and fulfill such other roles as are contemplated by this Order.

B. DEFINITIONS AND INTERPRETATION

5. For purposes of this Order, capitalized terms not herein defined shall have meaning given to them in the Lien and Trust Claims Procedure Order (Identification of Claims) dated March 11, 2014 (the "Claims Identification Order"), a copy of which is attached as Schedule "A" hereto and the following terms shall have the following meanings:

- (a) "Bankruptcy Orders" means, together, the bankruptcy orders made in respect of SHS LP and SHS GP on July 31st, 2014;
- (b) "Claimant" means, subject to paragraph 16 hereof, any Person who filed a Proof of Claim with the Receiver on or prior to the Claims Bar Date in accordance with the Claims Identification Order;
- (c) "Dispute Notice" means the dispute notice in substantially the form attached as Schedule "C" hereto;
- (d) "Disputed Lien Claim" means a Lien Claim for which a Claimant has delivered a Dispute Notice to the Receiver;
- (e) "Lien and Trust Claim" means a Claim that asserts both a Lien Claim and a Trust Claim;
- (f) "Lien Claims Resolution Process" means the procedures outlined in the Claims Identification Order and this Order;

- 3 -

- (g) **“Lien Claim Cash Pool”** means the cash available for distribution to Claimants in respect of Proven Lien Claims, funded by Sears in accordance with paragraph 18 of this Order less an allocation to be determined by the Receiver on account of professional fees and expenses incurred by the Receiver and its counsel in relation to administering the Lien Claims Resolution Process;
- (h) **“Notice of Revision or Disallowance”** means a notice, substantially in the form attached as Schedule “B” hereto, advising a Claimant that the Receiver has revised or rejected all or part of such Claimant’s Claim set out in its Proof of Claim and providing the reasons for the revision or rejection;
- (i) **“Proven Lien Claim”** means the amount of any Claimant’s Lien Claim finally determined in accordance with the provisions of this Order which, for greater certainty, shall not include any Trust Claims;
- (j) **“Proven Lien Claims Amount”** means the aggregate amount of Proven Lien Claims;
- (k) **“Request for Supporting Information”** means the request letter to certain Claimants from the Receiver that identifies supporting documentation requested pursuant to the Claims Identification Order that was not included in the Claimant’s filed Proof of Claim, and contains instructions for the Claimant to file such documentation with the Receiver in accordance with the terms of this Order, such letter in substantially the form attached as Schedule “D” hereto;
- (l) **“Supporting Information Deadline”** means, the date that is fifteen (15) Business Days following mailing to applicable Claimants by the Receiver of a Request for Supporting Information; and
- (m) **“Trust Claim”** means a Claim to trust funds pursuant to applicable Lien Legislation that is not a Lien Claim;

- 4 -

C. CLAIMS RESOLUTION PROCESS

6. **THIS COURT ORDERS** that the effect of the Bankruptcy Orders is to terminate all Trust Claims asserted against the property and estate of SHS. Accordingly, all Trust Claims filed with the Receiver pursuant to the Claims Identification Order are hereby deemed to be disallowed and finally adjudicated. The Receiver shall issue a notice of this Order to each Claimant who asserted a Lien and Trust Claim confirming the disallowance pursuant to this paragraph 6 of the portion of such Lien and Trust Claim, if any, determined by the Receiver to constitute a Trust Claim. For greater certainty, nothing in this paragraph 6 shall affect the portion of any Lien and Trust Claim determined by the Receiver to constitute a Proven Lien Claim.

7. **THIS COURT ORDERS** that at any time the Receiver may request additional information and documentation from the applicable Claimant with respect to any Claim properly filed in accordance with the terms of the Claims Identification Order.

8. **THIS COURT ORDERS** that the Receiver may, in its discretion, issue a Request for Supporting Information to a Claimant who did not supply sufficient supporting documentation in the Claimant's filed Proof of Claim. A Claimant who receives a Request for Supporting Information may provide the requested information and documentation to the Receiver by no later than the Supporting Information Deadline, after which date the Receiver is not obligated to accept such or any additional information and documentation from such Claimant and the applicable Claim will be determined by the Receiver on the basis of the information and documentation provided by the Claimant to the Receiver on or prior to the Supporting Information Deadline.

9. **THIS COURT ORDERS** that the Receiver shall review each Proof of Claim filed by a Claimant and may accept, revise or disallow the Claim and may attempt to consensually resolve or settle any Claim with the applicable Claimant at any time prior to any resolution of the Claim being finally determined by the Court.

10. **THIS COURT ORDERS** that the Receiver shall provide Sears with copies of all supporting documentation in its possession relevant to any Lien Claim in an amount greater than or equal to \$50,000 for the sole purpose of allowing Sears to assess the Receiver's determination

- 5 -

of such Lien Claim. In the event that the Receiver determines any such Lien Claim to be a Proven Lien Claim and Scars objects to such determination, acting reasonably, the Receiver shall not accept such Lien Claim unless authorized by the Court.

11. **THIS COURT ORDERS** that where a Claim is determined by the Receiver to be a Lien Claim and is proved in full and allowed by the Receiver in its entirety, no further notice will be sent by the Receiver to the Claimant and the Claim amount as set out in the allowed Proof of Claim is deemed to be admitted in full as a Proven Lien Claim.

