

**LE CHÂTEAU INC.
CHÂTEAU STORES INC.**

as Vendors

and

Suzy's Inc.

as Purchaser

ASSET PURCHASE AGREEMENT

Dated June 18, 2021

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ASSET PURCHASE AGREEMENT

Asset Purchase Agreement dated June 18, 2021, among Le Château Inc. and Château Stores Inc. (collectively, "**Vendors**") and Suzy's Inc. ("**Purchaser**").

RECITALS:

- (a) Vendors commenced proceedings (the "**CCAA Proceedings**") in the Superior Court of Québec (Commercial Division) (the "**CCAA Court**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and the CCAA Court granted, among others, (i) a first-day initial order on October 23, 2020, (ii) an amended and restated initial order on November 2, 2020 (which was rectified on December 30, 2020), (iii) a liquidation order on November 2, 2020, (iv) an order extending the stay period and relieving Le Château Inc. from all continuous disclosure, reporting and filing obligations on January 15, 2021, (v) an order increasing the director's charge and approving the retention of a sale advisor for the sale of intellectual property and related assets on February 16, 2021 and (vi) an order extending the stay period and amending the liquidation order and sales guidelines on March 30, 2021 (collectively, the "**CCAA Orders**").
- (b) Following the CCAA Orders and subject to the granting of the CCAA Vesting Order (as defined herein), Vendors have agreed to sell, transfer and assign to Purchaser, all of the right, title and interest of Vendors to the Purchased Assets and the Assumed Liabilities, and Purchaser has agreed to purchase the Purchased Assets and assume the Assumed Liabilities from Vendors.
- (c) This Agreement sets forth the terms and conditions upon which Purchaser will purchase and assume, and Vendors will sell, transfer and assign to Purchaser, the Purchased Assets and the Assumed Liabilities.

IN CONSIDERATION OF THE ABOVE AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

- (a) "**Affiliate**" has the meaning given to such term in *National Instrument 45-106 – Prospectus Exemptions*, as in force on the date hereof.
- (b) "**Agreement**" means this Asset Purchase Agreement as it may from time to time be amended, restated, replaced, supplemented or novated.
- (c) "**Authorization**" means, with respect to any Person, any order, decree, permit, certificate, registration, license, Consent, agreement or similar authorization of any Governmental Entity having jurisdiction over the Person.

- (d) **"Books and Records"** means all files, documents, instruments, papers and books, , advertising or promotional material and the like records of Vendors relating to the Intellectual Property and the Assumed Liabilities that are in the possession or control of Vendors, including records to demonstrate the legal basis for sending electronic marketing messages, as set out in Schedule A, and excluding any Corporate Records, Tax Returns as well as files, documents, instruments, papers and books and other records that are, or solely relate to, Excluded Assets.
- (e) **"Business Day"** means any day of the year, other than a Saturday, Sunday or any day on which banks are closed for business in Montréal, Quebec, Canada or Toronto, Ontario, Canada.
- (f) **"Canada's Anti-Spam Legislation"** means An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commissions Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act, S.C. 2010, c. 23.
- (g) **"CCAA Vesting Order"** means a final approval and vesting order by the CCAA Court of the purchase and sale transactions contemplated by this Agreement and the vesting in and to Purchaser of the Purchased Assets, free and clear of and from any and all Liens (other than Permitted Liens).
- (h) **"Closing"** means the completion of the purchase and sale transactions contemplated by this Agreement.
- (i) **"Consent"** means any approval, consent or waiver.
- (j) **"Contract"** means any agreement, contract or instrument.
- (k) **"Corporate Records"** means the corporate records of each Vendor including (i) all constating documents and by-laws; (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees); (iii) the share certificate book, securities register, register of transfers and register of directors; and (iv) any corporate seal.
- (l) **"Data Room Information"** means all information made available (by Vendors, the Monitor, the financial advisor or otherwise) for Purchaser's review in electronic form in relation to Vendors and/or the Purchased Assets.
- (m) **"ETA"** means the *Excise Tax Act*, R.S.C., 1985, c. E-15.
- (n) **"FF&E"** means hangers, mannequins, and branded packaging, shipping and labelling materials (including e-commerce bags, tissue, stickers, other decal and products used for packaging and shipping products) located at the warehouse situated at 5695 Rue Ferrier, Mont-Royal, Province of Quebec as well as the furnishings, trade fixtures, equipment, machinery, office supplies, conveyer systems, racking, rolling stock and other personal property owned by the Vendors that are located in the following stores in the Province of Ontario: (i) store #21 located in the Erin Mills Town Centre, (ii) store #29 located in the Cataraqui Town Centre, (iii) store #30 located in the Stone Road Mall, (iv) store #46 located in Mississauga Square One, (v) store #63 located in the Oshawa Shopping Centre,

(vi) store #79 located in the White Oaks Mall, (vii) store #122 located in the Devonshire Mall, (viii) store #132 located in Eastgate Square, (ix) store #139 located in The Promenade, (x) store #198 located in the Maplevue Centre, (xi) store #204 located in Mississauga Square One (Men's), (xii) store #211 located in the Georgetown Marketplace, (xiii) store #216 located in the Milton Mall, (xiv) store #237 located in the Cambridge Centre, (xv) store #242 located in the Conestoga Mall and (xvi) store #263 located in the Vaughan Mills Shopping Centre. For greater certainty, the FF&E shall not include any portion of the stores' HVAC, sprinkler, fire suppression or fire alarm systems.

- (o) **"Governmental Entity"** means (i) any governmental or public department, central bank, court, commission, board, bureau, agency, commissioner, minister, governor-in-council, cabinet, tribunal or instrumentality whether international, multinational, national, federal, provincial, state, municipal, local or other; (ii) any subdivision or authority of any of the foregoing; and (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.
- (p) **"GST"** means the federal goods and services tax and harmonized sales tax imposed under Part IX of the ETA.
- (q) **"Intellectual Property"** means any and all intellectual property rights or industrial property rights existing anywhere in the world owned or licensed by any Vendor, including: (i) patents and patent applications (including for utility and design patents), and statutory invention registrations, including divisionals, re-issues, re-examinations, continuations, continuations-in-part, revisions, supplementary protection certificates, renewals, extensions and substitutes thereof, and inventions, including the right to file applications and priority rights associated therewith; (ii) any Trademarks; (iii) any copyright and any other copyrightable subject matter, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof, (iv) product designs and industrial designs, including registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof, (v) database rights and rights in data and collections of data, (vi) internet domain names, URLs, intellectual property rights in email addresses and social media handles, accounts and other identifiers, (vii) rights of publicity and privacy, moral rights and rights of attribution and integrity, (viii) any confidential or proprietary information which is not publicly known and has commercial value because it is secret, and any other trade secrets or confidential or proprietary information under applicable Law, including discoveries, models, methodologies, concepts, ideas, research and development, algorithms, know-how, formulae, inventions (whether or not patentable), processes, techniques, technical data, designs, drawings, specifications, databases, and customer lists and (ix) all rights in the foregoing and in other similar intangible assets, including all common law rights therein and all applications and registrations for the foregoing; which include those intellectual property rights and industrial rights described in Exhibit "A", and which for greater certainty, include the right to (x) receive all income, royalties, damages and payments due or payable relating to the Intellectual Property; (xi) register, prosecute, maintain and defend the Intellectual Property before any public or private agency, registrar or court; (xii) assign, transfer, sell, license or otherwise exploit, or dispose of all or any part of the Intellectual Property; (xiii) pursue past, present and future causes of action and enforcement rights, including all rights to sue and recover damages and claim equitable relief or other compensation as is appropriate for past, present and future infringements, violations, misappropriations or adverse use of the Intellectual Property; and (xiv) fully and entirely stand in the place of the Vendors in all matters related thereto.

