

Tab 1

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF RENIN CORP., RENIN CORP. US
AND KINGSTAR PRODUCTS (WESTERN) INC.

APPLICANTS

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by Renin Corp., Renin Corp. US and Kingstar Products (Western) Inc. (collectively, the "Applicants"). The claim made by the Applicants appears on the following pages.

THIS APPLICATION will come on for a hearing on December 12, at 10:00 a.m. or as soon as after that time as the matter may be heard at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date December 8, 2011 Issued by

**Giuseppe Di Pietro
Registrar**



Local Registrar

Address of court office:

330 University Avenue
Toronto, Ontario
M5G 1E6

TO: The Attached Service List

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF RENIN CORP., RENIN CORP. US and KINGSTAR PRODUCTS (WESTERN) INC.

The Applicants

SERVICE LIST¹

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The Applicants.

¹ By electronic communication (E-mail) and courier where E-mail address is available; by courier only where no E-mail address is provided.

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In its capacity as the Monitor of the Applicants.

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Attention: **Tracy Sandler**
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Lawyers for the Monitor, FTI Consulting Canada Inc.

AND TO: **MCCARTHY TÉTRAULT LLP**
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Lawyers for GE Canada Finance Holding Company and General Electric Capital Corporation.

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Controlling entity of Satinland Finance S.à.r.l.

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A 2nd Lien Lender.

b

AND TO: NARCISSUS MIRROR INC.

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A 2nd Lien Lender.

AND TO: HOME DÉCOR LUXEMBOURG S.à.r.l

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A 2nd Lien Lender.

AND TO: OAKTREE LUXEMBOURG MEZZANINE S.à.r.l.

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A 2nd Lien Lender.

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In its capacity as agent of the 2nd lien loan.

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Counsel to Wellspring Capital Management LLC.

APPLICATION

1. The Applicants make application for:
 - (a) an initial order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA") substantially in the form of the order contained in the Application Record, among other things:
 - (i) abridging the time for service and filing of the Application Record and the materials filed in support of this Application and dispensing with any further service;
 - (ii) directing the Applicants to pay, in the ordinary course, all of their financial obligations, whether accrued before or after the date of the initial order, except in respect of principal and interest on the 2nd Lien Loans (as defined herein);
 - (iii) dispensing with certain publication and notice requirements; and
 - (b) a Claims Procedure and Creditors' Meeting Order, among other things:
 - (i) permitting the Applicants to file the Plan (as defined herein) with respect to the 2nd Lien Loans;
 - (ii) authorizing the Applicants to implement a claims procedure in respect of the 2nd Lien Loans for voting and arrangement purposes in respect of the Plan; and
 - (iii) authorizing the Applicants to conduct a meeting of the 2nd Lien Lenders (as defined herein) for the consideration of the Plan; and
 - (c) such other relief as this Honourable Court may deem just.

2. THE GROUNDS FOR THE APPLICATION ARE:

Background

- (a) The Applicants are part of a corporate group, which is managed on an enterprise basis from Brampton, Ontario;
- (b) The Applicants are a leading manufacturer of closet doors, wall décor, systems and hardware and fabricated glass whose business has been adversely affected by the downturn of the housing industry in the United States;

Default under the 2nd Lien Credit Agreement

- (c) Renin Corp. ("Renin") and Renin Corp. US ("Renin US") committed a default (the "2nd Lien Default") under a credit agreement dated November 21, 2007 (the "2nd Lien Credit Agreement" or "2nd Lien Loans" as the context may require) with five private lenders (the "2nd Lien Lenders") by failing to make a scheduled cash interest payment on September 30, 2011;
- (d) As of November 30, 2011, Renin and Renin US were indebted under the 2nd Lien Credit Agreement in an amount in excess of \$57 million;
- (e) On November 18, 2011, Satinland Finance S.à.r.l. ("Fortelus"), issued a letter to the agent under the 2nd Lien Credit Agreement requiring the demand and acceleration of the 2nd Lien Loans and the enforcement of the related security;
- (f) The 2nd Lien Loans are secured by first-ranking security against Renin's and Renin US' fixed assets, certain excluded cash assets, and a pledge of Renin's shares, and second-ranking security against the working capital assets of Renin and Renin US;
- (g) Kingstar Products (Western) Inc. ("Kingstar") guaranteed Renin and Renin US' obligations under the 2nd Lien Credit Agreement;

