

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

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
MARTIN ROSS GROUP INC.

ELEVENTH REPORT OF THE MONITOR

(Dated as of April 11, 2016)

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I. INTRODUCTION

1. On August 7, 2014, Martin Ross Group Inc. ("**MRG**" or the "**Company**"), applied for and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to the Order of this Court dated August 7, 2014 (the "**Initial Order**"). Pursuant to the Initial Order, Collins Barrow Toronto Limited was appointed as Monitor of the Company during this CCAA proceeding. A copy of the Initial Order is attached as **Appendix "A"**.
2. The Initial Order established a stay of proceedings until September 6, 2014 (the "**Stay Period**"). The Stay Period has been subsequently extended and is set to expire on April 18, 2016.
3. By Order of this Court dated May 1, 2015 (the "**Claims Procedure Order**"), the Court approved a process for the identification, resolution and barring of certain claims against MRG. A copy of the Claims Procedure Order is attached as **Appendix "B"**.
4. By Order of this Court dated June 29, 2015 (the "**Interim Distribution Order**"), the Court approved an interim distribution in the amount of \$7.5 million to those creditors whose claims were allowed by the Monitor in accordance with the Claims Procedure Order. A copy of the Interim Distribution Order is attached as **Appendix "C"**.
5. By Order of this Court dated February 9, 2016 (the "**Plan Filing Order**"), the Court, *inter alia*, (i) accepted for filing the plan of compromise and arrangement in respect of MRG (the "**Plan**"), (ii) approved March 23, 2016 as the date for the Meeting of Affected Creditors (the "**Meeting**"), and (iii) approved the procedures for the Meeting and authorized one class of creditors for the purpose of voting on the Plan.
6. The purpose of this eleventh report of the Monitor (the "**Eleventh Report**" or the "**Report**") is to provide the Court with:
 - i) information with respect to the Monitor's activities since the Monitor's Tenth Report dated February 4, 2016;

- ii) a summary of the meeting of creditors held to vote on the Plan and the results thereof;
- iii) the Monitor's recommendation with respect to the Company' request for an order sanctioning the Plan (the "**Sanction Order**");
- iv) the Monitor's recommendation with respect to the Company's request for an extension of the Stay Period to June 23, 2016; and
- v) an update with respect to a prior sale of certain inventory to Corona Jewellery Company Ltd. ("**Corona**").

7. This Eleventh Report is to be read in conjunction with the Monitor's First through Tenth reports in these proceedings. Copies of these reports are posted on the Monitor's website at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>. Capitalized terms not defined in this Eleventh Report are defined in the various Orders of the Court and/or the Monitor's First through Tenth Reports.

II. TERMS OF REFERENCE

8. In preparing this Eleventh Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions with management of the Company, MRG's counsel and information from other third-party sources (collectively, the "**Information**"). As the Information included in this Eleventh Report has been provided by MRG or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.
9. All references to dollars are in Canadian currency unless otherwise noted.

III. CALLING OF THE MEETING OF AFFECTED CREDITORS

10. Pursuant to the Plan Filing Order, the Company was authorized to call, hold and conduct the Meeting to consider and vote on the Plan, as may be amended from time to time. The Meeting was scheduled to be held at the offices of the Monitor on March 23, 2016 at 10:30 a.m.
11. In accordance with the Plan Filing Order, on February 26, 2016, the Monitor sent by pre-paid post to each Affected Creditor with a Proven Claim, a copy of the Plan, a summary of the Plan, a form of proxy and voting letter, a copy of the Plan Filing Order, and the Monitor's report to creditors on the Plan, which described the Plan and included the Monitor's recommendation with respect to acceptance of the Plan (the "**Monitor's Report to Creditors**"). A copy of the Monitor's Report to Creditors is attached hereto as **Appendix "D"**.
12. The Monitor's Report to Creditors set out certain information including that:
 - i) MRG made an interim distribution of \$0.2125 per dollar of Proven Claim to unsecured creditors following the issuance by the Court on June 29, 2015 of the Interim Distribution Order;
 - ii) based on the Plan which assumed a Fund of \$1.3 million, Affected Creditors are likely to receive an additional approximately \$0.15 per dollar of Proven Claim for total realizations of approximately \$0.36 per dollar of Proven Claim, while Convenience Creditors (as defined in the Plan) would receive 100% of their Proven Claim; and
 - iii) in the event that the Affected Creditors vote against the Plan, and assuming the remaining assets of MRG, including cash on hand, amount to approximately \$1.3 million, Affected Creditors of MRG would receive an additional approximately \$0.04 per dollar of Proven Claim for total realizations of approximately \$0.25 per dollar of Proven Claim.

13. On March 1, 2016, the Monitor sent a letter (the “**Monitor’s Letter**”) to the Affected Creditors with Proven Claims of MRG to remind (i) creditors who are corporations and were planning to attend the meeting of creditors on March 23, 2016, that they must complete and submit to the Monitor a completed proxy form, and (ii) creditors who wished to vote on the Plan, but were not intending on attending the meeting of creditors in person or by proxy, that they should submit their voting letters to the Monitor. The Monitor also confirmed where voting letters and proxy forms should be sent and to whose attention. A copy of the Monitor’s Letter is attached hereto as **Appendix “E”**.
14. On March 15, 2016, the Monitor sent an email (the “**Monitor’s Email**”) to four significant creditors of MRG, namely Diamond House, Dison’s Gems Inc., Asian Star Co. and S. Vinod Kumar, informing them that the Monitor had not as at that date received their voting letters or proxies and enquired of those creditors as to whether they (i) were planning to attend the meeting of creditors scheduled to occur on March 23, 2016 or (ii) would be providing the Monitor with their voting letter. A copy of the Monitor’s Email is attached hereto as **Appendix “F”**.

IV. THE MEETING OF AFFECTED CREDITORS AND THE VOTE ON THE PLAN

15. As determined by the Monitor in accordance with the Claims Procedure Order, 50 Affected Creditors with Proven Claims totaling \$1,746,348 were eligible to vote on the Plan. This amount does not include the unsubordinated claim of the Plan Sponsor, Sherfam Inc., of \$8,098,862, since, as a related person, it is not entitled to vote on the Plan.
16. On March 23, 2016, in accordance with the Plan Filing Order, the Meeting was held at the offices of the Monitor at 10:30 a.m. Mr. Weisz of the Monitor acted as Chair of the Meeting. In attendance in person at the Meeting were representatives of the Monitor, the Company and counsel to the Company. No Affected Creditors attended the Meeting in person.

17. Proxies for four creditors received prior to the Meeting were held by Mr. Morris Robinson, who attended the Meeting in person. The Monitor had also received voting letters prior to the Meeting.
18. Pursuant to the Plan Filing Order, the quorum required at the Meeting is any one Affected Creditor present in person, by voting letter or by proxy. As a result, the Chair confirmed that there was a quorum at the Meeting and that the Meeting was properly constituted.
19. A motion was made to vote on the Plan and the vote was held. In accordance with the Plan Filing Order, the votes of the creditors voting on the Plan, voting either in person, by proxy, or by voting letter were recorded by the Monitor.
20. The Chair announced the result of the vote that 29 Affected Creditors, having Proven Claims totaling \$1,329,820.61, voted in favour of accepting the Plan. No Affected Creditors voted against accepting the Plan.
21. Based on the vote held, the Chair advised the Meeting that the results of the vote were that the Plan was approved by the requisite majority of proven creditors under the CCAA representing more than 2/3 in value of the claims voting, and therefore, the Plan had been approved by the Affected Creditors.
22. A copy of the Minutes of the Meeting is attached as **Appendix "G"** to this Report.
23. The Monitor notes that subsequent to the Meeting, the Monitor received two further voting letters in favour of the Plan from Affected Creditors having Proven Claims totaling \$67,576. These votes are not included in the results of the vote set out in Paragraph 20 above.

V. CONDITIONS FOR IMPLEMENTATION OF THE PLAN

24. The conditions to the implementation of the Plan include that the Plan be approved by the Affected Creditors and that a Sanction Order must have been granted by the Court in

form and substance reasonably satisfactory to the Company, be entered in the court records and all appeal periods in respect of the Sanction Order must have expired. If any of the conditions is not met, subject to the right of MRG to waive the applicable condition(s), the Plan will not be implemented.

25. As the Plan has been approved by the Affected Creditors, MRG has brought a motion to the Court, requesting, inter alia, an order sanctioning the Plan.

VI. STAY EXTENSION REQUEST

26. As previously set out herein, the Stay Period is set to expire on April 18, 2016, if it is not extended further.
27. The Company has requested that the Stay Period be extended to June 23, 2016 in order to allow sufficient time for the Plan to be implemented and to deal with any unexpected matters that may arise.
28. The Monitor notes that following the issuance of an order sanctioning the Plan, the Company will be required to wait at least 21 days for the appeal period to expire. Assuming there are no appeals to implement the Plan, the Company will be required to forward the requisite funds to the Monitor. Following receipt of the funds, the Monitor is to arrange for distributions to Affected Creditors within 30 business days. Once that has been completed, the Monitor understands that the Company will seek an order discharging the Monitor and terminating these CCAA proceedings.
29. The Company has not filed a cash flow statement with its motion materials herein since the Company is no longer operating and does not have any significant expenses.
30. The Monitor is of the view that (i) the Company is continuing to act in good faith and with due diligence during these proceedings, and (ii) extending the stay period will allow sufficient time for the Plan to be implemented, provided that the Sanction Order is granted and no appeals therefrom are filed.

31. This will include the payment by MRG to the Monitor of the Fund, and the payment by the Monitor of the final distribution to the Affected Creditors in respect of their Proven Claims and to Sherfam Inc. in respect of the unsubordinated portion of its claim. As such, the Monitor is of the view that the Company's request for an extension of the stay period to June 23, 2016 is appropriate and reasonable in the circumstances.

VII. SALE TO CORONA

32. On November 20, 2014, the Company and Corona Jewellery Ltd. ("**Corona**") entered into an agreement, subject to Court approval, for the sale of certain assets described as the Libman Collection ("**Purchase Agreement**").
33. As reported in the Monitor's report to Court dated January 12, 2015 (the "**Fifth Report**"), on December 2, 2014, the Court granted an approval and vesting order which provided, among other things, that the Libman Collection would vest absolutely in the purchaser, free and clear of and from any and all security interests upon the delivery of a Monitor's certificate (the "**Corona Certificate**").
34. Although the sale was completed in December 2014, and the Company confirmed that it had received all of the sale proceeds pursuant to the Purchase Agreement, due to issues relating to the delivery of certain software, Corona did not advise the Monitor that the transaction was complete to its satisfaction.
35. The Monitor did not hear anything further from Corona until on March 15, 2016 when Corona, through its counsel, confirmed that it was satisfied that it received all of the assets as contemplated in the Purchase Agreement and requested that the Monitor provide the Corona Certificate.
36. On April 7, 2016, counsel to MRG confirmed to the Monitor that the transaction had been completed to the satisfaction of MRG and requested that the Monitor issue the Corona Certificate. Accordingly, on April 7, 2016, the Monitor executed the Corona

Certificate and provided copies of same to counsel for both MRG and Corona. The Monitor understands that counsel to MRG will file the original copy of the Corona Certificate with the Court and will provide to counsel to Corona a copy of same that has been stamped by the Court.

VIII. MONITOR'S FEES AND DISBURSEMENTS

37. The Monitor has maintained detailed records of its professional fees and disbursements during the course of these proceedings.
38. The Monitor's accounts for the period ended January 31, 2016 have been approved by the Court. For the period February 1, 2016 to March 31, 2016, the Monitor's accounts total \$36,658.24 consisting of \$31,571.50 in fees and \$869.42 in disbursements, plus HST of \$4,217.32 (the "**Monitor's Accounts**"). Copies of the Monitor's Accounts, together with a summary of the accounts, the total billable hours charged per the accounts, and the average hourly rate charged per the accounts, is set out in the Affidavit of Daniel Weisz sworn April 11, 2016 that is attached hereto as **Appendix "H"**.
39. The accounts of the Monitor's counsel, Torkin Manes LLP, for the period ended February 4, 2016 have been approved by the Court. The accounts of Torkin Manes LLP for the period February 9, 2016 to April 11, 2016 total \$3,470.00 in fees, \$136.70 in disbursements and \$468.87 in HST for a total of \$4,075.57 (the "**Torkin Accounts**"). A copy of the Torkin Accounts, together with a summary of the personnel, hours and hourly rates described in the Torkin Accounts, supported by the Affidavit of Hunter Forman sworn April 11, 2016, is attached hereto as **Appendix "I"**.

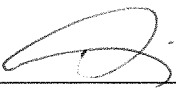
IX. MONITOR'S RECOMMENDATIONS AND REQUEST

40. The Plan has been approved by the requisite majority of proven creditors under the CCAA representing more than 2/3 in value of the claims voting on the Plan.

41. As set out earlier herein and in the Monitor's Report to Creditors, the Monitor believes that implementation of the Plan will result in a greater recovery for Affected Creditors than would be the case in a bankruptcy of MRG. As a result, the Monitor is of the view that the Plan is fair and reasonable.
42. Accordingly, based on the matters set out herein, the Monitor recommends that:
- i) the Court sanction the Plan and issue the Sanction Order; and
 - ii) the Stay Period be extended to June 23, 2016.
43. In addition to the above, the Monitor respectfully requests that the Court grant an Order approving:
- i) the Eleventh Report and the Monitor's activities described herein;
 - ii) the fees and disbursements of the Monitor to March 31, 2016; and
 - iii) the fees and disbursements of Torkin Manes LLP to April 11, 2016.

All of which is respectfully submitted this 11th day of April, 2016.

COLLINS BARROW TORONTO LIMITED
in its capacity as Monitor of Martin Ross Group Inc.
and not in its personal capacity

Per: 

Daniel R. Weisz, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE Mr.)
JUSTICE Penny)

THURSDAY, THE 7TH
DAY OF AUGUST, 2014

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 MARTIN ROSS GROUP INC. (the
"Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies sworn August 5, 2014 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, no one appearing for Sherfam Inc., RP Holdings Inc., or Dell Financial Services Canada Limited, although duly served as appears from the affidavit of service of Stephen Wolpert affirmed August 5, 2014 and on reading the consent of Collins Barrow Toronto Limited to act as the Monitor,

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.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period

commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$1,000,000 in the aggregate
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of

the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. THIS COURT ORDERS that until and including September 6, 2014, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the

Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (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 RIGHTS

15. THIS COURT ORDERS that during the Stay Period, 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 Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant 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 Business or the Applicant, 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 Applicant, and that the Applicant shall be entitled to the continued use of its current premises, 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 Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or

licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

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

APPOINTMENT OF MONITOR

20. THIS COURT ORDERS that Collins Barrow Toronto Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

21. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicant in its preparation of the Applicant's cash flow statements which information shall be reviewed with the Monitor;
- (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

23. THIS COURT ORDERS that nothing herein contained shall require the Monitor 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 Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor'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.

24. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

25. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a monthly basis and, in addition, the Applicant is hereby authorized

to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$50,000 , respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

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

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph30 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

30. THIS COURT ORDERS that the Administration Charge (as constituted and defined herein) shall constitute a charge on the Property and such charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

31. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Administration Charge, or further Order of this Court.

32. THIS COURT ORDERS that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

33. THIS COURT ORDERS that any charge created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

34. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The National Post a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly

available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

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

36. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

37. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

38. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

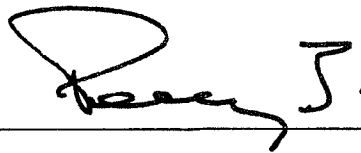
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

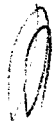
40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor 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.

41. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

42. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.



ENTERED AT / INSCRITA A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



AUG 7 2014

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

INITIAL ORDER

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swolpert@krmc-law.com

Tel: (416) 225-8750

Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

APPENDIX B

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 1ST DAY
JUSTICE NEWBOLD) OF MAY, 2015



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 MARTIN ROSS GROUP INC.

ORDER
(Claims Procedure Order)

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order approving and establishing a procedure for the identification, resolution and barring of certain claims against the Applicant was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Allen Shechtman sworn on April 23, 2015 and the Seventh Report (the "**Seventh Report**") of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**"), and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Kelly Barrett sworn April 24, 2015, filed, and the affidavit of Janice Chen sworn April 29, 2015, filed:

Definitions

1. THIS COURT ORDERS that the following terms in this Order shall have the following meanings ascribed to them:

- (a) **“Affected Claim”** means all Claims other than Unaffected Claims;
- (b) **“Affected Creditor”** means all Creditors with Affected Claims;
- (c) **“Business Day”** means a day which is not: (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;
- (d) **“CCAA”** means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
- (e) **“CCAA Proceedings”** means the proceedings before the Court in respect of the application by the Applicant commenced pursuant to the CCAA;
- (f) **“Claim”** means any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicant, which indebtedness, liability or obligation is in existence at the Commencement Date and which is not a Post-Filing Claim, and any interest that may accrue thereon in which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to

any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Commencement Date, together with any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Commencement Date;

- (g) **“Claims Bar Date”** means 5:00 p.m. on June 5, 2015;
- (h) **“Claims Procedure”** means the claims procedure and schedules set out herein and as approved in the Filing Order, as may be amended from time to time;
- (i) **“Commencement Date”** means August 7, 2014;
- (j) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (k) **“Creditor”** means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver-manager or other Person acting on behalf of such Person;
- (l) **“Dollars”** or **“\$”** means lawful money of Canada unless otherwise indicated;
- (m) **“Filing Order”** means this Order dated May 1, 2015 establishing, *inter alia*, the procedure for Creditors to prove their Claims;
- (n) **“Initial Order”** means the Initial Order dated August 7, 2014;
- (o) **“Notice to Creditors”** means the notice substantially in the form attached hereto as **Schedule “A”**;
- (p) **“Notice of Revision or Disallowance”** means the notice substantially in the form attached hereto as **Schedule “C”**;
- (q) **“Order”** means any order of the Court in connection with the CCAA Proceedings;

- (r) **“Person”** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;
- (s) **“Proof of Claim”** means the Proof of Claim substantially in the form attached hereto as **Schedule “B”**;
- (t) **“Unaffected Claim”** means (a) Claims of the Monitor and its counsel, and Claims of the Applicant’s counsel arising before or after the Commencement Date; (b) Claims for wages, salary and vacation pay accruing due to employees; and (c) Claims for amounts due for goods or services actually supplied to the Applicant after the Commencement Date; and,
- (u) **“Unaffected Creditor”** means any Creditor with an Unaffected Claim.

General Provisions

2. THIS COURT ORDERS that copies of all Proofs of Claim and Notices of Revision or Disallowance, and determinations of Claims by the Court shall be maintained by the Monitor and, subject to further order of the Court, all Creditors will be entitled to have access thereto by appointment during normal business hours on written request to the Monitor.

3. THIS COURT ORDERS that for the purposes of this Claims Procedure, all Claims which are denominated in a foreign currency shall be converted to Canadian dollars as at the Commencement Date as provided by section 43 of the CCAA.

4. THIS COURT ORDERS that the Monitor is authorized to use reasonable discretion as to adequacy of compliance with respect to the manner in which Proofs of Claim and Notices of Revision or Disallowance are completed and executed, and may, where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure as to completion and execution of Proofs of Claim or Notices of Revision or Disallowance.

5. THIS COURT ORDERS that any document to be sent pursuant to this Claims Procedure may be sent by e-mail, ordinary mail, registered mail, courier or facsimile transmission. An Affected Creditor shall be deemed to have received any document sent pursuant to this Claims Procedure five (5) calendar days after such document is sent by ordinary mail and registered mail and one calendar day after such document is sent by e-mail, courier or facsimile transmission.