- (r) **"Interim Period"** means the period between the close of business on the date of this Agreement and Closing.
- (s) **"Laws"** means all (i) constitutions, treaties, laws, statutes, codes, ordinances, principles of common law, orders, notices, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international; (ii) all judgments, orders, writs, injunctions, decisions, sanctions and awards of any Governmental Entity; and (iii) all policies, protocols and guidelines of any Governmental Entity to the extent they have the force of law.
- (t) **"Lien"** means any hypothec, mortgage, charge, pledge, prior claim, security interest, assignment, lien (statutory or otherwise), Bank Act security, deemed or statutory trust, servitude, restrictive covenant, easement, conditional sale, resolutive condition, title retention agreement or other encumbrance, arrangement or condition of any nature which, in substance, secures payment or performance of an obligation, including any charges granted by the CCAA Court.
- (u) **"Liquidation Period"** means the period between the date of this Agreement and June 30, 2021 or such other later date as agreed to between the Vendors and the Purchaser, in consultation with the Monitor, which shall not be later than July 31, 2021.
- (v) **"Losses and Liabilities"** means any and all assessments, charges, costs, damages, debts, expenses, fines, liabilities, losses, obligations and penalties, whether accrued or fixed, absolute or contingent, or determined or determinable, including those arising under any applicable Law, any claim by any Governmental Entity and those arising under any contract, agreement, arrangement, commitment or undertaking and costs and expenses of any legal proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis).
- (w) **"Merchandise"** means all merchandise goods owned by the Vendors that are in the following stores: (i) store #15 located in the Lynden Park Mall, (ii) store #21 located in Erin Mills, (iii) store #28 located in the Sherway Gardens, (iv) store #29 located in Cataraqui, (v) store #30 located in the Stone Road Mall, (vi) store #35 located in Eaton Centre, (vii) store #38 located in Lime Ridge, (viii) store #46 located in Square One, (ix) store #58 located in St-Laurent, (x) store #63 located in Oshawa, (xi) store #78 located in Fairview Ont., (xii) store #79 located White Oaks, (xiii) store #92 located in Pen Centre, (xiv) store #102 located in Belleville, (xv) store #107 located in Lansdowne Place, (xvi) store #110 located in Sudbury, (xvii) store #116 located in Bramalea, (xviii) store #118 located in Pickering Centre, (xix) store #121 located in Georgian Mall (xx) store #122 located in Devonshire Mall, (xxi) store #127 located in Fairview Kitchener, (xxii) store #132 located in Eastgate Square, (xxiii) store #139 located in The Promenade, (xxiv) store #145 located in Bayshore, (xxv) store #147 located in Thunder Bay, (xxvi) store #183 located in Timmins Square, (xxvii) store #189 located in Place d'Orleans, (xxviii) store #196 located in Sault-Ste-Marie, (xxix) store #198 located in Maplevue Centre, (xxx) store #204 located in Square One Men's, (xxxi) store #211 located in Georgetown Marketplace, (xxxii) store #216 located in Milton Mall, (xxxiii) store #237 located in Cambridge, (xxxiv) store #242 located in Conestoga Mall, (xxxv) store #248 located in Northgate Square, (xxxvi) store #263 located in Vaughan Mills, and (xxxvii) store #276 located in Dundas.

- (x) **"Monitor"** means PricewaterhouseCoopers Inc., in its capacity as the CCAA Court-appointed monitor of the Vendors in the CCAA Proceedings and not in its personal or corporate capacity.
- (y) **"Outside Date"** means thirty (30) days after the date of the CCAA Vesting Order.
- (z) **"Party"** means any one of Purchaser, Vendors and, subject to Section 14.12, their respective successors and permitted assigns.
- (aa) **"Permitted Liens"** means (i) Liens for Taxes which are not yet due or delinquent; (ii) easements, rights-of-way, servitudes, restrictions and similar rights or interests therein granted or reserved to other Persons; (iii) Liens given to a public utility or any Governmental Entity; and (iv) Liens permitted by an order of the CCAA Court, including the CCAA Vesting Order.
- (bb) **"Person"** means an individual, partnership, corporation, company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns are to have a similarly extended meaning.
- (cc) **"Personal Information"** means any information about an identifiable individual, but does not include any information to which applicable privacy laws do not apply.
- (dd) **"QST"** means the Québec sales tax imposed under Title I of the QSTA.
- (ee) **"QSTA"** means the *Act respecting the Quebec sales tax*, R.S.Q, c T-0.1.
- (ff) **"Signages"** means the following number of signages at the following stores: (i) two (2) signages located at 28 Sherway, (ii) one (1) signage located at 58 St-Laurent, (iii) two (2) signages located at 79 White Oaks, (iv) two (2) signages located at 139 The Promenade, (v) two (2) signages located at 145 Bayshore and (vi) one (1) signage located at 263 Vaughan Mills.
- (gg) **"Tax Act"** means the *Income Tax Act*, R.S.C. 1985 (5th Supp.) c. 1.
- (hh) **"Tax Returns"** means any and all returns, reports, declarations and elections filed or required to be filed in respect of Taxes.
- (ii) **"Taxes"** means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity; and (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii).
- (jj) **"Trademarks"** means any registered or unregistered trademarks, trade names, business names, corporate names, brand names, brands, designs, trade dress, logos, slogans, identifying indicia, service marks, certification marks, collective marks, d/b/a's, symbols, and other indicia of origin, including registrations and applications for registration thereof, and all goodwill associated therewith and symbolized thereby, including all renewals of the same.

1.2 Other Defined Terms

In addition to the defined terms in Section 1.1, each of the following capitalized terms has the meaning ascribed thereto in the corresponding Section:

<u>Terms</u>	<u>Sections</u>
Assumed Liabilities	3.1
CCAA	Recitals
CCAA Orders	Recitals
CCAA Court.....	Recitals
CCAA Proceedings	Recitals
Closing Date.....	10.1
Deposit	4.2(1)
Excluded Assets	2.2
Excluded Liabilities	3.2
Notice	14.3
Purchased Assets	2.1
Purchase Price	4.1
Purchaser	Preamble
Purchaser's Closing Certificate	9.2.2(3)
Transfer Taxes	4.4(1)
Vendors	Preamble
Vendors' Closing Certificate	9.1.2(3)

1.3 Gender and Number

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and *vice versa*.

