

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.

)

MONDAY, THE 29TH

JUSTICE HAINEY

)

DAY OF MARCH, 2021

)



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 YATSEN GROUP OF COMPANIES
INC., SAR REAL ESTATE INC. AND THE COMPANIES
LISTED IN SCHEDULE "A"

Applicants

SETTLEMENT APPROVAL ORDER

THIS MOTION, made by Yatsen Group of Companies Inc., SAR Real Estate Inc. and the companies listed in Schedule "A" hereto (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day via videoconference.

ON READING the Notice of Motion, the Affidavit of Joseph McCullagh sworn March 22, 2021 and the Exhibits thereto (the "**McCullagh Affidavit**"), the Second Report of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**") dated March 22, 2021 (the "**Second Report**"), each filed, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and such other parties present.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

CAPITALIZED TERMS

2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order have the meaning given to them in the McCullagh Affidavit.

SETTLEMENT APPROVAL

3. **THIS COURT ORDERS** that the amendment agreement between YTC Mall Owner LLC and SJ Yorktown Food Inc. (together, the “**Settlement Parties**”) dated March 16, 2021 (the “**Yorktown Settlement Agreement**”), a copy of which is attached as Confidential Exhibit “B” to the McCullagh Affidavit, is hereby approved, and the performance by SJ Yorktown Food Inc. of its obligations under the Yorktown Settlement Agreement (including, without limitation, the payments contemplated thereunder) is hereby authorized and approved.

4. **THIS COURT ORDERS** that SJ Yorktown Food Inc. is hereby authorized to take such additional actions and to execute such additional documents (including, without limitation, any amendments to the Yorktown Settlement Agreement, with the prior consent of the Monitor) as may be necessary or desirable for the completion of the settlements, transactions and other agreements contemplated in the Yorktown Settlement Agreement.

5. **THIS COURT ORDERS** that the release contemplated by the terms of the Yorktown Settlement Agreement is hereby authorized and approved.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of SJ Yorktown Food Inc. and any bankruptcy order issued pursuant to any such applications;

- (c) any assignment in bankruptcy made in respect of SJ Yorktown Food Inc.; and
- (d) the provisions of any federal or provincial statute,

the entering into of the Yorktown Settlement Agreement and the completion of the settlements, transactions, releases and other steps contemplated thereunder, shall be binding on any trustee in bankruptcy that may be appointed in respect of any of SJ Yorktown Food Inc. and shall not be void or voidable by creditors or claimants of SJ Yorktown Food Inc., nor shall they constitute nor be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Settlement Parties regarding fulfillment or waiver of the conditions to the Yorktown Settlement Agreement and shall incur no liability with respect to the delivery of the Monitor's Certificate (as defined below), save and except for any gross negligence or wilful misconduct on its part.

8. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate forthwith after delivery thereof to the Settlement Parties.

SEALING OF THE YORKTOWN SETTLEMENT AGREEMENT

9. **THIS COURT ORDERS** that the Confidential Exhibits be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

AMENDMENT TO APPLICANTS

10. **THIS COURT ORDERS** that, from and after the Effective Date of the Yorktown Settlement Agreement and upon the delivery of a Monitor's certificate to the Settlement Parties substantially in the form attached as Schedule "B" hereto (the "**Monitor's Certificate**"), SJ

Yorktown Food Inc. shall cease to be an Applicant in these CCAA proceedings and shall be released from the purview of any Order of this Court granted in respect of these CCAA proceedings (including, for greater certainty, and without limitation, being released from the Charges (as defined in the Amended and Restated Initial Order) pursuant to the Amended and Restated Initial Order).

11. **THIS COURT ORDERS** that upon the delivery of the Monitor's Certificate to the Settlement Parties, the title of these proceedings is hereby, and shall be deemed to be, amended to remove SJ Yorktown Food Inc. as an Applicant listed in Schedule "A" in the title of these proceedings, and any document filed thereafter in these proceedings (other than the Monitor's Certificate) shall be filed using such revised title of proceedings.

LIMITED DISCHARGE OF THE MONITOR

12. **THIS COURT ORDERS** that upon the filing of the Monitor's Certificate with the Court, A&M shall be immediately be discharged as Monitor of SJ Yorktown Food Inc. and shall have no further obligations, liabilities, responsibilities or duties as Monitor to SJ Yorktown Food Inc.

13. **THIS COURT ORDERS** that, notwithstanding the discharge of A&M as Monitor of SJ Yorktown Food Inc., the Monitor shall have the authority to complete or address any matters that may be ancillary or incidental to the Yorktown Settlement Agreement, and in completing or addressing any such ancillary or incidental matters, A&M shall continue to have the benefit of the provisions of all Orders made in these CCAA proceedings in relation to its capacity as Monitor.