6. THIS COURT ORDERS that in the event that any provision of the Claims Procedure is amended by or is contrary to a provision of an Order of the Court made in the CCAA Proceedings, the provision of such Order shall have precedence over the provision of the Claims Procedure.

7. THIS COURT ORDERS that all references to time herein shall mean local time in Toronto, Ontario, Canada and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein.

8. THIS COURT ORDERS that references to the singular herein include the plural, the plural includes the singular and any gender includes the other gender.

Schedules

9. THIS COURT ORDERS that the following Schedules form part of this Filing Order:

- (a) **Schedule "A"** - Notice to Creditors (Publication)
- (b) **Schedule "B"** - Proof of Claim
- (c) **Schedule "C"** - Notice of Revision or Disallowance

Claims Procedure

10. THIS COURT ORDERS that the Monitor shall send, on or before 11:59 p.m. on May 8, 2015, to each known Affected Creditor a Proof of Claim substantially in the form attached as **Schedule "B"** hereto, together with a copy of this Filing Order.

11. THIS COURT ORDERS that, as soon as practicable after the date of this Filing Order, the Monitor shall cause to be published the Notice to Creditors substantially in the form attached as **Schedule "A"** hereto, in The Globe & Mail (National Edition).

12. THIS COURT ORDERS that the Monitor shall send to each Affected Creditor responding to the Notice to Creditors a Proof of Claim together with a copy of this Filing Order.

13. THIS COURT ORDERS that each Affected Creditor must return the Proof of Claim to the Monitor by no later than the Claims Bar Date for their Proof of Claim to be considered. Proofs of Claim may be delivered by mail, facsimile transmission or by e-mail. The Monitor shall forthwith provide a copy of such Proof of Claim to the Applicant.

14. THIS COURT ORDERS that any Affected Creditor that does not file a Proof of Claim by the Claims Bar Date: (a) shall not be entitled to attend or vote at any Affected Creditors Meeting; (b) shall not be entitled to receive any distribution and its Claim shall be forever extinguished and barred; and (c) shall not be entitled to notice of any further matters in the CCAA Proceedings.

15. THIS COURT ORDERS that Unaffected Creditors shall not be required to participate in the Claims Procedure in respect of their Unaffected Claims. The Monitor will not review or consider any Proof of Claim filed in respect of an Unaffected Claim.

16. THIS COURT ORDERS that the Monitor shall review all Proofs of Claim received by the Claims Bar Date and by no later than 11:59 p.m. on June 17, 2015, or such other date as the Monitor may determine, shall notify each Creditor who has filed a Proof of Claim as to whether such Creditor's Claim as set out therein has been revised or rejected, and the reasons therefor, by sending a Notice of Revision or Disallowance substantially in the form attached as **Schedule "C"** hereto. Notices of Revision or Disallowance shall be sent to the address set forth on the corresponding Proof of Claim and may be delivered via facsimile transmission or e-mail. Where the Monitor does not send by such date a Notice of Revision or Disallowance to a Creditor who has submitted a Proof of Claim, the Applicant shall be deemed to have accepted such Creditor's Claim in the amount set out in the Proof of Claim.

17. THIS COURT ORDERS that any Creditor who intends to dispute a Notice of Revision or Disallowance shall, by no later than 5:00 p.m. on the day that is ten (10) calendar days after the Creditor's deemed receipt of the Notice of Dispute or Disallowance, serve a Notice of Motion on the Monitor seeking to appeal the Monitor's determination. The motion shall be made returnable for scheduling on July 15, 2015, or such other date as the Monitor and the Creditor may agree in writing.

18. THIS COURT ORDERS that the Monitor, with the assistance of the Applicant, may resolve any dispute with any Creditor, who has served a Notice of Motion seeking to appeal the Monitor's determination, at any time prior to the return date of any such motion.

19. THIS COURT ORDERS that where a Creditor that receives a Notice of Revision or Disallowance does not serve a Notice of Motion by the date required, the value of such Creditor's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAY - 1 2015

NB

Schedule "A"

NOTICE TO CREDITORS OF MARTIN ROSS GROUP INC.

TAKE NOTE THAT Martin Ross Group Inc. (the "**Applicant**") intends to distribute certain monies realized by the Applicant (the "**Distribution**"). An Order of the Ontario Superior Court of Justice made May 1, 2015 (the "**Order**") provides for a procedure for the determination of all claims, contingent or otherwise, against the Applicant.

THE CLAIMS BAR DATE is 5:00 p.m. (Toronto time) on June 5, 2015. All Affected Creditors must file a Proof of Claim by the Claims Bar Date in order to participate in the Distribution. Any creditor who has not received a Proof of Claim in the mail must contact the Monitor immediately to determine if they are an Affected Creditor and obtain a Proof of Claim. The Monitor can be contacted at:

COLLINS BARROW TORONTO LIMITED
11 King Street West, Suite 700
PO Box 27
Toronto, Ontario M5H 4C7

Attention: Arif Dhanani
Telephone: (647) 725-0183
Facsimile: (416) 480-2646
E-mail: andhanani@collinsbarrow.com

HOLDERS OF AFFECTED CLAIMS WHO DO NOT FILE A PROOF OF CLAIM BY THE CLAIMS BAR DATE WILL NOT BE ENTITLED TO PARTICIPATE IN ANY DISTRIBUTION AND SUCH CLAIMS WILL BE BARRED AND EXTINGUISHED FOREVER.

Schedule "B"

Proof of Claim

A. Particulars of Creditor:

- (1) Full Legal Name of Creditor:
- (2) Full Mailing Address of Creditor:
- (3) Telephone Number of Creditor:
- (4) Facsimile Number of Creditor:
- (5) E-mail Address of Creditor:
- (6) Attention (Contact Person):

B. Particulars of Original Creditor from Whom You Acquired Claim, if Applicable:

- (1) Have you acquired this Claim by assignment?
Yes [] No []
(if yes, attach documents evidencing assignment)
- (2) Full Legal Name of original creditor(s):

C. Claim:

I,, [*name of Creditor or authorized representative of the Creditor*], do hereby certify that I am the Creditor/hold the position of of the Creditor and have knowledge of all the circumstances connected with the Claim described herein; and

The Creditor makes the following Claim (e.g. claims as at August 7, 2014) against the Applicant:

Claim Amount (specify whether USD or CDN)	Secured (Y or N)

D. Particulars of Claim:

The particulars of the undersigned's total Claim are attached.

(Attach a schedule setting forth full particulars of the Claim(s) against the Applicant and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim(s), name of any guarantor(s) which has guaranteed the Claim(s), and amount of Claim(s) allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Applicant to Creditor or title retention arrangement with the Applicant and estimated value of such security or title retention arrangement).

THIS PROOF OF CLAIM MUST BE RETURNED TO AND RECEIVED BY THE MONITOR BY 5:00 P.M. (TORONTO TIME) ON THE CLAIMS BAR DATE (JUNE 5, 2015) AT THE FOLLOWING ADDRESS:

COLLINS BARROW TORONTO LIMITED
11 King Street West, Suite 700
PO Box 27
Toronto, Ontario M5H 4C7

Attention: Arif Dhanani
Telephone: (647) 725-0183
Facsimile: (416) 480-2646
E-mail: andhanani@collinsbarrow.com

DATED at this day of, 2015.

Witnessed by:

[If Creditor is individual]

_____ (sign) _____

Print Name: _____

[If Creditor is corporation]

[Print name of Creditor]

Per: (sign) _____
Authorized Signing Officer

Schedule "C"

Notice of Revision or Disallowance

TO: *[insert name and address of creditor]*

COLLINS BARROW TORONTO LIMITED (the "**Monitor**"), has reviewed your Proof of Claim dated the ____ day of _____, 2015, and has revised or rejected your claim for the following reasons:

[Please see attached]

Subject to further dispute by you in accordance with the provisions of the Claims Procedure, your Claim will be allowed as follows:

Claim as Filed	Claim as Allowed

If you intend to dispute this Notice of Revision or Disallowance, you must, **no later than ten (10) days after the receipt of this notice** (as deemed by the Claims Procedure), bring a Motion, by serving a Notice of Motion, seeking to appeal the Monitor's determination. Your Motion must be returnable for scheduling on **July 15, 2015**, or such other date as may be agreed by you and the Monitor, in writing, and served on the Monitor at:

COLLINS BARROW TORONTO LIMITED
11 King Street West, Suite 700
PO Box 27
Toronto, Ontario M5H 4C7

Attention: Daniel Weisz
Telephone: (416) 646-8778
Facsimile: (416) 480-2646
E-mail: dweisz@collinsbarrow.com

with a copy to:

TORKIN MANES LLP
151 Yonge Street, Suite 1500,
Toronto, Ontario M5C 2W7

Attention: Fay D. Sulley
Telephone: (416) 777-5419
Facsimile: (416) 225-3910
E-mail: fsulley@torkinmanes.com
Lawyers for the Monitor

If you do not bring a Motion appealing the decision of the Monitor, the value of your Claim shall be deemed to be as set out in this Notice of Revision or Disallowance.

DATED at Toronto, this _____ day of _____, 2015.

**COLLINS BARROW TORONTO LIMITED,
in its capacity as Court-Appointed Monitor of
Martin Ross Group Inc. and not in its personal
or corporate capacity**

Per: _____
Authorized Signing Officer

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

**ORDER
(Claims Procedure Order)
(May 1, 2015)**

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

Mervyn D. Abramowitz (LSUC # 28323R)
mabramowitz@krmc-law.com

Philip Cho (LSUC #456125U)
pcho@krmc-law.com

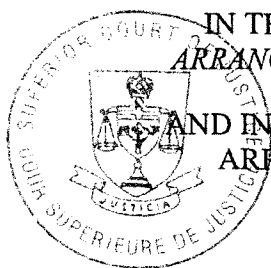
Tel: (416) 225-8750
Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

APPENDIX C

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) MONDAY, THE 29TH DAY
JUSTICE *NEWBOULD*) OF JUNE, 2015



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 MARTIN ROSS GROUP INC.

ORDER
(approving interim distribution)

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order (i) approving the proposed interim distribution to creditors of the Applicant; (ii) extending the Stay Period (as defined in the Initial Order of Justice Penny, dated August 7, 2014) to October 31, 2015, (iii) approving the Eighth Report (the "**Eighth Report**") of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the activities of the Monitor described therein, along with the professional fees of the Monitor and its legal counsel, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record, and the Eighth Report, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Barrett and Janice Chen, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record and the Eighth Report is hereby abridged, and service of the Motion Record and the Eighth

Report is hereby validated, such that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT FURTHER ORDERS** that the Stay Period be and is hereby extended to October 31, 2015.

3. **THIS COURT FURTHER ORDERS** that the proposed interim distribution (the “**Interim Distribution**”) to the creditors of the Applicant, as described in the Affidavit of Allen Shechtman, affirmed June 22, 2015, is hereby approved, and the Applicant is hereby authorized and directed to make the Interim Distribution in the amount of \$7.5 million to those creditors whose claims have been allowed by the Monitor, in accordance with the Claims Procedure, as defined in the Claims Procedure Order of the Honourable Justice Newbould, dated May 1, 2015, and in the amounts allowed by the Monitor, as of the time the Interim Distribution is made.

4. **THIS COURT FURTHER ORDERS** that the Eighth Report of the Monitor, and the activities of the Monitor as described therein, be and are hereby approved.

5. **THIS COURT FURTHER ORDERS** that the professional fees and disbursements of the Monitor and its legal counsel, as set out in the Eighth Report, are hereby approved.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO.:
LE / DANS LE REGISTRE NO.:



JUN 29 2015

Dave J.

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(approving interim distribution)
(motion returnable June 29, 2015)**

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

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Tel: (416) 225-8750
Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

APPENDIX D

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**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
MARTIN ROSS GROUP INC.**

**REPORT OF THE MONITOR TO THE CREDITORS
ON THE PLAN OF COMPROMISE OR ARRANGEMENT OF
MARTIN ROSS GROUP INC.**

(Dated as of February 25, 2016)

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PURPOSE OF THIS REPORT

1. This report (the “**Report**”) has been prepared by Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as Monitor in the *Companies’ Creditors Arrangement Act* (“**CCAA**”) proceedings of Martin Ross Group Inc. (“**MRG**” or the “**Company**”). This Report has been prepared pursuant to the Order of the Court dated February 9, 2016 (the “**Plan Filing Order**”), a copy of which is attached hereto.
2. The purpose of this Report is to provide to Affected Creditors of MRG:
 - a. an overview of the Company’s CCAA proceedings to date;
 - b. a summary description of the Plan of Compromise or Arrangement (the “**Plan**”);
 - c. information with respect to MRG’s current financial position;
 - d. information to assist them in deciding how to vote at the meeting of creditors called to consider the Plan; and
 - e. the Monitor’s comments and recommendations with respect to the Plan.

EXECUTIVE SUMMARY

3. The potential distributions available to Affected Creditors if the Plan is accepted by the Company’s creditors and approved by the Court are set out in paragraphs 37-41 of this Report.
4. In the event the Plan is not accepted by the Affected Creditors or approved by the Court, as set out in paragraphs 42-43 of the Report, it is likely that funds available to Affected Creditors will be significantly less than if the Plan is accepted.

INTRODUCTION

5. By Order of the Honourable Justice Penny (the “**Initial Order**”) dated August 7, 2014, CBTL was appointed Monitor (the “**Monitor**”) of MRG under the CCAA Proceeding.

6. This Report is being provided to Affected Creditors who have previously filed claims with the Monitor in accordance with the Order of the Court dated May 1, 2015 (the “**Claims Procedure Order**”), and which claims have been accepted and are now considered Proven Claims in connection with MRG's meeting of creditors currently scheduled for March 23, 2016. The purpose of the Meeting is to consider and vote on the Plan which was accepted for filing with the Court on February 9, 2016.

7. In preparing the Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions with management of the Company, MRG’s counsel and information from other third-party sources (collectively, the “**Information**”). As the Information included in the Report has been provided by MRG or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited 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 CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified. Capitalized terms used in this report and not otherwise defined herein have the meanings given to them in the Initial Order, the Claims Procedure Order, or the Plan. Creditors can access these documents, and other publicly available information, at the Monitor’s website at www.collinsbarrow.com/en/toronto-ontario/martin-ross-group.

SUMMARY OF MRG’S PLAN OF COMPROMISE OR ARRANGEMENT

8. The following is intended to provide creditors with a summary of the Plan. **In the event of any inconsistency between this summary and the Plan, the terms of the Plan shall govern.** A copy of the Plan, which includes a summary of the key terms of the Plan, is enclosed with this Report. Creditors are encouraged to read the Plan in its entirety.

9. The Plan provides for a coordinated restructuring and compromising of Affected Claims (as defined in the Plan). Affected Claims are Proven Claims that have been accepted in accordance with the Plan Filing Order.
10. The Plan is offered to one class of creditors, being Affected Creditors, who will be permitted to vote on the Plan. The Plan also provides for one sub-class of Affected Creditors, Convenience Creditors, being creditors with Proven Claims not exceeding \$1,000 (“**Convenience Creditors**”).
11. Certain creditors of MRG are said to be Unaffected Creditors. They are creditors with Unaffected Claims and will not be permitted to vote on the Plan. Unaffected Creditors comprise: (i) Administrative Fees and Expenses, including the fees of the Monitor and its counsel; (ii) the claim of Sherfam Inc.; and (iii) claims that arose after August 7, 2014.
12. Secured creditors of the Company have previously been paid in full by the Company or have had their equipment returned to them, based on the validity and enforceability of their security. They will not be entitled to vote on the Plan either.
13. For the Plan to become effective,
 - a. A majority in number of Affected Creditors, representing at least two thirds in dollar value of the Proven Claims of Affected Creditors, voting at the Meeting (in person, by voting letter or by proxy), must vote in favour of the Plan; and
 - b. Prior to May 13, 2016, an order sanctioning the Plan must have been granted by the Court (the “**Sanction Order**”), in form and substance reasonably satisfactory to the Company, be entered in the court records, and all appeal periods in respect of the Sanction Order must have expired.
14. All Convenience Creditors will be deemed to have voted in favour of the Plan.
15. Sherfam Inc. (“**Sherfam**” or the “**Plan Sponsor**”), MRG’s largest creditor, will subordinate \$24,850,000, being approximately 75%, of its Proven Claim to all other

Affected Claims (the “**Plan Sponsor Contribution**”). The benefit to Affected Creditors of the subordination of a portion of the Plan Sponsor’s claim is discussed later in this Report.

16. On the Implementation Date:

- i) MRG will pay any outstanding Administrative Fees and Expenses and deliver a retainer of \$50,000 (or such other amount as the Company, the Monitor, and the Plan Sponsor may agree) to the Monitor (the “**Retainer Amount**”);
- ii) MRG will pay the Convenience Creditors (all creditors with Proven Claims not exceeding \$1,000.00) 100% of their Proven Claims (the “**Convenience Claim Amounts**”), inclusive of any interim distributions made by MRG earlier in the CCAA Proceeding; and
- iii) All funds held by MRG, after paying any outstanding Administrative Fees and Expenses, the Retainer Amount and the Convenience Claim Amounts, and reserving a reasonable amount for MRG’s ongoing costs and expenses to seek approval of and for the implementation of the Plan, are to be paid to the Monitor and will comprise a fund for distribution in accordance with the Plan (the “**Fund**”).

17. The Monitor, within 30 Business Days of the Implementation Date or as soon as practicable thereafter, is to distribute the Fund to Affected Creditors and the Plan Sponsor (in respect of the unsubordinated portion of the Plan Sponsor’s Claim).

18. All Affected Creditors, who are not Convenience Creditors, are to receive a payment of \$1,000 plus payment of the pro-rated amount of the balance of their Proven Claims based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution and less the value of the Proven Claims of the Convenience Creditors. The

Plan Sponsor is also to receive a distribution of \$1,000 plus payment of a prorated amount based on the unsubordinated amount of the Plan Sponsor's Claim.

19. The payment, compromise or other satisfaction of any Affected Claim under the Plan, when sanctioned and approved by the Court, will be binding on such Affected Creditor.

DOCUMENTS TO BE COMPLETED BY AFFECTED CREDITORS

20. Affected Creditors of the Company with Proven Claims may vote for, or against, acceptance of the Plan by attending the meeting of creditors scheduled for March 23, 2016 (see **Paragraphs 21 and 31**) (the "Meeting") or by having someone else attend on their behalf.
21. Enclosed with this mailing is a Proxy form which must be completed by any Affected Creditors that are corporations that wish to have someone attend and vote, in person, on behalf of the corporation, or by any Affected Creditors who are individuals but wish to have someone else attend in person in their place and vote on their behalf. Completed Proxy forms must be provided to the Monitor prior to the Meeting so that the Monitor may know who is to be admitted to the Meeting.
22. Affected Creditors who wish to vote on the Plan but who will not be attending the Meeting in person or by proxy must complete and submit to the Monitor the Voting Letter enclosed with this mailing, which Voting Letter must be received by the Monitor by 5:00 PM on March 22, 2016 (Toronto time).

BACKGROUND AND CAUSES OF FINANCIAL DIFFICULTIES

23. On August 7, 2014, the Company made an application to the Court for protection from its creditors, including a stay of proceedings, under the CCAA which was approved by the Court and the Initial Order was issued.