1.4 Headings, etc.

The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Agreement. The recitals to this Agreement are an integral part of this Agreement.

1.5 Currency

All references in this Agreement to "dollars" or to "\$" are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Certain Phrases

In this Agreement (i) the words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation"; and (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". The expression "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Agreement.

1.7 Accounting Terms

Unless otherwise specified, all accounting terms used in this Agreement are to be interpreted in accordance with generally accepted accounting principles in effect in Canada (as recommended in Part II – Accounting Standards for Private Enterprises of the CPA Canada Handbook – Accounting of the Chartered Professional Accountants of Canada).

1.8 Incorporation of Schedules and Exhibits

The following schedules and exhibits attached to this Agreement are an integral part of this Agreement:

<u>Schedules/Exhibits</u>	<u>Title</u>
Exhibit "A"	Intellectual Property
Exhibit "B"	Assumed Liabilities

The Purchaser acknowledges and agrees that the disclosure of the information contained in the schedules and exhibits attached to this Agreement do not constitute or imply, and shall not be construed as: (a) expanding the scope of any of the representations and warranties set out in this Agreement; (b) an admission that any information is material or would have a material adverse effect; and (c) a standard of materiality or material adverse effect or change, or any other standard contrary to any contained in this Agreement. Disclosure of any information that is not strictly required under this Agreement has been made for informational purposes only.

1.9 References to Persons

Any reference in this Agreement to a Person includes its successors and permitted assigns.

1.10 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended, re-enacted or replaced.

1.11 Non-Business Days

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment must be made or such action must be taken on or not later than the next succeeding Business Day.

1.12 Computation of Time Periods

If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted.

1.13 Legal Representation; No Presumption Against Party that Stipulated the Obligation

Each Party acknowledges that such Party has been represented by counsel in connection with the negotiation and execution of this Agreement and related matters, and that the terms of this Agreement and related matters have been negotiated by it. Any rule of law (including Article 1432 of the *Civil Code of Québec*) or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the Party that stipulated the obligation has no application and any such right is expressly waived by the Parties.

1.14 Knowledge

Where any representation or warranty contained in this Agreement or any ancillary agreement or document is qualified by reference to the knowledge of a Vendor, it refers to the actual conscious knowledge (without any inquiry) of Emilia Di Raddo, Johnny Del Ciano, Franco Rocchi and Richard Gill, without personal liability on the part of any of them.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement and the CCAA Vesting Order, at Closing on the Closing Date, each Vendor agrees to sell, assign and transfer to Purchaser and Purchaser agrees to purchase from each Vendor, free and clear of all Liens (other than Permitted Liens), (i) the Vendors' Intellectual Property, including the Intellectual Property described in Exhibit "A", (ii) the Merchandise, the Signages and the FF&E and (iii) the Books and Records (collectively, the "**Purchased Assets**").

2.2 Excluded Assets

The Purchased Assets are limited to the Intellectual Property, the Merchandise, the Signages and the FF&E and the Books and Records of the Vendors and do not include any assets, properties or rights of the Vendors, or that may otherwise be owned, licensed or leased by the Vendors (collectively, the "**Excluded Assets**"). For greater certainty, the Excluded Assets include the Corporate Records.

ARTICLE 3 ASSUMPTION OF LIABILITIES

3.1 Assumption of Liabilities

Subject to the Closing, Purchaser shall assume, discharge, satisfy, perform and fulfill in a timely manner, in accordance with their terms, all of the liabilities and obligations of Vendors listed in Exhibit "B" (collectively, the "**Assumed Liabilities**").

3.2 Excluded Liabilities

Purchaser will not assume or be liable for, and Vendors will retain and remain responsible for any liability or obligation of Vendors, or any of them, or in connection with the Purchased Assets, of any nature whatsoever, whether known or unknown, direct, indirect, absolute,

contingent or otherwise, that are not specifically set out in Exhibit "B" (collectively, the "**Excluded Liabilities**").

ARTICLE 4 PURCHASE PRICE

4.1 Purchase Price

The aggregate purchase price (the "**Purchase Price**"), payable by Purchaser for the Purchased Assets is:

- (a) four million five hundred thousand dollars (\$4,500,000), plus applicable Transfer Taxes for the Intellectual Property of the Vendors;
- (b) seven hundred fifty thousand dollars (\$750,000), plus applicable Transfer Taxes for the Merchandise, the FF&E and the Signages of the Vendors (without any inventory count and without any adjustment); and
- (c) the assumption of the Assumed Liabilities.

4.2 Deposit

- (1) Concurrently with the execution of this Agreement, Purchaser shall pay to the Monitor, in trust, a deposit in cash equal to five hundred twenty-five thousand dollars (\$525,000) (the "**Deposit**") by wire transfer of immediately available funds to an account designated in writing by the Monitor to Purchaser prior to the execution of this Agreement.
- (2) The Deposit will be applied on Closing in satisfaction of an equal amount of the Purchase Price. If the Closing does not occur for any reason other than solely as a result of a failure of Purchaser to satisfy the conditions of Closing in Section 9.2.2 (Truth of Representations and Warranties and Performance of Covenants), Section 9.2.5 (Delivery of Purchase Price) or Section 9.2.6 (Deliveries), the full amount of the Deposit together with all accrued interest accrued thereon, if any, shall be immediately returned by the Monitor to Purchaser. If the Closing does not occur solely as a result of a failure of Purchaser to satisfy the conditions of Closing in Section 9.2.2 (Truth of Representations and Warranties and Performance of Covenants), Section 9.2.5 (Delivery of Purchase Price) or Section 9.2.6 (Deliveries), the full amount of the Deposit, together with all interest accrued thereon, shall become the property of, and be retained by, Vendors.

4.3 Payment of Purchase Price

On the Closing Date, Purchaser shall pay to the Monitor, in trust, the Purchase Price as follows:

- (a) as to the amount of the Deposit, by application of such amount;
- (b) by paying to the Monitor the balance of the Purchase Price by wire transfer of immediately available funds to an account designated in writing by the Monitor to Purchaser prior to the Closing Date; and
- (c) by assuming the Assumed Liabilities.

