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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-058116-209

S U P E R I O R C O U R T
Commercial Division
Designated tribunal under the Companies' Creditors Arrangement Act[1]

IN THE MATTER OF THE PROPOSED PLAN OF COMPROMISE AND ARRANGEMENT OF SPECTRA PREMIUM INDUSTRIES INC., SPECTRA PREMIUM HOLDINGS (USA) CORP., SPECTRA PREMIUM (USA) CORP., SPECTRA PREMIUM PROPERTIES (USA) CORP., SPECTRA PREMIUM TAIWAN CO. LTD., SPECTRA PREMIUM (SHANGHAI) AUTOMOTIVE TECHNICAL SERVICES CO. LTD., AND SPECTRA PREMIUM (CHONGQING) AUTOMOTIVE SERVICES CO. LTD.

FIFTH MONITOR'S REPORT
(Real Estate Sales Transactions - Debert, Nova Scotia)
DATED NOVEMBER 17, 2020

INTRODUCTION

1. On March 10, 2020, the Superior Court of Québec (the "**Court**") issued a first day initial order (the "**First Day Initial Order**") under the *Companies' Creditors Arrangement Act*[1] (the "**CCAA**") with respect to Spectra Premium Industries Inc. ("**Spectra**"), Spectra Premium Holdings (USA) Corp. ("**Spectra Holdings US**"), Spectra Premium (USA) Corp. ("**Spectra US**"), Spectra Premium Properties (USA) Corp. ("**Spectra Properties US**"), Spectra Premium Taiwan Co. Ltd. ("**Spectra Taiwan**"), Spectra Premium (Shanghai) Automotive Technical Services Co. Ltd. ("**Spectra Shanghai**"), and Spectra Premium (Chongqing) Automotive services Co. Ltd. ("**Spectra Chongqing**") (collectively referred to herein as the "**Spectra Group**" or the "**Debtors**"), containing among other things, a stay of proceedings in respect of the Debtors, originally until March 20, 2020 (as further extended from time to time, the "**Stay Period**"), and various other relief, including certain protections from their creditors.

2. On March 9, 2020, Ernst & Young Inc. filed a report of the proposed monitor with the Court, dated March 9, 2020 (the "**Pre-Filing Monitor's Report**").

[1] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

3. Pursuant to the First Day Initial Order, Ernst & Young Inc. was appointed as monitor ("**EY**" or the "**Monitor**") of the Debtors in the present proceedings (the "**CCAA Proceedings**").

4. On March 12, 2020, the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") issued various orders and relief under Chapter 15 of the *U.S. Bankruptcy Code* with respect to the recognition of the CCAA Proceedings in the United States, including an order granting provisional relief to recognize and effect the CCAA filing (the "**Chapter 15 Proceedings**"). EY acts as foreign representative (the "**Foreign Representative**") in the Chapter 15 Proceedings.

5. On March 24, 2020, an order was issued by the Court amending and restating the First Day Initial Order (the "**Amended and Restated Initial Order**") and extending the Stay Period until June 6, 2020.

6. On April 6, 2020, an order was issued by the Court granting the motion, dated April 2, 2020, regarding certain transactions in the normal course of business related to Truist Bank, Spectra US, Advance Stores Company, Inc. and O'Reilly Automotive Stores, Inc. authorizing the continuance of the factoring of invoices, in accordance with the agreements in place.

7. On April 28, 2020, the Debtors filed a motion in the CCAA Proceedings for a declaratory judgment and the issuance of a safeguard order with respect to a lease and its expiration date on a property in Indiana, USA. This motion was subsequently withdrawn as a result of a settlement between the parties (see paragraphs 12 and 13 of the Third Monitor's Report with respect to the Becknell Lease Extension).

8. On April 30, 2020, the Monitor filed its first report with the Court, dated April 28, 2020, which reports about a material adverse change (Covid-19 pandemic), and presented an update of the financial situation and revised cash-flow projections of Spectra Group (the "**First Monitor's Report**").

9. On May 19, 2020, the Monitor filed its second report with the Court, dated May 19, 2020, which reports on the proposed bulk sale transaction to Trico Group, LLC ("**Trico**") of certain inventories (the "**Trico Sale Transaction**") by Spectra Group (the "**Second Monitor's Report**").

