

District of Ontario
Division No. 31-Toronto
Court No. 31-2364769
Estate No. 31-2364769

IN THE MATTER OF THE PROPOSAL OF

HB SOLAR CANADA INC.
OF THE CITY OF VAUGHAN
IN THE PROVINCE OF ONTARIO

SECOND REPORT TO COURT OF PROPOSAL TRUSTEE

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE PROPOSAL OF
HB SOLAR CANADA INC.
OF THE CITY OF VAUGHAN
IN THE PROVINCE OF ONTARIO

SECOND REPORT TO COURT OF PROPOSAL TRUSTEE

DATED JUNE 14, 2018

INTRODUCTION

1. On April 10, 2018 (the “**Filing Date**”), HB Solar Canada Inc. (“**HB**” or the “**Debtor**”) filed with the Official Receiver a Notice of Intention to Make a Proposal (“**NOI**”) to its creditors and named Dodick Landau Inc. (“**DLI**”) as Proposal Trustee (the “**Proposal Trustee**”). Attached as **Appendix “A**” is the Certificate of Filing of the NOI for the Debtor.
2. A detailed overview of the Debtor’s business operations, corporate structure and financial difficulties which led to the filing of the NOI is set out in the Affidavit of Ingo Wolfert sworn May 8, 2018 (the “**Initial Wolfert Affidavit**”). A copy of the Initial Wolfert Affidavit without exhibits is attached as **Appendix “B**”.
3. On May 10, 2018 (the “**May 10 Order**”) and May 14, 2018 (the “**May 14 Order**”), this Court granted orders which among other things:
 - i. approved an extension of time to file a proposal up to and including

June 22, 2018;

- ii. granted a charge in favour of the Proposal Trustee, counsel to the Proposal Trustee and the Debtor's counsel (the "**Administration Charge**") on the property of the Debtor in the amount of \$80,000, as security for the professional fees and disbursements of the Proposal Trustee and such counsel in respect of these proceedings, incurred at their standard rates and charges;
 - iii. enhanced the powers of the Proposal Trustee: in addition to the powers and duties set out in the BIA, the Proposal Trustee was authorized to, among other things, carry out a two-stage sale and investment solicitation process ("**SISP**") and execute any and all documents on behalf and in the name of the Debtor, including those relating to the SISP; and
 - iv. approved the SISP attached hereto as **Appendix "C"**.
4. In connection with the Debtor's last appearance before the Court, the Proposal Trustee prepared and filed with the Court its first report dated May 8, 2018 (the "**First Report**"). Enclosed herein as **Appendix "D"** and **Appendix "E"** are copies of the First Report (without appendices) and the May 10 and 14 Orders, respectively.
5. The Debtor has brought a motion returnable June 19, 2018 ("**June 19 Motion**") to extend the time for filing a proposal, and further extend the stay of proceedings granted in the May 10 Order, for a period of 45-days to, and including, August 6, 2018.

6. The purpose of this second report (the “**Report**”) of the Proposal Trustee is to:
 - i. provide information to the Court relating to the June 19 Motion; and
 - ii. report on the status of the SISP.
7. The Proposal Trustee has reviewed an affidavit sworn by Ingo Wolfert on June 14, 2018 in support of the June 19 Motion.
8. All capitalized terms used in this Report but not otherwise defined shall have the meaning ascribed to such terms in the First Report.

DISCLAIMER

9. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Debtor’s books and records, discussions with the management of the Debtor (“**Management**”) and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report:
 - i. the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;
 - ii. some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
 - iii. the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer and will make a copy of this Report available on the Proposal Trustee’s website at www.dodick.ca for use by the Court and the

Debtor's stakeholders in relation to the June 19 Motion. Parties using this Report other than for the purpose of the June 19 Motion are cautioned that it may not be appropriate for their purposes and the Proposal Trustee assumes no responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Report contrary to this paragraph.

10. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
11. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

THE SISP

12. As described in the First Report, the goal of the Debtor's proposal proceeding is to preserve its business for the benefit of all stakeholders through a recapitalization, refinancing or a sale of the Debtor's business. To allow the Debtor to explore restructuring alternatives to achieve this goal, the Debtor sought and obtained approval of the SISP.
13. The terms of the SISP were set out in the First Report and are attached hereto as **Appendix "C"**. The more significant milestones in the SISP are:

Sale Process Procedures	Date by
Court approval of sales process	May 14, 2018
<u>Stage 1:</u>	
Due diligence by existing interested party and executed APS with deposit	May 20, 2018
<u>Stage 2:</u>	
Solicitation of potential purchasers/investors	June 1, 2018
Due diligence completed	June 29, 2018
Offer deadline	June 29, 2018
Identification of successful offer	July 4, 2018
Hold meeting of creditors to vote on Proposal	July 25, 2018
Obtain Court approval of Proposal	July 30, 2018
Closing(s)	July 31, 2018

14. The SISP also provides that the Proposal Trustee has the right to extend any deadline in the SISP by up to two weeks in order to facilitate the SISP.
15. Following Court approval of the SISP, beginning May 10, 2018, the Proposal Trustee entered into discussions and held meetings with Management and the existing interested party and provided the interested party with a form of agreement of purchase and sale. The interested party chose not to make an offer and exercise its exclusive option to purchase HB during the option period. The interested party has been invited to participate in the public tender process in phase 2 of the SISP.
16. The Proposal Trustee, with the assistance of Management, has carried out various SISP activities, which to date have included:
 - i. identifying prospective strategic and financial purchasers/investors;
 - ii. preparing and distributing a “teaser” document (the “**Teaser**”) to 37 recipients. Enclosed herein as **Appendix “F”** is a copy of the Teaser;
 - iii. creating a Confidential Information Memorandum;

- iv. establishing a virtual data room and placing over 30 documents on the site for review by interested parties who have executed a confidentiality agreement;
 - v. placing calls to certain prospective purchasers/investors who have been identified as strong acquisition or investment candidates;
 - vi. answering due diligence questions from interested parties; and
 - vii. arranging meetings between interested parties and Management.
17. At this time, there are interested parties who are continuing to carry-out active due diligence.

OVERVIEW OF THE DEBTORS' WEEKLY CASH FLOW FORECAST

18. The Debtors, with the assistance of the Proposal Trustee, have prepared a cash flow forecast for the period of June 2, 2018 to August 10, 2018 ("**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "G"** to this Report. The Cash Flow Forecast has been prepared by Management of the Debtor for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1 to 9 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the 10-week forecast period in Canadian dollars.
19. The Cash Flow Forecast projects that the Debtor will have sufficient liquidity to fund its expenses and the Proposal proceeding throughout the proposed extension of the stay of proceedings to August 6, 2018. The Debtor is expected to be able to operate within its available cash flow throughout the Proposal proceeding and not require interim financing.
20. The Cash Flow Variance, also contained in Appendix "G", showing the forecast cash flow relative to the actual cash flow for the period from April 7, 2018 to June

1, 2018 included a positive net cash flow variance of approximately \$98,000 in that period. This positive net cash flow variance is primarily a result of lower material purchases partially offset by lower receipts than forecast which, according to Management, relates primarily to the timing of new sales and related material purchases.

21. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by certain of the Management and employees of the Debtor. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by Management of the Debtor for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
22. Based on the Proposal Trustee's review, nothing has come to its attention to cause it to believe that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtor or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
 - iii. the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.
23. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the

information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast.

24. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

EXTENSION OF THE TIME TO FILE A PROPOSAL

25. The Debtor is seeking an extension of the time to file a proposal to and including August 6, 2018 for a total of 45 days.
26. The stay extension is required to enable the Debtor to continue to pursue a transaction in accordance with the SISP, with a view to making a proposal to its creditors and completing its reorganization.
27. The Proposal Trustee is of the view that the Debtor is acting in good faith and with due diligence in pursuing the SISP and preparing a proposal. Granting the requested extension substantially increases the likelihood that the Debtor can complete the SISP, identify and complete a transaction and make a viable proposal to its creditors. Without the extension, the Debtor is not in a position to make a viable proposal to its creditors and will become bankrupt to the detriment of its stakeholders. In contrast, the Proposal Trustee is not aware of any creditor who would be materially prejudiced if the extension applied for is granted.

CONCLUSION AND RECOMMENDATION

28. The Proposal Trustee is of the view that the SISP, as described above, continues to allow a reasonable canvassing of the market with a view to identifying parties to purchase or invest in the Debtor's business and assets.
29. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief being requested by the Debtor on the June 19 Motion.

All of which is respectfully submitted this 14th day of June, 2018.

DODICK LANDAU INC.

In its capacity as the Proposal Trustee of
HB Solar Canada Inc. and not in its personal or
corporate capacity.

Per:



Rahn Dodick, CA, CPA, CIRP, LIT
President

District of Ontario
Division No. 31-Toronto
Court No. 31-2364769
Estate No. 31-2364769

**IN THE MATTER OF THE PROPOSAL OF
HB SOLAR CANADA INC.**

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APPENDIX “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2364769
Estate No. 31-2364769

In the Matter of the Notice of Intention to make a
proposal of:

HB Solar Canada Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention: April 10, 2018

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 10, 2018, 13:35

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

APPENDIX “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE PROPOSAL OF
HB SOLAR CANADA INC.
OF THE CITY OF CONCORD, IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF INGO WOLFERT

I, **INGO WOLFERT**, of the City of Kingston, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President of HB Solar Canada Inc. ("**HB**" or the "**Company**"). Where I do not have personal knowledge, I have indicated the source of my information and do verily believe such information to be true. Where correspondence is adopted as an exhibit, I do verily believe the information contained therein and that it was sent and received on the date(s) indicated.

I. Relief Sought:

2. This Affidavit is sworn in support of a motion for an Order:

- (a) If necessary, abridging the time for service of the Notice of Motion, the Motion Record and the First Report of Dodick Landau Inc. (the "**Proposal Trustee**") dated May 8, 2018 (the "**First Report**") and dispensing with service on any other person other than those served;
- (b) Approving and adopting by reference the e-service protocol of the Commercial List (the "**Protocol**") such that service of court documents by email in accordance with the Protocol shall be deemed valid and effective service in these proceedings;
- (c) Extending the time for filing a proposal, and extending the stay of proceedings granting upon the filing on April 10, 2018 (the "**Filing Date**") of a Notice of

Intention to Make a Proposal (the “NOI”), for a period of forty-five (45) days, to and including June 22, 2018;

(d) Granting the Administration Charge (defined below);

(e) Approving a Two-Stage Sale and Investment Solicitation Process (the “SISP”) to be undertaken by the Proposal Trustee with the assistance of HB; and

(f) Granting the Proposal Trustee expanded powers to implement the SISP and close any transaction under the SISP approved by the Court.

II. Overview and Business Operations

A. Overview of the Business:

3. HB is an Ontario corporation that was incorporated on October 2, 2009. Attached hereto as **Exhibit “A”** is a copy of a Corporation Profile Report dated August 2, 2017. The shares of HB Solar are indirectly 50% owned by each of Eric Stephenson and Ingo Wolfert who are the Company’s founders.

4. At the date of filing of the NOI, HB employed eleven (11) people. None of the employees were terminated after the NOI was filed.

5. HB carries on the business of as a supplier of photovoltaic/solar energy array mounting systems and related equipment. HB is headquartered in Concord, Ontario and supplies all of North America and the Caribbean with a variety of solar mounting rack solutions and accessories.

6. HB Solar funded its operations from a combination of shareholder equity and line of credit from its banking facility with Royal Bank of Canada, its sole significant secured creditor.

7. Since its inception in 2009, HB focused on the Ontario market for Photovoltaic (“PV”) rooftop systems that was created with the inception of the Green Energy Act and the subsequent FIT program. Despite competing against large international players (such as Schletter, Sunlink, Solardock, Solyndra, PanelClaw), in the early days of the FIT program, HB was able to build its business and gain a reputation for the quality of its products.

8. HB engineers and produces mounting systems for rooftop solar PV arrays as well as car ports. It offers products for the Commercial and Industrial market, the Residential Market, and the Municipalities, Universities, Schools and Hospitals sector. Its product platforms consist of systems for metal roofs, flat roofs, shingle roofs, car ports as well as engineered solutions for unique project conditions (i.e. solar awnings, seismic solutions etc.)

9. By 2016, HB had reached the number one position in the Ontario market for PV rooftop racking. Due to the constant changes of the FIT program and drastic reductions of the FIT rates the local market for rooftop PV systems has contracted by an estimated 80% and most racking suppliers have either left the Ontario market or closed up their business completely.

10. Market conditions in the Ontario market remain extremely challenging due to the reduced FIT rates, discontinuation of the FIT program and artificially lowered electricity cost under the “Fair Hydro Plan”. As of 2018 HB is the preferred supplier of rooftop racking to the largest remaining developers/EPCs with a market penetration of about 60% of all available systems.

11. HB’s sales in recent years ranged from \$6-11 million per year. Due to the constant cost pressures from reduced FIT rates, prices for rooftop racking have deteriorated by roughly 80% and therefore more systems need to be sold for less money to achieve the same margins.

12. HB has also experienced an increase in bad debts from a number of customers which has reduced its available net working capital.

B. Assets:

13. HB's primary assets are its inventory and accounts receivable from its customers as well as fixed assets, with estimated book values at the date of the NOI of \$1.4 million for the inventory, \$1.6 million for the accounts receivable and \$180,000 for the fixed assets.

Secured Indebtedness:

14. Attached hereto as **Exhibit "B"** to this my Affidavit is a chart setting out the list of secured creditors of HB in order of registration under the PPSA. Its chief secured creditor is Royal Bank of Canada with current indebtedness of approximately \$800,000.00 ("**RBC**"). The only other secured creditor relate to a pair of leased vehicles.

15. Attached hereto as **Exhibit "C"** is a copy of HB's Creditor List which is attached to the NOI. The total amount owing to all creditors is \$2,927,457.00 as at the Filing Date including the \$800,000.00 owing to RBC.

16. As of the date of this Affidavit, HB is current in paying employee source deductions and HST remittances.

Unsecured Creditors:

17. The breakdown of secured versus unsecured indebtedness is in the process of being finalized. HB's accounts payable to unsecured creditors totaled approximately \$2,100,000 as at the Filing Date.

III. Current Status

A. Factors Leading to Insolvency:

18. A number of factors have led to HB's insolvency including but not limited to, changes to the FIT program contracting the market for rooftop PV systems, increased competition forcing HB to reduce prices and earn lower margins, increased bad debt write offs and the inability to attract additional capital from institutional lenders and equity investors.

19. Beginning in 2017, the Company increased its efforts to attract additional capital from

institutional lenders and equity investors, as well as from others in the solar business, whether by way of debt, equity or some other form of strategic alliance. While there was some interest in the market, it became apparent that HB Solar would have to formally restructure its affairs before anyone would invest further.

20. Due to lower sales, reduced prices and margins, and significant bad debt write-offs, HB faced liquidity concerns which has made it difficult to maintain its obligations to its creditors.

21. In response to the above referenced issues, HB determined that it had no other readily available options but to file the NOI on the Filing Date to prevent irreparable harm to the business of HB and the erosion of the capital of its investors, while HB implements a sale process.

