

February 29, 2016

**To: The Creditors of Martin Ross Group Inc. (“MRG”)**

**Re: Proposed Plan of Compromise and Arrangement in the MRG proceedings under Companies’ Creditors Arrangement Act (“CCAA”) – Court File No. CV-14-10655-00CL**

As you all know, MRG has been under court protection since August 2014. MRG’s assets have now been completely liquidated and MRG wishes to propose to its creditors a Plan of Compromise and Arrangement (the “**Plan**”). If approved by the creditors and the Court, the Plan will provide for a greater recovery for creditors than could otherwise be expected in a bankruptcy of MRG, the likely scenario if the Plan is not approved.

### **CREDITORS MEETING**

A meeting of creditors is being set up to permit a vote on the Plan and you will be receiving information from the Monitor about this. MRG recommends that you vote in favour of the Plan, as it will provide you and all Affected Creditors with the greatest possible recovery.

It is important that your vote be counted. You can do this by attending the meeting and voting in person, by sending in your vote via the attached voting letter, or by designating someone else to be your proxy. If you attend in person on behalf of a corporation, you will need to submit a completed Proxy Form. If you do not plan to attend the meeting in person or to send in a voting letter, MRG requests that you designate Morris Robinson to be your proxy, and send the signed Proxy Form to the Monitor.

### **PLAN SUMMARY**

As for the Plan itself, on a very basic level, if the Plan is approved, you will receive a further approximately 15 cents per dollar of your approved claim (“claim”), in addition to the amount previously paid to you of approximately 21 cents per dollar of your claim. This would result in a total recovery of approximately 36 cents per dollar of your claim. If the Plan is rejected, the likely result will be a bankruptcy and the expected recovery for creditors will only be a further 4 cents per dollar of your claim, resulting in a total recovery of approximately 25 cents per dollar of your claim. In other words, if the Plan is accepted, all creditors will receive an additional approximately 11 cents per dollar of their claims.

These additional amounts are being made available to all creditors because Sherfam Inc., MRG’s largest creditor, has agreed to act as a Plan Sponsor and subordinate \$24,850,000.00, being approximately 75%, of its claim, in favour of the other creditors. This results in an additional approximately \$200,000.00 being available for distribution to the creditors.

We hope that you will vote in favour of the Plan and look forward to seeing you at the meeting of creditors, or receiving your proxy signed and designating Morris Robinson as your proxy. As noted, you may also send in your signed voting letter to the Monitor.

If you have any questions about the Plan or the meeting of creditors, you may contact MRG's lawyers, Kronis Rotsztain Margles Cappel LLP, or the Monitor, at, respectively:

**Kronis Rotsztain Margles Cappel LLP**

**Attention:** Mervyn D. Abramowitz or Philip Cho

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**The Monitor - Collins Barrow Toronto Limited**

**Attention:** Daniel Weisz or Arif Dhanani

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Additional information is also available on the Case Website maintained by the Monitor:  
[www.collinsbarrow.com/en/toronto-ontario/martin-ross-group](http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group).

We thank you for your consideration.

Yours very truly,

**Martin Ross Group Inc.**

Per:

*"Allen Shechtman"*

Allen Shechtman,  
Chief Executive Officer