

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

BETWEEN:

**IN THE MATTER OF THE PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO**

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985,
c. B-3, and Section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43**

MOTION RECORD

August 20, 2021

**PALIARE ROLAND ROSENBERG
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Lawyers for the Proposal Trustee

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TAB 1

Court/Estate File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO**

**NOTICE OF MOTION
(Proposal Approval and Further DIP Increase – August 30, 2021)**

KSV Restructuring Inc., in its capacity as the proposal trustee (the “**Proposal Trustee**”), will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on August 30, 2020 at 2:00 pm., or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard by Zoom videoconference as a result of the COVID-19 pandemic.

THE MOTION IS FOR:

1. An Order substantially in the form attached as Appendix “A” to this Notice of Motion (the “**Proposal Approval Order**”):
 - (a) if necessary, abridging the time for service of the motion returnable August 30, 2021 and dispensing with service other than those served;

- (b) approving the proposal in respect of 2505243 Ontario Limited (the “**Company**”) filed on July 26, 2021 (the “**Proposal**”) and accepted by the requisite majority of creditors on August 16, 2021;
 - (c) approving the Proposal Trustee’s Preliminary Report to Creditors dated August 5, 2021 (the “**Report to Creditors**”), and the activities of the Proposal Trustee set out therein;
 - (d) releasing any and all claims against the Released Parties (as defined the Proposal) and restraining the ability of any person to proceed against the Released Parties in respect of or relating to any such claims; and
 - (e) approving the Proposal Trustee’s Seventh Report to Court dated August 20, 2021 (the “**Seventh Report**”) recommending that the Court approve the Proposal;
2. An Order substantially in the form attached as Appendix “B” to this Notice of Motion (the “**DIP Increase Order**”) increasing the maximum borrowing available in Post-Filing Advances (as defined in the Order of this Court dated October 20, 2020, the “**October 20 Order**”) from \$1,650,000 to \$2,150,000, on the terms set out in the Fifth DIP Amendment (as defined below); and
3. Such further relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

A. Background

4. On September 24, 2020, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”).

5. The Company commenced these proceedings in response to a bankruptcy application (the “**Bankruptcy Application**”) filed against the Company by Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership (collectively, “**PGH**”) and certain other creditors. The Bankruptcy Application was stayed pursuant to an order made on October 9, 2020.

6. On March 1, 2021, the Court issued an order extending the stay of proceedings to 15 business days after the day on which the Court releases its final decision (the “**Decision**”) with respect to the Company’s litigation against PGH (bearing Court File No. CV-20-644262).

7. On July 5, 2021, the Court issued the Decision which, among other things, ordered:

- (a) PGH to pay to the Proposal Trustee “reliance damages” in the net amount of \$6,388,645.07, being \$7,124,524.92 less \$735,879.85 by way of set-off for damages owed to PGH; and
- (b) PGH to pay to the Proposal Trustee \$2.063 million in employee compensation damages (the “**Employee Compensation Damages**”).

The Employee Compensation Damages amount does not form part of the Company's estate and is not available for distribution to the Company's other creditors.

8. PGH has appealed the Decision.

B. Approval of Proposal

9. On July 26, 2021, the Company filed the Proposal with the Official Receiver in accordance with Section 62(1) of the BIA. A Certificate of Filing a Proposal was issued by the Office of the Superintendent of Bankruptcy (Canada) ("OSB") on July 27, 2021.

10. On August 6, 2021, the Proposal Trustee sent by mail to the designated officer of the Company and to all known creditors of the Company, a Letter to Creditors, the Report to Creditors, a Proof of Claim Form and Voting Letter, and a Notice of Hearing of Application for Court Approval of the Proposal.

11. A meeting of creditors was held on August 16, 2021 (the "**Meeting**") at which time the Proposal was unanimously accepted by the creditors who voted at the Meeting in person or by proxy.

12. The Proposal Trustee recommends that the Court issue an Order approving the Proposal for the following reasons:

- (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 and will result in lower recoveries for creditors than the Proposal, if approved by the Court and implemented.

C. Increase in DIP Funding

13. Peter and Paul's Gifts Limited (the "**DIP Lender**") initially agreed to fund the Company up to \$300,000 pursuant to a DIP Term Sheet dated as of October 16, 2020 (the "**DIP Term Sheet**"), which was approved by the Court on October 20, 2020.

14. The Post-Filing Advances were subsequently increased from time-to-time including, most recently, to \$1,650,000, as approved by the Court on May 26, 2021.

15. The Company's expenses are now projected to exceed \$1,650,000. As such, the DIP Lender has agreed to further increase the maximum amount of Post-Filing Advances to \$2,150,000 pursuant to an amendment to the DIP Term Sheet dated August 19, 2021 (the "**Fifth DIP Amendment**").

16. The Post-Filing Advances will continue to be used to fund the Company's minimal operating costs, the PGH litigation and other professional costs of the NOI proceeding.

Report and Activities of the Proposal Trustee

17. The Proposal Trustee's activities as set out in the Report to Creditors and the Seventh Report are lawful and proper and have provided assistance to the Court and interested stakeholders.

D. Statutory and other grounds

18. Section 58 of the *BIA* and Rules 1.04, 2.03, 3.02(1), 16, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and

19. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Proposal Trustee's Report to Creditors dated August 5, 2021 and the appendices attached thereto;
- (b) the Proposal Trustee's Seventh Report to the Court dated August 20, 2021 and the appendices attached thereto;
- (c) the Affidavit of Peter Eliopoulos dated August 19, 2021; and
- (d) such further and other evidence as the lawyers may advise and this Honourable Court may permit.

August 20, 2021

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Lawyers for the Proposal Trustee

TO: THE SERVICE LIST

Appendix "A"

Court/Estate File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

THE HONOURABLE)	MONDAY, THE 30TH
)	
JUSTICE CAVANAGH)	DAY OF AUGUST, 2021

**IN THE MATTER OF THE PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO**

**ORDER
(Proposal Approval Order)**

THIS MOTION, made by KSV Restructuring Inc., in its capacity as the proposal trustee (in such capacity, the "**Proposal Trustee**"), for an order, *inter alia*, approving the proposal in respect of 2505243 Ontario Limited (the "**Company**") filed on July 26, 2021 (the "**Proposal**"), was heard this day virtually via Zoom videoconference as a result of the COVID-19 pandemic.