24. Background information on MRG, including MRG's financial difficulties, are set out in the Application Record dated August 5, 2014, filed by MRG in support of its application for the stay of proceedings under the CCAA. The Application Record, as well as the Monitor's ten reports filed with the Court to date which provide details of the Company's CCAA Proceeding, are posted on the Monitor's website at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>.

MRG's Current Financial Position

25. During the CCAA Proceeding, MRG obtained Court approval to, among other things, conduct two inventory liquidation processes and make three interim distributions to its creditors.
26. MRG ceased operating, disclaimed its lease and vacated the premises from which it was operating effective July 1, 2015.
27. MRG currently has approximately \$1.4 million in its bank account, and expects that, if the Plan is approved, after payment of Administrative Fees and Expenses, and other costs and expenses to seek approval of and for the implementation of the Plan, there will be approximately \$1.3 million remaining that will comprise the Fund and be available for distribution to the creditors after the Implementation Date.

CLAIMS AND THE CLAIMS PROCEDURE

Secured Creditors

28. The Company previously returned equipment that was subject to the claims of secured creditors or obtained authorization from the Court to pay its secured creditors in full and as such, there are presently no creditors who have secured claims against MRG.

Unsecured Creditors

29. Subsequently and pursuant to the Claims Procedure Order, MRG conducted a Claims Procedure to solicit claims to confirm the amount owed to unsecured creditors.

30. In accordance with the Claims Procedure, the Monitor admitted as Proven Claims, 51 claims totaling \$34,695,210, including Sherfam's claim.

MEETING OF CREDITORS AND OUTCOME OF PLAN

Meeting of Creditors, Voting Letter and Proxy

31. The Meeting of Creditors will take place on March 23, 2016 at 10:30 a.m. (Toronto time) at the offices of Collins Barrow Toronto Limited, located at:

Collins Barrow Place
11 King Street West, Suite 700
Toronto, Ontario
M5H 4C7
32. An officer of the Monitor, or a person designated by the Monitor, will act as chairperson at the Meeting and is authorized by the Court to decide all matters relating to the procedures at, and the conduct of, the Meeting.
33. Affected Creditors are entitled to vote in respect of the Plan. All Convenience Creditors will be deemed to have voted in favour of the Plan.
34. Affected Creditors with Proven Claims, including the holders of proxies, and counsel to these creditors, are entitled to attend the Meeting and vote on the Plan. MRG and its officers, directors, and legal counsel, the Plan Sponsor and its legal counsel, and the Monitor and its legal counsel, are also entitled to attend the meeting.
35. Alternatively, and as noted above, those Affected Creditors with Proven Claims that are unable to, or do not wish to, attend the Meeting in person or by proxy can complete and provide to the Monitor, in advance of the Meeting, a voting letter.
36. Proxy forms and voting letters are attached to the information provided to Affected Creditors together with this Report.

Outcome if Creditors Vote In Favour of the Plan

37. If the required majorities of the Affected Creditors vote in favour of the acceptance of the Plan, the Company will then make an application to the Court for an order sanctioning and approving the Plan (“**Sanction Order**”).
38. If the Sanction Order is granted by the Court and entered, the Plan will be said to be implemented. Provided the Company makes the payments provided for in the Plan, as described earlier, the distribution (the “**Final Distribution**”) to the Affected Creditors of the Company will be as follows:
- a. All Convenience Creditors will receive an additional payment representing the balance of their Proven Claims, after interim distributions made in the CCAA Proceeding.
 - b. All Affected Creditors who are not Convenience Creditors will receive, up to a maximum of their Proven Claims, an additional payment of \$1,000.00 plus a prorated amount of the balance of their Proven Claims, based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution, and less the value of the Proven Claims of the Convenience Creditors. The amount of this payment will be net of interim distributions previously paid by MRG during the CCAA Proceeding.
 - c. The Plan Sponsor will receive an additional distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim less interim distributions previously paid by MRG during the CCAA Proceeding.
39. Based on the above, and assuming a Fund of \$1,300,000, the Monitor estimates that the Final Distribution will be:
- a. to Convenience Creditors, an amount equal to the balance remaining, after interim distributions, of 100% of their Proven Claim;

- b. to Affected Creditors who are not Convenience Creditors, approximately \$0.15 per dollar of Proven Claim; and
- c. to the Plan Sponsor in respect of the unsubordinated portion of its Claim, an amount representing approximately \$0.03 per dollar of its Proven Claim.

40. The calculation of the amount payable to Affected Creditors is set out below. The amount payable to the Plan Sponsor on account of its unsubordinated claim is the difference between the amount available for distribution to non-Convenience Creditors and the amount payable to Affected Creditors.

Calculation of Pro-rata Distribution Amount

Estimate of funds available for distribution at Implementation Date	\$ 1,300,000.00
Less: Amount payable to Convenience Creditors	(4,831.53)
Less: Payment of \$1,000 to non-Convenience Creditors	(42,000.00)
Amount available for pro-rata distribution to non-Convenience Creditors	<u>\$ 1,253,168.47</u>

Calculation of Return to Creditors

<u>Description</u>	<u>Payments to Convenience Creditors</u>	<u>Payment of First \$1,000</u>	<u>Pro-rata Final Distribution Amount</u>	<u>Total Final Distribution</u>	<u>Total Proven Claims</u>	<u>Approximate Average Return to Creditors From Final Distribution</u>
Affected Creditors (Note 1)	\$ 4,831.53	\$41,000.00	\$ 216,422.72	\$ 262,254.25	\$ 1,746,347.93	0.15
Sherfam claim, net of Plan Sponsor Contribution					\$ 8,098,862.32	
Plan Sponsor Contribution					24,850,000.00	
Sherfam Proven Claim	\$ -	\$ 1,000.00	\$ 1,036,745.75	\$ 1,037,745.75	\$ 32,948,862.32	0.03
Total	<u>\$ 4,831.53</u>	<u>\$42,000.00</u>	<u>\$ 1,253,168.47</u>	<u>\$ 1,300,000.00</u>	<u>\$ 34,695,210.26</u>	

Note 1: The Pro-rata Final Distribution Amount payable to Affected Creditors is calculated as follows:

Total Proven Claims of Affected Creditors	\$ 1,746,347.93
Less: Payment of First \$1,000	(41,000.00)
Less: Convenience Creditor Claims	(6,135.57)
Numerator (A)	<u>\$ 1,699,212.36</u>
Total Proven Claims of All Creditors	\$ 34,695,210.26
Less: Plan Sponsor Contribution	(24,850,000.00)
Less: Convenience Creditor Claims	(6,135.57)
Denominator (B)	<u>\$ 9,839,074.69</u>
Amount available for pro-rata distribution to non-Convenience Creditors (C)	<u>\$ 1,253,168.47</u>
Pro-rata Final Distribution Amount Payable to Affected Creditors (A/BxC)	<u>\$ 216,422.72</u>

41. Taking into account the interim distributions paid to date by MRG of approximately \$0.2125 per dollar of Proven Claim, after payment of the Final Distribution, the total

distribution to Affected Creditors in the CCAA Proceeding would be approximately \$0.3625 per dollar of Proven Claim if the Affected Creditors voted in favour of the Plan. As stated previously, Convenience Creditors would receive 100% of their Proven Claim.

Likely Outcome if Creditors Vote Against the Plan

42. If Affected Creditors vote against the Plan, there will be no Plan Sponsor Contribution and the CCAA Proceeding may be terminated. In that event, a bankruptcy of MRG may occur and any remaining assets would vest in the trustee appointed to administer the bankruptcy of MRG. The estimated Final Distribution to Creditors in this scenario is approximately \$0.04 per dollar of Proven Claim, calculated as follows:

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Calculation of Pro-rata Distribution Amount

		<u>Notes</u>
Estimate of funds in bank account at date of bankruptcy	\$ 1,300,000.00	1
Add: Estimate of additional accounts receivable collections	125,000.00	2
Add: Estimate of additional amounts paid by Wal-Mart for consignment inventory	-	3
Total available for distribution, prior to professional fees of a trustee in bankruptcy and administration costs	<u>\$ 1,425,000.00</u>	
Estimate of professional fees and costs of administration for a bankruptcy proceeding	<u>(50,000.00)</u>	4
Estimated amount available for distribution before Superintendent of Bankruptcy levy	<u>\$ 1,375,000.00</u>	
Less: Superintendent of Bankruptcy levy	<u>(54,687.50)</u>	
Amount distributable to creditors	<u>\$ 1,320,312.50</u>	

Notes:

1. For the purposes of this calculation, we have assumed that the remaining cash in the bank account of the Company is the same in a bankruptcy scenario as it would be at the Implementation Date (if creditors voted in favour of the Plan).
2. The affidavit of Allen Shechtman, which was affirmed on February 2, 2016 (the "Affidavit"), set out that the face value of remaining outstanding accounts receivable totaled \$495,000 and that the realizable value of same was approximately \$125,000. For the purposes of this calculation, we have assumed that a trustee in bankruptcy could collect the full amount of the realizable value of accounts receivable estimated by MRG.
3. The Affidavit set out that the only remaining inventory was product that was consigned to Wal-Mart and that Wal-Mart had advised that it was unable to locate any remaining inventory. For the purposes of this calculation, we have assumed that no further amounts are collectible from Wal-Mart and that no further inventory will be returned by Wal-Mart.
4. We have assumed that professional fees of a trustee and costs of administration of a bankruptcy proceeding will be approximately \$50,000.

Calculation of Return to Creditors

<u>Description</u>	<u>Pro-rata Final Distribution Amount</u>	<u>Total Proven Claims</u>	<u>Approximate Return to Creditors From Final Distribution</u>
Affected Creditors	\$ 66,456.58	\$ 1,746,347.93	\$ 0.04
Sherfam	<u>1,253,855.92</u>	<u>32,948,862.32</u>	\$ 0.04
Total pro-rata distribution	<u>\$ 1,320,312.50</u>	<u>\$34,695,210.26</u>	

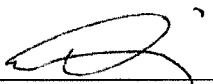
43. Taking into account the interim distributions paid to date by MRG of approximately \$0.2125 per dollar of Proven Claim, the estimated total distribution to Affected Creditors will be approximately \$0.2525 per dollar of Proven Claim in this scenario.

MONITOR'S RECOMMENDATION

- 44. Based on the Plan and the information provided to the Monitor and contained in this Report, the Monitor is of the view that acceptance of the Plan by the Affected Creditors would allow the Affected Creditors and the Convenience Creditors to maximize their return from MRG's indebtedness to them.

- 45. Accordingly, the Monitor recommends that the Affected Creditors vote in favour of the Plan.

COLLINS BARROW TORONTO LIMITED
in its capacity as Monitor of Martin Ross Group Inc.
and not in its personal capacity

Per: 

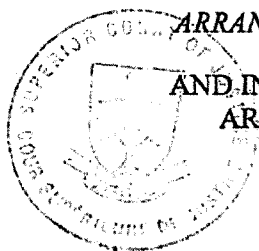
Daniel R. Weisz, CPA, CA, CIRP, LIT
Senior Vice-President

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) TUESDAY, THE 9TH DAY
JUSTICE *HAINES*)
) OF FEBRUARY, 2016

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 MARTIN ROSS GROUP INC.



ORDER

(Plan filing, creditor meeting and extension of Stay Period)

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for an order:

- (a) if necessary, abridging the time for service and filing of the Motion Record, and validating service of the Motion Record, such that this motion is properly returnable today;
- (b) accepting the Plan of Compromise or Arrangement in respect of the Applicant dated February 2, 2016, in the form attached as Schedule "A" hereto (the "**Plan**"), for filing;
- (c) authorizing the Applicant to call, hold and conduct a meeting of the Affected Creditors (as defined in the Plan) to consider and vote on a resolution to approve the Plan;

- (d) approving the procedures to be followed with respect to the calling and conduct of the Meeting (as defined herein);
- (e) setting the date for the hearing of motion seeking sanction of the Plan;
- (f) extending the Stay Period (as defined herein) to April 18, 2016;
- (g) approving the Tenth Report of Collins Barrow Toronto Limited, in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the activities of the Monitor described therein; and,
- (h) approving the fees and disbursements of the Monitor and its legal counsel, Torkin Manes LLP, to date;

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Allen Shechtman affirmed February 2, 2016 (the “**Shechtman Affidavit**”) and the Tenth Report of the Monitor including the affidavits of Daniel Weisz and of S. Fay Sulley (the “**Fee Affidavits**”), and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Barrett sworn February 3, 2016 and Janice Chen sworn February 4, 2016, filed,

SERVICE

1. THIS COURT ORDERS that the time for service and filing of the Motion Record and the Tenth Report is hereby abridged, and service of the Motion Record and the Tenth Report is hereby validated, such that this Motion is properly returnable today and hereby dispenses with further service thereof.

PLAN OF COMPROMISE OR ARRANGEMENT

2. THIS COURT ORDERS that, except where otherwise defined, defined terms in this Order shall have the meanings assigned in the Plan.

3. THIS COURT ORDERS that the Plan is hereby accepted for filing, and the Applicant is hereby authorized to seek approval of the Plan from the Affected Creditors in the manner set forth herein.

4. THIS COURT ORDERS that the Applicant be and is hereby authorized to modify, amend or supplement the Plan (each a "Plan Modification") by way of a supplementary or amended plan or plans of compromise or arrangement at any time or from time to time prior to the Meeting, in which case, any such supplementary or amended plan of compromise or arrangement shall, for all purposes, be and are deemed to be a part of and incorporated into the Plan.

5. THIS COURT ORDERS that after the Meeting (and both prior to and subsequent to the obtaining of any Sanction Order), the Applicant may at any time, and from time to time, with the consent of the Plan Sponsor and the Monitor, effect a Plan Modification (a) pursuant to an

Order of the Court or (b) where such Plan Modification concerns a matter, which in the opinion of the Applicant and the Monitor, is of an administrative nature required to better give effect to the implementation of the Plan or the Sanction Order or to cure any error, omissions or ambiguities, and in either circumstance is not materially adverse to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post on the Case Website (as defined in the Initial Order) any such Plan Modification, with notice of such posting forthwith provided to the Service List (as defined in the Initial Order).

MEETING OF CREDITORS

6. THIS COURT ORDERS that the Applicant is hereby authorized to call, hold and conduct the Meeting for the purpose of considering, and if deemed advisable, passing, with or without variation, a resolution to approve the Plan.

7. THIS COURT ORDERS that on or before February 29, 2016, the Monitor shall send by prepaid ordinary mail, courier, fax transmission or electronic mail to each Affected Creditor who has filed a proof of claim in accordance with the Claim Procedure Order to the address set forth on the Proof of Claim filed by the Affected Creditor:

- (a) A copy of this Order (without attachments);
 - (b) A copy of the Plan;
 - (c) A summary of the Plan substantially in the form attached as Schedule "B";
 - (d) A form of proxy and voting letter substantially in the form attached as Schedule "C";
- and,

- (e) A report prepared by the Monitor with respect to the relevant Plan, which report shall describe the Plan and include the Monitor's recommendation with respect to acceptance of the Plan.

8. THIS COURT ORDERS that the Meeting of Affected Creditors shall be held on March 23, 2016 at 10:30 a.m. (Toronto time) at the offices of the Monitor at 11 King Street West, Suite 700, Toronto, Ontario and the Applicant is hereby authorized to adjourn the Meeting to such time and place as it deems necessary or desirable.

9. THIS COURT ORDERS that a representative of the Monitor shall preside as the chair of the Meeting (the "Chair") and shall decide all matters relating to the rules and procedures at, and the conduct of, the Meeting.

10. THIS COURT ORDERS that, for the purposes of voting to approve the Plan, there shall be one class of Affected Creditors, as set forth in the Plan.

11. THIS COURT ORDERS that Affected Creditors of the Applicant shall be entitled to attend and vote at the Meeting in person, by proxy, or by voting letter.

12. THIS COURT ORDERS that the Chair be and is hereby authorized to accept and rely upon proxies and voting letters in such form as are acceptable to the Chair.

13. THIS COURT ORDERS that the only persons entitled to attend the Meeting are (a) the Affected Creditors, including proxy holders and their legal counsel; (b) the Plan Sponsor and its legal counsel; and (c) the Monitor and its legal counsel; and (d) the Applicant and its representatives, officers, directors and legal counsel.

14. THIS COURT ORDERS that the quorum required at the Meeting shall be any one Affected Creditor present in person, by voting letter or by proxy.

15. THIS COURT ORDERS that the quantum of the claim that each Affected Creditor is entitled to vote at the Meeting shall be as established in accordance with the Claims Procedure Order.

16. THIS COURT ORDERS that, subject to further Order of the Court, where the Claim of an Affected Creditor has not become a Proven Claim by the Meeting Date, the value of that Affected Creditor's Claim, for the purpose of voting on the Plan only, shall be the greater of the allowed portion of the Claim, if any, and 50% of the Claim set out in the Proof of Claim filed pursuant to the Claims Procedure Order.

17. THIS COURT ORDERS that the Chair shall direct a vote with respect to a resolution to approve the Plan under consideration at the Meeting and containing such other related provisions as the Applicant may consider appropriate.

18. THIS COURT ORDERS that, following the vote at the Meeting, the Chair shall tally the vote and determine whether the Plan under consideration at such Meeting has been accepted by the majority required by section 6 of the *Companies' Creditors Arrangement Act* (Canada).

19. THIS COURT ORDERS that if the Plan is accepted by the required majority of Affected Creditors, the Applicant may bring a Motion seeking an Order sanctioning the Plan returnable on April 14, 2016, or such later date as the Court may order.

FURTHER AND OTHER ORDERS

20. THIS COURT ORDERS that the Applicant or the Monitor may, from time to time, apply to this Court for directions in the discharge of their powers and duties hereunder or in respect of the proper execution of this Order.

21. THIS COURT ORDERS that the Applicant and the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms hereunder are completed and executed and the time in which they are submitted and may waive strict compliance with the requirements of this Order including with respect to the completion, execution and time of delivery of required forms.

STAY EXTENSION

22. THIS COURT ORDERS that the Stay Period be and is hereby extended until April 18, 2016.

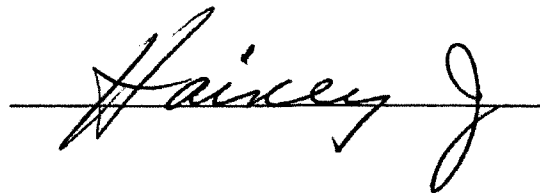
APPROVAL OF MONITOR'S TENTH REPORT AND FEE APPROVAL

23. THIS COURT ORDERS that the Tenth Report and the activities of the Monitor as described therein, be and are hereby approved.

24. THIS COURT ORDERS that the professional fees of the Monitor and its legal counsel, as set out in the Fee Affidavits, be and are hereby approved.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO..

FEB 09 2016



PLAN OF COMPROMISE OR ARRANGEMENT

in respect of

MARTIN ROSS GROUP INC.