22. To date, HB has not filed a proposal. A copy of the Certificate of Filing of the NOI is attached hereto as **Exhibit "D"**.

23. HB filed the NOI in order to preserve the status quo and to preserve its business operations.

24. Since filing the NOI, HB Solar has continued to service its customers. Every effort is being made to maintain the ongoing business until the closing of a possible sale transaction.

IV. Overview of Restructuring Plan and SISP

25. The paramount goal of HB is to preserve, maximize and realize value for the benefit of all stakeholders. HB is of the view that the restructuring of HB to be undertaken under the BIA will likely involve a sale of its business. HB will explore all options to maximize value for stakeholders.

26. The purpose of the SISP is to identify one or more financiers, purchasers or investors in HB's business with a projected completion date of a transaction or transactions by the end of June 2018 if the first, single bidder stage of the process is successfully implemented, and by the end of July 2018 if the second stage, open bidding process is implemented.

27. The SISP will include broad marketing to all potential financiers and investors, including those that have already expressed interest in purchasing the business. HB and the Trustee are

proposing a two stage process of negotiating with an existing possible purchaser with the aim of having an executed agreement of purchase and sale in a form acceptable to HB and the Proposal Trustee executed, and a deposit paid, by May 20, 2018.

28. If such an agreement is not executed, the SISP would then expand to a full sale process that would accommodate offers for the purchase of HB's assets for all possible purchasers. It will be a fair and transparent process that will be implemented by the Proposal Trustee.

29. The SISP, implemented and completed by the Proposal Trustee, would formalize this process and ensure that (a) there will be no complications to completing a transaction resulting from the structure of HB's business, and (b) no issues arise in the event competing bidders make offers for HB's assets.

30. A chart summarizing the important dates for the SISP is set out below:

Sale Process Procedures	Date
Court approval of Sale Process by	May 10, 2018
STAGE 1	
Due Diligence by existing interested party	May 10, 2018 to May 20 2018
Executed APS and deposit paid	By May 20, 2018
IF NO APS – STAGE 2	
Begin marketing to interested parties, distributing CIM and provide access to on-line data room	By May 21, 2018
Solicitation of potential purchasers/investors	By June 1, 2018
Due diligence completed	By June 29, 2018
Deadline for submission of binding offers	By June 29, 2018
Identification of successful offer	By July 4, 2018
Hold meeting of creditors to vote on Proposal	By July 25, 2018
Obtain Court approval of Proposal	By July 30, 2018
Closing of Transaction	By July 31, 2018

31. HB approves the SISP being proposed by the Proposal Trustee and I am advised that the Proposal Trustee is agreeable to implementing and completing the SISP on behalf of HB.

32. Given the complexity involved in the sale of HB's assets and a possibility that current management may be involved in a purchase offer, the Proposal Trustee requires enhanced powers

to close the transaction that may arise out of the SISP on behalf of HB.

33. The Proposal Trustee has approved HB obtaining the form of draft Order being requested, approving the SISP and the expanded powers of the Proposal Trustee described in the draft Order.

V. Cash Flow Forecast

34. HB has worked with the Proposal Trustee to prepare a Cash Flow Statement and Report on Cash Flow for HB which was filed by HB in accordance with the BIA (the “**Cash Flow Forecast**”).

35. HB has also prepared as Cash Flow Forecast for the extension period request (the “**Second Cash Flow Forecast**”). Attached hereto as **Exhibit “E”** is a copy of the Cash Flow Forecast and the Second Cash Flow Forecast. Based on my knowledge of the financial position of HB and the assumptions set out in the Cash Flow Forecast and the Second Cash Flow Forecast, both of these are fair and reasonable.

VI. Administration Charge

36. HB is also requesting that the Court grant a charge in favour of HB’s counsel and in favour of the Proposal Trustee and its counsel (the “**Professional Advisors**”) to secure payment of fees and expenses incurred in connection with this proceeding (the “**Administration Charge**”).

37. HB seeks an Administration Charge in the amount of \$80,000.00 on its assets, other than the 2 vehicles leased by Kennedy National Leasing, to secure payment of the fees and expenses of HB’s counsel and the Proposal Trustee and its counsel.

38. The Professional Advisors have been and will continue to be actively involved in providing HB support, advice and assistance through these proceedings and their ongoing support is necessary to maximize value for all stakeholders. The Proposal Trustee will ensure that the business and affairs of HB will be properly managed by existing management of HB during these proceedings.

VII. Extension of Stay

39. In order to allow HB sufficient time to implement the SISP and to complete its reorganization successfully, HB is seeking an extension of the time for filing of the Proposal to and including June 22, 2018 for a total of 45 days.

40. I verily believe that HB has acted in good faith and with diligence and has made best efforts in seeking to restructure the affairs of HB after the date of filing the NOI. In order to maximize return for all stakeholders, it would not be possible to complete the restructuring process and prepare a viable Proposal to creditors within the initial stay provided for under the BIA.

41. I verily believe that the requested extension will substantially enhance the likelihood of HB making a viable Proposal to its creditors, and will not cause any undue prejudice to any party.

42. An extension of stay proceedings is essential to preserve HB's business and to maintain its value. A stay would also provide HB with the necessary time to undertake and implement the SISP and complete a transaction with a view to making a successful proposal to creditors.

43. Without the benefit of a stay of proceedings, HB would be deemed bankrupt and there would be a fast and significant erosion of value of HB's assets.

44. I swear this Affidavit in support of HB's motion for the relief requested and for no other or improper purpose.

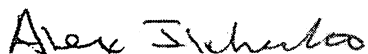
SWORN BEFORE ME
at the City of Mississauga
in the Province of Ontario,
this 8th day of May, 2018

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INGO WOLFERT

A Commissioner for taking oaths, etc.



APPENDIX “C”

HB Solar Canada Inc. ("HB")
Sale and Investment Solicitation Process Summary

The purpose of the Sale and Investment Solicitation Process (the "SISP") is to identify one or more purchasers of, or investors in, the business and assets of HB with a projected completion date of a transaction or transactions by July 2018.

All capitalized terms used but not otherwise defined herein have the meaning given to them in the Order granted by the Ontario Superior Court of Justice (the "Court") on May 14, 2018 (the "May Order") in respect of the proposal proceedings commenced by HB under the *Bankruptcy and Insolvency Act* (the "BIA").

The SISP will be a Two Stage process. Initially HB and the Proposal Trustee will continue negotiating with an existing possible purchaser with the aim of having an executed agreement of purchase and sale in a form acceptable to HB and the Proposal Trustee executed, and a deposit paid, by May 20, 2018.

If such an agreement is not executed by May 20, 2018, the SISP would then expand to a Second Stage of a full sale process that would accommodate offers for the purchase of HB's assets for all possible purchasers.

The details of the expanded Second Stage of the SISP details are provided below.