10. On May 21, 2020, an order was issued by the Court granting the motion, dated May 19, 2020, regarding the issuance of an approval and vesting order of the Trico Sale Transaction.

11. On May 28, 2020, an order was issued by the Court granting a motion filed by Spectra on May 25, 2020 seeking the approval of a settlement agreement and amendment to a lease, with Becknell regarding one of Spectra US' Greenfield, Indiana distribution centers, referred herein as "**Becknell Lease Extension**".

12. The comeback hearing before the U.S. Court with respect to the Chapter 15 Proceedings was initially scheduled to take place on April 8, 2020, but was postponed to May 28, 2020 by the U.S. Court following the general postponement of all non-urgent matters by the U.S. Court, considering the Covid-19 pandemic.

13. Two US creditors initially filed contestations opposing the Chapter 15 Proceedings and two other creditors supported these contestations. These contestations were ultimately withdrawn by all creditors prior the comeback hearing before the U.S. Court on May 28, 2020.

14. On May 29, 2020, the U.S. Court issued various orders under Chapter 15 of the *U.S. Bankruptcy Code* with respect to the confirmation of the recognition of the CCAA Proceedings as foreign main proceedings and granted relief to recognize and effect the CCAA filing and other matters, including the approval of the Becknell Lease Extension.

15. On June 4, 2020, the Monitor filed its third report with the Court, dated June 4, 2020, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group (the "**Third Monitor's Report**").

16. On June 5, 2020, an order was issued by the Court granting the June 3, 2020 Motion extending the Stay Period until September 26, 2020 (the "**June 5, 2020 Order**").

17. On September 21, 2020, the Debtors filed a motion regarding (i) the issuance of a Second Amended and Restated Initial Order, including an extension of the stay of proceedings up to January 30, 2021, (ii) the approval of the wind-up of certain Debtors, and (iii) the approval of a claims process (the "**September 21, 2020 Motion**").

18. On September 22, 2020, the Monitor filed its fourth report with the Court, dated September 22, 2020, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group, and the Claims Process (the "**Fourth Monitor's Report**").

19. On September 25, 2020, three orders were issued by the Court granting the September 21, 2020 Motion. The first order is related to the issuance of a second amended and restated initial order, including an extension of the stay of proceedings up to January 30, 2021 (the "**Second Amended and Restated Initial Order**"). The second order is related to the approval of the wind-up of certain Debtors (the "**September 25, 2020 Order**"). The third order is related to the approval of a claims process (the "**Claims Process Order**").

20. On November 5, 2020, the Foreign Representative in the Chapter 15 Proceedings filed a motion to enforce Second Amended and Restated Initial Order in respect of *De Minimis* asset sales. The U.S. Court ordered an omnibus hearing on December 2, 2020 of this motion.

21. On November 16, 2020, the Debtors filed a motion in the CCAA Proceedings for the issuance of three (3) approval and a vesting orders pertaining to three (3) sales transactions for certain real estate assets (two buildings and a vacant lot housing a storage shed) located in Debert Nova Scotia, the whole as more detailed below (the "**Debert Real Estate Motion**"). The presentation of this matter is scheduled for Thursday November 19, 2020.

22. The Monitor has established a website to post information relating to the CCAA Proceedings, as well as the Chapter 15 Proceedings. The address of the Monitor's website is www.ey.com/ca/spectra.

PURPOSE

23. The present Monitor's report ("**Fifth Monitor's Report**") has been prepared to provide the Monitor's position on the Debert Real Estate Motion in accordance with section 36(3)(c) CCAA. The Fifth Monitor's Report is presented under the following headings:

- Introduction;
- Purpose;
- Terms of reference and disclaimer;
- Real Estate Sales Transactions in Debert, Nova Scotia:
    - I. Background
    - II. 48 Lysander Property - contemplated sale transaction;
    - III. 497 McElmond Property - contemplated sale transaction;
    - IV. 42 Lysander Property - contemplated sale transaction;
    - V. Security interests against the assets in the Contemplated Sales Transactions; and,
    - VI. Grounds to justify the approval of the Court to sell the assets in the Contemplated Sales Transactions and issue the three (3) vesting orders sought.
- Conclusions and Monitor's recommendations.

TERMS OF REFERENCE AND DISCLAIMER

24. Capitalized terms not defined herein have the meaning ascribed to them in the Pre-Filing Monitor's Report, First Monitor's Report, Second Monitor's Report, Third Monitor's Report, and Fourth Monitor's Report as the case may be.