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,

R.S.C. 1985; c. C-36, AS AMENDED

February 2, 2016

PLAN OF COMPROMISE OR ARRANGEMENT

ARTICLE I

INTERPRETATION

Section 1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

“Administrative Fees and Expenses” means the proper fees, expenses and legal fees and disbursements of the Monitor and its legal counsel relating to or incidental to the CCAA Proceeding, the negotiation, preparation, presentation, consideration and implementation of the Plan, and all proceedings and matters relating to or arising out of the Plan;

“Affected Claims” means all Claims other than Unaffected Claims;

“Affected Creditors” means all Creditors with Proven Claims;

“Applicant” means Martin Ross Group Inc.;

“Business Day” means a day that is not (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;

“CCAA” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“CCAA Proceeding” means the proceeding before the Court in respect of the Applicant in the application commenced by the Applicant pursuant to the CCAA;

“Claim” means any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicant, which indebtedness, liability or obligation is in existence at the Filing Date and which is not a Post-Filing Claim, and any interest that may accrue thereon in which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets; whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Filing Date, together with any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date;

“Claims Procedure Order” means the Order of the Honourable Justice Newbould, dated May 1, 2015, establishing the procedure for the determination of Claims;

“Confirmation Date” means the date that the Sanction Order is made;

“Convenience Creditors” means all Creditors with Proven Claims not exceeding \$1,000.00;

“Court” means the Ontario Superior Court of Justice (Commercial List);

“Creditor” means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver-manager or other Person acting on behalf of such Person;

“Dollars” or “\$” means lawful money of Canada unless otherwise indicated;

“Filing Date” means August 7, 2014;

“Implementation Date” means the first Business Day following the day when all of the conditions to the implementation of this Plan, as set forth in Section 7.7, have been waived or satisfied, as applicable;

“Initial Order” means the Order dated August 7, 2014, granted by the Honourable Justice Penny, pursuant to which, among other things, the Applicant was granted relief pursuant to the CCAA;

“Meeting” means the meeting of the Affected Creditors called for the purpose of considering and approving this Plan and includes any adjournment of such meeting;

“Meeting Date” means the date fixed for the Meeting by the Plan Filing Order, including any dates to which the Meeting is adjourned;

“Monitor” means Collins Barrow Toronto Limited, as appointed by the Initial Order, and any successor thereto appointed by any further Order;

“Order” means any order of the Court in connection with the CCAA Proceeding;

“Person” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;

“Plan” means this Plan of Compromise or Arrangement, as the same may hereafter be amended or supplemented from time to time, in accordance with the terms hereof, and any Order that may be made in respect thereof;

“Plan Filing Order” means the Order dated February 9, 2016, inter alia, authorizing the filing of the Plan, setting the Meeting Date and establishing the procedure for the Meeting;

“Plan Sponsor” means Sherfam Inc.;

“Plan Sponsor Contribution” has the meaning set out in Section 4.1(a);

“Post-Filing Claim” means any Claim arising solely from or caused solely by an action taken by the Applicant after the Filing Date;

“Proven Claim” of a Creditor means the amount of the Claim of such Creditor as finally determined for voting and distribution purposes in accordance with the Claims Procedure Order and the Plan Filing Order;

“Released Parties” means the Applicant, the Monitor and each of their respective officers, directors, employees and agents;

“Required Majority” means a majority in number representing two-thirds in value of the Affected Creditors’ Proven Claims present and voting in person, by voting letter or by proxy at the Meeting;

“Sanction Order” means the Order of the Court sanctioning and approving the Plan;

“Sherfam Claim” means the Proven Claim, or portion thereof, of the Plan Sponsor;

“Tax” or **“Taxes”** shall mean any and all federal, provincial, municipal, local and foreign taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities including for greater certainty taxes based upon or measured by reference to gross receipts, income, profits, sales, capital, use and occupation, goods and services, and value added, ad valorem, transfer, franchise, withholding, custom duties, payroll, recapture, employment, excise and property taxes, together with all interest, penalties, fines and additions with respect to such amounts; and

“Unaffected Claims” means: (a) Administrative Fees and Expenses; (b) the Sherfam Claim; and (c) Post-Filing Claims.

Section 1.2 Interpretation, etc.

For the purposes of this Plan:

- (a) any reference to a contract, instrument, release, indenture, or other agreement or documents being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference to an Order or to an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented from time to time;
- (c) any reference to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time;

- (d) unless otherwise specified, all references to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;
- (e) the words “herein” and “hereto” refer to this Plan in its entirety rather than to a particular portion of the Plan unless otherwise required by the context;
- (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa, and a word or words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (h) the words “includes” and “including” are not limiting; and,
- (i) the word “or” is not exclusive.

Section 1.3 Date for Any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken by 5:00 p.m. on the next succeeding day which is a Business Day.

Section 1.4 Time

All times expressed in this Plan are local time Toronto, Ontario, Canada unless otherwise stipulated.

ARTICLE 2

PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Background

The circumstances and events leading up to this Plan are summarized in the Report of the Monitor, which will be circulated to Affected Creditors in connection with this Plan.

Section 2.2 Persons Affected

This Plan provides for a coordinated restructuring and compromising of Affected Claims. This Plan will become effective on the Implementation Date and shall be binding on and enure to the benefit of the Applicant, the Plan Sponsor and the Affected Creditors and their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

Section 2.3 Persons Not Affected

This Plan does not affect holders of Unaffected Claims and nothing in this Plan shall impact the rights of the Creditors with Unaffected Claims against the Applicant. Nothing in this Plan shall affect any of the Applicant's rights and defences, both legal and equitable, with respect to any Affected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to setoffs or recoupment against such Claims.

ARTICLE 3

CLASSIFICATION OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS

Section 3.1 Classes of Claims

There will be one class of Creditors for the purpose of considering and voting on the Plan, being Affected Creditors.

Section 3.2 Claims

Affected Creditors shall vote in respect of the Plan and receive the rights provided for under and pursuant to this Plan. The right of Affected Creditors to vote on the Plan shall be determined in accordance with the Claims Procedure Order and the Plan Filing Order.

Section 3.3 Meeting

The Meeting shall be held and conducted in accordance with this Plan and the Plan Filing Order. The only Persons entitled to attend the Meeting are those Persons who are Affected Creditors, including the holders of proxies, entitled to vote at the Meeting and their legal counsel, the Monitor and its legal counsel, the Applicant and its officers, directors and legal counsel, and the Plan Sponsor and its legal counsel. Any other Person may be admitted on invitation of the chairperson of the Meeting. An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meeting and shall decide all matters related to the conduct of the Meeting.

Section 3.4 Approval by Affected Class

The Applicant and the Plan Sponsor will seek approval of the Plan by the affirmative vote of the Required Majority in order that the Plan becomes binding on the Affected Creditors as of the Implementation Date. All Convenience Creditors will be deemed to have voted in favour of the Plan.

Section 3.5 Value of Claims for Voting Purposes

Each Affected Creditor shall be entitled to vote based on a value equal to its respective Proven Claim. Where a Claim has not become a Proven Claim by the Meeting Date as a result of a pending appeal from a revision or disallowance by the Monitor under the Claims Procedure Order, then for the purposes of voting on the Plan only, the value of such Claim shall be the

greater of the allowed portion of the Claim, if any, and 50% of the Claim set out in the Proof of Claim filed pursuant to the Claims Procedure Order.

ARTICLE 4

PLAN OF ARRANGEMENT

Section 4.1 Plan

- (a) The Plan Sponsor will subordinate the sum of \$24,850,000.00 of the Sherfam Claim (the “Plan Sponsor Contribution”) to all other Affected Claims.
- (b) All Convenience Creditors shall receive payment of 100% of their Proven Claims, inclusive of interim distributions made in the CCAA Proceeding.
- (c) All Affected Creditors who are not Convenience Creditors shall receive a distribution of \$1,000.00 plus payment of the prorated amount of the balance of their Proven Claims based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution and less the value of the Proven Claims of the Convenience Creditors.
- (d) The Plan Sponsor shall also receive a distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim.

Section 4.2 Implementation of Plan

- (a) On the Implementation Date, the Applicant shall pay any outstanding Administrative Fees and Expenses and shall deliver a retainer of \$50,000.00 (or such other amount as the Applicant, the Monitor, and the Plan Sponsor may agree) to the Monitor.
- (b) On the Implementation Date, all funds held by the Applicant, after paying the amounts in accordance with Section 4.1(b) and Section 4.2(a), and reserving such reasonable amount as determined by the Applicant and the Monitor for the Applicant’s ongoing costs and expenses to seek approval of and for the implementation of the Plan, shall be paid to the Monitor and shall comprise a fund for distribution in accordance with the Plan (the “Fund”).

ARTICLE 5
PROVISIONS GOVERNING DISTRIBUTIONS

Section 5.1 Distribution to Creditors

Subject to Articles 5.2 and 5.3, within 30 Business Days of the Implementation Date or as soon as practical thereafter, the Monitor shall distribute the Fund to the Affected Creditors and to the Plan Sponsor in accordance with paragraph 4.1 above.

Section 5.2 Value of Claims for Distribution Purposes

The value of a Claim for distribution purposes shall be determined in accordance with the procedure established by the Claims Procedure Order.

Section 5.3 Reserve Pending Allowance

If the value of an Affected Claim has not been finally determined, pursuant to the Claims Procedure Order, at the date of the proposed distribution of the Fund, then prior to any distribution of the Fund, the Monitor shall reserve from the Fund the maximum amount of any potential distribution to the Affected Creditor based on the Claim of the Affected Creditor and proceed with distribution of the balance of the Fund. Within 10 Business Days following the final determination of the value of the Affected Claims, in accordance with the Claims Procedure Order, the Monitor shall, distribute the amount payable to the Affected Creditor and return the balance, if any, to the Applicant.

Section 5.4 Interest on Claims

Unless otherwise specifically provided for in this Plan or the Sanction Order, interest shall not accrue or be paid on Affected Claims after the Filing Date.

Section 5.5 Delivery of Distributions

Distributions to Affected Creditors shall be made by prepaid ordinary mail by the Monitor: (a) to the address set forth on the Proof of Claim filed by an Affected Creditor; or (b) to the addresses set forth in any written notices of address changes delivered to the Monitor after the date of any related Proof of Claim. If any Affected Creditor's distribution is returned as undeliverable, no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified of such Affected Creditor's then current address, at which time all missed distributions shall be made to such Affected Creditor without interest. All claims for undeliverable distributions must be made on or before the expiration of six (6) months following the date of the distribution, after which date the Claim of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed distributions shall be discharged, and forever barred, notwithstanding any federal or provincial laws to the contrary, and any such undeliverable distributions shall be returned to the Applicant. Nothing contained in the Plan shall require the Applicant or the Monitor to attempt to locate any Affected Creditor.

Section 5.6 Withholding and Reporting Requirements

All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any federal, provincial, local or foreign taxing authority, and the Monitor is authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan: (a) each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental authority, including income, withholding and other Tax obligations, on account of such distribution; and (b) to the extent applicable, no distribution shall be made to or on behalf of any Affected Creditor pursuant to the Plan unless and until such Affected Creditor has made arrangements satisfactory to the Monitor for the payment and satisfaction of such Tax obligations. Any distributions to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 5.5 hereof. It is the Applicant's intent that distributions under the Plan to holders of Claims are in respect of, and to be applied to, principal first and then interest.

ARTICLE 6

RELEASES

Section 6.1 Plan Releases

On the Implementation Date, the Released Parties shall, except as provided below or to the extent prohibited by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of the Applicant, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date relating to, arising out of or in connection with the Claims, the business and affairs of the Applicant, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge an officer or director of the Applicant with respect to the matters set out in section 5.1(2) of the CCAA, or release or discharge the Applicant from its obligations to Creditors under this Plan or under any Order and provided further that nothing therein shall release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct, and provided further that nothing in this section shall impact the rights of Unaffected Creditors, or release any Person including any current or former officers or directors of the Applicant, from any obligations as guarantor or surety in respect of the Applicant and all such guarantees shall remain in full force and effect.

Section 6.2 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

ARTICLE 7**MISCELLANEOUS****Section 7.1 Confirmation of Plan**

Provided that the Plan is approved by the Required Majority of the Affected Creditors, the Applicant will, subject to the rights of the Applicant in Section 7.10 hereof, seek the Sanction Order and, after the granting of the Sanction Order, subject only to the waiver or satisfaction, as applicable, of those conditions described in Section 7.7, the Plan will be implemented by the Applicant and the Plan Sponsor and will be binding upon the Applicant, the Plan Sponsor and all Affected Creditors.

Section 7.2 Paramountcy

From and after the Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Applicant, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicant as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed to consent to all transactions contemplated in this Plan.

Section 7.3 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Affected Claim under the Plan, if sanctioned and approved by the Court, shall be binding upon such Affected Creditor and his heirs, executors, administrators, legal personal representatives, successors and assigns.

Section 7.4 Modification of Plan

The Applicant reserves the right, at any time and from time to time, to amend, modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and: (a) if made prior to the Meeting, communicated to the Creditors; and (b) if made following the Meeting, approved by the Court.

Any amendment, modification or supplement may be made following the Sanction Order by the Applicant with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order and is not adverse to the financial or economic interests of the Affected Creditors.

Any supplementary or amended plan or plans of compromise or arrangement filed with the Court and, if required by this Section 7.4, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

No amendment or modification to the Plan that may affect the Applicant or the Unaffected Claims may be made without the prior written consent of the relevant holder(s) of Unaffected Claim(s) or the Applicant.

Section 7.5 Consents, Waivers and Agreements

As of 12:01 a.m. on the Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Affected Creditor shall be deemed:

- (i) to have executed and delivered to the Monitor and the Applicant, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;
- (ii) to have waived any and all defaults then existing or previously committed by the Applicant in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale; lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and the Applicant and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and
- (iii) to have agreed that, if there is any conflict between the provisions express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Applicant as at such time (other than those entered into by the Applicant on, or with effect from, such time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

In this Plan the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.6 Plan Effective

The Plan is not effective unless and until:

- (a) the Required Majority vote in favour of the acceptance of the Plan; and
- (b) prior to May 13, 2016, the Sanction Order, in form and substance reasonably satisfactory to the Applicant, is entered and all applicable appeal periods have expired.

Section 7.7 Conditions Precedent to Implementation of Plan

The implementation of the Plan is subject to the following conditions precedent:

- (a) the Plan shall be effective; and,
- (b) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed and delivered.

Section 7.8 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid ordinary mail or by electronic mail addressed to the respective parties as follows:

- (a) if to the Applicant:
Martin Ross Group Inc.
 c/o Kronis Rotsztain Margles Cappel LLP
 Suite 1000 – 8 King Street East
 Toronto, ON M5C 1B5
 Attention: Morris Robinson
 Email: morob1000@gmail.com

With a copy to:

Kronis Rotsztain Margles Cappel LLP
 Suite 1000 – 8 King Street East
 Toronto, ON M5C 1B5
 Attention: Mervyn D. Abramowitz
 Email: mabramowitz@krmc-law.com

(b) if to the Plan Sponsor:

Sherfam Inc.
 10 Director Court
 Woodbridge, ON L4L 7E8
 Attention: Jonathan Grauman
 Email: jgrauman@sherfam.com

(c) if to a Creditor:

(i) to the address for such Creditor specified in the Notice of Claim or the Proof of Claim filed by a Creditor or, (ii) at the address set forth in any written notice of address changes delivered to the Monitor after the date of any related Proof of Claim.

(d) if to the Monitor:

Collins Barrow Toronto Limited
 11 King St. W., Suite 700, Box 27
 Toronto, Ontario M5H 4C7
 Attention: Daniel Weisz
 Email: dweisz@collinsbarrow.com

or to such other address as any party may from time to time notify the others in accordance with this Section 7.8. 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 given or made by personal delivery, courier, or by electronic mail and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by electronic mail or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or 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 notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Applicant or the Monitor to give notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Section 7.9 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicant, shall have the power to either: (a) sever such term or provision from the balance of the Plan and provide the Applicant with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Implementation Date; or (b) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding,

alteration or interpretation, and provided the Applicant proceeds with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation. Notwithstanding the forgoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

Section 7.10 Revocation, Withdrawal, or Non-Consummation

The Applicant reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date or to file subsequent plans of compromise or arrangement. The Plan Sponsor reserves the right to not proceed as Plan Sponsor or make the Plan Sponsor Contribution at any time prior to the Confirmation Date. If the Applicant revokes or withdraws the Plan, or if the Plan Sponsor chooses not to proceed as Plan Sponsor or make the Plan Sponsor Contribution, or if the Sanction Order is not issued: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall: (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicant or any other Person; (ii) prejudice in any manner the rights of the Applicant, the Plan Sponsor, or any other Person in any further proceedings involving the Applicant; (iii) constitute an admission of any sort by the Applicant, the Plan Sponsor, or any other Person; or (iv) give rise to any claim against the Plan Sponsor.

Section 7.11 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Applicant in order to better implement this Plan.

Section 7.12 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

**PLAN OF COMPROMISE OR ARRANGEMENT
IN RESPECT OF MARTIN ROSS GROUP INC.
SUMMARY OF KEY TERMS¹**

Purpose of the Plan	The purpose of the Plan is to provide for the compromise of the Claims of all Affected Creditors. Affected Creditors will receive distributions under the Plan in full and final satisfaction of their Claims against Martin Ross Group Inc. (the "Applicant").
Unaffected Creditors	The Plan will not impact the Claims: (a) of the Monitor and its counsel, arising before or after the Filing Date; (b) of Sherfam Inc. (the "Plan Sponsor"); and (c) that are Post-Filing Claims.
Affected Creditors	The Plan will compromise the claims of all of the Applicant's unsecured creditors as of the Filing Date who are not Unaffected Creditors.
Convenience Creditors	All Affected Creditors with a Proven Claim not exceeding \$1,000.00 are referred to as Convenience Creditors, and are deemed to have voted in favour of the Plan
Plan Sponsor	Sherfam Inc. is the Plan Sponsor and will be subordinating \$24,850,000.00 of its Proven Claim (the "Plan Sponsor Contribution") to the Affected Creditors in order to enhance the pro-rated distributions to the Affected Creditors who are not Convenience Creditors.
Conditions of the Plan being Effective	The Plan will not be effective unless and until: (a) a majority in number representing 2/3 in value of the Affected Creditors, present, in person or by proxy, and voting at the meeting of Affected Creditors called to consider the Plan, vote in favour of the Plan; and (b) the Court sanctions the Plan.
Implementation Date	The Plan will be implemented on the first Business Day following the day on which the Plan is effective, and all actions, documents and agreements necessary to implement the Plan have been effected or executed and delivered.

¹ This Summary is intended to provide general information only. Reference should be made to the Plan. In the event of any inconsistency between this Summary and the Plan, the Plan shall govern. All terms not otherwise defined, have the meanings assigned in the Plan.

Distribution by Monitor	<p>The Monitor will make all distributions to Affected Creditors with Proven Claims under the Plan, within 30 Business Days following the Implementation Date, or as soon as possible thereafter.</p> <p>Under the Plan, Convenience Creditors will receive, inclusive of interim distributions, payment of 100% of their Proven Claims.</p> <p>Under the Plan, Affected Creditors who are not Convenience Creditors, will receive, inclusive of interim distributions, a minimum distribution of \$1,000.00, and, after applying the Plan Sponsor Contribution, Affected Creditors will receive total distributions estimated to be approximately 37% of the dollar value of their Proven Claims.</p>
Administrative Fees and Expenses	<p>The Administrative Fees and Expenses will be paid by the Applicant, in addition to the amounts to be paid to the Affected Creditors.</p>
Meeting	<p>A meeting of Affected Creditors to consider the Plan will be held on March 23, 2016 at 10:30 a.m. at the offices of the Monitor. Prior to this Meeting, the Monitor will provide all Affected Creditors who have a Proven Claim against the Applicant with a report containing financial information with respect to the Applicant to assist Affected Creditors in assessing the Plan.</p>
Further Information	<p>Further information with respect to the Applicant is available in the Reports prepared by the Monitor, which are available on the Monitor's Case Website at www.collinsbarrow.com/en/toronto-ontario/martin-ross-group.</p>

Proxy and Voting Letter

Court File No. CV-14-1065500CL

**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 MARTIN ROSS GROUP INC.**

PROXY

I/We _____
(name of creditor)

a creditor of Martin Ross Group Inc. hereby irrevocably appoint

(a) Morris Robinson or (b) _____
(insert name of proxy)

to be my/our proxy in the above matter, except as to the receipt of dividends, with power to appoint another proxy in his or her place.