- HB has compiled, and with the assistance of the Proposal Trustee, may continue to compile, a list of interested parties ("Interested Parties") and will distribute to them an interest solicitation letter detailing this opportunity. The Proposal Trustee will contact all parties identified as well as any additional parties that come to its attention. A confidentiality agreement ("CA") will be attached to the interest solicitation letter;
- HB, with the assistance of the Proposal Trustee, will prepare a confidential information memorandum ("CIM") which will be made available to Interested Parties that execute the CA. The CIM will provide an overview of HB's business, property and financial results;
- Interested Parties who execute the CA will have an opportunity to perform diligence, including reviewing information in a virtual data room;
- At the discretion of the Proposal Trustee, a notice will be published in trade publications;
- The Proposal Trustee, with the assistance of HB, will facilitate diligence efforts by, among other things, responding to questions and coordinating meetings between Interested Parties and HB's management and such other parties as the Proposal Trustee may arrange. All meetings with management will be convened in the presence of a representative of the Proposal Trustee;

- Prospective investors shall be required to identify all material terms of their proposed investment to permit evaluation of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format;
- Parties interested in acquiring assets will be able to refer to a template asset purchase agreement ("APA") that will be posted in the data room. Interested Parties who wish to acquire assets will be encouraged to submit offers substantially in the form of the APA, with any changes black-lined against the APA;
- Interested Parties will be entitled to submit offers for HB's business and assets on an individual basis or *en bloc*. Subject to the value of the consideration to be paid, preference will be given to *en bloc* offers;
- The deadline for submission of offers ("Offer Deadline") will be 5:00 pm EST on June 29, 2018;
- Offers are to be submitted to the Proposal Trustee with a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Proposal Trustee) or such other form of deposit as is acceptable to the Proposal Trustee, in an amount equal to 10% of the purchase price or investment amount. Offers are to be supported by evidence, satisfactory to the Proposal Trustee, of financing sufficient to close a transaction within the timelines detailed in these procedures. All offers are to be irrevocable until 10 days after Court approval of the Proposal;
- The Proposal Trustee will evaluate the offers and may seek clarification and/or a re-bidding of certain offers;
- HB's management, along with their respective legal counsel, will be consulted on a timely basis during the different phases of the SISP, provided that they confirm to the Proposal Trustee that they are not bidders in the SISP;
- Any offer submitted must be subject to the approval of the creditors of HB and the Court;
- Upon completion of definitive documentation, HB will make a Proposal to its creditors in which it will propose a sale of the assets to the successful bidder(s) and the Proposal Trustee will call a meeting of the creditors of HB to vote on HB's Proposal; and
- Following receipt of creditor approval of HB's Proposal, HB will apply to the Court for an order approving the Proposal including one or more offers ("Transaction"), with the Transaction projected to be completed as soon as possible following approval of the Proposal by the Court. The Proposal Trustee will provide its recommendation to the Court with respect to the Proposal and the Transaction.

Other attributes of the SISP:

- The Proposal Trustee shall have the right to extend by up to two-weeks any deadline in the SISP in order to facilitate the SISP. Further extensions will require Court approval;
- HB's management and employees are required to assist and support the efforts of the Proposal Trustee as provided for herein;
- Any transaction will be consistent with insolvency principles, including without material representations and warranties and shall be on an "as is, where is" basis;
- The Proposal Trustee reserves the right to accept one or more offers, in consultation with HB management, and to take such steps as are necessary to finalize and complete an APA or investment agreement or to continue negotiations with a selected number of Interested Parties with a view to finalizing an agreement(s) with one or more of them;
- The Proposal Trustee shall be under no obligation to accept the highest offer, the best offer, or any offer, and the selection of any offer(s) shall be at the discretion of the Proposal Trustee after consultation with HB Management;
- The Proposal Trustee shall not be bound by the terms of any transaction(s) until approval of the Court is obtained;
- The Proposal Trustee may consider transactions involving a restructuring or investment in HB if, in the opinion of the Proposal Trustee, the resulting transaction is in the best interests of HB and maximizes value for the benefit of its stakeholders; and
- The Proposal Trustee reserves the right to apply to the Court at any time to modify or terminate the SISP if it considers it appropriate in the circumstances or to apply to the Court for advice and directions.

SUMMARY TIMELINE OF IMPORTANT DATES

Sale Process Procedures	Date
Court approval of Sale Process by	May 14, 2018
STAGE 1	
Due Diligence by existing interested party	May 14, 2018 to May 20, 2018
Executed APS and deposit paid	By May 20, 2018
IF NO APS – STAGE 2	
Begin marketing to interested parties, distributing CIM and provide access to on-line data room	By May 21, 2018
Solicitation of potential purchasers/investors	By June 1, 2018
Due diligence completed	By June 29, 2018
Deadline for submission of binding offers	By June 29, 2018
Identification of successful offer	By July 4, 2018
Hold meeting of creditors to vote on Proposal	By July 25, 2018
Obtain Court approval of Proposal	By July 30, 2018
Closing of Transaction	By July 31, 2018

APPENDIX “D”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE PROPOSAL OF
HB SOLAR CANADA INC.
OF THE CITY OF VAUGHAN
IN THE PROVINCE OF ONTARIO

FIRST REPORT TO COURT OF PROPOSAL TRUSTEE

DATED MAY 8, 2018

INTRODUCTION

1. On April 10, 2018 (the "**Filing Date**"), HB Solar Canada Inc. ("**HB**" or the "**Debtor**") filed with the Official Receiver a Notice of Intention to Make a Proposal ("**NOI**") to its creditors and named Dodick Landau Inc. ("**DLI**") as Proposal Trustee (the "**Proposal Trustee**"). Attached as **Appendix "A"** is the Certificate of Filing of the NOI for the Debtor.
2. A detailed overview of the Debtor's business operations, corporate structure and financial difficulties which led to the filing of the NOI is set out in the Affidavit of Ingo Wolfert sworn May 8, 2018 (the "**Wolfert Affidavit**"), served and filed with the Court in support of the Debtor's motion for the relief set out herein.
3. All capitalized terms used in this Report but not otherwise defined shall have the meaning ascribed to such terms in the Wolfert Affidavit.
4. This first report (the "**Report**") of the Proposal Trustee is made in connection with the motion of the Debtor to:

- i. abridge the time for service of the Notice of Motion, the Motion Record and this Report and dispensing with service on any other person other than those served;
- ii. seek approval to adopt the e-service protocol of the Commercial List;
- iii. extend the time for filing a proposal, and extend the stay of proceedings granted upon the filing of the NOI, for a period of 45-days to, and including, June 22, 2018;
- iv. seek an order granting an administration charge (as hereinafter defined);
- v. approving a two-stage Sale and Investment Solicitation Process (“**SISP**”) to be undertaken by the Proposal Trustee with the assistance of the Debtor’s management and granting the Proposal Trustee expanded powers to implement the SISP and close any transactions under the SISP approved by the Court; and
- vi. approving the activities of the Proposal Trustee as set out in this Report.

DISCLAIMER

- 5. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Company’s books and records, discussions with the management of the Company (“**Management**”) and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report:
 - i. the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;

- ii. some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
 - iii. the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on the Proposal Trustee's website at www.dodick.ca for purposes of the Company's motion returnable May 10, 2018. Parties using this Report, other than for the purpose of the motion, are cautioned that it may not be appropriate for their purposes.
6. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

THE SISP

8. The goal of the Debtor's proposal proceeding is to preserve its business for the benefit of all stakeholders through either a sale, recapitalization or refinancing of the Debtor's business. To achieve this goal, the Debtor seeks the approval of the proposed SISP which would allow the Debtor to explore all restructuring alternatives.
9. Prior to the filing of the NOI, the Debtor commenced discussions with a party to purchase its business. These discussions continued after the NOI was filed. The Proposal Trustee met with this party who had expressed its continued interest to make an offer to purchase the Debtor's business. The Proposal Trustee advised this party that the Debtor will be seeking Court approval of a two-stage SISP. The

first stage would include the Proposal Trustee continuing to negotiate with this existing prospective purchaser with an aim of having an executed agreement of purchase and sale in a form acceptable to HB and the Proposal Trustee, and a deposit paid, by May 20, 2018.