ON READING the Motion Record of the Proposal Trustee, and on hearing the submissions of counsel for the Proposal Trustee and the Company, and those other parties present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of ● sworn August ●, 2021, filed:

1. **THIS COURT ORDERS** that capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Proposal.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record of the Proposal Trustee is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF PROPOSAL

3. **THIS COURT ORDERS AND DECLARES** that the Proposal, as accepted by the requisite majority of the Company's creditors and as attached hereto as **Schedule "A"**, is fair and reasonable and is hereby approved and is binding and effective in accordance with its terms on the Company, all Preferred and Unsecured Creditors and all other Persons as provided for in the Proposal or in this Order.

PROPOSAL IMPLEMENTATIONS

4. **THIS COURT ORDERS** that effective at the Proposal Implementation Time, the Proposal shall be implemented and all of its provisions shall be fully effective and binding on the Company and on all Persons affected by the Proposal, and their respective heirs, executors, administrators, legal representatives, successors and assigns.

5. **THIS COURT ORDERS** that in addition to the powers and rights afforded to it under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, the Proposal Trustee be and is hereby authorized to take all actions and steps necessary or appropriate to implement the Proposal and the transactions contemplated thereby, subject to the terms of the Proposal, and that such steps and actions are hereby approved.

6. **THIS COURT ORDERS AND DECLARES** that the distributions, payments and disbursements delivered pursuant to the Proposal are not delivered by the Proposal Trustee in

its personal or corporate capacity or as legal representative of the Company and shall be without personal or corporate liability of the Proposal Trustee, and without limiting the foregoing, the Proposal Trustee shall have no, and is released from any, obligation or liability in connection with any taxes owing by the Company, or any withholdings or deductions that any person may assert should or should not have been paid or made in connection with such distributions, disbursements or payments.

7. **THIS COURT ORDERS** that, for the avoidance of doubt, the Proposal Trustee shall incur no liability or obligation for any act or omission as a result of carrying out the provisions of this Order and the Proposal, save and except for any gross negligence or wilful misconduct on its part.

8. **THIS COURT ORDERS** that effective at the Proposal Implementation Time, the commencement, continuation or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery from, or against, the Released Parties shall be and are hereby permanently barred, estopped and enjoined.

9. **THIS COURT ORDERS AND DECLARES** that effective at the Proposal Implementation Time, any and all claims of any nature against the Released Parties shall be and are hereby compromised, discharged and released in accordance with the Proposal, and the ability of any Person to proceed against the Released Parties in respect of or relating to any such claims shall be and is hereby forever discharged and restrained, and all proceedings with respect to, in connection with, or relating to, such claims shall be and are hereby permanently stayed.

GENERAL

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces

and territories in Canada against all Persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may be enforceable.

11. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province to act in aid of and to be complementary to this Court 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 as may be necessary or desirable to give effect to this Order or to assist the Company and the Proposal Trustee and their agents in carrying out the terms of this Order.

**Schedule "A"
Proposal**

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IN THE MATTER OF THE PROPOSAL OF 2505243 ONTARIO LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court/Estate File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**ORDER
(Proposal Approval Order)**

[INSERT PALIARE ROLAND INFO]

Appendix "B"

Estate/Court File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

THE HONOURABLE)	MONDAY, THE 30TH
)	
JUSTICE CAVANAGH)	DAY OF AUGUST, 2021
)	

**IN THE MATTER OF THE PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO**

**ORDER
(Further DIP Increase)**

THIS MOTION, made by KSV Restructuring Inc., in its capacity as the proposal trustee (in such capacity, the **Proposal Trustee**) for an order, among other things, further increasing the maximum borrowing available in Post-Filing Advances (as defined in the Order of this Court dated October 20, 2020, the **October 20 Order**) on the terms as amended by the fifth amendment to the DIP Term Sheet dated August 19, 2021 (the **Fifth DIP Amendment**), was heard this day virtually via Zoom videoconference as a result of the COVID 19 pandemic.

ON READING the Motion Record of the Proposal Trustee dated August ●, 2021, the Seventh Report of the Proposal Trustee dated August ●, 2021, and the Affidavit of Peter Eliopoulos sworn August 19, 2021 (the **Eliopoulos Affidavit**), and on hearing the submissions of counsel for the Proposal Trustee and for 2505243 Ontario Limited (the **Debtor**) and those other parties present, no one else appearing although duly served as evidenced by the Affidavit of Service of ● sworn August ●, 2021, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

AMENDMENTS TO DIP FINANCING

2. **THIS COURT ORDERS** that the Debtor shall be authorized and empowered to obtain further additional Post-Filing Advances on the same terms as authorized by the October 20 Order with such changes as have been subsequently approved by this Court and those that are reflected in the Fifth DIP Amendment.

3. **THIS COURT ORDERS** that the DIP Lender's Charge (as defined in the October 20 Order) and the priority afforded thereto shall apply to any Post-Filing Advances.

RECOGNITION

4. **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 the Debtor, 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 the Debtor 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 the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

IN THE MATTER OF THE PROPOSAL OF
2505243 ONTARIO LIMITED OF THE CITY OF
TORONTO, IN THE PROVINCE OF ONTARIO

Estate/Court File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**ORDER
(Further DIP Increase)**

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KSV Restructuring Inc.