25. In preparing the Fifth Monitor's Report and making the comments herein, the Monitor has been provided with and has relied upon certain unaudited, draft and/or internal financial information, Debtors' records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with the Debtors' directors, senior management team ("**Management**") and the Debtors' legal advisors (collectively, the "**Information**"). Except as described in this Fifth Monitor's Report:

    – The Monitor has assumed the integrity and truthfulness of the Information and explanations provided to it, within the context in which it was presented. To date, nothing has come to the attention of the Monitor that would cause it to question the reasonableness of this assumption;

    – The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of its specific inquiries. Accordingly, the Fifth Monitor's Report is based solely on the Information (financial or otherwise) provided by the Debtors;

- The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or generally accepted standards for review engagements and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information;

- In view of the purpose of the Fifth Monitor's Report, some of the financial information therein may not comply with generally accepted accounting principles; and,

- Some of the information referred to in this Fifth Monitor's Report consists of forecasts and projections that were prepared based on Management's current estimates and/or assumptions. Such estimates and/or assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasted or projected results. Actual results will vary from the forecasts or projections, even if the estimates and assumptions are accurate, and the variations could be significant.

26. This report does not take into account all future impacts of Covid-19 pandemic on the forecasts or projections or other actions taken by Spectra Group as a result of the evolving virus situation. Any references made to the impact of the Covid-19 on Spectra Group in this report are based on preliminary enquiries and are not to be interpreted as a complete commentary or as an accurate assessment of the full impact of the virus. The potential for unknown ramifications on consumers, supply chains, commercial counterparties (both direct and indirect to the Spectra Group's operations), future decisions that the Spectra Group may make as a result of the evolving virus situation and potentially adverse geopolitical outcomes, means that the forecasts or projections may be impacted by the Covid-19. The full impact of the virus is not capable of being qualitatively or quantitatively assessed at this time.

27. This report has been prepared by the Monitor in order to provide the Monitor's position on three (3) Real Estate Sales Transactions in Debert, Nova Scotia. This Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.

28. All references to currency are in Canadian dollars unless otherwise noted.

REAL ESTATE SALES TRANSACTIONS IN DEBERT, NOVA SCOTIA

I. Background

29. Spectra Group is one of Quebec's largest manufacturers and distributors of automotive products, generating annual revenues of approximately $500.0M with different distribution and manufacturing facilities located in Canada and United States.

30. As mentioned in the Fourth Monitor's Report, as part of its restructuring, Spectra decided to wind down the operations of its Debert, Nova Scotia facilities (radiator parts manufacturing). These facilities ceased their operations in August/September 2020. Consequently, Spectra has found itself with excess capital assets that are no longer required in the context of

Spectra Group's restructuring and the operation of Spectra 2.0. Spectra entered into discussions for the sale of various assets related to these operations, including certain real estate properties.

31. Spectra is the owner of four (4) real estate properties located in Debert, Nova Scotia and has decided to sell these properties as they are no longer required. Spectra had obtained appraisal reports for each of the properties in August 2020 from Karen Archibald, AACI, P. App, CPA, CGA, MBA ("**Archibald**"). The four real estate properties are:

   - Building located at 48 Lysander avenue, Debert, Nova Scotia ("**48 Lysander Property**");
   - Building located at 497 McElmond road, Debert, Nova Scotia ("**497 McElmond Property**");
   - Vacant lot with a storage shed located at 42 Lysander avenue, Debert, Nova Scotia ("**42 Lysander Property**"); and,
   - Vacant lot located at 124 Dakota road, Debert, Nova Scotia ("**124 Dakota Property**").

   As of today, Spectra has received acceptable offers for the purchase of the three first real estate properties (48 Lysander Property, 497 McElmond Property, and 42 Lysander Property) which are the subject of the Debert Real Estate Motion, and are detailed below. At the date of this report Spectra has not received any offers to purchase the 124 Dakota Property (anticipated value of less than 150K $) and this property is not covered in this report.

   The 48 Lysander Property, the 497 McElmond Property and the 42 Lysander Property, collectively referred to herein as the "**Properties**".

32. Per paragraph 26 (c) of the Second Amended and Restated Initial Order, Spectra Group is authorized, with the authorization of the Monitor and subject to rights of the secured creditors, to complete the sale of assets outside the ordinary course of business, provided that the selling price in each case does not exceed $150K or $750K in the aggregate.