10. The Proposal Trustee further advised the prospective purchaser that if he has not yet made an acceptable offer to purchase the Debtor's business by May 20, 2018 the Proposal Trustee will then expand the SISP beginning May 21, 2018 to the second-stage which would consist of a full sale process that would accommodate offers for the purchase of HB's business from all possible purchasers. The current prospective purchaser may participate in the second-stage of the SISP should he continue to have an interest to purchase the Debtor's business.
11. The purpose of the SISP is to identify one or more purchasers of the Debtor's assets, or investors in the Debtor's businesses, with a projected completion date of a transaction by the end of July 2018.
12. The terms of the SISP are set out in **Appendix "B"**. The more significant milestones in the second-stage of the SISP are:

Activity	Timeline
Begin marketing to interested parties, distribute CIM and provide access to dataroom	May 21, 2018
Solicitation of potential purchasers/investors	by June 1, 2018
Due diligence completed	by June 29, 2018
Deadline for submission of binding offers	June 29, 2018
Identification of successful offer	July 4, 2018
Hold meeting of creditors to vote on Proposal	by July 25, 2018
Obtain Court approval of Proposal	by July 30, 2018
Closing of transaction(s)	by July 31, 2018

13. The Proposal Trustee has assisted the Debtor in the development of the proposed SISP. The Proposal Trustee is of the view that the second-stage of the SISP will

provide it with the ability to reasonably canvass the market, having regard to the current circumstances and limited funding available, in an attempt to find a buyer or an investor for the Debtor's business.

14. Under the proposed Court order, in addition to the powers and duties set out in the BIA, the Debtor is seeking to have the Proposal Trustee carry out the SISP and to execute any and all documents on behalf and in the name of the Debtor necessary to complete any transaction under the SISP approved by the Court. As a result, the Debtor is seeking an order expanding the Proposal Trustee's powers as contemplated by the Debtor's motion.
15. The reason these additional powers are required is primarily due to the possibility that Management, or a party related to Management, wish to make an offer, or join a group, making an offer in the SISP. The concern is that Management would find itself in conflict if it was both the seller and participating directly, or indirectly, as a buyer in the SISP. However, it is contemplated that Management will assist the Proposal Trustee in carrying out its SISP responsibilities.
16. The Proposal Trustee consents to the expansion of its powers as contemplated by the Debtor's motion.

EXTENSION OF STAY OF PROCEEDINGS

17. The Debtor is seeking an extension of the time for the filing of the proposal to and including June 22, 2018, for a total of 45 days.
18. The stay extension is required to provide the Debtor with the necessary time to commence the SISP. It is understood that in order to complete the SISP a further extension to the stay of proceedings will be required beyond June 22, 2018.

The Proposal Trustee is of the view that the Debtor is acting in good faith and with due diligence in formulating and implementing a restructuring plan that would preserve its business and assets for the benefit of their stakeholders. Without the extension, the Debtor is not in a position to make a viable proposal to its creditors

and will become bankrupt to the detriment of its stakeholders. In contrast, no creditor will be materially prejudiced if the extension applied for is granted. If the extension applied for is granted, the Debtor would likely be able to make a viable proposal to its creditors following the completion of the SISP and any resulting transaction.

OVERVIEW OF THE DEBTOR'S WEEKLY CASH FLOW FORECAST

19. The Debtor, with the assistance of the Proposal Trustee, has prepared an eleven-week cash flow forecast for the period of April 7, 2018 to June 22, 2018 ("**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "C"** to this Report. The Cash Flow Forecast has been prepared by Management of the Debtor for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1 to 9 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the eleven-week forecast period in Canadian dollars.
20. The Cash Flow Forecast projects that the Debtor will have sufficient liquidity to fund its expenses and the Proposal proceeding throughout the proposed extension of the stay of proceedings.
21. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by certain of the Management and employees of the Debtor. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by Management of the Debtor for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
22. Based on the Proposal Trustee's review, nothing has come to its attention to cause it to believe that, in all material respects:

- i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtor or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
 - iii. the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.
23. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast.
24. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

COURT ORDERED CHARGE

25. The Debtor is seeking a charge (the “**Administration Charge**”), in a maximum amount of \$80,000, in favour of the Debtor’s legal counsel, the Proposal Trustee and its legal counsel, which shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise in favour of any person.
26. The Proposal Trustee is of the view that the Administration Charge is necessary and reasonable in the circumstances in order to carry out the proposed SISF and complete the administration of the Proposal.

CONCLUSION AND RECOMMENDATION

27. The Proposal Trustee is of the view that the SISP, as described above, will allow a reasonable canvassing of the market with a view to identifying parties to purchase or invest in the Debtor's business.
28. The Proposal Trustee further is of the view that the Administration Charge is reasonable and appropriate in these circumstances.
29. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief being requested by the Debtor pursuant to the BIA.

All of which is respectfully submitted this 8th day of May, 2018.

DODICK LANDAU INC.

In its capacity as the Proposal Trustee of
HB Solar Canada Inc. and not in its personal or
corporate capacity.

Per:



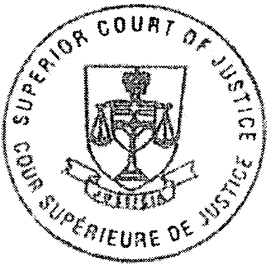
Rahn Dodick, CA, CPA, CIRP, LIT
President

APPENDIX “E”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE *ME*)
JUSTICE *T. McEwen*)

THURSDAY, THE 10th DAY OF
MAY, 2018



IN THE MATTER OF THE PROPOSAL OF
HB SOLAR CANADA INC.
OF THE CITY OF CONCORD, IN THE PROVINCE OF ONTARIO

ORDER

THIS MOTION, made by HB Solar Canada Inc. ("**HB**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 1985, c B-3, as amended (the "**BIA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Ingo Wolfert sworn May 8, 2018 and the Exhibits thereto (the "**Wolfert Affidavit**"), the First Report of Dodick Landau Inc. (the "**Proposal Trustee**") dated May 8, 2018 (the "**First Report**") and on being advised that the creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for HB, the Proposal Trustee and any other parties who signed the counsel slip;

Service:

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

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

3. **THIS COURT ORDERS** that the E-Service List Keeper and the WebHost (as such terms are defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

Extension of Time to File Proposal:

4. **THIS COURT ORDERS** that the time for filing of the Proposal, and the stay of proceedings herein, are extended in accordance with Section 50.4(9) of the BIA for a period of 45 days, to and including June 22, 2018.

5. **THIS COURT ORDERS** that each of HB and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

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

MAY 10 2018

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PER / PAR:

**IN THE MATTER OF THE PROPOSAL OF HB SOLAR
CANADA INC. OF THE CITY OF CONCORD, IN THE
PROVINCE OF ONTARIO**

Court File No. 31-2364769

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

ORDER

PALLET VALO LLP

Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5

ALEX ILCHENKO, C.S. (LSUC NO. 33944Q)

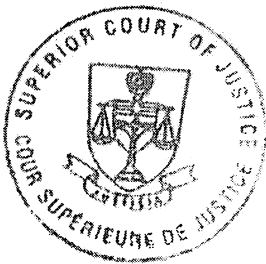
Tel: (905) 273-3300

Fax: (905) 273-6920

Lawyers for HB Solar Canada Inc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR)
JUSTICE McEWEN)
MONDAY, THE 14th DAY OF
MAY, 2018



IN THE MATTER OF THE PROPOSAL OF
HB SOLAR CANADA INC.
OF THE CITY OF CONCORD, IN THE PROVINCE OF ONTARIO

ORDER

THIS MOTION, made by HB Solar Canada Inc. (“**HB**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 1985, c B-3, as amended (the “**BIA**”) was originally heard on May 10, 2018 with certain relief granted by an Order of McEwen J, dated May 10, 2018 extending the time to file a Proposal and the stay of proceedings to and including June 22, 2018, as well as the approval of the Commercial List E-Service Protocol and aid and recognition provisions, with the balance of the relief requested by HB adjourned to this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Ingo Wolfert sworn May 8, 2018 and the Exhibits thereto (the “**Wolfert Affidavit**”), the First Report of Dodick Landau Inc. (the “**Proposal Trustee**”) dated May 8, 2018 (the “**First Report**”) and on being advised that the creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for HB, the Proposal Trustee and any other parties who signed the counsel slip;

Proposal Trustee's Fees and Administration Charge:

1. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to HB shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by HB as part of the costs of these proceedings. HB is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for HB on a bi-weekly basis.