IN THE MATTER OF THE PROPOSAL OF 2505243 ONTARIO LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court/Estate File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

NOTICE OF MOTION

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Lawyers for the Proposal Trustee

TAB 2



**Report to Creditors of
2505243 Ontario Limited
by KSV Restructuring Inc.
as Proposal Trustee**

August 5, 2021

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COURT FILE NO.: 31-2675288

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

PROPOSAL TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

AUGUST 5, 2021

1.0 Introduction

1. This report ("Report") has been prepared by KSV Restructuring Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with a Notice of Intention to Make a Proposal ("NOI") filed on September 24, 2020 by 2505243 Ontario Limited (the "Company") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA").
2. The Company commenced these proceedings in response to a bankruptcy application (the "Bankruptcy Application") filed against the Company by Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership (collectively, "PGH") and certain other creditors. The Bankruptcy Application was stayed pursuant to an order issued by Mr. Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated October 9, 2020 (the "October 9th Order").
3. The principal purposes of these restructuring proceedings are to provide the Company with the opportunity to: (a) advance its litigation against PGH within the timelines of these proceedings; and (b) formulate and make a proposal to its creditors.
4. On March 1, 2021, the Court issued an order, *inter alia*, extending the stay of proceedings to 15 business days after the day on which the Court releases its final decision (the "Decision") with respect to the Company's litigation against PGH (bearing Court File No. CV-20-644262).

5. On July 5, 2021, the Court issued the Decision which, among other things, ordered:
 - a) PGH to pay to the Proposal Trustee forthwith “reliance damages” in the net amount of \$6,388,645.07 (the “PGH Litigation Funds”), being \$7,124,524.92 less \$735,879.85 by way of set-off for amounts owed to PGH; and
 - b) PGH to pay to the Proposal Trustee \$2.063 million in employee compensation damages (the “PGH Litigation Employee Funds”) within 30 days of the Decision. Pursuant to the Decision, PGH Litigation Employee Funds are impressed with a trust in favour of the Company’s former employees and are to be used exclusively for a claims process to be established by the Proposal Trustee for the purpose of making distributions to employees entitled to such funds (the “Employee Compensation Claims Process”). The PGH Litigation Employee Funds amount does not form part of the Company’s estate and is not available for distribution to the Company’s other creditors.
6. In addition to the PGH Litigation Funds and the PGH Litigation Employee Funds, the Company also may recover a portion of its costs related to the litigation with PGH. The amount of the cost award (the “Anticipated Cost Award”) is presently unknown but upon collection would increase the amount of money available for distribution to the Company’s creditors.
7. On July 26, 2021, the Company filed a proposal (the “Proposal”) with the Official Receiver in accordance with Section 62(1) of the BIA. A Certificate of Filing a Proposal was issued by the Office of the Superintendent of Bankruptcy (Canada) (“OSB”) on July 27, 2021. An Amended Certificate of Filing was issued on July 28, 2021 (the “Amended Certificate”). Copies of the Proposal and the Amended Certificate are attached as Appendices “A” and “B”, respectively.
8. On August 4, 2021, PGH served a notice of appeal (the “Notice of Appeal”) of the Decision requesting, among other things, that the Decision be set aside and judgment be granted in favour of PGH in the amount of \$735,879.85. A copy of the Notice of Appeal is attached as Appendix “C”.

1.1 Meeting to Consider the Proposal

1. The details of the creditors’ meeting to consider and vote on the Proposal to be held pursuant to Section 51(1) of the BIA (the “Meeting”) are as follows:

Date: August 16, 2021

Time: 1:00 p.m. (EST)

Location: to be convened virtually via Zoom:
<https://us06web.zoom.us/j/85708856439?pwd=Y0lsRC9wbllaYlB0UDFPS0NCTkJXdz09>

2. As described in greater detail below, to vote on the Proposal, a creditor of the Company must file a proof of claim with the Proposal Trustee prior to the Meeting. Creditors can vote at the Meeting by attending in person, or by submitting voting letters to the Proposal Trustee prior to the Meeting. Creditors can also vote by way of proxy and can identify the Proposal Trustee as its proxy. A proof of claim form, proxy, voting letter and instruction letter are provided in Appendix “D”. Creditors should read the instruction letter to understand the voting procedures, including the procedure to register claims with the Proposal Trustee.
3. The Proposal Trustee’s Notice of Proposal to Creditors, a summary of the Company’s Statement of Affairs and a list of creditors are attached as Appendices “E”, “F” and “G”, respectively.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) summarize the terms of the Proposal;
 - c) discuss the Company’s ability to fulfill the terms of the Proposal;
 - d) provide, as required pursuant to Section 50(10)(b) of the BIA, the Proposal Trustee’s opinion as to the reasonableness of the provision in the Proposal that sections 95 to 101 of the BIA do not apply in respect of the Proposal;
 - e) compare the result for creditors under the Proposal to the result if the Proposal is not accepted or approved by the Court, which, in both cases, will result in the Company being deemed to have made an assignment in bankruptcy; and
 - f) provide the Proposal Trustee’s recommendation on the Proposal.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.4 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company’s representatives, the books and records of the Company and discussions with representatives of the Company. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*.

2. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever. The Proposal Trustee accepts no reliance to any party based on the information in this Report.

1.5 Court Materials

1. Court materials filed in these proceedings can be found on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/2505243-ontario-limited>.

2.0 Background

1. The Company is part of a hospitality services group (the "Group") that operates under the business name "byPeterandPauls.com". The Group is privately owned and has operated in the local hospitality industry for close to forty years. The Group operates several restaurants across Ontario, including Eaton Hall, The Savoy, Vue, The Clubhouse, Bellagio, Paramount, Universal, The Manor, The Kortright Centre, Black Creek Pioneer Village, Menaggio Restaurant, David Duncan House and PeterandPaulsEventCatering.
2. In 2017, the Company was contracted by PGH to provide food, beverage and catering services at Hotel X, which is located on the Exhibition Grounds in downtown Toronto ("Hotel X").
3. The agreements between the Company and PGH include two leases in relation to the restaurants at Hotel X (Maxx's Kitchen ("Maxx's") and Petros 82 ("Petros")) and a food and beverage agreement for the Company to operate and provide services to Hotel X's banquet facilities, conference halls, a roof top patio and other facilities.
4. The Company invested millions of dollars in leasehold improvements at Hotel X, including in Maxx's and Petros. The restaurants opened in March 2018 and September 2019, respectively. On March 23, 2020, Hotel X and both restaurants closed due to the Covid-19 pandemic crisis.
5. On July 2, 2020, PGH terminated the agreements between PGH and the Company. The terminations coincided with PGH's announcement of its plans to host National Hockey League players who were booked to stay at Hotel X when the 2019/2020 NHL season resumed following the initial onset of the Covid-19 pandemic. PGH contracted with Harlo Entertainment to provide the food and beverage services at Hotel X that were formerly provided by the Company.
6. On July 20, 2020, the Company filed a Statement of Claim against PGH seeking over \$60 million in damages and costs.
7. On September 9, 2020, PGH and a small number of other creditors filed the Bankruptcy Application and on September 24, 2020, the Company filed the NOI.