4.4 Taxes

- (1) Purchaser will be liable for and will pay all sales Taxes (including all federal and provincial sales Taxes, including any GST, QST and retail or provincial sales taxes) and all other similar Taxes, duties, registration fees or other like charges properly payable upon and in connection with the sale, assignment and transfer of the Purchased Assets from Vendors to Purchaser ("**Transfer Taxes**"). Where Vendors are required under applicable Law to collect or remit Transfer Taxes, Purchaser will pay the amount of such Transfer Taxes to the Monitor, in trust.
- (2) Purchaser hereby indemnifies and holds each Vendor and its respective directors, shareholders, officers, agents and employees harmless from and against any and all claims, assessments and demands for payment of Transfer Taxes properly payable in connection with the transfer of the Purchased Assets by Vendors to Purchaser (whether or not an exemption is claimed in respect thereof), including penalties and interest thereon, and any liability or cost incurred in connection therewith. This Section 4.4(2) shall survive the termination of this Agreement.
- (3) Purchaser shall be responsible for preparing and filing any required forms with respect to any Transfer Taxes for which it is responsible under this Section 4.4, whether required to report a Tax due or to claim an exception. If any such form must, under applicable Law, be signed or filed by a Vendor, Purchaser shall prepare such form and provide a completed form to the applicable Vendor for signature at least ten (10) days prior to the required filing date.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF VENDORS

5.1 Representations and Warranties of Vendors

Each Vendor jointly (within the meaning of the *Civil Code of Québec*) represents and warrants to Purchaser as follows, and acknowledges that Purchaser is relying upon such representations and warranties in connection with the purchase by Purchaser of the Purchased Assets and its assumption of the Assumed Liabilities:

5.1.1 Incorporation and Corporate Power

Each Vendor is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power and authority to enter into and perform its obligations under this Agreement.

5.1.2 Corporate Authorization

Subject to the issuance of the CCAA Vesting Order, the execution, delivery and performance by each Vendor of this Agreement and the consummation of the transactions contemplated by it have been duly authorized by all necessary corporation action on the part of each Vendor.

5.1.3 Required Authorizations

Except for the issuance of the CCAA Vesting Order, no filing with, notice to, or Authorization of, or Consent of, any Governmental Entity or other Person is required on the part of any Vendor or any of its Affiliates as a condition to the lawful completion of the transactions contemplated by this Agreement where the failure to make the filing, give the notice or obtain the Authorization or Consent would have a material effect on such Vendor's ability to consummate the transactions contemplated by this Agreement.

5.1.4 Execution and Binding Obligation

This Agreement has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, enforceable against, each Vendor in accordance with its terms subject to (i) any limitation on enforcement under applicable Laws relating to bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; (ii) the discretion that a court may exercise in the granting of extraordinary remedies such as specific performance and injunction and (iii) the issuance of the CCAA Vesting Order.

5.1.5 No Other Agreements to Purchase

Except for Purchaser's rights under this Agreement, no Person has any contractual or other right or privilege for the purchase of any of the Purchased Assets.

5.1.6 Tax Matters

- (1) The Vendors are not non-residents of Canada within the meaning of the Tax Act.
- (2) Le Château Inc. is a registrant on the date hereof within the meaning of Part IX of the ETA and Chapter VIII of Title I of the QSTA and registration numbers are GST # **[Redacted]** and QST # **[Redacted]**.

5.1.7 Customer Data

The Vendors send email marketing messages based on express customer consent, collected in-store and online, as well as on implied consent arising from an "existing business relationship", within the meaning of Canada's Anti-Spam Legislation. The Vendors have retained records in order to demonstrate, as applicable, the existence of such express consent, or of circumstances giving rise to an existing business relationship. The Vendors have also maintained an unsubscribe list, against which its email marketing distribution list is scrubbed before any email marketing messages are sent.

5.1.8 Intellectual Property

- (1) To the knowledge of the Vendors, Exhibit "A" sets forth a list of the Intellectual Property of the Vendors.
- (2) Subject to the issuance of the CCAA Vesting Order, the Vendors will transfer to the Purchaser upon Closing all right, title and interest in and to all Intellectual Property listed in Exhibit "A", free and clear of all Liens (other than Permitted Liens).

- (3) Subject to the issuance of the CCAA Vesting Order, the Vendors have the right to sell or transfer the Intellectual Property.
- (4) To the knowledge of the Vendors, no material payment of any kind (other than renewal fees) is required to be made to any Person for any of the Vendors' ownership or exploitation of any Intellectual Property which if not made would materially adversely affect the ability of the Purchaser to exploit the Intellectual Property in the manner in which it was exploited by the Vendors prior to the Closing. Upon and after Closing, to Vendors' knowledge, no agreement entered into by the Vendors pertaining to the Intellectual Property listed Exhibit "A" could reasonably be expected to have the effect of materially limiting or materially restricting Purchaser or its Affiliates from making, having made, using, supplying, reproducing, selling, displaying, importing or otherwise disposing of any such Intellectual Property in any line of business, market or geographic area in a different manner than it was so made, used, supplied, reproduced, sold, displayed, imported or otherwise disposed of by the Vendors prior to the Closing.
- (5) To the knowledge of the Vendors, all the Trademark registrations identified in Exhibit "A" under the heading "Category One" have been duly filed in the jurisdiction named in each registration and will not expire through the Closing Date.
- (6) To the knowledge of the Vendors, the domain names within the Intellectual Property listed Exhibit "A" have been validly registered with an authorized domain name registrar, are held in the name of the Vendors or one of them, and the registrations therefor are current through the Closing Date.
- (7) Subject to the issuance of the CCAA Vesting Order, there is no material action or material claim or allegation that is pending or, to the knowledge of Vendors, threatened that currently challenges the rights of Vendors in respect of any Intellectual Property listed Exhibit "A" or to the knowledge of the Vendors, the validity, enforceability or effectiveness thereof.
- (8) To the knowledge of the Vendors, the Vendors have not received in the last three calendar years any written claim alleging that the Vendor's business and/or use or exploitation of the Intellectual Property listed Exhibit "A" materially infringes the Intellectual Property rights of any third party which would reasonably be expected to survive the CCAA Vesting Order if issued and to the knowledge of the Vendors, there are no material actions that are pending or, to the knowledge of Vendors, threatened against Vendors with respect thereto which would reasonably be expected to survive the CCAA Vesting Order if issued.
- (9) To the knowledge of Vendors, there is no material unauthorized use, infringement or misappropriation of the Intellectual Property listed Exhibit "A" by any third party and to the knowledge of Vendors, there is no material action that is pending or threatened by Vendors with respect thereto.
- (10) Notwithstanding anything to the contrary, the foregoing representations shall not limit or restrict the transfer to Purchaser pursuant to this Agreement of all right, title and interest in and to the Intellectual Property owned by Vendors throughout the world including any domain names owned by Vendors.

5.1.9 Merchandise, Signages and FF&E

Subject to the issuance of the CCAA Vesting Order, the Vendors will transfer to the Purchaser upon Closing all right, title and interest in and to the Merchandise, the Signages and FF&E, free and clear of all Liens (other than Permitted Liens)..

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF PURCHASER

6.1 Representations and Warranties of Purchaser

Purchaser represents and warrants to Vendors as follows and acknowledges that Vendors are relying on such representations and warranties in connection with the sale by Vendors of the Purchased Assets:

6.1.1 Incorporation and Corporate Power

Purchaser is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power and authority to enter into and perform its obligations under this Agreement.

6.1.2 Corporate Authorization

The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated by it have been duly authorized by all necessary corporation action on the part of Purchaser.