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

3. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and HB's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, but for the purposes of the Administration Charge specifically excluding the vehicles leased by Kennedy National Leasing Limited, in the amount of \$80,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 8 to 11 hereof.

Validity and Priority of Administration Charge:

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

5. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on HB's current and future properties, assets and undertakings of every nature and kind whatsoever and wheresoever situated including all proceeds thereof, but for the purposes of the Administration Charge specifically excluding the vehicles leased by Kennedy National Leasing

Limited (the "**Property**") and such Administration Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental body or agency (except statutory deemed trusts that, at law, rank in priority to all other charges), or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**").

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

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

(a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by HB of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting the creation of the Administration Charge; and

- (c) the payments made by HB pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

Enhanced Powers of the Proposal Trustee:

8. **THIS COURT ORDERS** that, in addition to the powers and duties set out in the BIA and this Order (or any other Order of this Court in these proceedings), the Proposal Trustee is hereby fully and exclusively authorized and empowered, but not required, to take any and all actions and steps, and execute any and all documents and writings, on behalf, and in the name of HB in order to carry out its duties under this Order or any other Order of the Court, including to execute all documents relating to the SISP (as defined below) as well as to execute and deliver any documents on behalf of HB to implement transactions under the SISP approved by the Court.

9. **THIS COURT ORDERS** that the Proposal Trustee is authorized and empowered, but not required, to operate on behalf of HB any of HB's existing accounts at any financial institution ("**HB's Accounts**"), in such manner as the Proposal Trustee, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Proposal Trustee's powers and duties set out herein, including the ability to add or remove persons having signing authority with respect to any of HB's Accounts.

10. **THIS COURT ORDERS** that all employees of HB shall remain the employees of HB until such time as the Proposal Trustee, on HB's behalf, may terminate the employment of such employees. Nothing in this Order shall, in and of itself, cause the Proposal Trustee to be liable for any employee-related liabilities or duties, including, without limitation, wages, severance pay, termination pay, vacation pay and pension or benefit amounts.

11. **THIS COURT ORDERS** that the enhancement of the Proposal Trustee's powers as set forth herein, the exercise by the Proposal Trustee of any of its powers, the performance by the Proposal Trustee of any of its duties, or the use or employment by the Proposal Trustee of any person in connection with its appointment and the performance of its powers and duties shall not constitute the Proposal Trustee the employer, successor employer or related employer of the

employees of HB within the meaning of any provincial, federal or municipal legislation or common law governing employment, pensions or labour standards or any other statute, regulation or rule of law or equity for any purpose whatsoever or expose the Proposal Trustee to liability to any individuals arising from or relating to their previous employment by HB.

12. **THIS COURT ORDERS** that the Proposal Trustee is not, and shall not be or be deemed to be, a director, officer or employee of HB.

13. **THIS COURT ORDERS** that HB shall continue to have the benefit of all of the protections and priorities as set out in the BIA, or this Order, and any such protections and priorities shall apply to the Proposal Trustee in fulfilling its duties and exercising any of its powers under this Order or any other Order of this Court.

14. **THIS COURT ORDERS** that HB its management and advisors shall cooperate fully with the Proposal Trustee and any directions it may provide pursuant to this Order or any other Order of this Court and shall provide the Proposal Trustee with such assistance as the Proposal Trustee may request from time to time to enable the Proposal Trustee to carry out its duties and powers as set out in this Order or any other Order of this Court.

15. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute the Proposal Trustee as a receiver, assignee, liquidator, administrator, receiver manager, agent of the creditors or legal representative of HB within the meaning of any relevant legislation and that any distribution made to creditors of HB by the Proposal Trustee will be deemed to have been made by HB itself.

16. **THIS COURT ORDERS** that the Proposal Trustee shall not take possession of the Property, and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the business or Property of HB, or any part thereof.

17. **THIS COURT ORDERS** that nothing herein contained shall require the Proposal Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the

protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the Canadian *Environmental Protection Act*, the Ontario *Environmental Protection Act*, the Ontario *Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Proposal Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Proposal Trustee shall not, as a result of this Order or anything done in pursuance of the Proposal Trustee's duties and powers under this Order, be deemed to be in possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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

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

Sale and Investment Solicitation Process:

20. **THIS COURT ORDERS** that the Two-Stage Sale and Investment Solicitation Process (the “**SISP**”), attached as **Schedule “A”** to this Order, is approved.

21. **THIS COURT ORDERS** that HB and the Proposal Trustee are authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the SISP.

22. **THIS COURT ORDERS** that the Proposal Trustee shall have no personal or corporate liability in connection with the SISP, including, without limitation:

- (a) by advertising the SISP;
- (b) by exposing the Property to any and all parties;
- (c) by responding to any and all requests or inquiries regarding due diligence conducted in respect of HB or the Property;
- (d) through the disclosure of any and all information regarding HB or the Property arising from, incidental to or in connection with the SISP; and
- (e) pursuant to any and all offers received by HB in accordance with the SISP.

23. **THIS COURT ORDERS** that, in connection with the SISP and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act (Canada)*, HB and the Proposal Trustee are authorized and permitted to disclose personal information of identifiable individuals to prospective investors, financiers, purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more investment, finance or sale transactions (each, a “**Transaction**”). Each prospective investor, financier, purchaser, or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to HB or the Proposal Trustee, as applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by HB, and shall return all other personal information to HB or the Proposal Trustee, as applicable, or ensure that all other personal information is destroyed.

General:

24. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist HB, the Proposal Trustee 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 HB and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist HB and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

25. **THIS COURT ORDERS** that each of HB and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

A handwritten signature in dark ink, appearing to read 'McIntosh', is written over a horizontal line.

Schedule "A"

HB Solar Canada Inc. ("HB") Sale and Investment Solicitation Process Summary

The purpose of the Sale and Investment Solicitation Process (the "SISP") is to identify one or more purchasers of, or investors in, the business and assets of HB with a projected completion date of a transaction or transactions by July 2018.

All capitalized terms used but not otherwise defined herein have the meaning given to them in the Order granted by the Ontario Superior Court of Justice (the "Court") on May 14, 2018 (the "May Order") in respect of the proposal proceedings commenced by HB under the *Bankruptcy and Insolvency Act* (the "BIA").

The SISP will be a Two Stage process. Initially HB and the Proposal Trustee will continue negotiating with an existing possible purchaser with the aim of having an executed agreement of purchase and sale in a form acceptable to HB and the Proposal Trustee executed, and a deposit paid, by May 20, 2018.

If such an agreement is not executed by May 20, 2018, the SISP would then expand to a Second Stage of a full sale process that would accommodate offers for the purchase of HB's assets for all possible purchasers.

The details of the expanded Second Stage of the SISP details are provided below.