   As announced in the Fourth Monitor's Report, two of the three Properties (48 Lysander Property and 497 McElmond Property) relate to proposed transactions above these thresholds and thus require Court approval to be executed. While this transaction is below the above noted threshold for an individual transaction, Spectra is also seeking Court approval of the transaction related to the 42 Lysander Property in order to avoid diminishing in an unnecessary manner the flexibility provided for by the aggregate threshold of $750K noted above.

II. 48 Lysander Property - contemplated sale transaction

33. On September 21, 2020, Spectra accepted to enter into an agreement of purchase and sale, dated August 21, 2020, with Kohltech International Limited ("**Kohltech**") for the 48 Lysander Property, subject to approval of the Court (the "**48 Lysander Property Sale Transaction**"). A copy of the 48 Lysander Property Sale Transaction is attached to the Debert Real Estate Motion under seal as Exhibit R-4.

34. The 48 Lysander Property Sale Transaction essentially provides that Kohltech is to acquire the 48 Lysander Property, half of the shelving in the premises and a Toyota forklift for the sum of $900,000 plus applicable sale taxes.

35. Additional relevant aspects of the 48 Lysander Property Sale Transaction are listed below:

- The agreement provided that Kohltech had until October 31, 2020 to perform its due diligence and Kohltech confirmed to Spectra on October 27, 2020 that no issues were identified, and no outstanding items remained related to their due diligence procedures;
- On October 24, 2020, a deposit of $50K was provided by Kohltech to its legal advisor related to the 48 Lysander Property Sale Transaction; and,
- The 48 Lysander Property Sale Transaction will be on an "as is, where is" basis without any guarantee whatsoever except for the titles of ownership.

36. Spectra obtained an appraisal report providing market values for the 48 Lysander Property for a sale within a period of both 120 and 360 days from the appraisal report dated August 11, 2020 (effective date of the appraisal July 22, 2020) prepared by Archibald ("**48 Lysander Property Appraisal Report**"). This appraisal report is attached to the Debert Real Estate Motion under seal as Exhibit R-5.

37. The sale price agreed to by the parties is consistent with the market value for a sale within 360 days and well above the market value for a sale within 120 days.

38. The 2020 municipal assessment (taxable value) of the 48 Lysander Property is $679,600 according to the 48 Lysander Property Appraisal Report.

39. Spectra also obtained an appraisal from SIS Services Inc. (LBC approved appraiser), dated September 24, 2020, regarding the value of half of the shelving in the premises and the Toyota forklift. The values determined are between $8,500 and $10,000, before realization costs, in a bulk sale liquidation context, and approximately $15,800 at fair market value.

40. The agreement provides that Kohltech will pay the entire purchase price on or before December 31, 2020 or such other date as may mutually be agreed upon. Kohltech indicated to Spectra that they are ready to close the transaction and expecting a closing on or before November 30, 2020.

41. On September 25, 2020, the 48 Lysander Property Sale Transaction was approved by LBC, as first lien secured creditor on the 48 Lysander Property, and half of the shelving in the premises and the Toyota forklift, as further detailed below.

III. 497 McElmond Property - contemplated sale transaction

42. On October 29, 2020, Spectra accepted to enter into an agreement of purchase and sale, dated October 27, 2020, with Specialty Steel Inc. ("**Specialty Steel**") for the 497 McElmond Property, subject to approval of the Court (the "**497 McElmond Property Sale Transaction**"). A copy of the 497 McElmond Property Sale Transaction is attached to the Debert Real Estate Motion under seal as Exhibit R-6.

43. The 497 McElmond Property Sale Transaction essentially provides that Specialty Steel is to acquire the 497 McElmond Property and certain pieces of equipment (two air compressors, refrigerated air dryer, air tank, and racking) for the sum of $965,000 plus applicable sale taxes.

44. Additional relevant aspects of the 497 McElmond Property Sale Transaction are listed below:

   - The agreement provided that Specialty Steel has until December 4, 2020 to perform its due diligence procedures and as of the date of this report, Spectra has not been notified by Specialty Steel of any issues;
   - In the days to come, a deposit of $25K should be provided by Specialty Steel to its legal advisor related to the 497 McElmond Property Sale Transaction; and,
   - The 497 McElmond Property Sale Transaction will be on an "as is, where is" basis without any guarantee whatsoever except for the titles of ownership.