6.1.3 Required Authorizations

Except for the issuance of the CCAA Vesting Order, no filing with, notice to, Authorization of, or Consent of, any Governmental Entity or other Person is required on the part of Purchaser or any of its Affiliates as a condition to the lawful completion of the transactions contemplated by this Agreement where the failure to make the filing, give the notice or obtain the Authorization or Consent would have a material effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

6.1.4 Execution and Binding Obligation

This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding obligation of Purchaser, enforceable against it in accordance with its terms subject to (i) any limitation under applicable Laws relating to bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; (ii) the discretion that a court may exercise in the granting of extraordinary remedies such as specific performance and injunction; (iii) the issuance of the CCAA Vesting Order.

6.1.5 Purchaser's Financing

Purchaser has, and will have at Closing, all funds on hand necessary to pay the cash portion of the Purchase Price.

6.1.6 No Brokers, etc.

No broker, finder, agent or similar intermediary has acted on behalf of Purchaser in connection with this Agreement or the transactions contemplated hereby, and there are no brokerage commissions, finders' fees or similar fees or commissions payable by Purchaser in connection with this Agreement or the transactions contemplated hereby.

6.1.7 Registration

Purchaser is a registrant on the date hereof within the meaning of Part IX of the ETA and Chapter VIII of Title I of the QSTA and its registration numbers are as follows: **[Redacted]**.

ARTICLE 7 AS IS, WHERE IS; SURVIVAL

7.1 No Other Representation and Warranty.

None of the Vendors, the Monitor nor any of their respective representatives makes any representations or warranties except for the representations and warranties of the Vendors (and not of the Vendors' representatives in their personal capacity) as expressly set forth in Article 5, and in particular, and without limiting the generality of the foregoing, Vendors and the Monitor disclaim and neither Vendors, nor the Monitor nor any of their respective representatives shall be liable for any representation or warranty which may have been made or alleged to be made in any instrument or document related hereto, or in any statement or information made or communicated to Purchaser in any manner including any opinion, information, or advice which may have been provided to Purchaser by Vendors, the Monitor or any of their respective representatives in connection with the Purchased Assets or in relation to the transactions contemplated hereby. For greater certainty, except as expressly set forth in Article 5, neither Vendors, nor the Monitor nor any of their respective representatives makes any condition, representation or warranty, express or implied, with respect to:

- (a) the Data Room Information or any other data or information supplied by Vendors or any of their representatives in connection with the Purchased Assets, including by way of management presentations or otherwise;
- (b) the value of any of the Purchased Assets or the future cash flow therefrom; and
- (c) any other matter or thing whatsoever.

Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Civil Code of Québec*, or similar legislation do not apply hereto and have been waived by Purchaser. The description of any of the Purchased Assets contained herein is for purpose of identification only.

7.2 As Is, Where Is

Purchaser acknowledges and confirms that it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets and that it is relying on its own investigations concerning the Purchased Assets and it has not relied on advice from Vendors or the Monitor or any of their respective representatives with respect thereto, including with respect to the matters specifically enumerated in Section 7.1 in connection with the purchase of the Purchased Assets.

Purchaser further acknowledges and agrees that it is acquiring the Purchased Assets at its sole risk, on an "as is, where is" basis as they shall exist at the Closing Date. The representations and warranties set forth in Article 5 are only for disclosure purposes and for the conditions precedent set out in Sections 9.1.2(1) and 9.1.2(3) and the Purchaser acknowledges and confirms that it will have no recourses against the Vendor or the Monitor after Closing.

7.3 Waiver of Remedies

Except for its express rights under this Agreement, Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all contractual, extra-contractual and statutory rights and remedies) against Vendors or the Monitor and their respective representatives in respect of the Purchased Assets or the transactions contemplated hereby or any representations or statements made or information or data furnished to Purchaser or its representatives in connection herewith.

7.4 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall not survive the Closing. Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date shall not be deemed to be merged into or waived by the execution, delivery or performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the Party or Parties obligated thereby (including any trustee-in-bankruptcy appointed in respect of such Party) in accordance with the terms of this Agreement.

ARTICLE 8 COVENANTS OF THE PARTIES

8.1 Court Approvals

Court approvals of the transactions contemplated by this Agreement shall be sought in accordance with the following:

- (a) As soon as practicable after the date hereof, Vendors shall file motion materials seeking the issuance of the CCAA Vesting Order, with such order to be obtained within twenty (20) Business Days thereafter, subject to CCAA Court availability.
- (b) Vendors and Purchaser shall cooperate with filing and prosecuting the motion for issuance and entry of the CCAA Vesting Order, and Vendors shall deliver to Purchaser prior to filing, and as early in advance as is practicable to permit adequate and reasonable time, giving consideration to the timing set forth in this Agreement, including Section 8.1(a), for Purchaser and its counsel to review and comment, copies of all of Vendors' proposed pleadings, motions, responses to objections, notices, statements, schedules, applications, reports and other material papers to be filed by Vendors in connection with such motions and proposed orders and relief requested therein and any challenges thereto.
- (c) If the CCAA Vesting Order or any other order relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for rehearing, re

argument or stay shall be filed with respect thereto), Vendors shall take all commercially reasonable steps, and use their reasonable best efforts to defend against such appeal, petition or motion, and Purchaser agrees to cooperate in such efforts. Each of the Parties hereby agrees to use its reasonable best efforts to obtain an expedited resolution of such appeal.

- (d) Prior to Closing, Vendors shall, from time to time, at the request and at the sole cost and expense of Purchaser, request such further order or orders from the CCAA Court as Purchaser may, acting reasonably, reasonably request as necessary to give effect to this Agreement and the transactions contemplated hereby. The terms of any such requested orders shall be satisfactory to Vendors and Purchaser, each acting reasonably. Upon any such request, each of Vendors and Purchaser, acting reasonably, shall cooperate with each other, as necessary or as may be reasonably requested, in order to obtain such further order or orders.

8.2 Satisfaction of Conditions

Each Vendor will use its commercially reasonable efforts to ensure the satisfaction of all of the conditions set forth in Section 9.1 and Purchaser will use its commercially reasonable efforts to ensure the satisfaction of all of the conditions set forth in Section 9.2.

8.3 Books and Records

For a period of seven years from the Closing Date or for such longer period as may be required by Law, Purchaser will retain all original Books and Records that are transferred to Purchaser under this Agreement. So long as any such Books and Records are retained by Purchaser pursuant to this Agreement, upon reasonable notice and for any proper purpose, Vendors and their respective assigns and representatives and the Monitor shall have the right to access, inspect and make copies (at their own expense) of such Books and Records during normal business hours and without undue interference to the conduct of the Purchaser's business. Purchaser has the right to have its representatives present during any such inspection.

8.4 Marketing to Customers

Vendors acknowledge that it currently conducts daily marketing campaigns. During the Liquidation Period, Vendors shall conduct marketing campaigns no more than three (3) times in any given calendar week, with any additional marketing campaigns requiring the prior consent of Purchaser, which may be withheld in its sole discretion. Vendors shall consult with Purchaser on proposed marketing campaigns.