8. Pursuant to the October 9th Order, the Bankruptcy Application was stayed.
9. In order to try to resolve the litigation, the Company and PGH agreed to a mediation and retained the Honourable Justice Warren Winkler to act as mediator. The mediation took place on November 27, 2020; however, the mediation did not resolve the disputes between the Company and PGH.
10. The Company and PGH also participated in a case conference that was convened on February 9, 2021 with the Honourable Justice Glenn Hainey; however, the case conference was also unsuccessful in advancing settlement discussions.
11. After a lengthy trial, the Court issued the Decision on July 5, 2021.
12. In response to the Decision, PGH filed the Notice of Appeal on August 4, 2021.

2.1 Financial Position

1. The following is a summary of the Company's financial position as of the date of the Proposal.

(Unaudited)	Amount (\$000s)
Assets	
Cash	106
PGH Litigation Employee Funds receivable ^{1,2}	2,063
PGH Litigation Funds receivable ³	6,389
Total Assets	8,558
Liabilities	
Administrative Charges under the NOI	232
DIP Facility	1,227
Unaffected Employee ESA Claims ³	2,063
Unsecured Creditors	10,450
Total Liabilities ⁴	13,972
Equity / (Deficit)	(5,414)
Total Shareholders' Deficit and Liabilities	8,558

¹ To be paid by PGH to the Proposal Trustee and to be impressed with a trust in favour of the Unaffected ESA Employee Claims.

² As a result of the Decision, the Company is entitled to its costs of litigation. As of the date of this Report, the Court has not yet issued its costs award; however, any amounts awarded in respect of costs will increase the receivable owing by PGH.

³ These amounts are based on the potential maximum liability in respect of employee termination and severance claims, as described in the Decision.

⁴ Total liabilities include certain intercompany and related party liabilities reflected on the Company's books and records, as well as \$894,400 of corporate overhead costs which were pleaded at trial but not previously recorded in the Company's books and records. The Proposal Trustee has not yet reviewed these corporate overhead costs and accordingly, they claims remain subject to review by the Proposal Trustee.

2. As is evident from the table above, the Company's only material assets are the amounts receivable from PGH in relation to the PGH Litigation Funds. To the extent that PGH Litigation Employee Funds are received and paid out in respect of Unaffected Employee ESA Claims, the overall Claims against the Company will be correspondingly reduced.

3.0 The Proposal

1. This section of the Report provides an overview of the terms of the Proposal. Review of this section is not a substitute for reading the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel. As noted, a copy of the Proposal is provided in Appendix "A".
2. Defined terms in this section of the Report have the meanings provided to them in the Proposal.

3.1 Purpose and Implications

1. The primary purpose of this Proposal is to effect distributions from the Unsecured Creditor Pool to holders of proven Unsecured Claims in accordance with their pro rata share, meaning the value that such proven Unsecured Claim bears to the total value of all proven Unsecured Claims.
2. The Unsecured Creditor Pool is to be funded in its entirety from the PGH Litigation Funds.
3. Parties having Unaffected Claims continue to have claims against the Company pursuant to their present arrangements with the Company.
4. Former employees who are owed amounts for termination and severance under the *Employment Standards Act* ("Employee ESA Claims") are to be paid from the PGH Litigation Employee Funds and, to such extent, are not compromised under the Proposal. However, if the PGH Litigation Employee Funds are insufficient to fully repay the Employee ESA Claims, the balance of any Employee ESA Claims will be Unsecured Claims under the Proposal.
5. Any other employee claims (such as unpaid vacation pay and wages)⁵ are subject to the Proposal and former employees must file a proof of claim in order to be entitled to receive a distribution from the Unsecured Creditor Pool.

⁵ Such amounts, if any, are not believed to be material.

6. At the Proposal Implementation Time⁶, the Company, the Proposal Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (the “Released Parties”) shall be released and discharged from any and all rights and Claims of any Person against a Released Party, including without limitation any Unsecured Claim, provided, however, that nothing in the Proposal will release or discharge:
- a) any Unaffected Claims against the Company;
 - b) the Company or the Proposal Trustee of, or from, any obligation under the Proposal or under any Order; or
 - c) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

3.2 Classes of Creditors

1. For the purpose of voting on the Proposal, there shall be one class of Unsecured Creditors.

3.3 Treatment of Claims

1. The Proposal is being made to the holders of Unsecured Claims against the Company, being the Unsecured Creditors.
2. Unaffected Claims include:
 - a) any Claims secured by Court-ordered charges granted in the NOI Proceedings against the estate of the Company;
 - b) Unaffected Employee ESA Claims to the extent they have been paid from or will be paid from the PGH Litigation Employee Funds; and
 - c) Crown Claims.

3.4 Voting on the Proposal

1. To vote at the Meeting, each Unsecured Creditor must file a valid Proof of Claim with the Proposal Trustee and thereafter, the Proposal Trustee shall determine the filed claims in accordance with the provisions of Section 135 of the BIA. The Proof of Claim form is provided in Appendix “D”.
2. In order to receive a distribution from the Proposal, an Unsecured Creditor must submit a Proof of Claim that is accepted as a proven claim prior to the time the Proposal Trustee makes distributions in accordance with the terms of the Proposal.

⁶ As noted in Section 3.6, the implementation of the Proposal is contingent on, *inter alia*, receipt of the PGH Litigation Funds.

3.5 Payment of Dividends under the Proposal

1. Pursuant to the terms of the Proposal, the scheme of distribution is set out as follows. Each tranche must be paid in full before the next tranche is entitled to distributions under the Proposal.
 - a) First, all Administrative Fees and Expenses and Unaffected Claims.