45. Spectra obtained an appraisal report providing market values for the 497 McElmond Property for a sale within a period of both 120 and 360 days from the appraisal report dated August 11, 2020 (effective date of the appraisal July 22, 2020) prepared by Archibald ("**497 McElmond Property Appraisal Report**"). This appraisal report is attached to the Debert Real Estate Motion under seal as Exhibit R-7.

46. The sale price agreed to by the parties is above the market value for a sale within 120 days, and below the market value for a sale within 360 days.

47. The 2020 municipal assessment (taxable value) of the 497 McElmond Property is $691,700 according to the 497 McElmond Property Appraisal Report.

48. Spectra also obtained an appraisal from SIS Services Inc. (LBC approved appraiser), dated October 9, 2020, regarding the value of certain pieces of equipment (two air compressors, refrigerated air dryer, air tank, and racking). The values determined are $7,750, before realization costs, in a bulk sale liquidation context, and approximately $23,500 at fair market value. This appraisal report is attached to the Debert Real Estate Motion under seal as Exhibit R-8.

49. The agreement provides that Specialty Steel will pay the entire purchase price on or before December 29, 2020.

50. On November 5, 2020, the 497 McElmond Property Sale Transaction was approved by LBC, as first lien secured creditor on the 497 McElmond Property, and certain pieces of equipment (two air compressors, refrigerated air dryer, air tank, and racking), as further detailed below.

IV. 42 Lysander Property - contemplated sale transaction

51. On November 10, 2020, Spectra accepted the letter of intent for the purchase of the 42 Lysander Property, dated October 28, 2020, with Ritchie Bros Properties Inc. ("**Ritchie Bros**"), subject to approval of the Court (the "**42 Lysander Property Sale Transaction**"). A

copy of the 42 Lysander Property Sale Transaction is attached to the Debert Real Estate Motion under seal as Exhibit R-9.

52. The 42 Lysander Property Sale Transaction essentially provides that Ritchie Bros is to acquire the 42 Lysander Property for the sum of $65,000 plus applicable sale taxes.

53. Additional relevant aspects of the 42 Lysander Property Sale Transaction are listed below:

    - The letter of intent provided that Ritchie Bros has until approximately 81 days after November 10, 2020 (i.e. January 30, 2021) to perform its due diligence;
    - No deposit was provided by Ritchie Bros with the letter of intent.

54. Spectra obtained an appraisal report providing market values for the 42 Lysander Property for a sale within a period of 120 days from the appraisal report dated August 10, 2020 (effective date of the appraisal July 22, 2020) prepared by Archibald ("**42 Lysander Property Appraisal Report**"). This appraisal report is attached to the Debert Real Estate Motion under seal as Exhibit R-10.

55. Although the sale price indicated in the letter of intent is below the market value, Spectra believes that the price remains acceptable in the context where Spectra is ceasing all activities and operations in Debert and that the 42 Lysander Property is mainly a vacant lot with an above ground storage shed (30 feet by 50 feet) without any services, heating, and/or lighting. The proposed purchaser owns the adjacent property and is therefore the most probable interested purchaser for the property.

56. Also, the Monitor understands that:

    - The market value established in the 42 Lysander Property Appraisal Report assumes that 46% of this market value is for the storage shed. This building represents little attraction for a potential buyer for the vacant land; and,
    - Per Management, Spectra attempted to sell this vacant lot multiple times in the past without any success.

57. The 2020 municipal assessment (taxable value) of the 42 Lysander Property is $29,400 according to the 42 Lysander Property Appraisal Report. The municipal assessment appears not to consider any value for the storage shed on the vacant lot.

58. The letter of intent provides that Ritchie Bros will pay the entire purchase price on or before March 31, 2021. Further to discussion with Ritchie Bros, the Management indicated to us it is anticipated that the closing of the 42 Lysander Property Sale Transaction should occur before December 28, 2020.

59. On November 5, 2020, the 42 Lysander Property Sale Transaction was approved by LBC, as first lien secured creditor on the 42 Lysander Property, as further detailed below.