8.5 Taking Possession of Merchandise, the Signages and FF&E

The Purchaser covenants to take possession of all (and not part) of the Merchandise, the Signages and FF&E on or after the Closing Date but no later than June 30, 2021, failing which the Purchaser shall make arrangements with the landlords directly, with assistance of the Vendors as may be reasonably requested. The Purchaser shall be responsible for all costs and expenses that may be required to be incurred to pack, remove and ship the Merchandise, the Signages and FF&E from each of the relevant stores and shall be solely responsible to leave each such stores in a clean broom swept condition. For greater certainty, the Purchaser shall not be responsible for, but the Vendors shall be responsible for, the removal of all property other than the Merchandise, the Signages and FF&E located at each of the relevant stores and all costs and

expenses incidental thereto. No property of any landlord of any such store shall be removed by the Purchaser. The Purchaser acknowledges and confirms that the FF&E shall only be removed either through the back shipping areas designated by the applicable landlord or the store or through other areas after regular store business hours. The Purchaser shall be responsible for any damage to the stores solely resulting from the removal by the Purchaser of the FF&E or Signages and shall promptly repair, at its sole cost and expense, in good and workmanlike manner any and all damages caused by such removal and restore the affected portion of the building or premises to the condition in which it existed prior to the installation of any such sign or signs.

ARTICLE 9 CONDITIONS OF CLOSING

9.1 Conditions for the Benefit of Purchaser

The purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities is subject to the following conditions to be fulfilled or performed at or prior to the Closing Date, which conditions are for the exclusive benefit of Purchaser and may only be waived, in whole or in part, by Purchaser, in its sole discretion:

9.1.1 CCAA Vesting Order

The CCAA Vesting Order shall have been issued and entered, in form and substance satisfactory to Purchaser, acting reasonably, executory notwithstanding appeal, and shall not have been stayed, amended, modified, reversed or dismissed as at the Closing Date.

9.1.2 Truth of Representations and Warranties and Performance of Covenants

- (1) The representations and warranties of Vendors contained in this Agreement must be true and accurate in all material respects on the Closing Date with the same force and effect as if made at and as of the Closing Date. However, if a representation and warranty is qualified by materiality, it must be true and correct in all respects after giving effect to such qualification.
- (2) The covenants contained in this Agreement to be performed or complied with by Vendors on or prior to the Closing Date must be performed or complied with in all material respects.
- (3) Purchaser will have received a certificate from Vendors confirming the matters set forth in Section 9.1.2 (the "**Vendors' Closing Certificate**").

9.1.3 No Legal Action

No court order initiated by any Person (other than Vendors or Purchaser) to enjoin or prohibit any of the transactions contemplated by this Agreement shall be outstanding.

9.1.4 No Law

No Law shall have been enacted, enforced, promulgated or issued by any Governmental Entity, that makes illegal or otherwise directly or indirectly enjoins or prohibits any of the transactions contemplated by this Agreement.

9.1.5 Deliveries

Purchaser must have received the following:

- (a) the Books and Records;
- (b) the Vendors' Closing Certificate;
- (c) customary deeds, assignment and assumption agreements, bills of sale and other conveyancing documents, to be settled between counsel for Vendors and counsel for Purchaser, sufficient to transfer the Purchased Assets and to perfect and record Purchaser's ownership of Purchased Assets and assumption of Assumed Liabilities, if necessary, including the execution and delivery of, without further consideration, such lawful assignments, instruments, assurances, applications and other documents to obtain letters patent and registrations of Canada, the United States and other applicable countries or jurisdictions, and to vest or secure such letters patent and registrations in Purchaser;
- (d) a copy of the CCAA Vesting Order, as entered by the CCAA Court;
- (e) such other undertakings, certificates, releases, agreements and documents as the Parties reasonably determine as necessary or required to complete the transaction contemplated herein.

9.2 Conditions for the Benefit of Vendors

The purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities is subject to the following conditions to be fulfilled or performed at or prior to the Closing Date, which conditions are for the exclusive benefit of Vendors and may only be waived, in whole or in part, by Vendors, in their sole discretion:

9.2.1 CCAA Vesting Order

The CCAA Vesting Order shall have been issued and entered, in form and substance satisfactory to Vendors, acting reasonably, executory notwithstanding appeal, and shall not have been stayed, amended, modified, reversed or dismissed as at the Closing Date.

9.2.2 Truth of Representations and Warranties and Performance of Covenants

- (1) The representations and warranties of Purchaser contained in this Agreement must be true and accurate in all material respects on the Closing Date with the same force and effect as if made at and as of the Closing Date. However, if a representation and warranty is qualified by materiality, it must be true and correct in all respects after giving effect to such qualification.
- (2) The covenants contained in this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date must be performed or complied with in all material respects.
- (3) Vendors will have received from Purchaser a certificate confirming the matter set forth in Section 9.2.2 (the "**Purchaser's Closing Certificate**").

9.2.3 No Legal Action

No court order initiated by any Person (other than Vendors or Purchaser) to enjoin or prohibit any of the transactions contemplated by this Agreement shall be outstanding.

9.2.4 No Law

No Law shall have been enacted, enforced, promulgated or issued by any Governmental Entity, that makes illegal or otherwise directly or indirectly enjoins or prohibits any of the transactions contemplated by this Agreement.

9.2.5 Delivery of Purchase Price

Purchaser will have delivered the cash portion of the Purchase Price payable on the Closing Date to the Monitor, in trust, in accordance with Section 4.3.

9.2.6 Deliveries

Vendors must have received the following:

- (a) certified copies of all resolutions of the board of directors, and if required, the shareholders of Purchaser approving the entering into and completion of the transactions contemplated by this Agreement;
- (b) a recent certificate of status, compliance, good standing or similar certificate with respect to Purchaser issued by the appropriate government officials of its jurisdiction of incorporation;
- (c) the Purchaser's Closing Certificate;
- (d) customary deeds, assignment and assumption agreements, bills of sale and other conveyancing documents, to be settled between counsel for Vendors and counsel for Purchaser, sufficient to transfer the Purchased Assets and to perfect and record Purchaser's ownership of Purchased Assets and assumption of Assumed Liabilities, if necessary, including the execution and delivery of, without further consideration, such lawful assignments, instruments, assurances, applications and other documents to obtain letters patent and registrations of Canada, the United States and other applicable countries or jurisdictions, and to vest or secure such letters patent and registrations in Purchaser;
- (e) payment of the cash portion of the Purchase Price; and
- (f) such other undertakings, certificates, releases, agreements and documents as the Parties reasonably determine as necessary or required to complete the transaction contemplated herein.