12. **THIS COURT ORDERS** that where a Claimant's Proof of Claim is partially disallowed or disallowed in its entirety by the Receiver, the Receiver shall send a Notice of Revision or Disallowance to the Claimant (or its counsel, if applicable).

13. **THIS COURT ORDERS** that a Claimant may appeal a Notice of Revision or Disallowance to the Court by serving a Dispute Notice on the Receiver within fifteen (15) days of the Receiver issuing a Notice of Revision or Disallowance to the Claimant.

14. **THIS COURT ORDERS** that the Receiver will schedule a motion for a date to be determined by the Receiver to resolve any Claims that are the subject of a Notice of Revision or Disallowance that has been appealed by the applicable Claimant in accordance with paragraph 13 above and at such motion each such Claimant shall be deemed to be an applicant and the Receiver shall be deemed to be the respondent.

15. **THIS COURT ORDERS** that if a Claimant having received the Receiver's Notice of Revision or Disallowance does not appeal same in accordance with paragraph 13 above, the Receiver's Notice of Revision or Disallowance shall be final and binding and such Claimant will be forever barred from disputing or appealing the Notice of Revision or Disallowance and shall be deemed to have accepted the Receiver's determination of the Claim as set out in the Notice of Revision or Disallowance for all purposes.

16. **THIS COURT ORDERS** that the Receiver is authorized to use reasonable discretion as to adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Dispute and other notices are completed and executed, and may, where they are satisfied that a Claim has been adequately filed, waive strict compliance with the requirements of the Claims

- 6 -

Identification Order and this Order, as applicable, as to completion and execution of Proofs of Claim and Notices of Dispute and other notices to be provided herein. For greater certainty, the Receiver may disregard any error, omission or oversight in the completion of a Proof of Claim by a Claimant specifying a Claim as a Lien Claim, Trust Claim or Lien and Trust Claim and may treat each such Claim as a Lien Claim, Trust Claim or Lien and Trust Claim, as applicable, in accordance with the substance and documentation provided by the Claimant in support of the Claim. Notwithstanding paragraph 12 of the Claims Identification Order, the Receiver is authorized to accept the Proofs of Claim received by the Receiver after the Claims Bar Date (being 5 p.m. Toronto time on April 11, 2014) as described in the Eighth Report, provided that such Proofs of Claim were received on or before May 16, 2014 and persons having filed such Proofs of Claim shall be considered to be Claimants as defined in this Order.

17. **THIS COURT ORDERS** that all Claims determined and administered pursuant to this Lien Claims Resolution Order by the Receiver shall have the same force and effect as if made by a court of competent jurisdiction pursuant to the applicable Lien Legislation. The Receiver may retain any consultant or assistant as it may require in the review and determination of any Claim.

D. CREATION AND DISTRIBUTION OF CASH POOLS

18. **THIS COURT ORDERS** that following final determination of substantially all Proofs of Claim by the Receiver in accordance with this Order, the Receiver will notify Sears of the quantum of the Proven Lien Claims Amount and the aggregate amount of Disputed Lien Claims. Within five (5) Business Days of receipt of such notice Sears will transfer immediately available funds to the Receiver in an amount equal to the lesser of: (A) \$1,000,000.00 or (B) the Proven Lien Claims Amount plus the aggregate amount of Disputed Lien Claims.

19. **THIS COURT ORDERS** that following final determination of substantially all Proofs of Claim in accordance with this Order the Receiver will distribute the Lien Claim Cash Pool among the Claimants holding Proven Lien Claims in accordance with the amount of each such holder's Proven Lien Claim, provided that in the event the Lien Claim Cash Pool does not contain sufficient funds to satisfy all Proven Lien Claims in full, the Lien Claim Cash Pool shall be distributed among the Claimants holding Proven Lien Claims on a *pro rata* basis. In all cases, the distribution to a Claimant on account of such Claimant's Proven Lien Claim pursuant to this Order is conditional upon the Claimant first effecting the discharge of its lien, at its own expense,

- 7 -

that is the subject of such Proven Lien Claim, and effecting the dismissal of any Lien Claim as against any Customer, SHS, the Receiver, and Sears, or any one or more of them, asserted by way of court action that is the subject of such Proven Lien Claim, and providing satisfactory proof of discharge and any such dismissal to the Receiver.

20. **THIS COURT ORDERS** that the Receiver will determine the appropriate date and manner to effect all distributions pursuant to this Order. In the event that there are funds remaining in the Lien Claim Cash Pool following final determination and satisfaction of all Proven Lien Claims, the Receiver will return such remaining funds to Sears.

21. **THIS COURT ORDERS** that following final determination (including disallowance) of all Proofs of Claim in accordance with this Order, all Claims are hereby extinguished and deemed to have been fully and finally released as against any Customer, SHS, the Receiver and Sears, but no other Person. Subject to and in furtherance of the foregoing, any Claimant who has filed one or more liens against the property of a Customer shall effect the discharge of all such liens at its own expense and provide satisfactory proof of such discharge to the Receiver. Each of the Receiver, any Customer whose property is subject to a lien that has been extinguished by this Order or Sears may enforce the terms of this paragraph 21 as against a Claimant who has failed to comply with the terms hereof.