V. Security interests against the Properties

60. As indicated in our previous Monitor's report and in the Debert Real Estate Motion, Spectra Group's main secured creditors are Wells Fargo and LBC. Wells Fargo and LBC are the sole secured creditors on the Properties and other assets included in the 48 Lysander Property Sale Transaction, the 497 McElmond Property Sale Transaction, and the 42 Lysander Property Sale Transaction defined as collectively as (the "**Contemplated Sales Transactions**").

61. Pursuant to an Intercreditor Agreement, dated October 9, 2019, signed between the secured creditors (Wells Fargo, LBC and Export and Development Canada ("**EDC**"), LBC's security interest on the assets included in the Contemplated Sales Transactions is to be exercised in priority to Wells Fargo.

62. Both LBC and Wells Fargo, the sole secured creditors on the assets includes in the Contemplated Sales Transactions, have been consulted and support the Contemplated Sales Transactions.

VI. Grounds to justify the approval of the Court to sell the assets in the Contemplated Sales Transactions and issue the three (3) vesting orders sought

63. The circumstances and justifications of the Contemplated Sales Transactions are the followings:

    - Spectra Group has already identified in their proposed restructuring plan that they intend to partially exit some markets, which include the Debert manufacturing facilities. The Contemplated Sales Transactions are consistent with Spectra Group's restructuring plan to centralize and downsize certain of their operations, and dispose of several assets;
    - The assets included in the Contemplated Sales Transactions are located in an industrial park in Debert, Nova Scotia, a small community with a population of about 1,750 residents. Per the Management, it is unlikely that Spectra could receive a higher offer for the assets in question;
    - The sales process related to the Properties was overseen by Management, who represents that the Contemplated Sales Transactions and their pricing are fair and reasonable in the circumstances. Considering the location of the assets of the Contemplated Sales Transactions, the market uncertainty created by the Covid-19 pandemic, and the appraisal reports obtained by Spectra, it is submitted that a formal sale and solicitation process would have been cash and time consuming without any reasonable expectation of a better result;
    - Furthermore, since Spectra did not formally solicit buyers for the sale of the assets of the Contemplated Sales Transactions, it avoided real estate brokerage fees (average 4% to 5% of the purchase price) and listing fees. No sales commission has been or will be paid by Spectra with respect to the Contemplated Sales Transaction; and,
    - Although there has been no formal sale and solicitation process leading to the Contemplated Sales Transactions, the Monitor is satisfied that the proposed purchase prices are reasonable in the circumstances, given the appraisal reports.

64. For the reasons above, the Monitor is of the view that to conduct a formal sale and solicitation process would be costly, time consuming, and would most likely not result in a better outcome for the sale of the assets included in the Contemplated Sales Transactions. As such, in the circumstances, the Monitor is of the view that the Contemplated Sales Transactions maximize the realization of the Properties as assets of the Debtors. We believe that the Contemplated Sales Transactions would be more beneficial to the creditors as a hole than a sale or disposition under a forced liquidation.

65. Moreover, the consideration to be received by Spectra pursuant to the Contemplated Sales Transactions appears to be reasonable, considering the fact that LBC and Wells Fargo consent to the Contemplated Sales Transactions and support it. The net proceeds of the sale of the Assets will reduce the indebtedness towards LBC and will allow Spectra Group to focus its efforts on other elements of its restructuring plan.

66. We believe that all conditions of section 36 of the CCAA are met regarding the Contemplated Sales Transactions.

CONCLUSIONS AND MONITOR'S RECOMMENDATIONS

67. In light of the foregoing and notably the agreement of LBC and Wells Fargo to the Contemplated Sales Transactions, the Monitor believes that these transactions are appropriate and to the benefit of the Debtors' stakeholders as a whole. Consequently, the Monitor supports the Debert Real Estate Motion for an order authorizing the 48 Lysander Property Sale Transaction, the 497 McElmond Property Sale Transaction, and the 42 Lysander Property Sale Transaction and the vesting of these assets and recommends that the Court grant the relief sought therein.

All of which is respectfully submitted this 17th day of November 2020.

ERNST & YOUNG INC.,
Licensed Insolvency Trustee
in its capacity as the Monitor in the matter of
the proposed compromise and arrangement
of Spectra Premium Industries Inc. *et al*.

Per: Éric St-Amour, CPA, CA, CIRP, LIT
Senior Vice-President

Per: Mario Denis, CPA, CA, CIRP, LIT
Senior Vice-President