ARTICLE 10 CLOSING

10.1 Date, Time and Place of Closing

The Closing will take place on the second Business Day after the conditions to Closing set forth in Article 9 (excluding conditions that, by their terms, cannot be satisfied until the Closing) have been satisfied (or waived by the Party entitled to waive such condition) or at such other place, on such other date and at such other time as may be agreed upon in writing by the Parties (the date the Closing occurs being referred to in this Agreement as the "**Closing Date**"). The Closing shall be completed by the electronic exchange of documents unless another method or place is agreed in writing by the Parties. For financial, accounting and Tax purposes, to the extent permitted by Law and except to the extent expressly contemplated hereby, the Closing shall be deemed to have become effective as of 12:01 a.m. Eastern Time on the Closing Date.

ARTICLE 11 TERMINATION

11.1 Termination by Vendors

(1) At or prior to the Closing, Vendors may terminate this Agreement by notice in writing to Purchaser if:

- (a) there has been a material breach to perform any representation, warranty, covenant or agreement made by Purchaser pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 9.2 and such breach either cannot be cured or continues uncured for thirty (30) days after the date on which Vendors provide Purchaser with written notice of such breach (or until the Outside Date, if earlier), except if Purchaser can reasonably expect to cure such breach prior to the Outside Date (and Purchaser confirms in writing to Vendors that Purchaser is continuing to exercise commercially reasonable efforts to cause such breach to be cured), Vendors may not terminate this Agreement on account of such breach prior to the Outside Date (and then, Vendors may only terminate this Agreement to the extent that such breach is not cured on or before the Outside Date);
- (b) any of the conditions set forth in Section 9.2 has not been satisfied on or prior to Outside Date and Vendors have not waived such conditions on or prior to the Outside Date; or
- (c) by the mutual written consent of Vendors and Purchaser;

provided that Vendors will not be entitled to terminate this Agreement if the failure or impossibility of satisfaction of the condition was as a result of the breach by Vendors of any of their obligations under this Agreement.

(2) Upon termination of this Agreement by Vendors pursuant to this Section 11.1, the Parties will be released from all of their obligations under this Agreement and there will be no liability on the part of any Party, except for their respective obligations and liabilities under Sections 4.2 (Deposit), 14.5 (Public Disclosure), 14.6 (Confidentiality) and 14.8 (Expenses) which will survive any termination of this Agreement; provided, however,

that (i) no Party shall be relieved or released from any liabilities or damages arising out of fraud, fraudulent or willful misconduct, or intentional or gross fault by it under this Agreement and (ii) the provisions of this Agreement related to the Deposit shall survive such termination.

11.2 Termination by Purchaser

- (1) At or prior to the Closing, Purchaser may terminate this Agreement by notice in writing to Vendors if:
 - (a) there has been a material breach to perform any representation, warranty, covenant or agreement made by Vendors pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Section 9.1 and such breach either cannot be cured or continues uncured for thirty (30) days after the date on which Purchaser provide Vendors with written notice of such breach (or until the Outside Date, if earlier), except if Vendors can reasonably expect to cure such breach prior to the Outside Date (and Vendors confirm in writing to Purchaser that Vendors are continuing to exercise commercially reasonable efforts to cause such breach to be cured), Purchaser may not terminate this Agreement on account of such breach prior to the Outside Date (and then, Purchaser may only terminate this Agreement to the extent that such breach is not cured on or before the Outside Date);
 - (b) any of the conditions set forth in Section 9.1 has not been satisfied on or prior to Outside Date and Purchaser has not waived such conditions on or prior to the Outside Date; or
 - (c) by the mutual written consent of Vendors and Purchaser;

provided that Purchaser will not be entitled to terminate this Agreement if the failure or impossibility of satisfaction of the condition was as a result of the breach, default or violation by Purchaser of any of its obligations under this Agreement.

- (2) Upon termination of this Agreement by Purchaser pursuant to this Section 11.2, the Parties will be released from all of their obligations under this Agreement and there will be no liability on the part of any Party, except for their respective obligations and liabilities under Sections 4.2 (Deposit), 14.5 (Public Disclosure), 14.6 (Confidentiality) and 14.8 (Expenses) which will survive any termination of this Agreement; provided, however, that (i) no Party shall be relieved or released from any liabilities or damages arising out of fraud, fraudulent or willful misconduct, or intentional or gross fault by it under this Agreement and (ii) the provisions of this Agreement related to the Deposit shall survive such termination.

ARTICLE 12 INDEMNITY

12.1 Indemnification Given by Purchaser

If Closing occurs, Purchaser shall be liable and indemnify Vendors and their representatives from and against all Losses and Liabilities suffered, sustained, paid or incurred by any of them to the extent arising or accruing on or after the Closing Date and which relate to

the Purchased Assets or the Assumed Liabilities from and after the Closing Date. This Section 12.1 shall survive the termination of this Agreement.

ARTICLE 13 INTELLECTUAL PROPERTY MATTERS

13.1 Name Change

Immediately following the Closing, the Vendors shall, and shall cause any Affiliate to, file all documentation required to change its legal name (and registered business names (if applicable)) in each jurisdiction in which it is incorporated or registered to do business to a name that does not comprise or include "Le Château" or any derivation thereof. Subject to Section 13.2, the Vendors further agree that Purchaser has the exclusive rights to use the Trademarks provided, however that the Vendors shall not be responsible, under any circumstances, to, remove or strike over any Intellectual Property (including "Le Château") from any material owned or controlled by the Vendors or any Affiliate including, sales and marketing materials, signage, business cards, displays and stationery, provided that such materials shall only be used in accordance with Section 13.2 and for no other purpose. If Purchaser or any of its Affiliates chooses to change its legal name in any jurisdiction to comprise or include the word "Le Château" or any derivation thereof, Vendors shall provide Purchaser with reasonable and prompt assistance in effectuating such change, including by making or consenting to any necessary filings with a Governmental Entity.

13.2 *[Redacted – Commercially sensitive information]*

13.3 *[Redacted – Commercially sensitive information]*

ARTICLE 14 MISCELLANEOUS

14.1 Further Assurances

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver, or cause to be executed and delivered, such additional conveyances, transfers and other assurances and take, or cause to be taken, all such action as is reasonably required to effectively transfer the Purchased Assets and Assumed Liabilities to Purchaser and carry out the purposes and intent of this Agreement.

14.2 Cooperation on Tax Matters

The Parties agree after the Closing Date to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the filing of all Tax Returns, the preparation for any audit by any Governmental Entity and the defence of any claim relating to Taxes. The Parties shall cooperate with each other after the Closing Date in the conduct of any audit or other proceeding related to Taxes involving the Purchased Assets.

14.3 Notices

All notices and other communications given pursuant to this Agreement (each a "**Notice**") must be in writing (regardless of the fact that a specific provision of this Agreement specifies or fails to specify that a particular notice must be in writing) and will be deemed given only if (i) delivered personally, or by same-day courier; (ii) sent by facsimile or email; (iii) sent by a Canadian or internationally-recognized overnight courier; or (iv) mailed by registered mail to the Parties at the addresses set forth below or to such other address as the Party to whom Notice is to be given may have furnished to the other Parties in writing in accordance with this Section 14.3. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be deemed not to be changed. A copy of each Notice under this Agreement must be provided to the Monitor.