E. SERVICE AND NOTICE

22. **THIS COURT ORDERS** that the Receiver shall be at liberty to deliver this Order, any Request for Further Information, any Notice of Revision or Disallowance and any other letters, notices or other documents to Claimants by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic transmission to such Claimants at the address set out in the applicable Proof of Claim and that any such service or notice by courier, personal delivery or electronic 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.

23. **THIS COURT ORDERS** any notice or other communication to be given under this Order by a Claimant to the Receiver (including, without limitation, information and/or documentation submitted to the Receiver in response to a Request for Supporting Information)

- 8 -

shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if given by courier, registered mail, personal delivery, facsimile transmission or electronic transmission addressed to:

PricewaterhouseCoopers Inc.
Court-appointed Receiver of
SHS Services Management Inc./Gestion Des Services SHS Inc. and
SHS Services Limited Partnership

18 York Street, Suite 2600 PwC Tower
Toronto, Ontario, M5J 0B2

Attention: Sara de Verneuil
Telephone: (855) 376-8474
Fax: (416) 814-3219
Email: shs.questions@ca.pwc.com

Any such notice or other communication by a Claimant shall be deemed received only upon actual receipt thereof during normal business hours on a Business Day.

24. **THIS COURT ORDERS** that in the event that the day on which any notice or communication required to be delivered pursuant to this Order is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

25. **THIS COURT ORDERS** that in the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by email, facsimile transmission, personal delivery or courier and any notice or other communication given or made by prepaid mail within the seven (7) day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered. All such notices and communications shall be deemed to have been received, in the case of notice by email, facsimile transmission, personal delivery or courier prior to 5:00 p.m. (local time) on a Business Day, when received, if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day, and in the case of a notice mailed as aforesaid, on the fourth business day following the date on which such notice or other communication is mailed.

F. EFFECT, RECOGNITION AND ASSISTANCE

26. **THIS COURT ORDERS** that, notwithstanding:

- 9 -

- (a) the pendency of these proceedings; and
- (b) the Bankruptcy Orders,

the creation and distribution of the Lien Claim Cash Pool by the Receiver pursuant to and in accordance with this Order shall be binding on the trustee in bankruptcy appointed in respect of SHS and shall not be void or voidable by creditors of SHS, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

27. **THIS COURT ORDERS** the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties under this Order.

28. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

29. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial regulatory body of the United States and the states or other subdivisions of the United States and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

SCHEDULE "A"

[Insert copy of Claims Procedure Order (Identification of Claims)]

SCHEDULE "B"

**NOTICE OF REVISION OR DISALLOWANCE REGARDING LIEN CLAIMS
AGAINST:**

**SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND
SHS SERVICES LIMITED PARTNERSHIP**

(each a "Debtor" and collectively, the "Debtors")

TO: [insert name and address of Claimant]

FROM: PricewaterhouseCoopers Inc. in its capacity as Court-appointed monitor of
the Applicants (the "Receiver").

Terms not otherwise defined in this Notice have the meaning ascribed to them in the Order of the Ontario Superior Court of Justice made October 3, 2014 ("Lien Claims Resolution Order"). You can obtain a copy of the Lien Claims Resolution Order on the Receiver's website at www.pwc.com/car-shs or by contacting the Receiver as set out below.

This Notice of Revision or Disallowance is issued pursuant to the Lien Claims Resolution Order.

The Receiver has disallowed in full or in part your Claim(s), as set out in your Proof of Claim, for distribution purposes as set out below:

Particulars of Customer	Amount Per Proof of Claim	Disallowed Amount	Allowed Amount	Allowed as Lien Claim
	\$	\$	\$	<input type="checkbox"/>
	\$	\$	\$	<input type="checkbox"/>
	\$	\$	\$	<input type="checkbox"/>
	\$	\$	\$	<input type="checkbox"/>
	\$	\$	\$	<input type="checkbox"/>

REASONS FOR DISALLOWANCE:

- 3 -

If you dispute this Notice of Revision or Disallowance, you may appeal such decision by delivering a Dispute Notice, in the manner described in the Lien Claims Resolution Order and in the form attached as Schedule "C" to the Lien Claims Procedure Order, to the Receiver at the address listed below. Any such Dispute Notice must be delivered to the Receiver within five (5) Business Days of receiving this Notice of Revision or Disallowance, in which case such Claim shall be treated as if the Claim had been entirely disallowed by the Receiver and will be reassessed by the Ontario Superior Court of Justice. If you do not appeal this Notice of Revision or Disallowance in the prescribed manner and within the aforesaid time period, your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance.

Dispute Notices should be addressed to:

PricewaterhouseCoopers Inc.
Court-appointed Receiver of
SHS Services Management Inc./Gestion Des Services SHS Inc. and
SHS Services Limited Partnership

18 York Street, Suite 2600 PwC Tower
Toronto, Ontario, M5J 0B2

Attention: Sara de Verneuil
Telephone: (855) 376 8474
Fax: (416) 814-3219
Email: shs.questions@ca.pwc.com

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

If you agree with the Notice of Revision or Disallowance, there is no need to file anything further with the Receiver.