Default under the 1st Lien Credit Agreement

- (h) The 2nd Lien Default triggered defaults under a credit agreement dated as of October 18, 2007 (the "1st Lien Credit Agreement" or the "GE Loans" as the context may require) with GE Canada Finance Holding Company and General Electric Capital Corporation (together in their capacity as lenders and as agents for themselves, "GE");
- (i) Renin and Renin US are indebted in excess of \$10 million under the 1st Lien Credit Agreement;
- (j) The GE Loans are secured by first-ranking security against the working capital assets of Renin and Renin US and by second-ranking security against Renin's and Renin US' fixed assets, certain excluded cash assets, and a pledge of Renin's shares;
- (k) Kingstar also guaranteed the obligations of Renin and Renin US under the 1st Lien Credit Agreement;
- (l) The GE Loans matured initially on October 31, 2011;
- (m) Pursuant to a forbearance agreement and an accommodation agreement, GE agreed to a limited forbearance until January 6, 2012 to allow the Applicants to restructure the 2nd Lien Loans;

Attempts to effect a consensual restructuring

- (n) The Applicants are insolvent and must restructure the 2nd Lien Loans in order to have the necessary liquidity to continue their operations and have the benefit of the GE credit facilities;
- (o) Four of the five 2nd Lien Lenders holding 81% of the 2nd Lien Loans agreed to a restructuring proposal put forward by the Applicants and executed a waiver and consent on that basis (the "Waiver and Consent");
- (p) Fortelus has refused to agree to the Waiver and Consent, or to the many other alternatives offered to them over the last two years;

- (q) The Applicants have exhausted all practicable means of achieving a consensual restructuring of the 2nd Lien Loans. In view of this impasse, the Applicants believe that the only viable option to continue as a going concern enterprise is by obtaining protection under the CCAA for the purpose of implementing a Plan of Arrangement that will give effect to the Waiver and Consent (the "Plan");

CCAA Proceedings

- (r) The Applicants believe that an expedited CCAA process is necessary and appropriate to protect the interests of stakeholders generally and that such a process will minimise disruption, and the impact on cash flow and the business;
- (s) Pursuant to the draft initial order, the Applicants will continue to service all of their obligations in the ordinary course, except for principal and interest on the 2nd Lien Loans (which are currently not being serviced) and will not use these proceedings to terminate or repudiate any contract or agreement to which they are a party;
- (t) The draft Claims Procedure and Creditors' Meeting Order, among other things, (i) contemplates the establishment of a limited claims procedure for the 2nd Lien Lenders; (ii) approves the filing of the Plan; and (iii) authorizes a creditors' meeting to be held on December 19, 2011 for the 2nd Lien Lenders to vote in respect of the Plan;

The Plan

- (u) The Plan is substantially based upon the terms of the Waiver and Consent, which (i) extends the maturity date of the 2nd Lien Loans from November 21, 2012 to November 21, 2014, and (ii) converts the interest component to paid in kind interest, payable in cash on the extended maturity date. It also provides for a consent by the 2nd Lien Lenders to the Applicants' exit facility with GE;

- (v) Only a single class of creditors, being the 2nd Lien Lenders, are affected by the Plan. The Plan does not compromise the amount of the 2nd Lien Loans; it amends the payment dates and extends the maturity;
- (w) Four of the five 2nd Lien Lenders holding 81% of the 2nd Lien Loans have already confirmed their support in favour of the Plan;

Appointment of the Monitor

- (x) The Applicants seek to appoint FTI Consulting Canada Inc. ("FTI") as monitor (the "Monitor") pursuant to the CCAA and FTI has agreed to act as Monitor;

Conclusion

- (y) The protection sought by the Applicants will provide the Applicants with the opportunity to continue as a going concern enterprise. Absent such relief, the most likely scenario is cessation of business and liquidation of the Applicants' assets. This result will have an immediate adverse impact on the Applicants' employees, suppliers, customers and secured creditors;
- (z) Such other grounds as set out in the Campbell Affidavit (as defined herein);
- (aa) The provisions of the CCAA and this Honourable Court's equitable and statutory jurisdiction thereunder;
- (bb) Rules 2.03, 3.02 and 14.05(2) of the Rules of Civil Procedure, R.R.O. 1990, Reg. 194, as amended; and
- (cc) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) The affidavit of Kevin Joseph Campbell, sworn December 8, 2011 (the "Campbell Affidavit");
- (b) The affidavit of Steven M. Friedman, sworn December 8, 2011;
- (c) The consent of FTI to act as Monitor, dated December 8, 2011;
- (d) The Pre-Filing Report of FTI in its capacity as proposed Monitor, to be filed; and
- (e) Such further and other materials as counsel may advise and this Honourable Court may permit.

December 8, 2011

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
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Court File No. C-11-9509-0000

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF APPLICATION
(returnable December 12, 2011)

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