Dated this ____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a
corporation, signature of an authorized signing
officer of the corporation

Name: _____

Title: _____

**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 MARTIN ROSS GROUP INC.**

VOTING LETTER

THE UNDERSIGNED has reviewed the Plan of Compromise or Arrangement dated February 2, 2016 (the "**Plan**") and hereby instructs Collins Barrow Toronto Limited in its capacity as monitor of Martin Ross Group Inc. and chair of the meeting of creditors to record a vote in respect of the Plan as follows (*please check one of the boxes below; if neither box is checked or if both boxes are checked, your vote will be counted in favour of the Plan*):

VOTE FOR approval of the Plan

VOTE AGAINST approval of the Plan

Dated this _____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a
corporation, signature of an authorized signing
officer of the corporation

Name: _____

Title: _____

APPENDIX E

Via Regular Mail

March 1, 2016

To: The Proven Creditors of Martin Ross Group Inc. (“MRG”)

Dear Sirs:

Re: Proposed Plan of Compromise or Arrangement in the MRG Proceedings under the Companies’ Creditors Arrangement Act (“CCAA”) – Court File No. CV – 14 – 10655 – 00CL

On February 26, 2016, the Monitor sent to creditors of MRG the Monitor’s report to creditors dated February 25, 2016 (the “**Monitor’s Report on the Plan**”) on MRG’s Proposed Plan of Compromise or Arrangement (the “**Plan**”). Copies of the Plan and the Monitor’s Report on the Plan can be found on the Monitor’s website at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>.

Included in the package sent by the Monitor to the creditors was a Proxy form and Voting Letter, which documents are discussed in the Monitor’s Report on the Plan at paragraphs 21, 22, 31 and 35. We have included with this letter copies of the Voting Letter and Proxy for your convenience.

The purpose of this letter is to remind (i) creditors who are corporations and are intending on attending the meeting of creditors on March 23, 2016, that they must complete and submit to the Monitor completed proxy forms, and (ii) creditors who wish to vote on the Plan but are not intending on attending the meeting of creditors in person or by proxy, should submit their Voting Letters to the Monitor.

Completed Voting Letters and/or Proxies should be sent so as to be received by the Monitor by 5:00 pm on March 22, 2016 (Toronto time). The documents should be forwarded to the Monitor at the following address:

Collins Barrow Toronto Limited
Collins Barrow Place
11 King Street West
Suite 700, PO Box 27
Toronto, ON M5H 4C7

Attention: Daniel Weisz or Arif Dhanani

Alternatively, the completed documents can be e-mailed to the Monitor at cbtnmonitor@collinsbarrow.com.

The Proven Creditors of Martin Ross Group Inc. ("MRG")
March 1, 2016

Should you have any questions in this regard, please contact Arif Dhanani of the Monitor at 647-725-0183.

Yours truly,

COLLINS BARROW TORONTO LIMITED
in its capacity as Court-appointed CCAA Monitor of
Martin Ross Group Inc.
and not in its personal capacity

Per:



Daniel Weisz, CPA, CA, CIRP, LIT
Senior Vice-President

Proxy and Voting Letter

Court File No. CV-14-1065500CL

**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 MARTIN ROSS GROUP INC.**

PROXY

I/We _____
(name of creditor)

a creditor of Martin Ross Group Inc. hereby irrevocably appoint

(a) Morris Robinson or (b) _____
(insert name of proxy)

to be my/our proxy in the above matter, except as to the receipt of dividends, with power to appoint another proxy in his or her place.

Dated this ____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____

Title: _____

**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 MARTIN ROSS GROUP INC.**

VOTING LETTER

THE UNDERSIGNED has reviewed the Plan of Compromise or Arrangement dated February 2, 2016 (the "Plan") and hereby instructs Collins Barrow Toronto Limited in its capacity as monitor of Martin Ross Group Inc. and chair of the meeting of creditors to record a vote in respect of the Plan as follows (*please check one of the boxes below; if neither box is checked or if both boxes are checked, your vote will be counted in favour of the Plan*):

- VOTE FOR** approval of the Plan **VOTE AGAINST** approval of the Plan

Dated this _____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____

Title: _____

APPENDIX F

Arif N. Dhanani

From: Arif N. Dhanani
Sent: Tuesday, March 15, 2016 4:05 PM
Subject: Martin Ross Group
Attachments: Monitor's Report on Plan of Compromise or Arrangement - pkg to creditors - sent out Feb. 26-16.pdf

Dear Sirs:

We are writing in connection with the Companies' Creditors Arrangement Act proceeding of Martin Ross Group Inc. ("MRG").

On February 26, 2016, as Court-appointed monitor (the "Monitor") of MRG, we sent out the attached package of documents to proven creditors of MRG.

As the Monitor has not to date received an executed proxy or voting letter from you, we are writing to enquire whether or not you (i) are planning to attend the meeting of creditors scheduled to occur on March 23, 2016 or (ii) will be providing the Monitor with your voting letter.

We look forward to hearing from you. If you have any questions, please do not hesitate to contact the writer at 647-725-0183 or andhanani@collinsbarrow.com.

Yours truly,

COLLINS BARROW TORONTO LIMITED
in its capacity as Court-appointed CCAA Monitor of
Martin Ross Group Inc. and not in its personal capacity

Arif N. Dhanani, Vice President | Collins Barrow Toronto Limited
T: 647-725-0183 F: 416-480-2646 E: andhanani@collinsbarrow.com
11 King St. W., Suite 700, Box 27, Toronto, Ontario, Canada, M5H 4C7

An independent member of Baker Tilly International



Information contained in this communication is privileged and confidential and is intended for the use of the individual or entity to whom it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone or email and delete the message.

Information contained in this communication, unless expressly stated otherwise, is not intended or written to be used as tax advice. Any tax advice expressly stated as such herein is based on the facts provided to us either verbally or in writing and on current tax law including judicial and administrative interpretation. Tax law is subject to continual change, at times on a retroactive basis and may result in additional taxes, interest or penalties. Should the facts communicated to us be incorrect or incomplete or should the law or its interpretation change, our advice may be inappropriate. We are not responsible for updating our advice for changes in law or interpretation after the date hereof.

APPENDIX G

**MINUTES OF THE MEETING OF THE CREDITORS OF
MARTIN ROSS GROUP INC. (the "Meeting")**

Date: March 23, 2016

Place: Collins Barrow Toronto Limited
Collins Barrow Place
11 King Street West
Suite 700, PO Box 27
Toronto, ON M5H 4C7

1. Attendance

The following individuals were in attendance at the meeting:

- Mr. Daniel Weisz, Collins Barrow Toronto Limited (Monitor)
- Mr. Arif Dhanani, Collins Barrow Toronto Limited (Monitor)
- Mr. Jeffrey Berger, Collins Barrow Toronto Limited (Monitor) - observer
- Mr. Morris Robinson, Martin Ross Group Inc. ("MRG")
- Mr. Mervyn Abramowitz, Kronis, Rosztain, Margles, Cappel LLP (MRG's legal counsel)
- Mr. Phil Cho, Kronis, Rosztain, Margles, Cappel LLP (MRG's legal counsel)

All persons present were required to sign the attendance record. The attendance record is attached hereto as **Appendix "A"**.

- Mr. Jonathan Grauman of Sherfam Inc. attended by teleconference call.

2. Handout materials

Copies of the following materials were made available to all those in attendance:

- Plan of Compromise or Arrangement dated February 2, 2016 (the "**Plan**"). A copy of the Plan is attached as **Appendix "B"** to these minutes.
- The Monitor's Report dated February 25, 2016 on the Plan (the "**Monitor's Report**"). A copy of the Monitor's Report is attached as **Appendix "C"** to these minutes.

Extra copies of the Monitor's letter to Affected Creditors mailed on March 1, 2016 (the "**Monitor's Letter**") were also available. A copy of the Monitor's Letter is attached hereto as **Appendix "D"**.

3. Chair Introductions

Mr. Daniel Weisz of Collins Barrow Toronto Limited, the Court Appointed Monitor (the “**Monitor**”) of MRG advised those in attendance that he would be acting as the Chair of the Meeting (the “**Chair**”), as authorized by the February 9, 2016 Court Order of Justice Hainey.

The Chair introduced those persons in attendance in person at the meeting.

Mr. Arif Dhanani of the Monitor acted as the Secretary of the Meeting.

4. Calling to Order

The Chair advised those in attendance that:

- the Meeting was not a public meeting and not open to the media;
- only Affected Creditors, the Company, the Applicant, holders of valid, signed proxies and their legal counsel are entitled to attend;
- only creditors or their proxies may vote; and
- anyone who had not yet signed the attendance record ought to do so prior to the start of the meeting.

It was confirmed that everyone in attendance had signed the attendance record.

The Chair called the Meeting to order at 10:40 a.m.

5. Quorum

The Chair confirmed that there was a quorum, being at least one Affected Creditor, present or by proxy.

6. Plan

The Chair advised that the purpose of the Meeting was to review, consider and, if appropriate, vote on the Plan.

The Chair then summarized the key aspects of the Plan in respect of the proposed distributions to Affected Creditors, the anticipated timing of such distributions and the conditions precedent to the implementation of the Amended Plan.

Specifically, the Chair advised those in attendance that:

- All Convenience Creditors will receive an additional payment representing the balance of their Proven Claims, after interim distributions made in the CCAA Proceeding.

- All Affected Creditors who are not Convenience Creditors will receive, up to a maximum of their Proven Claims, an additional payment of \$1,000.00 plus a prorated amount of the balance of their Proven Claims, based on a ratio where the numerator is the amount of such Creditor's Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution, and less the value of the Proven Claims of the Convenience Creditors. The amount of this payment will be net of interim distributions previously paid by MRG during the CCAA Proceeding.
- The Plan Sponsor will receive an additional distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim less interim distributions previously paid by MRG during the CCAA Proceeding.
- After payment of all Administrative Fees and Expenses, a retainer payable to the Monitor of \$50,000 and the Convenience Claim Amounts, and reserving a reasonable amount for MRG's ongoing costs and expenses to seek approval for implementation of the Plan, MRG will pay all funds to the Monitor to comprise a fund for distribution in accordance with the Plan (the "**Fund**").
- The Monitor, within 30 Business Days of the Implementation Date or as soon as practicable thereafter, is to distribute the Fund to Affected Creditors and the Plan Sponsor in respect of the unsubordinated portion of the Plan Sponsor's Claim.
- the Implementation Date is the first business day following the day when all conditions precedent have been waived or satisfied.
- the conditions precedent to the Implementation of the Plan are:
 - a vote in favour of acceptance of the Plan by the majority of Affected Creditors, representing two-thirds in value of the Affected Creditors' Claims, present and voting in person, by voting letter or by proxy at the Meeting; and
 - prior to May 13, 2016, an order sanctioning the Plan must have been granted by the Court (the "**Sanction Order**"), in form and substance reasonably satisfactory to the Company, be entered in the court records, and all appeal periods in respect of the Sanction Order must have expired.

Based on the above, and assuming a Fund of approximately \$1,300,000, the Monitor estimated that the Final Distribution will be:

- to Convenience Creditors, an amount equal to the balance remaining, after interim distributions, of 100% of their Proven Claim;

- to Affected Creditors who are not Convenience Creditors, approximately \$0.15 per dollar of Proven Claim; and
- to the Plan Sponsor in respect of the unsubordinated portion of its Claim, an amount representing approximately \$0.03 per dollar of its Proven Claim.

The Chair advised that, if the Plan is accepted by the requisite majorities of creditors and by the Court, the Monitor would be expected to be in a position to distribute the monies required under the Plan by mid to late May 2016, if not earlier.

The Chair advised that if the Plan is not accepted, it is the Monitor's view that the most likely outcome would be a bankruptcy of the Company. The Chair referred those in attendance to the Monitor's Report and the liquidation analysis attached thereto, wherein it was noted that the Monitor's assessment was that, in the event of a bankruptcy of MRG, the amount available for distribution to unsecured creditors would be approximately \$0.04 per dollar of Proven Claim. This amount did not include the interim distribution that had been made by MRG pursuant to the CCAA proceedings.

7. Questions from the Floor

The Chair invited questions with respect to the Plan or the voting to take place.

There were no questions from the floor.

8. Voting on the Plan

The Chair then asked for a motion to permit a vote on the Plan. The motion was moved by Morris Robinson as proxy for Alphachem Limited and seconded by Morris Robinson as proxy for Orkin Canada. The Chair requested that anyone who had not already submitted a proxy or delivered a voting letter please now do so to Mr. Dhanani. There was a consensus of all parties in attendance that the vote by creditors present would take place by way of a show of hands.

Morris Robinson, proxy for Grand Central Jewellery, Alphachem Limited, Orkin Canada and Remgold Jewellery Wholesale Ltd. voted in favour of the Plan.

There being no further votes, the Chair announced the results of the vote, taking into account the above vote and voting letters provided to the Monitor, as follows:

Affected Creditors of MRG:

- Votes IN FAVOUR of accepting the Plan:
 - 29 votes with a dollar value of \$1,329,820.61
- Votes AGAINST accepting the Plan:
 - 0 votes with a dollar value of \$0.


- The votes IN FAVOUR represent 100% in number of total votes cast and 100% of the value of the proven claims of creditors voting on the Plan in person, by voting letter, by proxy or pursuant to the Plan in respect of the votes of Convenience Creditors.

The Chair advised the Meeting that the results of the vote were that the Plan was approved by the requisite majority of proven creditors under the CCAA representing more than 2/3 in value of the claims voting.

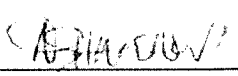
The Chair declared that the Plan had been approved by the Affected Creditors.

9. Termination of Meeting

The Chair asked if there was any further business to be conducted. As there was no further business, the Chair declared the Meeting terminated at 10:48 a.m. and thanked everyone for their attendance.




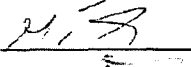

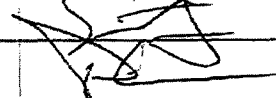
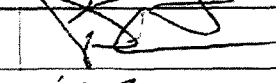
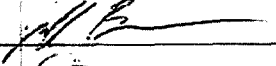
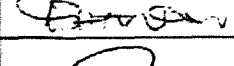
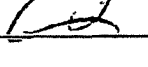


Chair



Secretary

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT PROCEEDING OF
MARTIN ROSS GROUP INC.
ATTENDANCE LIST - MEETING OF CREDITORS ON PLAN OF COMPROMISE OR ARRANGEMENT
MARCH 23, 2016**

No.	Signature	NAME (Print)	Representing (Name of creditor)	Proof of Claim Filed	Amount Filed	Amount Admitted
1		Y. S. LEE	ALPHA ITEM	Y	\$ 3,216.15	\$ 3,216.15
2		MORRIS ROBINSON	LELAND CENTRAL TRAY	Y	\$ 5,176.01	\$ 5,176.01
3		MORRIS ROBINSON	OLKIN CANADA	Y	\$ 400.14	\$ 400.14
4		MORRIS ROBINSON	REAGOR	Y	\$ 3,960.65	\$ 3,960.65
5		MORRIS ROBINSON	MARTIN ROSS GROUP			
6		M.D. ABRAMOWITZ	COUNSEL TO MARTIN ROSS GROUP	N/A	—	—
7		PHILIP CHO	counsel to Martin Ross Group.	N/A	—	—
8		Jeffrey Berger	WETA Monitor	N/A	—	—
9		Anif Drouani	"	N/A	—	—
10		Danica Weiss	"	N/A	N/A	N/A
11						
12						
13						
14						
15						

APPENDIX A

PLAN OF COMPROMISE OR ARRANGEMENT

in respect of

MARTIN ROSS GROUP INC.

PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT,

R.S.C. 1985; c. C-36, AS AMENDED

February 2, 2016

PLAN OF COMPROMISE OR ARRANGEMENT

ARTICLE I

INTERPRETATION

Section 1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

“Administrative Fees and Expenses” means the proper fees, expenses and legal fees and disbursements of the Monitor and its legal counsel relating to or incidental to the CCAA Proceeding, the negotiation, preparation, presentation, consideration and implementation of the Plan, and all proceedings and matters relating to or arising out of the Plan;

“Affected Claims” means all Claims other than Unaffected Claims;

“Affected Creditors” means all Creditors with Proven Claims;

“Applicant” means Martin Ross Group Inc.;

“Business Day” means a day that is not (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;

“CCAA” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“CCAA Proceeding” means the proceeding before the Court in respect of the Applicant in the application commenced by the Applicant pursuant to the CCAA;

“Claim” means any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicant, which indebtedness, liability or obligation is in existence at the Filing Date and which is not a Post-Filing Claim, and any interest that may accrue thereon in which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets; whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Filing Date, together with any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date;

“Claims Procedure Order” means the Order of the Honourable Justice Newbould, dated May 1, 2015, establishing the procedure for the determination of Claims;

“Confirmation Date” means the date that the Sanction Order is made;

“Convenience Creditors” means all Creditors with Proven Claims not exceeding \$1,000.00;

“Court” means the Ontario Superior Court of Justice (Commercial List);

“Creditor” means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver-manager or other Person acting on behalf of such Person;

“Dollars” or “\$” means lawful money of Canada unless otherwise indicated;

“Filing Date” means August 7, 2014;

“Implementation Date” means the first Business Day following the day when all of the conditions to the implementation of this Plan, as set forth in Section 7.7, have been waived or satisfied, as applicable;

“Initial Order” means the Order dated August 7, 2014, granted by the Honourable Justice Penny, pursuant to which, among other things, the Applicant was granted relief pursuant to the CCAA;

“Meeting” means the meeting of the Affected Creditors called for the purpose of considering and approving this Plan and includes any adjournment of such meeting;

“Meeting Date” means the date fixed for the Meeting by the Plan Filing Order, including any dates to which the Meeting is adjourned;

“Monitor” means Collins Barrow Toronto Limited, as appointed by the Initial Order, and any successor thereto appointed by any further Order;

“Order” means any order of the Court in connection with the CCAA Proceeding;

“Person” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;

“Plan” means this Plan of Compromise or Arrangement, as the same may hereafter be amended or supplemented from time to time, in accordance with the terms hereof, and any Order that may be made in respect thereof;

“Plan Filing Order” means the Order dated February 9, 2016, inter alia, authorizing the filing of the Plan, setting the Meeting Date and establishing the procedure for the Meeting;

“Plan Sponsor” means Sherfam Inc.;

“Plan Sponsor Contribution” has the meaning set out in Section 4.1(a);

“Post-Filing Claim” means any Claim arising solely from or caused solely by an action taken by the Applicant after the Filing Date;

“Proven Claim” of a Creditor means the amount of the Claim of such Creditor as finally determined for voting and distribution purposes in accordance with the Claims Procedure Order and the Plan Filing Order;

“Released Parties” means the Applicant, the Monitor and each of their respective officers, directors, employees and agents;

“Required Majority” means a majority in number representing two-thirds in value of the Affected Creditors’ Proven Claims present and voting in person, by voting letter or by proxy at the Meeting;

“Sanction Order” means the Order of the Court sanctioning and approving the Plan;

“Sherfam Claim” means the Proven Claim, or portion thereof, of the Plan Sponsor;

“Tax” or **“Taxes”** shall mean any and all federal, provincial, municipal, local and foreign taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities including for greater certainty taxes based upon or measured by reference to gross receipts, income, profits, sales, capital, use and occupation, goods and services, and value added, ad valorem, transfer, franchise, withholding, custom duties, payroll, recapture, employment, excise and property taxes, together with all interest, penalties, fines and additions with respect to such amounts; and

“Unaffected Claims” means: (a) Administrative Fees and Expenses; (b) the Sherfam Claim; and (c) Post-Filing Claims.