DATED at _____ this _____ day of _____, 2014.

SCHEDULE "C"

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES
MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS
SERVICES LIMITED PARTNERSHIP**

Applicants

Pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA")

DISPUTE NOTICE REGARDING A CLAIM AGAINST:

**SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND
SHS SERVICES LIMITED PARTNERSHIP
(collectively, the "Debtors")**

Pursuant to the Order of the Ontario Superior Court of Justice dated October 3, 2014 (the "Lien Claims Resolution Order") we hereby give you notice of our intention to dispute the Notice of Revision or Disallowance issued by the Receiver in respect of our Claim, as detailed below.

Name of Claimant: _____
Particulars of Customer: _____
Complete Mailing Address of Claimant: _____
Telephone Number: _____
Facsimile Number: _____
Amount as per Notice of Revision or Disallowance: _____
Amount claimed by Claimant: _____
Date of Notice of Revision or Disallowance: _____

Reasons for Dispute (provide full particulars of the Dispute and the reasons for the dispute. Please continue on additional pages if required - note also that you are required to attach to this Dispute Notice all relevant supporting documents on which you rely in support of your Claim(s))

Date: _____

(Print name of Claimant or, if the Claimant is a corporation, the name of the Claimant and the name of the authorized signing officer of the corporation that is executing this Dispute Notice)

(Signature of Claimant or, if the Claimant is a corporation, the signature of the authorized signing officer of the corporation that is executing this Dispute Notice)

THIS DISPUTE NOTICE MUST BE RETURNED BY COURIER, PERSONAL DELIVERY, EMAIL OR FACSIMILE TO THE RECEIVER WITHIN THREE (3) BUSINESS DAYS OF THE DATE OF THE NOTICE OF REVISION OR DISALLOWANCE AT THE FOLLOWING ADDRESS:

PricewaterhouseCoopers Inc.
Court-appointed Receiver of
SHS Services Management Inc./Gestion Des Services SHS Inc. and
SHS Services Limited Partnership

18 York Street, Suite 2600 PwC Tower
Toronto, Ontario, M5J 0B2

Attention: Sara de Verneuil
Telephone: (855) 376-8474
Fax: (416) 814-3219
Email: shs.questions@ca.pwc.com

IF YOU DO NOT DELIVER A DISPUTE NOTICE IN ACCORDANCE WITH THE FOREGOING AND THE LIEN CLAIMS RESOLUTION ORDER, THE VALIDITY

- 3 -

AND QUANTUM OF YOUR CLAIM FOR DISTRIBUTION PURPOSES SHALL BE DEEMED TO BE AS SET OUT IN THE NOTICE OF REVISION OR DISALLOWANCE, AND SUCH DETERMINATION SHALL BE FINAL AND BINDING IN ALL RESPECTS.

SCHEDULE "D"

●, 2014

**NOTICE TO THE LIEN & TRUST CLAIMANTS OF
SHS Services Management Inc./Gestion Des Services SHS Inc.
and SHS Services Limited Partnership (collectively "SHS")**

Dear Claimant :

**Subject: Lien Claims Resolution Order
Request for Supporting Information**

We refer to the package mailed to you on March 14, 2014 pursuant to an order of the Court dated March 11, 2014 (the "Lien and Trust Claim Procedure Order"), and to the order of the Court dated October 3, 2014 (the "Lien Claims Resolution Order"). Capitalized terms not otherwise defined in this letter shall be as defined in the Lien Claims Resolution Order.

Please be advised that the Receiver is in receipt of your Proof of Claim Document Package with respect to your lien claim asserted against SHS. Following an initial review of your Proof of Claim Document Package, we have identified that certain information, as indicated on the enclosed checklist, is missing from your supporting documents, which is required by the Receiver in order for your claim to be properly evaluated and assessed pursuant to the Lien Claims Resolution Order.

Please provide the Receiver with copies of the information requested within fifteen (15) days of the date of this letter (the "Supporting Information Deadline") in order that we may properly assess the validity of your claim. The Receiver shall only consider the information provided by the Supporting Information Deadline in assessing your claim. Any information or documentation provided by you after the Supporting Information Deadline may not be included by the Receiver when assessing the validity and quantum of your claim for distribution purposes.

Should you have any questions or concerns, please do not hesitate to contact Ms. Sara de Vernetil at (416) 941-8383 ext. 14374.

