



PRESS RELEASE

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## COLABOR GROUP ANNOUNCED CLOSING OF COMPREHENSIVE RECAPITALIZATION TRANSACTIONS

Boucherville, Québec, October 13, 2016 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Corporation”) announced this morning the closing (“Closing”) of the previously announced recapitalization transactions (the “Recapitalization Transactions”), including a \$50 million rights offering (the “Rights Offering”) pursuant to which 74,626,866 common shares of Colabor (“Common Shares”) were issued. As part of the Rights Offering:

- shareholders of Colabor, other than the Standby Providers (as defined below), subscribed to 36,288,220 Common Shares for an aggregate amount of \$24,305,901;
- Z-Holdings North ULC (“Z-Holdings”), an affiliate of The Article 6 Marital Trust created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07 (“Zucker”), together with Zucker subscribed to 12,077,675 Common Shares for an aggregate amount of \$8,092,042 and holds as of Closing, together with Zucker, 15% of the issued and outstanding Common Shares and convertible debentures in the principal amount of \$1,313,000;
- Robraye Management Ltd. (“Robraye”), an affiliate of Robert J. Briscoe, together with Mr. Briscoe subscribed to 8,021,527 Common Shares for an aggregate amount of \$5,374,423 and holds as of Closing, together with Mr. Briscoe, 7.9% of the issued and outstanding Common Shares;
- Fonds de solidarité FTQ subscribed to 5,864,225 Common Shares for an aggregate amount of \$3,929,030.75 and holds as of Closing 5.7% of the issued and outstanding Common Shares;
- Investissement Québec (“IQ”) subscribed to 5,864,225 Common Shares for an aggregate amount of \$3,929,030.75 and holds as of Closing 5.7% of the issued and outstanding Common Shares; and
- Caisse de dépôt et placement du Québec (“CDPQ” and together with Z-Holdings, Robraye, Fonds de solidarité FTQ and IQ, the “Standby Providers”) subscribed to 6,510,994 Common Shares for an aggregate amount of \$4,362,366 and holds as of Closing 8.3% of the issued and outstanding Common Shares.

Of the proceeds from the Rights Offering, (i) \$17.5 million were used to reduce the Corporation’s current secured subordinated loan (the “Subordinated Loan”) with a complete repayment of amounts owed thereunder to Avrio Subordinated Debt Limited Partnership and BDC Capital Inc. (with Fonds de solidarité FTQ remaining as sole lender), (ii) approximately \$30 million were used to pay amounts outstanding under the current senior credit facilities (the “Credit Facilities”), and (iii) the remaining approximately \$2.5 million will be used to pay transaction costs and other general corporate purposes. In addition, the term of the Credit Facilities has been extended until three years after Closing and certain other amendments thereof have been made and Fonds de solidarité FTQ has agreed to extend the maturity of the Subordinated Loan for a period of four years from Closing and to adjust the interest rate under the Subordinated Loan at initially 7.5% per annum (subject to potential subsequent upward and downward adjustments).

Colabor has also entered into a supplemental indenture with Computershare Trust Company of Canada to extend the maturity date of the \$50 million convertible subordinated debentures due April 30, 2017 for a 5-year period from Closing, to increase their interest rate from 5.70% to 6.00% (as of October 31, 2016) and to reduce their conversion price from \$16.85 to \$2.50 per Common Share. A copy of the supplemental indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

As a result of nomination rights granted by Colabor to the Standby Providers as part of the Recapitalization Transactions and as of Closing Messrs. Gaétan Brunelle, Robert Panet-Raymond, Richard Lord and Alain Brisebois have resigned as directors of the Corporation and:

- Robert Cloutier remains as a Board member, as IQ nominee and was appointed Chairman of the Board;
- Robert J. Briscoe was appointed as executive vice-Chairman of the Corporation and remains as a Board member, as Robraye's nominee;
- Stéphane Gonthier remains as a Board member;
- Marc Baillargeon was appointed as a Board member, as CDPQ's nominee;
- Éline Zakaïb was appointed as a Board member, as Fonds de solidarité FTQ's nominee; and
- Robert B. Johnston was appointed as a Board member, as Zucker's nominee.