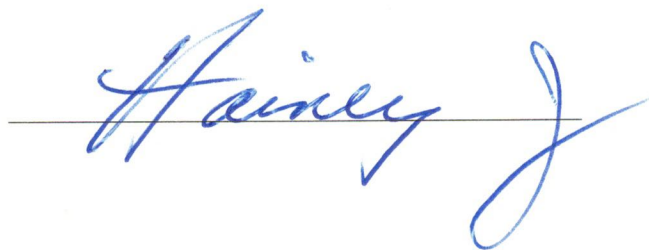
14. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, nothing herein shall affect, vary, derogate from, limit or amend any of the protections in favour of the Monitor at law or pursuant to the CCAA, the Amended and Restated Initial Order granted by this Court on February 2, 2021, or any other Order of this Court in these CCAA proceedings.

RECOGNITION

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

other foreign jurisdiction, to give effect to this Order and to assist the Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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, including, without limitation, the Monitor in its capacity as the foreign representative of the Applicants and of the within proceedings in the United States pursuant to Chapter 15 of the U.S. Bankruptcy Code.



Schedule “A”

1. HEAP Japanese Food Inc.
2. KB Wisconsin Food Inc.
3. MT Security Square Food Inc.
4. SAR Buckland Food Inc.
5. SAR Coastland Food Inc.
6. SAR Coventry Food Inc.
7. SAR Dulles Expo Center Inc.
8. SAR First Colony Food Inc.
9. SAR Glenbrook Food Inc.
10. SAR Greenbrier Food Inc.
11. SAR Laurel Food Inc.
12. SAR Lloyd Food Inc.
13. SAR Oglethorpe Food Inc.
14. SAR Orange Park Food Inc.
15. SAR Oviedo Food Inc.
16. SAR Park Place Food Inc.
17. SAR Plymouth Food Inc.
18. SAR Ramsey Food Inc.
19. SAR Santa Rosa Food Inc.
20. SAR Security Square Food Inc.
21. SAR St. Charles Food Inc.
22. SAR Stafford Food Inc.
23. SAR Superstition Springs Food Inc.
24. SAR Tanforan Food Inc.

25. SAR Valley Plaza Food Inc.
26. SAR Westgate Massachusetts Food Inc.
27. SAR Willowbrook Food Inc.
28. SJ Arsenal Inc.
29. SJ Boynton Inc.
30. SJ Fox Run Inc.
31. SJ Lenox Food Inc.
32. SJ Macon Food Inc.
33. SJ Rosspark Food Inc.
34. SJ Savannah Food Inc.
35. SJ South Hills Food Inc.
36. SJ Yorktown Food Inc.

Schedule “B”

**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 YATSEN GROUP OF COMPANIES
INC., SAR REAL ESTATE INC. AND THE COMPANIES
LISTED IN SCHEDULE “A”**

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 25, 2021, Yatsen Group of Companies Inc., SAR Real Estate Inc. and the companies listed in Schedule “A” (collectively, the “**Applicants**”) commenced proceedings pursuant to the *Companies’ Creditors Arrangement Act* (Canada) and Alvarez & Marsal Canada Inc. was appointed as monitor of the Applicants (the “**Monitor**”) in those proceedings.

B. Pursuant to the Settlement Approval Order of the Court dated March 29, 2021, the Court approved the settlement agreement between YTC Mall Owner LLC and SJ Yorktown Food Inc. dated March 16, 2021 (the “**Yorktown Settlement Agreement**”).

C. Unless otherwise indicated herein, capitalized terms used herein have the meanings given to them in the Yorktown Settlement Agreement.

THE MONITOR CERTIFIES the following:

1. The parties to the Yorktown Settlement Agreement have confirmed to the Monitor that the conditions precedent set forth in the Yorktown Settlement Agreement have been satisfied or waived by the parties and that the Effective Date has occurred.
2. This Certificate was delivered by the Monitor at _____ **[time]** on _____ **[date]**.

**Alvarez & Marsal Canada Inc., in its capacity
as Monitor of the Applicants, and not in its
personal capacity**

Per: _____

Name:

Title:

Schedule “A”

1. HEAP Japanese Food Inc.
2. KB Wisconsin Food Inc.
3. MT Security Square Food Inc.
4. SAR Buckland Food Inc.
5. SAR Coastland Food Inc.
6. SAR Coventry Food Inc.
7. SAR Dulles Expo Center Inc.
8. SAR First Colony Food Inc.
9. SAR Glenbrook Food Inc.
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13. SAR Oglethorpe Food Inc.
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21. SAR St. Charles Food Inc.
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24. SAR Tanforan Food Inc.
25. SAR Valley Plaza Food Inc.

26. SAR Westgate Massachusetts Food Inc.
27. SAR Willowbrook Food Inc.
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35. SJ South Hills Food Inc.
36. SJ Yorktown Food Inc.

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

Court File No: CV-21-00655505-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
YATSEN GROUP OF COMPANIES INC., SAR REAL ESTATE INC. AND THE
COMPANIES LISTED IN SCHEDULE “A”

Applicants

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Proceeding commenced at Toronto

SETTLEMENT APPROVAL ORDER

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