- 2 -

Yours very truly,

PricewaterhouseCoopers Inc.
in its capacity as Receiver of
SHS Services Management Inc./Gestion Des Services SHS Inc.
and SHS Services Limited Partnership
and not in its personal capacity

Tracey Weaver
Vice President

Enclosure

**SHS Services Management Inc./Gestion Des Services SHS Inc.
and SHS Services Limited Partnership (collectively "SHS")**

**Lien Claims Resolution Order
Request for Supporting Information**

CHECKLIST OF MISSING INFORMATION

Name of Claimant:

Claim Amount:

Particulars of Customer (if known):

Supporting Information requested:

- Copy of the contract/subcontract including any change orders, amendments, purchase orders or other related documents;
- Names of the parties to the contract/subcontract;
- Contract price and/or agreed billing rates for personnel and machinery and a statement of account, including the dates and amounts of payments received;
- Evidence of the last day services and/or materials were supplied by the Claimant to the customer's premises including, but not limited to time sheets, delivery slips or similar evidence;
- Copies of supporting invoices;
- Copy of the applicable Certificate of Completion;
- Copies of any documentation relating to registration and perfection of the applicable lien(s);
- Other documents or information

Notes: _____

- 3 -

Please provide the above information by fax, email or mail to:

**PricewaterhouseCoopers Inc.
Receiver of SHS Services Management Inc./
Gestion Des Services SHS Inc. and
SHS Services Limited Partnership
PwC Tower
18 York Street, Suite 2600
Toronto ON M5J 0B2**

Attention: Ms. Sara de Verneuil

**Facsimile: (416) 814 3219
Email: shs.questions@ca.pwc.com**

Court File No. CV-13-10370-00CL

IN THE MATTER OF THE INTERIM RECEIVER SHIP OF SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED PARTNERSHIP

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

LIEN CLAIMS RESOLUTION ORDER

MC MILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Brett Harrison LS#: 44336A
Tel: (416) 865-7932
Fax: (416) 865-7048

Lawyers for PricewaterhouseCoopers Inc. in its
capacity as Court-appointed receiver of SHS Services
Management Inc./Gestion de Services SHS Inc. and
SHS Services Limited Partnership

SCHEDULE "B"

See attached.

Asserted Post-Filing Administrative Priority Claims

	FEE	GST/HST	TOTAL
Sublease (\$7,226.37 per calendar month)			
December (13-31)	\$ 4,429.07	\$ 575.78	\$ 5,004.85
January	\$ 7,226.37	\$ 939.43	\$ 8,165.80
February	\$ 7,226.37	\$ 939.43	\$ 8,165.80
March (1-7)	\$ 1,032.34	\$ 134.20	\$ 1,166.54
Transition Services Agreement			
InfoSys (\$962 per week)			
December (3 weeks)	\$ 2,886.00	\$ 375.18	\$ 3,261.18
January (4 weeks)	\$ 3,848.00	\$ 500.24	\$ 4,348.24
February (4 weeks)	\$ 3,848.00	\$ 500.24	\$ 4,348.24
March (5 weeks)	\$ 4,810.00	\$ 625.30	\$ 5,435.30
April (4 weeks)	\$ 3,848.00	\$ 500.24	\$ 4,348.24
May (4 weeks)	\$ 3,848.00	\$ 500.24	\$ 4,348.24
June (5 weeks)	\$ 4,810.00	\$ 625.30	\$ 5,435.30
July (2 weeks)	\$ 1,924.00	\$ 250.12	\$ 2,174.12
Logistics & Handling (3.2% of HVAC Net Sales during fiscal month)			
January	\$ 2,275.57	\$ 295.82	\$ 2,571.39
February	\$ 597.07	\$ 77.62	\$ 674.69
Branded Concession Agreement			
Maintenance and Administration Fee (\$68,333 per fiscal month)			
December (Dec 13-Jan 4)	\$ 44,904.54	\$ 5,837.59	\$ 50,742.13
January (Jan 5-Feb 1)	\$ 68,333.00	\$ 8,883.29	\$ 77,216.29
February (Feb 2-Mar 1)	\$ 68,333.00	\$ 8,883.29	\$ 77,216.29
March (Mar 2-Mar 31)	\$ 58,571.14	\$ 7,614.25	\$ 66,185.39
Telephone Costs (\$3,280 per fiscal month)			
December (Dec 13-Jan 4)	\$ 2,155.43	\$ 280.21	\$ 2,435.64
January (Jan 5-Feb 1)	\$ 3,280.00	\$ 426.40	\$ 3,706.40
February (Feb 2-Mar 1)	\$ 3,280.00	\$ 426.40	\$ 3,706.40
March (Mar 2-Mar 31)	\$ 2,811.43	\$ 365.49	\$ 3,176.92
Property Tax Contribution (\$31,101 per fiscal month)			
December (Dec 13-Jan 4)	\$ 20,437.80	\$ 2,656.91	\$ 23,094.71
January (Jan 5-Feb 1)	\$ 31,101.00	\$ 4,043.13	\$ 35,144.13
February (Feb 2-Mar 1)	\$ 31,101.00	\$ 4,043.13	\$ 35,144.13
March (Mar 2-Mar 31)	\$ 26,658.00	\$ 3,465.54	\$ 30,123.54
CAM Contribution (\$12,760 per fiscal month)			
December (Dec 13-Jan 4)	\$ 8,385.14	\$ 1,090.07	\$ 9,475.21
January (Jan 5-Feb 1)	\$ 12,760.00	\$ 1,658.80	\$ 14,418.80
February (Feb 2-Mar 1)	\$ 12,760.00	\$ 1,658.80	\$ 14,418.80
March (Mar 2-Mar 31)	\$ 10,937.14	\$ 1,421.83	\$ 12,358.97
			\$ 518,011.67
Cash received		- \$	30,648.73
Receiver's certificates in lieu of payment		- \$	387,971.24
NET			<u>\$ 99,391.70</u>

TAB R

This is Exhibit "R" referred to in the Affidavit of John McNair

sworn before me, on this 24th day of March, 2016

A handwritten signature in cursive script, appearing to read "S. Kellard". The signature is written in black ink and is positioned above a horizontal line.