Section 1.2 Interpretation, etc.

For the purposes of this Plan:

- (a) any reference to a contract, instrument, release, indenture, or other agreement or documents being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference to an Order or to an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented from time to time;
- (c) any reference to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time;

- (d) unless otherwise specified, all references to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;
- (e) the words “herein” and “hereto” refer to this Plan in its entirety rather than to a particular portion of the Plan unless otherwise required by the context;
- (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa, and a word or words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (h) the words “includes” and “including” are not limiting; and,
- (i) the word “or” is not exclusive.

Section 1.3 Date for Any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken by 5:00 p.m. on the next succeeding day which is a Business Day.

Section 1.4 Time

All times expressed in this Plan are local time Toronto, Ontario, Canada unless otherwise stipulated.

ARTICLE 2

PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Background

The circumstances and events leading up to this Plan are summarized in the Report of the Monitor, which will be circulated to Affected Creditors in connection with this Plan.

Section 2.2 Persons Affected

This Plan provides for a coordinated restructuring and compromising of Affected Claims. This Plan will become effective on the Implementation Date and shall be binding on and enure to the benefit of the Applicant, the Plan Sponsor and the Affected Creditors and their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

Section 2.3 Persons Not Affected

This Plan does not affect holders of Unaffected Claims and nothing in this Plan shall impact the rights of the Creditors with Unaffected Claims against the Applicant. Nothing in this Plan shall affect any of the Applicant's rights and defences, both legal and equitable, with respect to any Affected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to setoffs or recoupment against such Claims.

ARTICLE 3

CLASSIFICATION OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS

Section 3.1 Classes of Claims

There will be one class of Creditors for the purpose of considering and voting on the Plan, being Affected Creditors.

Section 3.2 Claims

Affected Creditors shall vote in respect of the Plan and receive the rights provided for under and pursuant to this Plan. The right of Affected Creditors to vote on the Plan shall be determined in accordance with the Claims Procedure Order and the Plan Filing Order.

Section 3.3 Meeting

The Meeting shall be held and conducted in accordance with this Plan and the Plan Filing Order. The only Persons entitled to attend the Meeting are those Persons who are Affected Creditors, including the holders of proxies, entitled to vote at the Meeting and their legal counsel, the Monitor and its legal counsel, the Applicant and its officers, directors and legal counsel, and the Plan Sponsor and its legal counsel. Any other Person may be admitted on invitation of the chairperson of the Meeting. An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meeting and shall decide all matters related to the conduct of the Meeting.

Section 3.4 Approval by Affected Class

The Applicant and the Plan Sponsor will seek approval of the Plan by the affirmative vote of the Required Majority in order that the Plan becomes binding on the Affected Creditors as of the Implementation Date. All Convenience Creditors will be deemed to have voted in favour of the Plan.

Section 3.5 Value of Claims for Voting Purposes

Each Affected Creditor shall be entitled to vote based on a value equal to its respective Proven Claim. Where a Claim has not become a Proven Claim by the Meeting Date as a result of a pending appeal from a revision or disallowance by the Monitor under the Claims Procedure Order, then for the purposes of voting on the Plan only, the value of such Claim shall be the

greater of the allowed portion of the Claim, if any, and 50% of the Claim set out in the Proof of Claim filed pursuant to the Claims Procedure Order.

ARTICLE 4

PLAN OF ARRANGEMENT

Section 4.1 Plan

- (a) The Plan Sponsor will subordinate the sum of \$24,850,000.00 of the Sherfam Claim (the “**Plan Sponsor Contribution**”) to all other Affected Claims.
- (b) All Convenience Creditors shall receive payment of 100% of their Proven Claims, inclusive of interim distributions made in the CCAA Proceeding.
- (c) All Affected Creditors who are not Convenience Creditors shall receive a distribution of \$1,000.00 plus payment of the prorated amount of the balance of their Proven Claims based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution and less the value of the Proven Claims of the Convenience Creditors.
- (d) The Plan Sponsor shall also receive a distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim.

Section 4.2 Implementation of Plan

- (a) On the Implementation Date, the Applicant shall pay any outstanding Administrative Fees and Expenses and shall deliver a retainer of \$50,000.00 (or such other amount as the Applicant, the Monitor, and the Plan Sponsor may agree) to the Monitor.
- (b) On the Implementation Date, all funds held by the Applicant, after paying the amounts in accordance with Section 4.1(b) and Section 4.2(a), and reserving such reasonable amount as determined by the Applicant and the Monitor for the Applicant’s ongoing costs and expenses to seek approval of and for the implementation of the Plan, shall be paid to the Monitor and shall comprise a fund for distribution in accordance with the Plan (the “**Fund**”).

ARTICLE 5

PROVISIONS GOVERNING DISTRIBUTIONS

Section 5.1 Distribution to Creditors

Subject to Articles 5.2 and 5.3, within 30 Business Days of the Implementation Date or as soon as practical thereafter, the Monitor shall distribute the Fund to the Affected Creditors and to the Plan Sponsor in accordance with paragraph 4.1 above.

Section 5.2 Value of Claims for Distribution Purposes

The value of a Claim for distribution purposes shall be determined in accordance with the procedure established by the Claims Procedure Order.

Section 5.3 Reserve Pending Allowance

If the value of an Affected Claim has not been finally determined, pursuant to the Claims Procedure Order, at the date of the proposed distribution of the Fund, then prior to any distribution of the Fund, the Monitor shall reserve from the Fund the maximum amount of any potential distribution to the Affected Creditor based on the Claim of the Affected Creditor and proceed with distribution of the balance of the Fund. Within 10 Business Days following the final determination of the value of the Affected Claims, in accordance with the Claims Procedure Order, the Monitor shall, distribute the amount payable to the Affected Creditor and return the balance, if any, to the Applicant.

Section 5.4 Interest on Claims

Unless otherwise specifically provided for in this Plan or the Sanction Order, interest shall not accrue or be paid on Affected Claims after the Filing Date.

Section 5.5 Delivery of Distributions

Distributions to Affected Creditors shall be made by prepaid ordinary mail by the Monitor: (a) to the address set forth on the Proof of Claim filed by an Affected Creditor; or (b) to the addresses set forth in any written notices of address changes delivered to the Monitor after the date of any related Proof of Claim. If any Affected Creditor's distribution is returned as undeliverable, no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified of such Affected Creditor's then current address, at which time all missed distributions shall be made to such Affected Creditor without interest. All claims for undeliverable distributions must be made on or before the expiration of six (6) months following the date of the distribution, after which date the Claim of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed distributions shall be discharged, and forever barred, notwithstanding any federal or provincial laws to the contrary, and any such undeliverable distributions shall be returned to the Applicant. Nothing contained in the Plan shall require the Applicant or the Monitor to attempt to locate any Affected Creditor.

Section 5.6 Withholding and Reporting Requirements

All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any federal, provincial, local or foreign taxing authority, and the Monitor is authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan: (a) each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental authority, including income, withholding and other Tax obligations, on account of such distribution; and (b) to the extent applicable, no distribution shall be made to or on behalf of any Affected Creditor pursuant to the Plan unless and until such Affected Creditor has made arrangements satisfactory to the Monitor for the payment and satisfaction of such Tax obligations. Any distributions to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 5.5 hereof. It is the Applicant's intent that distributions under the Plan to holders of Claims are in respect of, and to be applied to, principal first and then interest.

ARTICLE 6

RELEASES

Section 6.1 Plan Releases

On the Implementation Date, the Released Parties shall, except as provided below or to the extent prohibited by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of the Applicant, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date relating to, arising out of or in connection with the Claims, the business and affairs of the Applicant, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge an officer or director of the Applicant with respect to the matters set out in section 5.1(2) of the CCAA, or release or discharge the Applicant from its obligations to Creditors under this Plan or under any Order and provided further that nothing therein shall release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct, and provided further that nothing in this section shall impact the rights of Unaffected Creditors, or release any Person including any current or former officers or directors of the Applicant, from any obligations as guarantor or surety in respect of the Applicant and all such guarantees shall remain in full force and effect.

Section 6.2 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

ARTICLE 7**MISCELLANEOUS****Section 7.1 Confirmation of Plan**

Provided that the Plan is approved by the Required Majority of the Affected Creditors, the Applicant will, subject to the rights of the Applicant in Section 7.10 hereof, seek the Sanction Order and, after the granting of the Sanction Order, subject only to the waiver or satisfaction, as applicable, of those conditions described in Section 7.7, the Plan will be implemented by the Applicant and the Plan Sponsor and will be binding upon the Applicant, the Plan Sponsor and all Affected Creditors.

Section 7.2 Paramountcy

From and after the Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Applicant, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicant as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed to consent to all transactions contemplated in this Plan.

Section 7.3 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Affected Claim under the Plan, if sanctioned and approved by the Court, shall be binding upon such Affected Creditor and his heirs, executors, administrators, legal personal representatives, successors and assigns.

Section 7.4 Modification of Plan

The Applicant reserves the right, at any time and from time to time, to amend, modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and: (a) if made prior to the Meeting, communicated to the Creditors; and (b) if made following the Meeting, approved by the Court.

Any amendment, modification or supplement may be made following the Sanction Order by the Applicant with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order and is not adverse to the financial or economic interests of the Affected Creditors.

Any supplementary or amended plan or plans of compromise or arrangement filed with the Court and, if required by this Section 7.4, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

No amendment or modification to the Plan that may affect the Applicant or the Unaffected Claims may be made without the prior written consent of the relevant holder(s) of Unaffected Claim(s) or the Applicant.

Section 7.5 Consents, Waivers and Agreements

As of 12:01 a.m. on the Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Affected Creditor shall be deemed:

- (i) to have executed and delivered to the Monitor and the Applicant, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;
- (ii) to have waived any and all defaults then existing or previously committed by the Applicant in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale; lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and the Applicant and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and
- (iii) to have agreed that, if there is any conflict between the provisions express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Applicant as at such time (other than those entered into by the Applicant on, or with effect from, such time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

In this Plan the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.6 Plan Effective

The Plan is not effective unless and until:

- (a) the Required Majority vote in favour of the acceptance of the Plan; and
- (b) prior to May 13, 2016, the Sanction Order, in form and substance reasonably satisfactory to the Applicant, is entered and all applicable appeal periods have expired.

Section 7.7 Conditions Precedent to Implementation of Plan

The implementation of the Plan is subject to the following conditions precedent:

- (a) the Plan shall be effective; and,
- (b) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed and delivered.

Section 7.8 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid ordinary mail or by electronic mail addressed to the respective parties as follows:

- (a) if to the Applicant:
Martin Ross Group Inc.
 c/o Kronis Rotsztain Margles Cappel LLP
 Suite 1000 – 8 King Street East
 Toronto, ON M5C 1B5
 Attention: Morris Robinson
 Email: morob1000@gmail.com

With a copy to:

Kronis Rotsztain Margles Cappel LLP
 Suite 1000 – 8 King Street East
 Toronto, ON M5C 1B5
 Attention: Mervyn D. Abramowitz
 Email: mabramowitz@krmc-law.com

(b) if to the Plan Sponsor:

Sherfam Inc.
 10 Director Court
 Woodbridge, ON L4L 7E8
 Attention: Jonathan Grauman
 Email: jgrauman@sherfam.com

(c) if to a Creditor:

(i) to the address for such Creditor specified in the Notice of Claim or the Proof of Claim filed by a Creditor or, (ii) at the address set forth in any written notice of address changes delivered to the Monitor after the date of any related Proof of Claim.

(d) if to the Monitor:

Collins Barrow Toronto Limited
 11 King St. W., Suite 700, Box 27
 Toronto, Ontario M5H 4C7
 Attention: Daniel Weisz
 Email: dweisz@collinsbarrow.com

or to such other address as any party may from time to time notify the others in accordance with this Section 7.8. 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 given or made by personal delivery, courier, or by electronic mail and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by electronic mail or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or 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 notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Applicant or the Monitor to give notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Section 7.9 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicant, shall have the power to either: (a) sever such term or provision from the balance of the Plan and provide the Applicant with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Implementation Date; or (b) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding,

alteration or interpretation, and provided the Applicant proceeds with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation. Notwithstanding the forgoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

Section 7.10 Revocation, Withdrawal, or Non-Consummation

The Applicant reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date or to file subsequent plans of compromise or arrangement. The Plan Sponsor reserves the right to not proceed as Plan Sponsor or make the Plan Sponsor Contribution at any time prior to the Confirmation Date. If the Applicant revokes or withdraws the Plan, or if the Plan Sponsor chooses not to proceed as Plan Sponsor or make the Plan Sponsor Contribution, or if the Sanction Order is not issued: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall: (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicant or any other Person; (ii) prejudice in any manner the rights of the Applicant, the Plan Sponsor, or any other Person in any further proceedings involving the Applicant; (iii) constitute an admission of any sort by the Applicant, the Plan Sponsor, or any other Person; or (iv) give rise to any claim against the Plan Sponsor.

Section 7.11 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Applicant in order to better implement this Plan.

Section 7.12 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**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
MARTIN ROSS GROUP INC.**

**REPORT OF THE MONITOR TO THE CREDITORS
ON THE PLAN OF COMPROMISE OR ARRANGEMENT OF
MARTIN ROSS GROUP INC.**

(Dated as of February 25, 2016)

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PURPOSE OF THIS REPORT

1. This report (the “**Report**”) has been prepared by Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as Monitor in the *Companies’ Creditors Arrangement Act* (“**CCAA**”) proceedings of Martin Ross Group Inc. (“**MRG**” or the “**Company**”). This Report has been prepared pursuant to the Order of the Court dated February 9, 2016 (the “**Plan Filing Order**”), a copy of which is attached hereto.
2. The purpose of this Report is to provide to Affected Creditors of MRG:
 - a. an overview of the Company’s CCAA proceedings to date;
 - b. a summary description of the Plan of Compromise or Arrangement (the “**Plan**”);
 - c. information with respect to MRG’s current financial position;
 - d. information to assist them in deciding how to vote at the meeting of creditors called to consider the Plan; and
 - e. the Monitor’s comments and recommendations with respect to the Plan.

EXECUTIVE SUMMARY

3. The potential distributions available to Affected Creditors if the Plan is accepted by the Company’s creditors and approved by the Court are set out in paragraphs 37-41 of this Report.
4. In the event the Plan is not accepted by the Affected Creditors or approved by the Court, as set out in paragraphs 42-43 of the Report, it is likely that funds available to Affected Creditors will be significantly less than if the Plan is accepted.

INTRODUCTION

5. By Order of the Honourable Justice Penny (the “**Initial Order**”) dated August 7, 2014, CBTL was appointed Monitor (the “**Monitor**”) of MRG under the CCAA Proceeding.

6. This Report is being provided to Affected Creditors who have previously filed claims with the Monitor in accordance with the Order of the Court dated May 1, 2015 (the “**Claims Procedure Order**”), and which claims have been accepted and are now considered Proven Claims in connection with MRG’s meeting of creditors currently scheduled for March 23, 2016. The purpose of the Meeting is to consider and vote on the Plan which was accepted for filing with the Court on February 9, 2016.

7. In preparing the Report and making the comments herein, the Monitor has relied upon unaudited financial information prepared or provided by the Company, discussions with management of the Company, MRG’s counsel and information from other third-party sources (collectively, the “**Information**”). As the Information included in the Report has been provided by MRG or other parties, the Monitor has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Monitor has not audited 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 CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

All dollar amounts identified in this report are expressed in Canadian dollars, unless otherwise specified. Capitalized terms used in this report and not otherwise defined herein have the meanings given to them in the Initial Order, the Claims Procedure Order, or the Plan. Creditors can access these documents, and other publicly available information, at the Monitor’s website at www.collinsbarrow.com/en/toronto-ontario/martin-ross-group.

SUMMARY OF MRG’S PLAN OF COMPROMISE OR ARRANGEMENT

8. The following is intended to provide creditors with a summary of the Plan. **In the event of any inconsistency between this summary and the Plan, the terms of the Plan shall govern.** A copy of the Plan, which includes a summary of the key terms of the Plan, is enclosed with this Report. Creditors are encouraged to read the Plan in its entirety.

9. The Plan provides for a coordinated restructuring and compromising of Affected Claims (as defined in the Plan). Affected Claims are Proven Claims that have been accepted in accordance with the Plan Filing Order.
10. The Plan is offered to one class of creditors, being Affected Creditors, who will be permitted to vote on the Plan. The Plan also provides for one sub-class of Affected Creditors, Convenience Creditors, being creditors with Proven Claims not exceeding \$1,000 (“Convenience Creditors”).
11. Certain creditors of MRG are said to be Unaffected Creditors. They are creditors with Unaffected Claims and will not be permitted to vote on the Plan. Unaffected Creditors comprise: (i) Administrative Fees and Expenses, including the fees of the Monitor and its counsel; (ii) the claim of Sherfam Inc.; and (iii) claims that arose after August 7, 2014.
12. Secured creditors of the Company have previously been paid in full by the Company or have had their equipment returned to them, based on the validity and enforceability of their security. They will not be entitled to vote on the Plan either.
13. For the Plan to become effective,
 - a. A majority in number of Affected Creditors, representing at least two thirds in dollar value of the Proven Claims of Affected Creditors, voting at the Meeting (in person, by voting letter or by proxy), must vote in favour of the Plan; and
 - b. Prior to May 13, 2016, an order sanctioning the Plan must have been granted by the Court (the “Sanction Order”), in form and substance reasonably satisfactory to the Company, be entered in the court records, and all appeal periods in respect of the Sanction Order must have expired.
14. All Convenience Creditors will be deemed to have voted in favour of the Plan.
15. Sherfam Inc. (“Sherfam” or the “Plan Sponsor”), MRG’s largest creditor, will subordinate \$24,850,000, being approximately 75%, of its Proven Claim to all other

Affected Claims (the “**Plan Sponsor Contribution**”). The benefit to Affected Creditors of the subordination of a portion of the Plan Sponsor’s claim is discussed later in this Report.

16. On the Implementation Date:
 - i) MRG will pay any outstanding Administrative Fees and Expenses and deliver a retainer of \$50,000 (or such other amount as the Company, the Monitor, and the Plan Sponsor may agree) to the Monitor (the “**Retainer Amount**”);
 - ii) MRG will pay the Convenience Creditors (all creditors with Proven Claims not exceeding \$1,000.00) 100% of their Proven Claims (the “**Convenience Claim Amounts**”), inclusive of any interim distributions made by MRG earlier in the CCAA Proceeding; and
 - iii) All funds held by MRG, after paying any outstanding Administrative Fees and Expenses, the Retainer Amount and the Convenience Claim Amounts, and reserving a reasonable amount for MRG’s ongoing costs and expenses to seek approval of and for the implementation of the Plan, are to be paid to the Monitor and will comprise a fund for distribution in accordance with the Plan (the “**Fund**”).

17. The Monitor, within 30 Business Days of the Implementation Date or as soon as practicable thereafter, is to distribute the Fund to Affected Creditors and the Plan Sponsor (in respect of the unsubordinated portion of the Plan Sponsor’s Claim).