"We would like to sincerely thank Messrs. Brunelle, Panet-Raymond, Lord and Brisebois for their contribution to Colabor over the past years and we are pleased to welcome Ms. Zakaïb and Messrs. Baillargeon and Johnston to our Board to assist us in pursuing our business strategy" said Robert Cloutier, Chairman of the Board of Colabor.

"We are very pleased to have successfully closed these comprehensive transactions. The reduced debt level provides Colabor with greater flexibility to reinvest in its operations and to competitively pursue and achieve its business objectives," added Claude Gariépy, President and CEO of Colabor.

As previously agreed to as part of the Recapitalization Transactions, Robert J. Briscoe, in his capacity as executive vice-Chairman of the Board, has been granted options under Colabor's stock option plan to purchase 1,000,000 Common Shares with a term of 10 years, at an exercise price which shall be equal to the greater of (i) \$0.67 and (ii) the "market price" (as defined in Colabor's stock option plan) for a deemed grant date of October 19, 2016. These options will vest and become exercisable in four equal tranches on each of the first, second, third and fourth anniversary date of grant. In addition, as previously agreed to as part of the Recapitalization Transactions, Colabor has paid an amount of \$500,000 to Robraye on Closing in consideration of the option to purchase Dubé & Loiselle Inc. ("**Dubé Loiselle**") within up to three years after closing.

Please refer to the documentation filed with Canadian securities regulators and available on SEDAR at [www.sedar.com](http://www.sedar.com) as part of Colabor's public filings for more information regarding the Recapitalization Transactions, including the option to purchase Dubé Loiselle.

**This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in the United States or in any province, state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such province, state or jurisdiction. The securities referenced herein may not be offered or sold in the United States except in transaction exempt from or not subject to the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.**

## **Forward-looking statements**

Certain statements included herein constitute “forward-looking statements”. All statements included in this press release that address future events, conditions or results of operations are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future” or “continue” or the negative forms thereof or similar variations. These forward-looking statements are based on certain assumptions and analyses made by management in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. These statements are subject to risks, uncertainties and assumptions, including risks that the Corporation, debentureholders, shareholders and/or other stakeholders may not realize the anticipated benefits of the Recapitalization Transactions and other risks, including those mentioned in the Corporation’s annual information form, which can be found under its profile on SEDAR ([www.sedar.com](http://www.sedar.com)). Many of such risks and uncertainties are outside the control of the Corporation and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. In making such forward-looking statements, management has relied upon a number of material factors and assumptions, including with respect to general economic and financial conditions, interest rates, exchange rates, equity and debt markets, business competition, changes in government regulations or in tax laws and acts and omissions of third parties. Such forward-looking statements should, therefore, be construed in light of such factors and assumptions. All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. The Corporation is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

## **ABOUT COLABOR**

Colabor is a wholesaler and distributor of food and non-food products serving the foodservice market (cafeterias, restaurants, hotels, restaurant chains, etc.) in Québec, Ontario and the Atlantic provinces, as well as the retail market (grocery stores, convenience stores, etc.).

### **For additional information:**

#### **Investors:**

**Colabor Group Inc.**

**Jean-François Neault, CPA, CMA, MBA**

Vice President and Chief Financial Officer

Tel.: 450-449-4911, ext. 1308

Fax: 450-449-6180

[jean-francois.neault@colabor.com](mailto:jean-francois.neault@colabor.com)

#### **Media:**

**Maison Brison Inc.**

**Martin Goulet, CFA**

Senior Vice President, Investor Relations

Tel.: 514-731-0000, ext. 229

Fax: 514-731-4525

[martin@maisonbrison.com](mailto:martin@maisonbrison.com)