A Commissioner for Taking Affidavits

Court File No. CV-13-10370-00CL

**SHS Services Management Inc. /
Gestion des Services SHS Inc.
SHS Services Limited Partnership**

RECEIVER'S TENTH REPORT TO THE COURT

October 30, 2014

Court File No. CV-13-10370-00CL

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

**IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT
INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED
PARTNERSHIP**

**TENTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS RECEIVER**

TABLE OF CONTENTS

INTRODUCTION..... 2
BACKGROUND ON THE EMPLOYEE ACTION..... 3
RECEIVER'S POSITION ON THE RELIEF SOUGHT IN THE EMPLOYEE ACTION 4
CONCLUSION 6

APPENDICES

- A. Receiver's proposed form of Second Lift Stay Order (blackline to Former Employees version)

NOTICE TO READER: The prior reports of the Receiver and related materials filed with the Court are available on the Receiver's website at www.pwc.com/car-shs. Links to key documents are contained in the footnotes of this report.

INTRODUCTION

1. By order (the “**Appointment Order**”) of Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated December 13, 2013 (the “**Date of Appointment**”), pursuant to section 47 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, PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as interim receiver and receiver (in both capacities referred to as the “**Interim Receiver**”) of all of the assets, undertakings and properties of SHS Services Management Inc. / Gestion des Services SHS Inc. (“**SHS**”) and SHS Services Limited Partnership (“**SHS LP**,” and collectively with SHS, the “**Company**”) acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the “**Property**”). These proceedings up to the Interim Receiver’s discharge on January 9, 2014 (as noted below) are referred to herein as the “**Interim Receivership Proceedings**”.
2. The application for the Appointment Order was brought by the Company. The Company’s principal secured creditors are Sears Canada Inc. (“**Sears**”) and Alaris Income Growth Fund Partnership (“**Alaris**”),¹ pursuant to the terms of loan agreements with SHS.
3. On January 9, 2014, by order (the “**Receivership Order**”) of Mr. Justice Brown of the Court, PwC was appointed as receiver (in such capacity, the “**Receiver**”), without security, of the Property pursuant to section 243 of the BIA. The Receivership Order also approved the activities of the Interim Receiver, and discharged PwC as Interim Receiver. The proceedings subsequent to January 9, 2014, are referred to as the “**Receivership Proceedings**”.
4. On July 30, 2014, an order (the “**Lift Stay Order**”) of Mr. Justice Wilton-Siegel of the Court was made to, *inter alia*, lift the stay of proceedings in the Receivership Proceedings against each of SHS and SHS LP for the sole purpose of filing, serving and proceeding with an application for orders (the “**Bankruptcy Orders**”) adjudging each of the Companies bankrupt and appointing PwC as trustee in bankruptcy (in such capacity, the “**Trustee**”) of each of SHS and SHS LP. The Bankruptcy Orders were made on July 31,

¹ The Receiver has been advised by its counsel, McMillan LLP, that Alaris’ security is either void or voidable because it was received and is held by Alaris in violation of section 60(a) of the *Partnership Act* (Alberta), as noted in paragraph 8 of the Receiver’s Sixth Report to the Court dated July 14, 2014 (the “**Sixth Report**”), http://www.pwc.com/en_CA/CA/car/shs/assets/shs-130_071414.pdf.

2014. The Lift Stay Order provided that the Bankruptcy Orders would be suspended for 10 days for purposes of serving same on the Office of the Superintendent of Bankruptcy; this period expired on August 10, 2014, and the bankruptcy orders were effective as of August 11, 2014.

5. The orders made to date in the Receivership Proceedings and the prior reports of the Receiver are available on the Receiver's website at www.pwc.com/car-shs, together with the motion materials and other related materials from the Interim Receivership Proceedings and the Receivership Proceedings.
6. The purpose of this report (the "Tenth Report") is to provide information in connection with the motion for leave to commence a class action proceeding by the moving party, Barry Patrick Kenny, against SHS, Sears and certain directors or former directors of such entities (the "Employee Action") on behalf of former employees of SHS (the "Former Employees"), and the Receiver's position thereon.
7. Capitalized terms not otherwise defined are as defined in the Receivership Order.

BACKGROUND ON THE EMPLOYEE ACTION

8. The Former Employees claim that on the Date of Appointment they were all terminated without cause and without notice, triggering a claim for alleged wrongful dismissal. The Former Employees contend that they suffered a loss of salary, wages, bonuses, benefits and any incremental increases in income and benefits to which they would have been entitled during the period for reasonable notice. The amount of this alleged loss that is in excess of the Former Employees' entitlement under the *Wage Earner Protection Program Act* ("WEPPA") represents the amount being claimed by the Former Employees as part of the Employee Action.
9. The Receiver has completed its administration of wage earner claims of SHS' Former Employees in accordance with the requirements of the WEPPA and has compiled employee records during the course of fulfilling its WEPPA obligations (the "WEPPA Records"). Former Employees who proved claims for unpaid wages in the Receivership Proceedings have received or will receive a distribution on account of their proven claims pursuant to WEPPA. Amounts owed to Former Employees over and above their WEPPA entitlement become unsecured claims of SHS.

