

August 30, 2021 Endorsement of Mr. Justice Cavanagh Re: Proposal Filed by 2505243 Ontario Limited

Counsel:

Jeff Larry for Proposal Trustee
Jennifer Stam for 2505243 Ontario Limited

Endorsement:

KSV Restructuring Inc., in its capacity as proposal trustee (the "Proposal Trustee") of 2505243 Ontario Limited (the "Company"), brings this motion for approval of a proposal in respect to the Company (the "Proposal") and for an order increasing the maximum borrowing available in Post-Filing Advances (as defined in the Order of this Court dated October 20, 2020).

I have reviewed the motion materials and heard submissions from counsel for the Proposal Trustee and counsel for the Company. The background facts are set out in the factum of the Proposal Trustee at paragraphs 2-13. On July 26, 2021, the Company filed the Proposal with the Official Receiver in accordance with section 62 (1) of the BIA. In the Report to Creditors that was sent to all known creditors of the Company, the Proposal Trustee recommended that the creditors vote in favour of the Proposal. A meeting of creditors was held on August 16, 2021 at which time the Proposal was unanimously accepted by the creditors who voted in person or by proxy at the meeting or by voting letter prior to the meeting.

The Proposal Trustee recommends that the Court issue an Order approving the Proposal because (a) the Proposal was accepted by the requisite statutory majority of creditors voting in person or by proxy at the meeting; and (b) it is estimated that approval and implementation of the Proposal will provide creditors with greater recovery than through a bankruptcy which, in the Proposal Trustee's estimation, may not result in any recovery for the creditors.

The key terms of the Proposal are set out in the Proposal Trustee's factum, at paragraph 13. I am satisfied that the Proposal is reasonable and calculated to benefit the general body of creditors. I am satisfied that the Proposal meets the requirements of commercial morality and the integrity of the bankruptcy system and is made in good faith. I accept that the Proposal provides an opportunity for recovery for the Company's unsecured creditors which may not otherwise be available for the reasons given by the Proposal Trustee in its report. The fact that 100% of unsecured creditors voting at the meeting voted in favour of the Proposal is a factor that supports approval by the Court of the Proposal. The statutory requirements provided in section 59(2) of the BIA are met.

I am also satisfied that the motion to increase the amount of DIP financing should be granted.

Orders to issue in forms of attached Orders signed by me.



Cavanagh J.

Supplementary Endorsement:

The Proposal Approval Order attached to my endorsement released earlier this afternoon was missing a schedule. This Order is replaced by the attached Proposal Approval Order signed by me. The Order providing for a DIP increase is unchanged.

A handwritten signature in blue ink, appearing to read "Cavanagh J.", is shown within a light gray rectangular box.

Cavanagh J.