(a) If to Vendors, at:

5695 Rue Ferrier
Mount-Royal, Quebec
H4P 1N1

Attention: Emilia Di Raddo
Facsimile: **[Redacted]**

with a copy to Stikeman Elliott LLP, at:

1155 René-Lévesque Blvd. W.
Suite 4000
Montréal, Quebec
H3B 3V2

Attention: Claire Zikovsky
Ludovic Bourdages
Facsimile: **[Redacted]**

Email : **[Redacted]**
[Redacted]

(b) If to Purchaser, at:

50 Dufflaw Road
Toronto, Ontario
M6A 2W1

Attention: Eric Grundy
Email: **[Redacted]**

with a copy to Dickinson Wright LLP at:

199 Bay Street
Suite 2200
Commerce Court West
Toronto, Ontario

M5L 1G4

Attention: Mark Shapiro
Facsimile: **[Redacted]**
Email: **[Redacted]**

(c) If to Monitor, at:

PricewaterhouseCoopers Inc., as CCAA Court-appointed Monitor for Vendors
1250, René-Lévesque Blvd. W.
Suite 2500
Montréal, Quebec
H3B 4Y1

Attention: Claudio Filippone
Email: **[Redacted]**

with a copy to Osler, Hoskin & Harcourt LLP, at:

1000, rue De La Gauchetière Ouest
Bureau 2100
Montréal QC H3B 4W5

Attention: Sandra Abitan
Facsimile: **[Redacted]**

A Notice will be deemed to have been delivered and received (i) in the case of personal delivery or same-day courier, on the date of such delivery, except that if the same-day courier delivery is made at or after 4:00 p.m. (local time in place of receipt), then the Notice will be deemed to have been delivered and received on the next Business Day; (ii) in the case of facsimile or email transmission, on the date sent provided confirmation of transmission is received, except that if the facsimile or email is received at or after 4:00 p.m. (local time in place of receipt), then the Notice will be deemed to have been delivered and received on the next Business Day; (iii) in the case of a Canadian or internationally-recognized overnight courier in circumstances under which such courier guarantees next Business Day delivery, on the next Business Day after the date when sent; and (iv) in the case of mailing, on the third Business Day following that on which the envelope containing such communication is posted. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send or deliver a copy of a Notice to legal counsel does not invalidate any Notice given under this Section 14.3.

14.4 Time of the Essence

Time is of the essence of this Agreement. The mere lapse of time in the performance of the terms of this Agreement by any Party will have the effect of putting such Party in default in accordance with Articles 1594 to 1600 of the *Civil Code of Québec*.

14.5 Public Disclosure

Neither Party nor any of their directors, officers, employees and their respective representatives will make any public disclosure concerning the matters set forth in this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Parties, except if required by Law or rules of applicable stock exchanges in which case the Party required to make the disclosure will use commercially reasonable efforts to give the other Parties an opportunity to review and comment on any such disclosure in advance of public release. Purchaser agrees that this paragraph has no application with respect to any disclosure which Vendors consider is required in relation to the application for the CCAA Vesting Order or the CCAA Proceedings.

14.6 Confidentiality

Except as required by Law (unless the Law permits non-disclosure of information for confidentiality or other purposes and if such non-disclosure is not permitted, the receiving Party seeking to disclose such information shall notify the other Party and shall seek confidential treatment of such information), Purchaser, its Affiliates, and each Vendor will receive and maintain all information received from the others strictly in confidence and will not disclose to any Person or make public or authorize the disclosure of any such information and will not use such information for any purpose except for the purpose contemplated by this Agreement unless: (i) the specific information is now or hereafter publicly disclosed other than as a result of breach of this provision; (ii) the specific information was already in the possession of the receiving Party prior to the receipt by it of such information from the other Party; (iii) the specific information is disclosed to the receiving Party by a third Person having no obligation of confidentiality to the disclosing party with regard to the information; or (iv) the specific information is independently generated by the receiving Party without the use and not as a consequence of the disclosure by the other Party. If this Agreement is terminated, each Party must immediately return all confidential information that was furnished to it to the disclosing Party of such information, without retaining any copy thereof.

14.7 Third Party Beneficiaries

Except as specifically provided in this Agreement, the Parties intend that this Agreement will not benefit or create any right, stipulation for the benefit of, delegation open for acceptance by, or cause of action in favour of, any Person, other than the Parties. No Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum, except as specifically provided in this Agreement.

14.8 Expenses

Except as otherwise set out herein, each Party will pay for its own fees and expenses incurred in connection with this Agreement.

14.9 Amendments

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed each Party.

14.10 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar) or be deemed to be a waiver with respect to any other future instance involving the same provisions. Except as expressly provide in this Agreement, no waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any further exercise of that right or the exercise of any other right it may have.

14.11 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations, correspondence and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, conventional, legal or otherwise, among the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

14.12 Successors and Assigns

- (1) This Agreement is binding upon and enures to the benefit of the Parties and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned, transferred or delegated, by any Party without the prior written consent of the other Parties.

14.13 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, in whole or in part, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision or part thereof will be severed from this Agreement and the remaining part of such provision and all other provisions will continue in full force and effect.

14.14 Governing Law

- (1) This Agreement is governed by, and shall be interpreted and enforced in accordance with, the Laws of the province of Quebec and the federal Laws of Canada applicable therein.
- (2) The Parties agree that the courts of the District of Montréal, Province of Quebec, Canada, will have exclusive jurisdiction for the adjudication of any and all disputes or controversies arising out of or relating directly or indirectly to this Agreement, and waive any objections to the assertion or exercise of jurisdiction by such courts, including any objection based on *forum non conveniens*.

14.15 Counterparts

This Agreement may be executed and delivered in any number of counterparts (including by facsimile, email or other electronic means), each of which is deemed to be an original, and such counterparts together constitute one and the same agreement.

14.16 English Language

The Parties have agreed that this Agreement as well as any Notice, document or instrument relating to it be drawn up in English only but without prejudice to any such Notice, document or instrument which may from time to time be drawn up in French only or in both French and English. *Les parties aux présentes ont convenu que la présente convention ainsi que tous autres avis, actes ou documents s'y rattachant soient rédigés en anglais seulement mais sans préjudice à tous tels avis, actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.* **[signature page follows]**

The Parties have signed this Asset Purchase Agreement as of the date first written above.

LE CHÂTEAU INC.

By: (s) Naveed Z. Manzoor
Name: FAAN Advisors Group Inc.
Title: Chief Restructuring Officer

CHÂTEAU STORES INC.

By: (s) Naveed Z. Manzoor
Name: FAAN Advisors Group Inc.
Title: Chief Restructuring Officer

SUZY'S INC.

By: (s) Michael Goldgrub
Name: Michael Goldgrub
Title: Director

Exhibit "A"

INTELLECTUAL PROPERTY

[Redacted – Commercially sensitive information]

Exhibit "B"

ASSUMED LIABILITIES

[Redacted – Commercially sensitive information]