10. Alaris and Sears each hold lien registrations against SHS in Ontario and other provinces. However, as a result of the issues with Alaris' security raised in the Fifth Report to the Court², Sears is the principal secured creditor of SHS.
11. Sears will realize a shortfall on its secured claim against the estate of SHS. Accordingly, there will not be any funds available for distribution to the unsecured creditors of SHS, including the Former Employees' alleged claims pursuant to the Employee Action.
12. The position of the Former Employees participating in the Employee Action is that as dismissed employees, they are entitled to commence action for wrongful dismissal and that the stay provision under the Receivership Order prevents them from doing so.
13. It is alleged that due to circumstances around the formation of SHS pursuant to an Asset Transfer Agreement (the "Agreement") with Sears, all previous employees of Sears continued their employment with SHS and as a result, the Former Employees have an action against Sears under a common employer theory and against the directors of Sears and SHS for unpaid wages.
14. Absent an order of the Court (the "Second Lift Stay Order") lifting the stay of proceedings against SHS in the Receivership Order, the Former Employees contend that they will not be able to proceed with the Employee Action against SHS, Sears and their respective directors for their alleged damages in connection with their claim of wrongful dismissal.

RECEIVER'S POSITION ON THE RELIEF SOUGHT IN THE EMPLOYEE ACTION

15. The Receiver's legal counsel has filed a factum (the "Factum") in response to the legal issues raised in the application for relief in the Employee Action. This report sets out additional related considerations.
16. Counsel to the Former Employees contacted the Receiver concerning the Employee Action and requested that the Receiver consent to, or not oppose, the Second Lift Stay Order to permit the Former Employees to proceed with the Employee Action. The Receiver was prepared to not oppose a motion by the Former Employees for the Second Lift Stay Order

² See discussion beginning at para. 26 of the Fifth Report of the Receiver dated June 19, 2014: http://www.pwc.com/en_CA/CA/car/shs/assets/shs-121_062014.pdf.

provided that the order included the standard language that the Receiver would not be subject to discovery or productions of documents, and that no costs would be awarded against the Receiver unless it chose to appear in the Employee Action. A copy of the order proposed by the Receiver is attached as Appendix "A".

17. Further, the Receiver informed counsel to the Former Employees that if the Second Lift Stay Order was granted on these terms, the Receiver was willing to share the WEPPA Records with the Former Employees and to respond to reasonable requests for disclosure of specified documents, subject to it not incurring undue costs. Counsel to the Former Employees has not accepted the Receiver's proposed terms for granting the Second Lift Stay Order and has not agreed to restrict the scope of its disclosure requests.
18. Only one former SHS employee remains engaged by the Receiver. This employee was SHS' financial controller and has been retained to perform certain bookkeeping functions, which the Receiver anticipates will be completed by the middle of November 2014. This employee was not responsible for human resource functions, such as employee matters and payroll. This employee does not have first-hand knowledge concerning the employment of the Former Employees by SHS prior to the receivership. If the Second Lift Stay Order is made, the Receiver would have to either engage other former SHS staff with first-hand knowledge (if possible) to review the document requests or perform such work itself. This will force the Receiver to incur significant additional costs satisfying these requests.
19. The Receiver is in the final stages of the Receivership Proceedings. The remaining activities of the Receiver include but are not limited to:
 - a) completing the lien claims resolution process pursuant to the lien claims order granted on October 3, 2014 (the "Lien Resolution Process");
 - b) making final distributions from the funds available after the completion of the Lien Resolution Process and after payment of certain priority charges; and
 - c) applying to be discharged as Receiver and Trustee.
20. In the event the Former Employees' claims are proven against SHS through the Employee Action, the claims would be unsecured claims. As noted above, under no scenario will unsecured creditors receive a distribution from the estate of SHS.

21. The Receiver's involvement over and above what it has already offered to do will force it to incur undue costs that will diminish the value of SHS' estate and will further delay the Receiver's ability to wind-up the Receivership Proceedings.

CONCLUSION

22. For the reasons set out herein and in the Factum, the Receiver requests that the Court dismiss the Former Employees' motion and grant the Receiver its costs in respect of this motion.