- HB has compiled, and with the assistance of the Proposal Trustee, may continue to compile, a list of interested parties ("Interested Parties") and will distribute to them an interest solicitation letter detailing this opportunity. The Proposal Trustee will contact all parties identified as well as any additional parties that come to its attention. A confidentiality agreement ("CA") will be attached to the interest solicitation letter;
- HB, with the assistance of the Proposal Trustee, will prepare a confidential information memorandum ("CIM") which will be made available to Interested Parties that execute the CA. The CIM will provide an overview of HB's business, property and financial results;
- Interested Parties who execute the CA will have an opportunity to perform diligence, including reviewing information in a virtual data room;
- At the discretion of the Proposal Trustee, a notice will be published in trade publications;
- The Proposal Trustee, with the assistance of HB, will facilitate diligence efforts by, among other things, responding to questions and coordinating meetings between Interested Parties and HB's management and such other parties as the Proposal Trustee may arrange. All meetings with management will be convened in the presence of a representative of the Proposal Trustee;

Schedule "A"

- Prospective investors shall be required to identify all material terms of their proposed investment to permit evaluation of such proposal but will not be required to submit the terms and structure of their proposed investment in a predetermined prescribed format;
- Parties interested in acquiring assets will be able to refer to a template asset purchase agreement ("APA") that will be posted in the data room. Interested Parties who wish to acquire assets will be encouraged to submit offers substantially in the form of the APA, with any changes black-lined against the APA;
- Interested Parties will be entitled to submit offers for HB's business and assets on an individual basis or *en bloc*. Subject to the value of the consideration to be paid, preference will be given to *en bloc* offers;
- The deadline for submission of offers ("Offer Deadline") will be 5:00 pm EST on June 29, 2018;
- Offers are to be submitted to the Proposal Trustee with a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Proposal Trustee) or such other form of deposit as is acceptable to the Proposal Trustee, in an amount equal to 10% of the purchase price or investment amount. Offers are to be supported by evidence, satisfactory to the Proposal Trustee, of financing sufficient to close a transaction within the timelines detailed in these procedures. All offers are to be irrevocable until 10 days after Court approval of the Proposal;
- The Proposal Trustee will evaluate the offers and may seek clarification and/or a re-bidding of certain offers;
- HB's management, along with their respective legal counsel, will be consulted on a timely basis during the different phases of the SISP, provided that they confirm to the Proposal Trustee that they are not bidders in the SISP;
- Any offer submitted must be subject to the approval of the creditors of HB and the Court;
- Upon completion of definitive documentation, HB will make a Proposal to its creditors in which it will propose a sale of the assets to the successful bidder(s) and the Proposal Trustee will call a meeting of the creditors of HB to vote on HB's Proposal; and
- Following receipt of creditor approval of HB's Proposal, HB will apply to the Court for an order approving the Proposal including one or more offers ("Transaction"), with the Transaction projected to be completed as soon as possible following approval of the Proposal by the Court. The Proposal Trustee will provide its recommendation to the Court with respect to the Proposal and the Transaction.

Schedule "A"

Other attributes of the SISP:

- The Proposal Trustee shall have the right to extend by up to two-weeks any deadline in the SISP in order to facilitate the SISP. Further extensions will require Court approval;
- HB's management and employees are required to assist and support the efforts of the Proposal Trustee as provided for herein;
- Any transaction will be consistent with insolvency principles, including without material representations and warranties and shall be on an "as is, where is" basis;
- The Proposal Trustee reserves the right to accept one or more offers, in consultation with HB management, and to take such steps as are necessary to finalize and complete an APA or investment agreement or to continue negotiations with a selected number of Interested Parties with a view to finalizing an agreement(s) with one or more of them;
- The Proposal Trustee shall be under no obligation to accept the highest offer, the best offer, or any offer, and the selection of any offer(s) shall be at the discretion of the Proposal Trustee after consultation with HB Management;
- The Proposal Trustee shall not be bound by the terms of any transaction(s) until approval of the Court is obtained;
- The Proposal Trustee may consider transactions involving a restructuring or investment in HB if, in the opinion of the Proposal Trustee, the resulting transaction is in the best interests of HB and maximizes value for the benefit of its stakeholders; and
- The Proposal Trustee reserves the right to apply to the Court at any time to modify or terminate the SISP if it considers it appropriate in the circumstances or to apply to the Court for advice and directions.

Schedule "A"

SUMMARY TIMELINE OF IMPORTANT DATES

Sale Process Procedures	Date
Court approval of Sale Process by	May 14, 2018
STAGE 1	
Due Diligence by existing interested party	May 14, 2018 to May 20, 2018
Executed APS and deposit paid	By May 20, 2018
IF NO APS – STAGE 2	
Begin marketing to interested parties, distributing CIM and provide access to on-line data room	By May 21, 2018
Solicitation of potential purchasers/investors	By June 1, 2018
Due diligence completed	By June 29, 2018
Deadline for submission of binding offers	By June 29, 2018
Identification of successful offer	By July 4, 2018
Hold meeting of creditors to vote on Proposal	By July 25, 2018
Obtain Court approval of Proposal	By July 30, 2018
Closing of Transaction	By July 31, 2018

IN THE MATTER OF THE PROPOSAL OF HB SOLAR
CANADA INC. OF THE CITY OF CONCORD, IN THE
PROVINCE OF ONTARIO

May 10/18

Court File No. 31-2364769

14 May 18

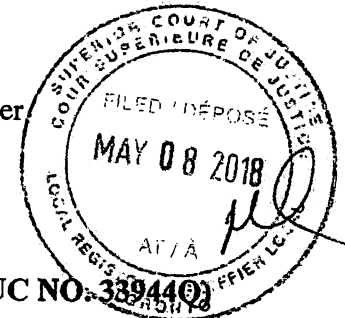
order to go as per draft
filed signed by Al Bt objected to
the amount of the change - \$80,000.00 -
seeking to limit it to \$40,000.00.
In my view \$80,000.00 is reasonable
in the circumstances.
order otherwise suggested -
McEnt

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD OF
HB SOLAR CANADA INC.

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5



ALEX ILCHENKO, C.S. (LSUC NO: 339440)

Tel: (905) 273-3300
Fax: (905) 273-6920

Lawyers for HB Solar Canada Inc.

APPENDIX “F”

**DODICK
LANDAU**

hb solar Canada inc.

**Solar Sector
Acquisition and Investment
Opportunity**

Solar Racking Supplier

On April 9, 2018, Dodick Landau Inc. (“DLI”) was appointed Proposal Trustee of hb solar Canada inc. (“HB Solar” or the “Company”). The Company is a supplier of photovoltaic/solar energy array mounting systems and related equipment with its operations located in Concord, Ontario, Canada.

The Proposal Trustee is soliciting offers from one or more purchasers of, or investors in, the business and assets of the Company from qualified parties with a projected closing date by July 31, 2018. Offers will be accepted for consideration until 5:00 p.m. E.S.T. on Friday June 29, 2018. Offers acceptable to the Proposal trustee will be subject to the approval of the creditors of the Company and the Ontario Superior Court of Justice.

Description of Business

From its inception in 2009, HB Solar has focused on the Ontario market for rooftop photovoltaic (“PV”) systems created by the implementation of Green Energy Act and the subsequent Ontario Feed-in Tariff (“FIT”) program. From the outset, HB Solar was competing against strong competition from large international players (such as Schletter, Sunlink, Solardock, Solyndra, PanelClaw). Even in light of these challenges, HB Solar was able to build its business and gain a reputation for the quality of its products and its expertise.

By 2016 HB Solar had become one of the top racking suppliers in the Ontario PV market. Today, HB Solar is the preferred supplier of rooftop racking to most of the remaining large developers and Engineering, Procurement and Construction contractors (“EPC”) across Canada. Together, these developers and EPC companies combined represent approximately 60% of all available business. HB Solar’s sales in recent years ranged from \$6-\$11 million annually. HB Solar has been able to innovate its products and reduce manufacturing cost but still offer high quality systems.