Unaffected Claims include, *inter alia*, all amounts owing under a Court-approved debtor-in-possession facility (the “DIP Facility”) provided by Peter and Paul’s Gifts Limited (the “DIP Lender”), an entity related to the Company. As the Company has essentially no assets or liquidity, the DIP Facility was required to fund the fees and costs of these proceedings, including the litigation against PGH. As of June 30, 2021, approximately \$1.227 million was owing under the DIP Facility.
 - b) Second, any Preferred Claims, as set forth in Section 136(1) of the BIA.
 - c) Third, Crown Claims, as set out in Section 60(1.1) of the BIA, within six months after the Proposal Approval Order is granted, or as agreed to by Her Majesty.
 - d) Fourth, the Levy payable on dividends paid under the Proposal in respect of Preferred Claims and Unsecured Claims.
 - e) Fifth, Unsecured Creditors from the Unsecured Creditor Pool.
2. Recoveries for Unsecured Creditors under the Proposal are contingent on the Proposal Trustee’s receipt of PGH Litigation Funds. Based on: (i) the full amount of the PGH Litigation Funds being paid to the Company; (ii) an estimated \$500,000 of additional advances under the DIP Facility; and (iii) the Unsecured Claims being approximately \$10,450,000, creditors are estimated to receive approximately a 44% recovery on their claims. This calculation is provided below:

(Unaudited)	Amount (\$000s)
PGH Litigation Funds	6,389
Less:	
DIP Facility advances to-date	1,227
Estimated additional advances under DIP Facility	500
Funds available for distribution to Unsecured Creditors	<u>4,662</u>
Unsecured Claims, before the Anticipated Cost Award	<u>10,450</u>
Estimated Recovery for Unsecured Creditors (%)	<u>44.6%</u>

3. Factors affecting the ultimate amount available for distribution include, but are not limited to, receipt of the full amount of the PGH Litigation Funds, the final amount of admitted claims and the actual professional costs incurred. In addition, the amount of the PGH Litigation Funds could be reduced materially (or eliminated entirely) if PGH successfully appeals all or part of the Decision.

4. The Unsecured Claims include related party claims of approximately \$7.95 million, of which \$894,400 (the “New Claims”) were included by the Company on a revised Statement of Affairs sworn by the Company on August 5, 2021. The Proposal Trustee has not yet reviewed the New Claims. To the extent that any portion of the New Claims is determined not to be claims provable, there would be a corresponding increase in the dividends payable to Unsecured Creditors.
5. Pursuant to Section 147 of the BIA, payments under the Proposal are subject to the statutory levy of 5% payable to the Superintendent of Bankruptcy on the first \$1 million of dividends and 1.25% of the next \$1 million of dividends, to a maximum of \$62,500.
6. There are likely to be variances between amounts owing to creditors per the Company’s records and the respective creditors’ records. Accordingly, to vote on the Proposal and to receive dividends under the Proposal, all proofs of claim submitted by creditors to the Proposal Trustee must include all relevant supporting documentation for the Proposal Trustee to consider the filed claims. The Proposal Trustee will attempt to reconcile any differences and resolve disputed claims with creditors that file claims.

3.6 Proposal Conditions

1. The Proposal is conditional upon:
 - a) acceptance of the Proposal by the Required Majority, being the statutory majority of the Unsecured Creditors as required under the BIA, being two-thirds in dollar value and over 50% in number of the Unsecured Creditors present and voting, in person or by proxy;
 - b) an order of the Court approving the Proposal;
 - c) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
 - d) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons;
 - e) the PGH Litigation Funds shall have been received by the Proposal Trustee;
 - f) the Unsecured Creditor Pool shall have been created; and
 - g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.
2. Should any of the above conditions not be met or waived (to the extent permitted in the Proposal), the Proposal will not be effective and the payments due under the Proposal will not be made.

3.7 Other Proposal Terms

1. Other Proposal terms are summarized below:
 - a) the Company may, with the consent of the Proposal Trustee, provide notice of termination of this Proposal in the event that it, in its reasonable business judgment, determines that the PGH Litigation Funds (or some portion thereof) will not be paid pursuant to the Final Order and no distributions on account of Unsecured Claims will be able to be made;
 - b) Sections 95 to 101 of the BIA do not apply to the Proposal or the proceedings related to the Proposal and may not be invoked or relied upon by any Unsecured Creditor or the Proposal Trustee. Additional details regarding this provision are provided in Section 4 below;
 - c) at the Proposal Implementation Time, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Director Claims; provided however, that nothing in this section shall release or discharge or be deemed to have released or discharged any claims against any Director that cannot be released or discharged pursuant to Section 50(14)⁷ of the BIA; and
 - d) at the Meeting, the Creditors may appoint up to five (5) Inspectors, whose powers will be limited to:
 - i. advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims; and
 - ii. advising the Proposal Trustee from time-to-time with respect to any other matter that the Proposal Trustee may refer to them.

3.8 Acceptance and Approval of the Proposal

1. As noted, for the Proposal to be accepted, it must be approved by the Required Majority.
2. Rejection of the Proposal by the Creditors would immediately result in the Company being deemed to have made an assignment in bankruptcy. The Company will also be deemed to have made an assignment in bankruptcy if the Proposal is not approved by the Court.
3. On receipt of the Proposal Approval Order, all Unsecured Creditors will be deemed to have consented and agreed to all the provisions of this Proposal in its entirety, including the terms of the Proposal Approval Order.

⁷ Claims under Section 50(14) include claims that (i) relate to contractual rights of one or more creditors arising from contracts with one or more directors; and (ii) are based on allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors.