18. All Affected Creditors, who are not Convenience Creditors, are to receive a payment of \$1,000 plus payment of the pro-rated amount of the balance of their Proven Claims based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution and less the value of the Proven Claims of the Convenience Creditors. The

Plan Sponsor is also to receive a distribution of \$1,000 plus payment of a prorated amount based on the unsubordinated amount of the Plan Sponsor's Claim.

19. The payment, compromise or other satisfaction of any Affected Claim under the Plan, when sanctioned and approved by the Court, will be binding on such Affected Creditor.

DOCUMENTS TO BE COMPLETED BY AFFECTED CREDITORS

20. Affected Creditors of the Company with Proven Claims may vote for, or against, acceptance of the Plan by attending the meeting of creditors scheduled for March 23, 2016 (see Paragraphs 21 and 31) (the "Meeting") or by having someone else attend on their behalf.
21. Enclosed with this mailing is a Proxy form which must be completed by any Affected Creditors that are corporations that wish to have someone attend and vote, in person, on behalf of the corporation, or by any Affected Creditors who are individuals but wish to have someone else attend in person in their place and vote on their behalf. Completed Proxy forms must be provided to the Monitor prior to the Meeting so that the Monitor may know who is to be admitted to the Meeting.
22. Affected Creditors who wish to vote on the Plan but who will not be attending the Meeting in person or by proxy must complete and submit to the Monitor the Voting Letter enclosed with this mailing, which Voting Letter must be received by the Monitor by 5:00 PM on March 22, 2016 (Toronto time).

BACKGROUND AND CAUSES OF FINANCIAL DIFFICULTIES

23. On August 7, 2014, the Company made an application to the Court for protection from its creditors, including a stay of proceedings, under the CCAA which was approved by the Court and the Initial Order was issued.

24. Background information on MRG, including MRG's financial difficulties, are set out in the Application Record dated August 5, 2014, filed by MRG in support of its application for the stay of proceedings under the CCAA. The Application Record, as well as the Monitor's ten reports filed with the Court to date which provide details of the Company's CCAA Proceeding, are posted on the Monitor's website at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>.

MRG's Current Financial Position

25. During the CCAA Proceeding, MRG obtained Court approval to, among other things, conduct two inventory liquidation processes and make three interim distributions to its creditors.
26. MRG ceased operating, disclaimed its lease and vacated the premises from which it was operating effective July 1, 2015.
27. MRG currently has approximately \$1.4 million in its bank account, and expects that, if the Plan is approved, after payment of Administrative Fees and Expenses, and other costs and expenses to seek approval of and for the implementation of the Plan, there will be approximately \$1.3 million remaining that will comprise the Fund and be available for distribution to the creditors after the Implementation Date.

CLAIMS AND THE CLAIMS PROCEDURE

Secured Creditors

28. The Company previously returned equipment that was subject to the claims of secured creditors or obtained authorization from the Court to pay its secured creditors in full and as such, there are presently no creditors who have secured claims against MRG.

Unsecured Creditors

29. Subsequently and pursuant to the Claims Procedure Order, MRG conducted a Claims Procedure to solicit claims to confirm the amount owed to unsecured creditors.

30. In accordance with the Claims Procedure, the Monitor admitted as Proven Claims, 51 claims totaling \$34,695,210, including Sherfam's claim.

MEETING OF CREDITORS AND OUTCOME OF PLAN

Meeting of Creditors, Voting Letter and Proxy

31. The Meeting of Creditors will take place on March 23, 2016 at 10:30 a.m. (Toronto time) at the offices of Collins Barrow Toronto Limited, located at:

Collins Barrow Place
11 King Street West, Suite 700
Toronto, Ontario
M5H 4C7
32. An officer of the Monitor, or a person designated by the Monitor, will act as chairperson at the Meeting and is authorized by the Court to decide all matters relating to the procedures at, and the conduct of, the Meeting.
33. Affected Creditors are entitled to vote in respect of the Plan. All Convenience Creditors will be deemed to have voted in favour of the Plan.
34. Affected Creditors with Proven Claims, including the holders of proxies, and counsel to these creditors, are entitled to attend the Meeting and vote on the Plan. MRG and its officers, directors, and legal counsel, the Plan Sponsor and its legal counsel, and the Monitor and its legal counsel, are also entitled to attend the meeting.
35. Alternatively, and as noted above, those Affected Creditors with Proven Claims that are unable to, or do not wish to, attend the Meeting in person or by proxy can complete and provide to the Monitor, in advance of the Meeting, a voting letter.
36. Proxy forms and voting letters are attached to the information provided to Affected Creditors together with this Report.

Outcome if Creditors Vote In Favour of the Plan

37. If the required majorities of the Affected Creditors vote in favour of the acceptance of the Plan, the Company will then make an application to the Court for an order sanctioning and approving the Plan (“**Sanction Order**”).

38. If the Sanction Order is granted by the Court and entered, the Plan will be said to be implemented. Provided the Company makes the payments provided for in the Plan, as described earlier, the distribution (the “**Final Distribution**”) to the Affected Creditors of the Company will be as follows:
 - a. All Convenience Creditors will receive an additional payment representing the balance of their Proven Claims, after interim distributions made in the CCAA Proceeding.
 - b. All Affected Creditors who are not Convenience Creditors will receive, up to a maximum of their Proven Claims, an additional payment of \$1,000.00 plus a prorated amount of the balance of their Proven Claims, based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution, and less the value of the Proven Claims of the Convenience Creditors. The amount of this payment will be net of interim distributions previously paid by MRG during the CCAA Proceeding.
 - c. The Plan Sponsor will receive an additional distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim less interim distributions previously paid by MRG during the CCAA Proceeding.

39. Based on the above, and assuming a Fund of \$1,300,000, the Monitor estimates that the Final Distribution will be:
 - a. to Convenience Creditors, an amount equal to the balance remaining, after interim distributions, of 100% of their Proven Claim;

- b. to Affected Creditors who are not Convenience Creditors, approximately \$0.15 per dollar of Proven Claim; and
- c. to the Plan Sponsor in respect of the unsubordinated portion of its Claim, an amount representing approximately \$0.03 per dollar of its Proven Claim.

40. The calculation of the amount payable to Affected Creditors is set out below. The amount payable to the Plan Sponsor on account of its unsubordinated claim is the difference between the amount available for distribution to non-Convenience Creditors and the amount payable to Affected Creditors.

Calculation of Pro-rata Distribution Amount

Estimate of funds available for distribution at Implementation Date	\$ 1,300,000.00
Less: Amount payable to Convenience Creditors	(4,831.53)
Less: Payment of \$1,000 to non-Convenience Creditors	(42,000.00)
Amount available for pro-rata distribution to non-Convenience Creditors	\$ 1,253,168.47

Calculation of Return to Creditors

<u>Description</u>	<u>Payments to Convenience Creditors</u>	<u>Payment of First \$1,000</u>	<u>Pro-rata Final Distribution Amount</u>	<u>Total Final Distribution</u>	<u>Total Proven Claims</u>	<u>Approximate Average Return to Creditors From Final Distribution</u>
Affected Creditors (Note 1)	\$ 4,831.53	\$41,000.00	\$ 216,422.72	\$ 262,254.25	\$ 1,746,347.93	0.15
Sherfam claim, net of Plan Sponsor Contribution					\$ 8,098,862.32	
Plan Sponsor Contribution					28,850,000.00	
Sherfam Proven Claim	\$ -	\$ 1,000.00	\$ 1,036,745.75	\$ 1,037,745.75	\$ 32,948,862.32	0.03
Total	\$ 4,831.53	\$42,000.00	\$ 1,253,168.47	\$ 1,300,000.00	\$ 34,695,210.26	

Note 1: The Pro-rata Final Distribution Amount payable to Affected Creditors is calculated as follows:

Total Proven Claims of Affected Creditors	\$ 1,746,347.93
Less: Payment of First \$1,000	(41,000.00)
Less: Convenience Creditor Claims	(6,135.57)
Numerator (A)	\$ 1,699,212.36
Total Proven Claims of All Creditors	\$ 34,695,210.26
Less: Plan Sponsor Contribution	(24,850,000.00)
Less: Convenience Creditor Claims	(6,135.57)
Denominator (B)	\$ 9,839,074.69
Amount available for pro-rata distribution to non-Convenience Creditors (C)	\$ 1,253,168.47
Pro-rata Final Distribution Amount Payable to Affected Creditors (A/BxC)	\$ 216,422.72

41. Taking into account the interim distributions paid to date by MRG of approximately \$0.2125 per dollar of Proven Claim, after payment of the Final Distribution, the total

distribution to Affected Creditors in the CCAA Proceeding would be approximately \$0.3625 per dollar of Proven Claim if the Affected Creditors voted in favour of the Plan. As stated previously, Convenience Creditors would receive 100% of their Proven Claim.

Likely Outcome if Creditors Vote Against the Plan

42. If Affected Creditors vote against the Plan, there will be no Plan Sponsor Contribution and the CCAA Proceeding may be terminated. In that event, a bankruptcy of MRG may occur and any remaining assets would vest in the trustee appointed to administer the bankruptcy of MRG. The estimated Final Distribution to Creditors in this scenario is approximately \$0.04 per dollar of Proven Claim, calculated as follows:

[remainder of page left blank intentionally]

Calculation of Pro-rata Distribution Amount

		<u>Notes</u>
Estimate of funds in bank account at date of bankruptcy	\$ 1,300,000.00	1
Add: Estimate of additional accounts receivable collections	125,000.00	2
Add: Estimate of additional amounts paid by Wal-Mart for consignment inventory	-	3
Total available for distribution, prior to professional fees of a trustee in bankruptcy and administration costs	<u>\$ 1,425,000.00</u>	
Estimate of professional fees and costs of administration for a bankruptcy proceeding	<u>(50,000.00)</u>	4
Estimated amount available for distribution before Superintendent of Bankruptcy levy	<u>\$ 1,375,000.00</u>	
Less: Superintendent of Bankruptcy levy	<u>(54,687.50)</u>	
Amount distributable to creditors	<u>\$ 1,320,312.50</u>	

Notes:

1. For the purposes of this calculation, we have assumed that the remaining cash in the bank account of the Company is the same in a bankruptcy scenario as it would be at the Implementation Date (if creditors voted in favour of the Plan).
2. The affidavit of Allen Shechtman, which was affirmed on February 2, 2016 (the "Affidavit"), set out that the face value of remaining outstanding accounts receivable totaled \$495,000 and that the realizable value of same was approximately \$125,000. For the purposes of this calculation, we have assumed that a trustee in bankruptcy could collect the full amount of the realizable value of accounts receivable estimated by MRG.
3. The Affidavit set out that the only remaining inventory was product that was consigned to Wal-Mart and that Wal-Mart had advised that it was unable to locate any remaining inventory. For the purposes of this calculation, we have assumed that no further amounts are collectible from Wal-Mart and that no further inventory will be returned by Wal-Mart.
4. We have assumed that professional fees of a trustee and costs of administration of a bankruptcy proceeding will be approximately \$50,000.

Calculation of Return to Creditors

<u>Description</u>	<u>Pro-rata Final Distribution Amount</u>	<u>Total Proven Claims</u>	<u>Approximate Return to Creditors From Final Distribution</u>
Affected Creditors	\$ 66,456.58	\$ 1,746,347.93	\$ 0.04
Sherfam	<u>1,253,855.92</u>	<u>32,948,862.32</u>	\$ 0.04
Total pro-rata distribution	<u>\$ 1,320,312.50</u>	<u>\$34,695,210.26</u>	

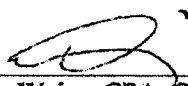
43. Taking into account the interim distributions paid to date by MRG of approximately \$0.2125 per dollar of Proven Claim, the estimated total distribution to Affected Creditors will be approximately \$0.2525 per dollar of Proven Claim in this scenario.

MONITOR'S RECOMMENDATION

44. Based on the Plan and the information provided to the Monitor and contained in this Report, the Monitor is of the view that acceptance of the Plan by the Affected Creditors would allow the Affected Creditors and the Convenience Creditors to maximize their return from MRG's indebtedness to them.
45. Accordingly, the Monitor recommends that the Affected Creditors vote in favour of the Plan.

COLLINS BARROW TORONTO LIMITED
in its capacity as Monitor of Martin Ross Group Inc.
and not in its personal capacity

Per: _____


Daniel R. Weisz, CPA, CA, CIRP, LIT
Senior Vice-President



APPENDIX D

Collins Barrow Toronto Limited
Collins Barrow Place
11 King Street West
Suite 700, PO Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

Via Regular Mail

March 1, 2016

To: The Proven Creditors of Martin Ross Group Inc. ("MRG")

Dear Sirs:

Re: Proposed Plan of Compromise or Arrangement in the MRG Proceedings under the Companies' Creditors Arrangement Act ("CCAA") – Court File No. CV – 14 – 10655 – 00CL

On February 26, 2016, the Monitor sent to creditors of MRG the Monitor's report to creditors dated February 25, 2016 (the "**Monitor's Report on the Plan**") on MRG's Proposed Plan of Compromise or Arrangement (the "**Plan**"). Copies of the Plan and the Monitor's Report on the Plan can be found on the Monitor's website at <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>.

Included in the package sent by the Monitor to the creditors was a Proxy form and Voting Letter, which documents are discussed in the Monitor's Report on the Plan at paragraphs 21, 22, 31 and 35. We have included with this letter copies of the Voting Letter and Proxy for your convenience.

The purpose of this letter is to remind (i) creditors who are corporations and are intending on attending the meeting of creditors on March 23, 2016, that they must complete and submit to the Monitor completed proxy forms, and (ii) creditors who wish to vote on the Plan but are not intending on attending the meeting of creditors in person or by proxy, should submit their Voting Letters to the Monitor.

Completed Voting Letters and/or Proxies should be sent so as to be received by the Monitor by 5:00 pm on March 22, 2016 (Toronto time). The documents should be forwarded to the Monitor at the following address:

Collins Barrow Toronto Limited
Collins Barrow Place
11 King Street West
Suite 700, PO Box 27
Toronto, ON M5H 4C7

Attention: Daniel Weisz or Arif Dhanani

Alternatively, the completed documents can be e-mailed to the Monitor at cbtlmonitor@collinsbarrow.com.

The Proven Creditors of Martin Ross Group Inc. ("MRG")
March 1, 2016

Should you have any questions in this regard, please contact Arif Dhanani of the Monitor at 647-725-0183.

Yours truly,

COLLINS BARROW TORONTO LIMITED
in its capacity as Court-appointed CCAA Monitor of
Martin Ross Group Inc.
and not in its personal capacity

Per:



Daniel Weisz, CPA, CA, CIRP, LIT
Senior Vice-President

Proxy and Voting Letter

Court File No. CV-14-1065500CL

**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 MARTIN ROSS GROUP INC.**

PROXY

I/We _____
(name of creditor)

a creditor of Martin Ross Group Inc. hereby irrevocably appoint

(a) Morris Robinson or (b) _____
(insert name of proxy)

to be my/our proxy in the above matter, except as to the receipt of dividends, with power to appoint another proxy in his or her place.

Dated this ____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____

Title: _____

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 MARTIN ROSS GROUP INC.

VOTING LETTER

THE UNDERSIGNED has reviewed the Plan of Compromise or Arrangement dated February 2, 2016 (the "Plan") and hereby instructs Collins Barrow Toronto Limited in its capacity as monitor of Martin Ross Group Inc. and chair of the meeting of creditors to record a vote in respect of the Plan as follows (*please check one of the boxes below; if neither box is checked or if both boxes are checked, your vote will be counted in favour of the Plan*):

VOTE FOR approval of the Plan

VOTE AGAINST approval of the Plan

Dated this _____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a
corporation, signature of an authorized signing
officer of the corporation

Name: _____

Title: _____

APPENDIX H

**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
MARTIN ROSS GROUP INC.**

**AFFIDAVIT OF DANIEL WEISZ
(Sworn on April 11, 2016)**

I, DANIEL WEISZ, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Senior Vice-President of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as Court-appointed Monitor (in such capacity, the “**Monitor**”), of all of the assets, undertakings and properties of Martin Ross Group Inc. (the “**Company**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto and marked as **Exhibit “A”** are detailed invoices (the “**Invoices**”) issued to the Company by CBTL for fees and disbursements incurred by CBTL in connection with the Company’s proceedings pursuant to the Companies Creditors Arrangement Act for the period February 1, 2016 to March 31, 2016 (the “**Appointment Period**”). The total

fees and disbursements charged by CBTL to the Company during the Appointment Period were \$31,571.50 and \$869.42, respectively, plus HST of \$4,217.32 totaling \$36,658.24.

3. The Invoices are a fair and accurate description of the services provided and the amounts charged by CBTL.

4. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing the invoices in Exhibit "A" including the total billable hours charged, the total fees charged and the average hourly rate charged.

5. I make this affidavit in support of a motion for an Order approving the Monitor's fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on the 11th day of April, 2016



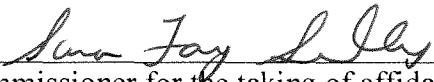
Commissioner for Taking Affidavits
(or as may be)

}



DANIEL WEISZ

This is Exhibit "A" to the Affidavit of
Daniel Weisz, sworn on April 11, 2016


A Commissioner for the taking of affidavits, etc.

To Martin Ross Group Inc. (via email)

 T. 416.480.0160
 F. 416.480.2646

www.collinsbarrow.com
Date March 10, 2016

Client File 112096

Invoice 16

No. C000223

GST/HST: 80784 1440 RT 0001

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("**CCAA**") proceeding of Martin Ross Group Inc. ("**Martin Ross**" or the "**Company**") for the period February 1, 2016 to February 29, 2016.