HB Solar has one the most comprehensive offerings of rooftop and car port solar mounting products in the market. HB Solar’s product offerings include mounting systems for:

Application	Product Name	Target Market
Shingled roofs	Skyrack	Residential homes
Flat roofs	Blockmount	Industrial buildings
Metal roofs	Vicerack	Industrial buildings
Agricultural roofs	Skyrack, Vicerack	Agricultural sector
Carports	Skyport	All segments

The Company has developed the intellectual property for all of its systems and each system has been wind tunnel tested and evaluated/approved by professional engineers.

Highlights

- All of HB Solar's rooftop systems have been designed to use one platform strategy called Total Roof Platform ("TRP") – each system, whether for a residential project (i.e. shingled roof) or commercial/industrial project (i.e. flat roof) uses the same major components (aluminum rails and panel clamps) only the attachment method (roof interface components) differs from project to project. TRP is a single solution for all roof types.
- In 2017, HB Solar developed its own suite of solar carports that have several unique features that make the carports fast and easy to install and provide for a robust system that is ideal for harsh climates (i.e. high snow loads and high wind loads critical for its North American customer base).
- The employees of HB Solar consist of some of the most recognized and respected thought leaders, engineers and project managers in the solar industry. All key employees of the Company continue to be employed.
- Recognized as a service leader by competitors and customers.
- Rolled out web-based system design and estimation tools.
- Achieved cost reduction through offshoring and platform strategy.

Parties who wish to pursue this opportunity should return a signed confidentiality agreement to Naomi Lieberman of DLI in order to receive additional information on the sales process, the business and access to the online dataroom:

Rahn Dodick, CPA, CA, CIRP, LIT
President
Telephone: (416) 645-0552
Facsimile: (416) 649-7725
E-mail: rahn.dodick@dodick.ca

Naomi Lieberman, CPA, CA, CIRP, LIT
Senior Manager
Telephone: (416) 736-4357, Ext. 106
Facsimile: (416) 649-7725
E-mail: naomi.lieberman@dodick.ca

In developing this document, DLI has relied upon unaudited information, the Company's records, and discussions with management of the Company. DLI has not performed an audit or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants has not been performed. Future oriented financial information relied upon in this document is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

APPENDIX “G”

HB Solar Canada Inc
Weekly Cash Flow Forecast
For the period from June 2, 2018 to August 10, 2018

Week Ending	Notes	08-Jun-18	15-Jun-18	22-Jun-18	29-Jun-18	06-Jul-18	13-Jul-18	20-Jul-18	27-Jul-18	03-Aug-18	10-Aug-18	TOTAL
Receipts												
Sales	2	561	110,368	122,908	607,190	55,068	67,676	142,009	327,832	31,948	43,100	1,508,659
AR Collections	3	-	231,256	89,221	209,904	168,015	92,049	33,038	77,205	-	-	900,688
Other	4	-	-	-	-	-	-	-	-	106,000	-	106,000
Total Receipts		561	341,624	212,129	817,094	223,083	159,725	175,047	405,037	137,948	43,100	2,515,347
Disbursements												
Material and Freight	4	426	83,880	93,410	461,464	192,629	202,211	258,704	399,930	130,888	139,363	1,962,904
Payroll	5	5,100	-	-	83,000	6,100	-	-	83,000	10,100	1,001	188,301
Occupancy Costs	6	-	1,540	700	4,425	4,840	1,515	-	5,125	5,080	-	23,225
G&A Expenses	7	760	6,570	760	760	12,065	2,760	4,570	760	11,240	1,211	41,456
Professional Fees	8	28,250	-	-	-	-	39,550	-	-	28,250	-	96,050
Total Disbursements		34,536	91,990	94,870	549,649	215,634	246,036	263,274	488,815	185,558	141,575	2,311,936
Net Cash Flow		(33,975)	249,634	117,259	267,445	7,449	(86,311)	(88,227)	(83,777)	(47,610)	(98,475)	203,411
Bank Balance												
Opening Bank Balance	9	244,761	210,786	460,420	577,679	845,123	852,573	766,262	678,035	594,257	546,647	244,761
Add: Net Cash Flow		(33,975)	249,634	117,259	267,445	7,449	(86,311)	(88,227)	(83,777)	(47,610)	(98,475)	203,411
Closing Bank Balance		210,786	460,420	577,679	845,123	852,573	766,262	678,035	594,257	546,647	448,172	448,172

Note:

This statement of forecast cash flow of HB Solar Canada Inc. is prepared in accordance with section 50.4 (2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the accompanying notes and the Trustee's Second Report dated the 14th day of June, 2018.

HB Solar Canada Inc. (“HB Solar” or the “Company”)
Major Assumptions
Cash Flow Forecast
For the Period June 2, 2018 to August 10, 2018 (the “**Period**”)

1. HB Solar’s financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that HB Solar will continue operations in the normal course and will generate sufficient cash flow to meet its ongoing operational needs.

Receipts:

2. HB Solar’s sales projections for the purposes of this cash flow are based on management’s best estimate for the Period. The cash flow forecast assumes that the Company will collect its sales based on historic collection terms.
3. The opening Accounts Receivable balance, net of known bad debts, is approximately \$1.0 million and approximately 90% of the accounts are estimated to be collected within the Period.
4. Other Receipts relate to collection of an HST receivable.

Disbursements:

5. Production material and freight includes raw materials, outsourced services to complete the manufacturing process as well as freight costs. Production costs are forecast based on the Company’s historical production costs.
6. Payroll includes amounts for salaried employees. Owners are not drawing any compensation from the Company during the Period. To reduce payroll costs over the Period two employees were terminated, and a contractor’s hours were reduced. Other payroll costs include source deduction remittances, employee benefits and WSIB payments in the Period.
7. Occupancy expenses include HB Solar’s insurance costs, utilities and office rent.
8. General and administrative expense include general office expenses, vehicle leases, travel expenses, and rent to a third party for inventory storage.
9. Professional fees include fees for the Company’s legal counsel the Proposal Trustee and its legal counsel for the Period.
10. The opening cash balance as of April 7, 2018 is \$244,761.

HB Solar Canada Inc
Weekly Cash Flow Forecast
For the period April 7, 2018 to June 1, 2018

	Cumulative Forecast	Cumulative Actual	Variance
Receipts	1,262,811	958,198	(304,613)
Disbursements			
Material and Freight	832,195	454,686	(377,509)
Payroll	171,600	178,399	6,799
Occupancy Costs	22,080	14,328	(7,752)
G&A Expenses	38,860	29,338	(9,522)
Professional Fees	50,850	36,686	(14,164)
Total Disbursements	1,115,585	713,437	(402,148)
Net Cash Flow	147,226	244,761	97,536
Bank Balance			
Opening Bank Balance	-	-	-
Add: Net Cash Flow Per Above	147,226	244,761	97,536
Closing Bank Balance	147,226	244,761	97,536

District of Ontario
Division No. 31-Toronto
Court No. 31-2364769
Estate No. 31-2364769

IN THE MATTER OF THE PROPOSAL OF

HB SOLAR CANADA INC.

OF THE CITY OF VAUGHAN

IN THE PROVINCE OF ONTARIO

SECOND REPORT TO COURT OF PROPOSAL TRUSTEE

Dodick Landau Inc.
4646 Dufferin Street, Suite 6
Toronto, ON M3H 5S4

Rahn Dodick, CPA, CA, CIRP, LIT

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rahn.dodick@dodick.ca