4.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties under the BIA, the Proposal Trustee is required to review transactions in the twelve months prior to the commencement of the NOI Proceedings (the “Review Period”) for preference payments and transfers at undervalue (each such transaction being a “TUV”). In this regard, the Proposal Trustee reviewed the Company’s bank statements and cancelled cheques for the Review Period. The Proposal Trustee’s review focused on transactions greater than \$10,000. The Proposal Trustee did not identify any transaction during the Review Period that, in its view, could be considered a preference or TUV.
2. Section 6 of the Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA that deal with transactions that may be challenged by a trustee, do not apply to the Proposal and may not be relied upon by the creditors or by the Proposal Trustee. Therefore, by voting in favour the Proposal, creditors will be foregoing their right to pursue any of the remedies under these sections of the BIA.
3. As the Proposal Trustee did not identify any transactions that could be considered a preference or a TUV during the Review Period, the Proposal Trustee is of the view that Section 6 of the Proposal, which precludes creditors from having recourse to these provisions, does not prejudice the creditors.

5.0 Estimated Distribution in the Event of a Bankruptcy

1. A proposal is required to provide creditors with a better outcome than a bankruptcy. The Proposal Trustee is of the view that this is the case with the Proposal. As reflected in Section 3.5 above, subject to receipt of the PGH Litigation Funds and other factors, the Proposal Trustee estimates that Unsecured Creditors could receive approximately 44% of their claims under the Proposal. This amount would also increase based on the Company’s recovery of the Anticipated Cost Award.
2. The Company’s only material asset is the PGH Litigation Funds and the ability to fund the Proposal is contingent on receipt of those amounts. Further litigation funding will be required given the notice of appeal filed by PGH. The Proposal provides a forum for the Company to continue to pursue that litigation, with funding provided by the DIP Lender under the DIP Facility.
3. If the Proposal is not accepted by the creditors, or if the Proposal is not approved by the Court, the Company will be deemed to have made an assignment in bankruptcy. The ability of the Company to continue the litigation in a bankruptcy is unclear, as the administration of the bankruptcy is subject to the discretion of the trustee in bankruptcy and the directions of the inspectors appointed in the bankruptcy. If for any reason the litigation against PGH is not continued (including if there is no funding for that purpose), the ability to recover the PGH Litigation Funds will be at risk. Accordingly, in the event that the Company is deemed to have made an assignment in bankruptcy, there is a significant risk that there may not be any recoveries for creditors.

4. In addition to the foregoing, if the amount of the dividends issued to Unsecured Creditors exceeds \$2 million, the levy payable to the Superintendent of Bankruptcy in a bankruptcy is higher than it would be in a bankruptcy. In this regard, the levy is 0.25% on dividends greater than \$2 million in a bankruptcy, whereas there is no levy payable on dividends greater than \$2 million in a proposal.

6.0 Unaffected Employee ESA Claims

1. Employee ESA Claims relate to Claims arising from or in relation to the Company's liability or obligation to pay termination and/or severance amounts to its former employees pursuant to applicable employment law in Ontario. To the extent that these claims are paid from the PGH Litigation Employee Funds, they are Unaffected Employee ESA Claims under the Proposal. PGH is also appealing the obligation, pursuant to the Decision, to pay the PGH Litigation Employee Funds.
2. The PGH Litigation Employee Funds, if received by the Proposal Trustee, are to be impressed with a trust in favour of the Company's former employees and are to be used exclusively for an Employee Compensation Claims Process to address the Employee ESA Claims.
3. To the extent that the PGH Litigation Employee Funds are not sufficient to fully repay Employee ESA Claims, the unpaid Employee ESA Claims will be included as Employee Claims in the Proposal.
4. Employee Claims subject to the Proposal include any claims of current or former employees of the Company for any amounts other than Unaffected Employee ESA Claims and to the extent that Employee ESA Claims are not fully paid from the PGH Employee Litigation Funds.

7.0 Conclusion and Recommendation

1. **For the reasons stated above, the Proposal Trustee recommends that the Company's creditors vote in favour of the Proposal.**
2. If the Proposal is accepted by the Unsecured Creditors at the Meeting, the Proposal Trustee will seek the Court's approval at a motion that has been scheduled to be heard on August 30, 2021.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
2505243 ONTARIO LIMITED,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF 2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

PROPOSAL

2505243 Ontario Limited (the “**Company**”) hereby submits the following Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).

ARTICLE 1- INTERPRETATION

1.01 Definitions

In this Proposal, capitalized terms have the following meanings:

- (a) “**Administrative Fees and Expenses**” means the Proposal Trustee’s and the Company’s fees and expenses, including legal fees and disbursements incurred by the Proposal Trustee and the Company, on or incidental to the appointment of the Proposal Trustee, the NOI Proceedings, negotiations, preparation, presentation, consideration and implementation of this Proposal, and any subsequent proposals and any proceedings relating to, arising out of, or under this Proposal including advice to the Company.
- (b) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation.
- (c) “**Business Day**” means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein.
- (d) “**Claim**” means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any Person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date, and including Director Claims and Employee Claims, but excluding Unaffected Claims.
- (e) “**Company**” has the meaning given to it in the preamble.

- (f) “**Court**” means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency) (Commercial List) or any other court with jurisdiction in respect of the PGH Litigation.
- (g) “**Creditor**” means any Person holding a Claim.
- (h) “**Crown**” means Her Majesty in Right of Canada or of any Province of Canada and their agents.
- (i) “**Crown Claim**” means any Claim arising from amounts that were outstanding at the time of the Filing Date and are of a kind that could be subject to a demand under Subsection 224(1.2) of the *Income Tax Act* or under provincial legislation or the *Canada Pension Plan* or *Employment Insurance Act*, in each case to the extent described in Section 60(1.1) of the BIA.
- (j) “**Director**” has the meaning given to it in the BIA.
- (k) “**Director Claim**” means any Claim against the Directors that relates to the obligations of the Company where Directors are by law liable in their capacity as directors for the payment of such obligations and, for greater certainty, excludes any claim which cannot be compromised under the BIA.
- (l) “**Employee Claim**” means any Claim of current or former employees of the Company for any amounts but excluding, for greater certainty, Unaffected Employee ESA Claims.
- (m) “**Employee ESA Claim**” means any Claim arising from or in relation to the Company’s liability or obligation to remit termination and/or severance payments to its former employees pursuant to Applicable Law.
- (n) “**Filing Date**” means the date on which the NOI Proceedings were commenced.
- (o) “**Final Order**” means an order of the Court, as the same has become final and non-appealable, directing payment of damages by PGH in connection with the Judgment.
- (p) “**Governmental Entity**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.
- (q) “**Judgment**” means the trial judgment of the Ontario Superior Court of Justice issued on July 5, 2021, in relation to the PGH Litigation, as the same may be upheld or varied on appeal.
- (r) “**Levy**” means any amounts payable to the Superintendent of Bankruptcy in respect of the levy payable pursuant to Section 147 of the BIA in respect of distributions under this Proposal.
- (s) “**Meeting**” means a meeting of the Unsecured Creditors of the Company called for the purpose of considering and voting in respect of this Proposal.
- (t) “**NOI Proceedings**” means the proceedings initiated by the Company’s filing of a notice of intention to make a proposal on September 24, 2020, pursuant to Section 50.4 of the BIA.
- (u) “**Person**” means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status.