Date	Professional	Description
2/1/2016	Daniel Weisz	Discussion with A. Dhanani regarding Monitor's Report to the Court; review draft Affidavit of A. Shechtman and discussion with P. Cho of Kronis, Rotsztein, Margles, Cappel LLP ("KRMC") on same.
2/1/2016	Arif Dhanani	Review of Monitor's Ninth Report, Affidavit of A. Shechtman, including recalculating amounts therein, and provide comments to KRMC; commence draft of Monitor's Tenth Report.
2/2/2016	Daniel Weisz	Review exchange of emails regarding proposed Plan of Arrangement; review updated Plan of Arrangement and draft affidavit; conference call with M. Abramowitz of KRMC and P. Cho to discuss, subsequent discussion with A. Dhanani on same; email to F. Sulley of Torkin Manes LLP; review email exchange with M. Robinson and discussion with A. Dhanani on same; discussion with F. Sulley; review revised documents and discussion with M. Abramowitz and P. Cho on same; review further updated documents and discussion with P. Cho on same.
2/2/2016	Arif Dhanani	Review of emails from M. Robinson, P. Cho and M. Abramowitz in connection with Affidavit of A. Shechtman and Plan; discussion with D. Weisz regarding scenarios for Plan; draft spreadsheet, including formulas and send to KRMC; telephone call with P. Cho, revise spreadsheet and send to KRMC; telephone call with M. Robinson.
2/3/2016	Daniel Weisz	Review summary of activities and email to M. Robinson; review and update affidavit of fees; review and update Report to Court and circulate draft of the Report.
2/3/2016	Arif Dhanani	Drafting Monitor's Tenth Report and send to D. Weisz for comments.
2/4/2016	Daniel Weisz	Review emails from M. Robinson and F. Sulley regarding draft Report of the Monitor; discussion with F. Sulley on draft Report; review KRMC comments on draft Report; discussion with M. Robinson on his comments regarding draft Report; discussion with F. Sulley regarding Order being sought; review bills of costs of Torkin Manes; finalize report and attend at Torkin Manes regarding same.
2/4/2016	Arif Dhanani	Assisting with finalization of Monitor's Tenth Report; telephone call with

Date	Professional	Description
		M. Robinson and discussion with D. Weisz; making amendments to report based on feedback from KRMC and Torkin Manes.
2/5/2016	Daniel Weisz	Review draft Court Order being sought on February 9 th and discussion with P. Cho on same; discussion with J. Berger regarding drafting Monitor's Report to creditors on Plan.
2/8/2016	Jeffrey Berger	Draft Monitor's Report on Plan of Arrangement.
2/8/2016	Daniel Weisz	Discussion with J. Berger regarding Report to creditors on Plan of Arrangement; discussion with M. Abramowitz on Court attendance on February 9, 2016.
2/9/2016	Jeffrey Berger	Drafting Monitor's Report on Plan of Arrangement and discussion with A. Dhanani regarding same.
2/9/2016	Daniel Weisz	Prepare for and attend in Court regarding Company's application for Order approving Plan for filing and Monitor's activities.
2/9/2016	Arif Dhanani	Email to M. Robinson with Torkin Manes' outstanding invoices; meeting with J. Berger regarding Monitor's Report on Plan.
2/10/2016	Jeffrey Berger	Drafting Monitor's Report on Plan of Arrangement.
2/10/2016	Arif Dhanani	Facilitate posting of February 9, 2016 Orders and Endorsements on Monitor's website.
2/10/2016	Daniel Weisz	Discussion with J. Berger on Report on Plan.
2/12/2016	Arif Dhanani	Review of Monitor's initial draft Report on Plan.
2/17/2016	Arif Dhanani	Drafting Monitor's Report on Plan, including review of Claims Procedure, proven claims and Court Orders.
2/18/2016	Arif Dhanani	Finalize draft Report on Plan and send to D. Weisz for comments.
2/19/2016	Daniel Weisz	Review and update Report on Plan.
2/22/2016	Arif Dhanani	Review of changes proposed by D. Weisz to Monitor's Report on Plan and incorporate same; discussion with D. Weisz and amend calculations of distribution to creditors if creditors voted in favour or against Plan.
2/22/2016	Daniel Weisz	Discussion with A. Dhanani on Report on Plan.
2/23/2016	Daniel Weisz	Review revised Report and discussion with A. Dhanani on same.
2/23/2016	Arif Dhanani	Review draft of Monitor's Report on Plan, make further changes and send to D. Weisz for final comments; meet with D. Weisz; telephone call with P. Cho.
2/24/2016	Daniel Weisz	Discussions with M. Robinson, M. Abramowitz and A. Dhanani regarding comments on draft Report on Plan; exchange emails with J. Grauman; review KRMC comments on draft Report of the Monitor; review draft letter by the Company to creditors and provide comments; review updated Report and discussion with A. Dhanani on same.
2/24/2016	Arif Dhanani	Recalculating final dividend to creditors; meetings with D. Weisz regarding dividend calculations and Monitor's Report; incorporating changes provided by, among others, KRMC into Report.
2/25/2016	Arif Dhanani	Discussions with D. Weisz regarding Monitor's Report on Plan and further revisions thereto; discussion with D. Nishimura regarding mailing Report and provide D. Nishimura with listing of Proven Creditors; review of Martin Ross letter and comments thereon.
2/25/2016	Daniel Weisz	Review updated draft Company letter and provide comments to P. Cho;

Date	Professional	Description
		discussion with F. Sulley regarding draft Report of the Monitor; review updated Report and discussion with A. Dhanani on same.
2/26/2016	Donna Nishimura	Prepare and send out Monitor's Report on Plan and schedules to Proven Creditors.
2/26/2016	Arif Dhanani	Review email from P. Cho regarding Martin Ross letter to creditors; telephone call with D. Weisz regarding same.
2/29/2016	Daniel Weisz	Discussion with M. Abramowitz on correspondence to creditors; discussion with J. Berger regarding tracking voting letters and proxies; discussion with A. Dhanani on letter to creditors.
2/29/2016	Arif Dhanani	Facilitate posting to the Monitor's website of the Monitor's Report on Plan and Martin Ross letter to creditors on Plan of Arrangement; draft Monitor's letter to creditors and send to D. Weisz for comments.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CIRP, LIT	Senior Vice President	23.20	\$ 495	11,484.00
Arif N. Dhanani, CPA, CA, CIRP, LIT	Vice President*	26.00	\$ 375	9,750.00
Jeffrey K. Berger, CPA, CA	Senior Analyst	6.90	\$ 195	1,345.50
Donna Nishimura	Estate Administrator	1.50	\$ 110	165.00
Total hours and professional fees		57.60		\$ 22,744.50
Disbursements				
Photocopies re Monitor's report & schedules	\$ 496.46			
Postage re Monitor's report & schedules	193.05			
Total disbursements				689.51
Total professional fees and disbursements				\$ 23,434.01
HST @ 13%				3,046.42
Total payable				\$ 26,480.43

PAYMENT BY VISA ACCEPTED

VISA NUMBER _____ Expiry Date _____
 Name on Card _____ Amount _____

WIRE PAYMENT DETAILS

For CA\$ Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

PLEASE RETURN ONE COPY WITH REMITTANCE

Terms: Payment upon receipt. Interest will be charged at the rate of 12% per annum (1% per month) on overdue accounts.
 The Collins Barrow trademarks are used under license.

To Martin Ross Group Inc. (via email)

 T. 416.480.0160
 F. 416.480.2646

www.collinsbarrow.com
Date April 8, 2016

Client File 112096

Invoice 17

No. C000245

GST/HST: 80784 1440 RT 0001

For professional services rendered with respect to the appointment of Collins Barrow Toronto Limited as Court-appointed Monitor pursuant to the Companies' Creditors Arrangement Act ("**CCAA**") proceeding of Martin Ross Group Inc. ("**Martin Ross**" or the "**Company**") for the period March 1, 2016 to March 31, 2016.

Date	Professional	Description
3/1/2016	Donna Nishimura	Prepare mailing and send out Monitor's letter to creditors.
3/1/2016	Daniel Weisz	Review and update letter to creditors; review email from P. Cho of Kronis, Rotsztain, Margles, Cappel LLP ("KRMC").
3/1/2016	Arif Dhanani	Finalize letter to creditors from the Monitor; facilitate website posting of updated Martin Ross letter to creditors dated February 29, 2016 to replace letter dated February 26, 2016; discussion with D. Weisz and facilitate posting of Monitor's letter to creditors on Monitor's website.
3/2/2016	Daniel Weisz	Email to the Company enclosing March 1 letter.
3/3/2016	Daniel Weisz	Review email from O. Nesci from Purolator and reply to same.
3/7/2016	Daniel Weisz	Discussion with J. Berger regarding voting letter received; exchange emails with M. Abramowitz of KRMC regarding voting letters received to date; discussion with Caroline of Star Rays regarding documentation she received from the Monitor; review correspondence regarding Sunshine Diamonds.
3/8/2016	Jeffrey Berger	Processing of received voting letters and proxies.
3/9/2016	Daniel Weisz	Review schedule summarizing voting letters received and discussion with J. Berger on same.
3/9/2016	Jeffrey Berger	Processing of received voting letters and proxies; updating proxy/vote tracking schedule.
3/10/2016	Daniel Weisz	Review and update summary of activities; review schedule regarding status of voting letters received.
3/11/2016	Daniel Weisz	Discussion with M. Robinson on status; review voting letter received.
3/14/2016	Arif Dhanani	Review email chain between M. Robinson and D. Weisz and discussion with J. Berger regarding spreadsheet tracking votes on Plan.
3/14/2016	Daniel Weisz	Review files regarding Company request and provide information requested; review schedule regarding voting letters filed with respect to plan of arrangement, review and update schedule and forward same to M. Robinson.
3/14/2016	Jeffrey Berger	Updating vote and proxy tracking schedule.

Date	Professional	Description
3/15/2016	Jeffrey Berger	Revision of the vote/proxy tracking sheet; updates to the vote/proxy tracking worksheet.
3/15/2016	Daniel Weisz	Discussion with M. Robinson on next week's meeting of creditors and status of voting letters and proxies received, discussion with A. Dhanani on same; review email regarding Corona request for Certificate.
3/15/2016	Arif Dhanani	Review of email from M. Robinson regarding votes on Plan; review proofs of claim received from counsel to S. Aryharan and email to D. Weisz and J. Berger in this regard; review proofs of claim to verify email addresses of significant creditors provided by M. Robinson; draft email to significant creditors and send to same.
3/16/2016	Daniel Weisz	Review emails; review schedule summarizing voting letters received.
3/18/2016	Arif Dhanani	Discussion with C. Baeta regarding Martin Ross proven creditors and inputting names and addresses of same into Ascend.
3/18/2016	Daniel Weisz	Discussions with E. Turk of Roy Turk regarding documents she received and the Plan documents; discussion with E. Turk following review of voting letter; discussion with P. Cho regarding Corona request for Certificate.
3/21/2016	Daniel Weisz	Review M. Robinson email and discussion with A. Dhanani on same; discussion with M. Robinson on projected cash on hand, status of S. Vinod Kumar and exchange emails regarding same; discussion with M. Abramowitz of KRMC on creditors meeting on Wednesday.
3/21/2016	Arif Dhanani	Review tracking spreadsheet on votes received on Plan; email to M. Robinson regarding contacting creditor.
3/22/2016	Jeffrey Berger	Preparing documents for the March 23, 2016 meeting of creditors.
3/22/2016	Daniel Weisz	Discussion with A. Dhanani regarding meeting of creditors tomorrow, review emails regarding same, exchange emails with M. Abramowitz regarding same.
3/22/2016	Arif Dhanani	Telephone calls with S. Vinod Kumar regarding Trustee's correspondence, voting letter and proxy, and dividend upon Plan acceptance; review of S. Vinod Kumar voting letter and forward same to Martin Ross and its counsel; preparation for meeting of creditors, including review of proofs of claim and voting letters, print additional copies of Plan, Monitor's report, draft template for minutes of creditors meeting and agenda.
3/23/2016	Cindy Baeta	Updating creditors list.
3/23/2016	Arif Dhanani	Meet with D. Weisz in advance of meeting, finalize meeting materials, attend creditors meeting with D. Weisz; meeting with KRMC and Martin Ross representatives to discuss go forward steps, including seeking a Sanction Order.
3/23/2016	Daniel Weisz	Prepare for and chair meeting of creditors to consider the Plan; discussion with F. Sulley of Torkin Manes LLP regarding same.
3/24/2016	Daniel Weisz	Review and update minutes of creditors meeting.
3/24/2016	Arif Dhanani	Finalize draft of minutes of creditors' meeting and provide to D. Weisz for comment; respond to emails from various proven creditors regarding meeting, review amendments to minutes of creditors' meeting suggested by D. Weisz, accept same and execute as Secretary of meeting.
3/29/2016	Daniel Weisz	Review updated minutes of meeting and discussion with A. Dhanani on same; sign minutes.

Date	Professional	Description
3/29/2016	Arif Dhanani	Emails to/from J. Berger regarding Monitor's next report.
3/31/2016	Arif Dhanani	Discussion with J. Berger regarding draft of next Monitor's report; provide instructions to J. Berger.
3/31/2016	Jeffrey Berger	Discussion with A. Dhanani regarding draft of Monitor's report.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CIRP, LIT	Senior Vice President	7.50	\$ 495	3,712.50
Arif N. Dhanani, CPA, CA, CIRP, LIT	Vice President	10.40	\$ 375	3,900.00
Jeffrey K. Berger, CPA, CA	Senior Analyst	5.10	\$ 195	994.50
Cindy Baeta	Estate Administrator	1.50	\$ 110	165.00
Donna Nishimura	Estate Administrator	0.50	\$ 110	55.00
Total hours and professional fees		25.00		\$ 8,827.00
Disbursements				
Photocopies re Monitor's letter to creditors			\$ 67.70	
Postage re Monitor's letter to creditors			112.21	
Total disbursements				179.91
Total professional fees and disbursements				\$ 9,006.91
HST @ 13%				1,170.90
Total payable				\$ 10,177.81

PAYMENT BY VISA ACCEPTED

VISA NUMBER _____ Expiry Date _____
 Name on Card _____ Amount _____

WIRE PAYMENT DETAILS

For CA\$ Payments: For credit to the account of Collins Barrow Toronto Limited, Account No. 65-84918, Canadian Imperial Bank of Commerce
 Branch No. 00002, Commerce Court Banking Centre, Toronto, ON M5L 1G9

PLEASE RETURN ONE COPY WITH REMITTANCE

Terms: Payment upon receipt. Interest will be charged at the rate of 12% per annum (1% per month) on overdue accounts.
 The Collins Barrow trademarks are used under license.

This is Exhibit "B" to the Affidavit of
Daniel Weisz, sworn on April 11, 2016



A Commissioner for the taking of affidavits, etc.

EXHIBIT "B"

Calculation of Average Hourly Billing Rates of Collins Barrow Toronto Limited for the Appointment Period

Invoice No.	Billing Period	Total Fees	Total Disbursements	HST	Hours	Average Hourly Rate	Total
16	February 1, 2016 to February 29, 2016	\$22,744.50	\$689.51	\$3,046.42	57.6	\$394.87	\$26,480.43
17	March 1, 2016 to March 31, 2016	8,827.00	179.91	1,170.90	25.0	353.08	10,177.81
	Total	\$31,571.50	\$869.42	\$4,217.32	82.60	\$382.22	\$36,658.24

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF DANIEL WEISZ
DATED APRIL 11, 2016

TORKIN MANES LLP

Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

S. Fay Sulley (24257D)
fsulley@torkinmanes.com
Tel: 416-777-5419
Fax: 1-888-587-5769

Tel: 416-863-1188
Fax: 416-863-0305

Lawyers for the Monitor
Collins Barrow Toronto Limited

APPENDIX I

**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 MARTIN ROSS GROUP INC.

AFFIDAVIT OF HUNTER FORMAN

I, HUNTER FORMAN, of the City of Toronto, in the Province of Ontario **MAKE
OATH AND SAY AS FOLLOWS:**

1. I am an Associate with the law firm of **TORKIN MANES LLP** ("**Torkin Manes**"), which has been engaged as independent counsel to Collins Barrow Toronto Limited, ("**Collins Barrow**"), in its capacity as Monitor, over all of the assets, undertakings and properties of Martin Ross Group Inc. ("**Martin Ross**") in this proceeding and as such have knowledge of the matters to which I hereinafter depose either through my own knowledge or by informing myself with respect thereto in which case I have indicated the source of my information and belief.

2. Attached hereto as **Exhibit "A"** is a true copy of the account issued by Torkin Manes to Collins Barrow, in its capacity as Monitor in this proceeding, which includes detailed descriptions for the work performed for the period from February 9, 2016 to and including April 11, 2016. The total fees charged by Torkin Manes to Collins Barrow

during this period were \$3,470.00 plus HST of \$451.10, plus disbursements of \$136.70 plus HST of \$17.77, for a total amount of **\$4,075.57**.

3. I confirm that the account described above accurately reflect the services provided by Torkin Manes in this matter and the fees and disbursements claimed by it during the period described above.

4. Additionally, attached hereto as **Exhibit "B"** is a summary of additional information with respect to the aforesaid account indicating all members of Torkin Manes who worked on this matter during the period described above, their year of call to the bar, total time charges and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

SWORN before me at the City of
Toronto, in the Province of Ontario,
this 11 day of April, 2016.



A Commissioner for taking affidavits.



HUNTER FORMAN

This is Exhibit "A" to the Affidavit of
HUNTER FORMAN
sworn on April 11 , 2016

A handwritten signature in black ink, appearing to be "J. H. ...", written over a horizontal line.

A Commissioner for the taking of affidavits,
etc.

Torkin Manes LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

Tel: 416 863 1188
Fax: 416 863 0305
torkinmanes.com



April 11, 2016

Invoice No.: 273551

Attention: Bryan Tannenbaum
Collins Barrow Toronto Limited
11 King St. W., Suite 700
Box 27
Toronto, ON M5H 4C7

ACCOUNT FOR PROFESSIONAL SERVICES RENDERED

RE: Martin Ross Group Inc.
File No.: 34487.0001

TO PROFESSIONAL SERVICES RENDERED HEREIN AS FOLLOWS:

Feb 09 16	JH	Attended at motion for approval for filing of a plan of compromise or arrangement	1.10
Feb 24 16	SFS	Telephone discussion with client; review of draft monitor report; further telephone discussion with client	1.50
Feb 25 16	SFS	Review of revised report to creditors and draft letter to creditors	0.50
Feb 29 16	SFS	Telephone discussion with Danny Weisz	0.20
Mar 21 16	SFS	Telephone discussion with Danny Weiss	0.50
Apr 07 16	SFS	Review of motion materials	0.50
Apr 08 16	SFS	Review of Monitor's report; review of Receiver's report;	1.50
Apr 11 16	SFS	Telephone discussion with D. Weisz; preparation of materials for filing	0.50

Page 2
April 11, 2016
Our File No.: 34487.0001
Invoice # 273551



Total Hours: 6.30

OUR FEE: \$3,470.00
HST: \$451.10
SUB-TOTAL: \$3,921.10

LAWYERS' SUMMARY: FEES SUBJECT TO HST:

<u>LAWYERS AND LEGAL ASSISTANTS INVOLVED</u>	<u>HOURLY RATE</u>	<u>HOURS WORKED</u>
Jenna Himelfarb	200.00	1.10
Fay Sulley	625.00	5.20
TOTAL HOURS		6.30

DISBURSEMENTS

TAXABLE DISBURSEMENTS:
Reproduction of documents
Laser copies
Process Server

26.70
50.00
60.00

136.70

Total Disbursements \$136.70
HST on Disbursements \$17.77

TOTAL DISBURSEMENTS AND HST: \$154.47

TOTAL FEE, DISBURSEMENTS & HST \$4,075.57

Page 3
April 11, 2016
Our File No.: 34487.0001
Invoice # 273551

Torkin|Manes
Barristers & Solicitors

BALANCE DUE AND OWING BY YOU

\$4,075.57

TORKIN MANES LLP

Per:



Fay Sulley

E. & O. E.

HST REGISTRATION NUMBER: R117245456

Payment is due upon receipt.
Interest will be charged pursuant to the Solicitors Act at the
rate of 1.0 percent per year.

This is Exhibit "B" to the Affidavit of
HUNTER FORMAN
sworn on April 11 , 2016

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a cursive representation of a name.

A Commissioner for the taking of affidavits,
etc.

Summary of Lawyers

Lawyer	Year of Call	Hours Billed	Hourly Rate	Total Billed
S. Fay Sulley	1984	5.20	\$625.00	\$3,250.00
Jenna Himelfarb	Articling Student	1.10	\$200.00	\$220.00
TOTAL				\$3,470.00

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

AND

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF MARTIN ROSS GROUP INC.**

Court File Number CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF HUNTER FORMAN
DATED APRIL 11, 2016**

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

S. Fay Sulley (24257D)
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Lawyers for the Monitor, Collins Barrow Toronto Limited

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

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Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

ELEVENTH REPORT OF THE MONITOR
COLLINS BARROW TORONTO LIMITED
APRIL 11, 2016

COLLINS BARROW TORONTO LIMITED
11 King St. W., Suite 700
Box 27
Toronto, ON M5H 4C7