All of which is respectfully submitted on this 30th day of October, 2014.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of SHS Services Management Inc. / Gestion des Services SHS Inc. and SHS Services Limited Partnership



Mica Arlette
Senior Vice President

Appendix A
Receiver's proposed form of Second Lift Stay Order (blackline to Former
Employees version)

McMillan Comments – Sept. 5, 2014

Court File No. CV-13-10370-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) THE
JUSTICE)
DAY OF, 2014

IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES
MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES
LIMITED PARTNERSHIP

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47
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., c. C. 43, AS AMENDED

ORDER

THIS MOTION, made by the Plaintiff, Barry Patrick Kenny was heard this day at the court house, 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Affidavit of Barry Patrick Kenny, ~~and the Consent of the parties,~~

~~1. THIS COURT ORDERS that the stay of proceedings referred to in paragraphs 12 and 13 of the Order of Justice D. Brown, dated January 9, 2014, appointing PricewaterhouseCoopers Inc. as Receiver of the assets of SHS Services Management Inc. be lifted.~~

1. 2. THIS COURT ORDERS that notwithstanding the implementation of the stay of proceedings in respect of SHS Management Inc. ("SHS") referred to in paragraphs 12 and 13 of the Order of Justice D. Brown, dated January 9, 2014, appointing

-2-

PricewaterhouseCoopers Inc. as receiver of the assets of SHS (the "Receiver"), the Representative Plaintiff be granted leave to commence an action against SHS Management Inc., on behalf of all members of the class, for compensation for wrongful dismissal as a result of the termination of his employment from SHS Management Inc. and Sears Canada Inc. (the "Employee Action").

2. THIS COURT ORDERS that the Representative Plaintiff's right to prosecute his claim against SHS shall be for the purpose only of establishing his claim and no steps to levy execution or otherwise enforce payment of any obligation evidenced by any judgment in the Employee Action shall be taken against SHS, its successors and assigns or any assets of SHS whether subject to security interests or otherwise.
3. THIS COURT ORDERS that the Receiver and any or all of the directors, officers, employees or agents of the Receiver shall not be subject to discovery, nor productions of documents, nor shall any costs be awarded against any or all of them unless the Receiver chooses to appear in the Employee Action.

(Signature of Judge)

Court File No. CV-13-10370-00CL
IN THE MATTER OF THE RECEIVERSHIP OF SHS SERVICES MANAGEMENT INC. / GESTION DES SERVICES SHS INC. AND SHS SERVICES LIMITED PARTNERSHIP

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 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., c. C. 43, AS AMENDED

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

PROCEEDING COMMENCED AT TORONTO

ORDER

MCKENZIE LAKE LAWYERS LLP
140 Fullarton Street, Suite 1800
London, ON N6A 5P2

John H. McNair (23368S)
Michael Peerless (34127P)
Erin C. McDemid (53576V)
Tel: 519-672-5666
Fax: 519-672-2674

Lawyers for the Representative Plaintiff,
Barry Patrick Kenny

Document comparison by Workshare Professional on Friday, September 05, 2014
2:05:31 PM

Input:	
Document 1 ID	interwovenSite://DMS/LEGAL/22783634/1
Description	#22783634v1<LEGAL> - Lift Stay Order - employee action (McM comments Sept. 5, 2014)
Document 2 ID	interwovenSite://DMS/LEGAL/22783634/2
Description	#22783634v2<LEGAL> - Lift Stay Order - employee action (McM comments Sept. 5, 2014)
Rendering set	standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	8
Deletions	5
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	15

ARRY PATRICK KENNY
Plaintiff

-and-

SHS SERVICES MANAGEMENT INC. et al.
Defendants

Court File No. 802/15

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
LONDON

AFFIDAVIT OF JOHN MCNAIR

McKENZIE LAKE LAWYERS LLP
140 Fullarton Street, Suite 1800
London, Ontario N6A 5P2

Michael J. Peerless (LSUC # 34127P)
Tel: 519.667.2644

Sabrina Lombardi (LSUC# 52116R)
Tel: 519.667.2645
Fax: 519.672.2674

Lawyers for the Plaintiff,
Barry Patrick Kenny

BARRY PATRICK KENNY
Plaintiff

-and-

SHS SERVICES MANAGEMENT INC. et al.
Defendants

Court File No. 802/15

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
LONDON

MOTION RECORD
CERTIFICATION
Volume 3 of 3

McKENZIE LAKE LAWYERS LLP
140 Fullarton Street, Suite 1800
London, Ontario N6A 5P2

Michael J. Peerless (LSUC # 34127P)
Tel: 519.667.2644

Sabrina Lombardi (LSUC# 52116R)
Tel: 519.667.2645
Fax: 519.672.2674

Lawyers for the Plaintiff,
Barry Patrick Kenny

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SEARS CANADA INC., CORBEIL ELECTRIQUE INC., S.L.H. TRANSPORT INC., THE CUT INC., SEARS CONTACT SERVICES INC., INITIUM LOGISTICS SERVICES INC., INITIUM COMMERCE LABS INC., INITIUM TRADING AND SOURCING OCRP., SEARS FLOOR CLVERING CENTRES INC., 173470 CANADA INC., 2497089 ONTARIO INC., 6988741 CANADA INC., 10011711 CANADA INC., 1592580 ONTARIO LIMITED, 955041 ALBERTA LTD., 4201531 CANADA INC., 168886 CANADA INC., AND 3339611 CANADA INC.

Court File No. CV-17-11846-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial list)

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD
VOL. 2

MCKENZIE LAKE LAWYERS LLP

1800-140 Fullarton Street
London ON N6A 5P2

Michael J. Peerless (34127P)
Sabrina Lombardi (52116R)
Emily Assini (59137J)

Tel: 519-672-5666
Fax: 519-672-2674

Lawyers for the Moving Party/Creditor