- (v) “**PGH**” means Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership.
- (w) “**PGH Litigation**” means the Company’s litigation proceedings commenced against PGH on July 20, 2020, bearing court file number CV-20-00644262.
- (x) “**PGH Litigation Funds**” means funds received by the Proposal Trustee pursuant to the Final Order, but not including any PGH Litigation Employee Funds.
- (y) “**PGH Litigation Employee Funds**” means funds received by the Proposal Trustee pursuant to the Final Order in respect of Employee ESA Claims.
- (z) “**Preferred Claim**” means any Claim set out in Sections 136(1)(a) to 136(1)(g) of the BIA, outstanding as of the Filing Date against the Company, if any.
- (aa) “**Preferred Creditors**” means those persons with Claims that are Preferred Claims.
- (bb) “**Proposal**” means this Proposal made pursuant to the BIA, as may be further amended or supplemented from time to time.
- (cc) “**Proposal Approval Motion**” has the meaning given to it in Section 9.01 hereof.
- (dd) “**Proposal Approval Order**” has the meaning given to it in Section 9.02 hereof.
- (ee) “**Proposal Implementation Date**” means the date on which this Proposal is implemented as evidenced by the service of the Proposal Trustee’s certificate as contemplated by Section 9.04.
- (ff) “**Proposal Implementation Time**” means the time designated as the effective time of the Proposal as set out in the Proposal Trustee’s certificate contemplated by Section 9.04.
- (gg) “**Proposal Trustee**” means KSV Restructuring Inc., in its capacity as proposal trustee in this Proposal.
- (hh) “**Released Parties**” has the meaning given to it in Section 7.01 hereof.
- (ii) “**Required Majority**” means the required majority of Unsecured Creditors entitled to vote on the Proposal as contemplated by Section 54 of the BIA.
- (jj) “**Unaffected Claims**” means:
 - i. any Claims secured by Court-ordered charges granted in the NOI Proceedings against the estate of the Company;
 - ii. Unaffected Employee ESA Claims; and
 - iii. Crown Claims.
- (kk) “**Unaffected Creditor**” means a Person holding one or more Unaffected Claims in respect of and to the extent of such Unaffected Claim.
- (ll) “**Unaffected Employee ESA Claims**” means those Employee ESA Claims, and any portions thereof, to the extent they have been or will be paid with the PGH Litigation Employee Funds.
- (mm) “**Unsecured Claims**” means the Claims of Unsecured Creditors.
- (nn) “**Unsecured Creditors**” means those Persons with unsecured Claims, except for those Claims that:
 - i. have been finally and conclusively disallowed;

- ii. are Preferred Claims; and
 - iii. are Unaffected Claims.
- (oo) “**Unsecured Creditor Pool**” means those funds available for distribution on account of Unsecured Claims after payment of the other amounts hereunder, Unaffected Claims and Administrative Fees and Expenses.

1.02 Headings

The division of this Proposal, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this Proposal.

1.03 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.04 Inclusiveness

The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive.

1.05 Successors and Assigns

This Proposal will be binding upon and will enure to the benefit of all Persons named or referred to herein including all Unsecured Creditors and their heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 2 – PURPOSE AND EFFECT OF THIS PROPOSAL

2.01 Purpose

The primary purpose of this Proposal is to effect one or more distributions from the Unsecured Creditor Pool to holders of proven Unsecured Claims in accordance with their *pro rata* share, meaning the value that such proven Unsecured Claim bears to the total value of all proven Unsecured Claims.

2.02 Unaffected Claims

Unaffected Claims will not be affected by this Proposal and are to continue in the ordinary course under their present arrangements unless otherwise agreed to by an Unaffected Creditor. For greater certainty, to the extent that the PGH Litigation Employee Funds are insufficient to pay in full the Unaffected Employee ESA Claims, the unpaid Unaffected Employee ESA Claims shall be Unsecured Claims under this Proposal.

ARTICLE 3 – DISTRIBUTIONS

3.01 All Administrative Fees and Expenses and Unaffected Claims shall be paid in priority to all Claims of Preferred Creditors and Unsecured Creditors.

3.02 Any Preferred Claims that may arise shall be paid in full as set forth in Section 136(1) of the BIA in priority to all Claims of Unsecured Creditors.

3.03 Crown Claims shall be paid in full within six months after the Proposal Approval Order is granted, or as agreed to by Her Majesty.

3.04 The Levy shall be paid in respect of Preferred Claims and Unsecured Claims.

3.05 After payment of the foregoing amounts, the Proposal Trustee may make distributions from the Unsecured Creditor Pool, including interim distributions, on account of proven Unsecured Claims from time to time in its discretion.

ARTICLE 4 – VOTING ON THE PROPOSAL

4.01 For the purpose of voting on the Proposal, the Unsecured Creditors shall comprise one class of creditors.

4.02 In order to be eligible to vote at the Meeting, each Unsecured Creditor shall file a proof of claim with the Proposal Trustee in accordance with the applicable provisions of the BIA and thereafter the Proposal Trustee shall administer the claims in accordance with the provisions of section 135 of the BIA.

ARTICLE 5 – CLAIMS AGAINST DIRECTORS

5.01 In accordance with Section 50(13) of the BIA, at the Proposal Implementation Time, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Director Claims, provided however that nothing in this section shall release or discharge or be deemed to have released or discharged any claims against any Director that cannot be released or discharged pursuant to Section 50(14) of the BIA.

ARTICLE 6 – PREFERENCES, TRANSFERS AT UNDERVALUE, ETC.

6.01 In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal.

6.02 As a result of and in accordance with Section 6.01 hereof and all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Proposal Trustee or any Unsecured Creditor against the Company, any of the Company's assets or property or any other Person whatsoever; and
- (b) the Proposal Trustee and all of the Unsecured Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Company's assets and property or any other Persons.

ARTICLE 7 – RELEASE

7.01 Release

At the Proposal Implementation Time, the Company, the Proposal Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (all in such capacities herein referred to as the “**Released Parties**”) shall be released and discharged from any and all rights and Claims of any Person against a Released Party, including without limitation any Unsecured Claim, provided, however, that nothing in this Section 7.01 will release or discharge:

- (a) Any Unaffected Claims against the Company;
- (b) the Company or the Proposal Trustee of, or from, any obligation under this Proposal or under any Order; or
- (c) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

ARTICLE 8 – PROPOSAL TRUSTEE

8.01 KSV Restructuring Inc. is acting in its capacity as Proposal Trustee under this Proposal and not in its personal capacity, and:

- (a) shall not incur any personal liabilities or obligations in connection with this Proposal or in respect of the business, liabilities, obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto, except for liabilities arising out of gross negligence or wilful misconduct; and
- (b) shall have those powers granted to it by this Proposal and the BIA.

ARTICLE 9 – COURT APPROVAL, CONDITIONS PRECEDENT AND IMPLEMENTATION

9.01 Application for Approval Order

After acceptance of this Proposal by the Required Majority at the Meeting, in accordance with the provisions of the BIA, the Proposal Trustee will present a motion (the “**Proposal Approval Motion**”) to the Court seeking the Proposal Approval Order on a date to be set out in the mailing to creditors provided by the Proposal Trustee.

9.02 Proposal Approval Order

The order approving the Proposal (the “**Proposal Approval Order**”) shall, among other things, declare that:

- (a) this Proposal is fair and reasonable;
- (b) this Proposal has been approved pursuant to Section 60 of the BIA and will be binding and effective as herein set out on the Company, all Preferred and Unsecured Creditors and any other Person to the extent provided for in this Proposal or in the Proposal Approval Order;

- (c) grant to the Proposal Trustee, in addition to its rights and obligations under the BIA and any other Court Order, the powers, duties and protections contemplated by and required under the Proposal;
- (d) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 7.01 hereof shall be permanently enjoined; and
- (e) compromise, discharge and release the Company from any and all Claims in accordance with this Proposal, and declare that the ability of any Person to proceed against the Company in respect of or relating to any such claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such claims be permanently stayed.

9.03 Conditions to Implementation

The implementation of this Proposal shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by this Proposal) of the following conditions:

- (a) the Proposal shall have been approved by the Required Majority at the Meeting;
- (b) the Court shall have granted the Proposal Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (c) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
- (d) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons;
- (e) the PGH Litigation Funds shall have been received by the Proposal Trustee;
- (f) the Unsecured Creditor Pool shall have been created; and
- (g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.

9.04 Proposal Trustee's Certificate of Proposal Implementation

Upon written notice from the Proposal Trustee that the conditions to implementation set out in Section 9.03 have been satisfied or waived, the Proposal Trustee shall, as soon as possible following receipt of such written notice, serve on the service list, and file with the Court, a certificate which states that all conditions precedent set out in Section 9.03 have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date at a specific time specified in the certificate.

ARTICLE 10 – TERMINATION

10.01 The Company may, with the consent of the Proposal Trustee, provide notice of termination of this Proposal in the event that the Company, in its reasonable business judgment, determines that the PGH Litigation Funds (or some portion thereof) will not be paid pursuant to the Final Order and no distributions on account of Unsecured Claims will be able to be made.

10.02 In the event that the Proposal is terminated in accordance with Section 10.01, the Company shall be in default of this Proposal, the Proposal Trustee shall file a certificate of termination with the Court and the Superintendent of Bankruptcy and thereafter the Company shall be deemed bankrupt.

ARTICLE 11 – MISCELLANEOUS

11.01 On receipt of the Proposal Approval Order, all Unsecured Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety, including the terms of the Proposal Approval Order. For greater certainty, each such Unsecured Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Unsecured Creditor and the Company that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

11.02 The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on all Preferred Creditors and Unsecured Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

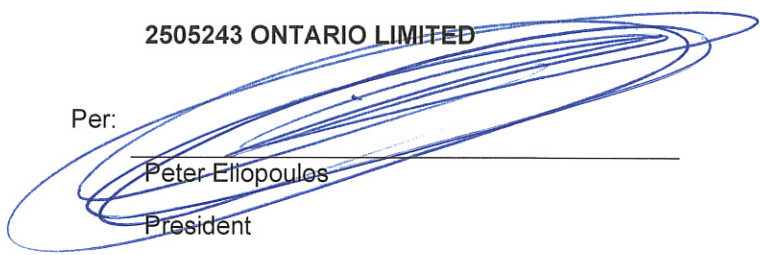
11.03 The Proposal shall be governed by and construed in accordance with the Laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

[The remainder of this page has been left intentionally blank.]

Dated at Toronto this 26th day of July, 2021.

2505243 ONTARIO LIMITED

Per:



Peter Eliopoulos

President

(I have the authority to bind the Company)

Appendix “B”



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. 31-2675288
Estate No. 31-2675288

In the Matter of the Proposal of:

2505243 Ontario Limited

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of Proposal:	July 26, 2021	Security:	\$
Meeting of Creditors:	August 16, 2021, 13:00 Zoom Meeting ID: 857 0885 6439 Passcode: 150137 -, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

-- AMENDED --

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: July 28, 2021, 14:36

E-File/Dépôt Electronique

Official Receiver

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

Canada

Appendix “C”

Court of Appeal File No.
SCJ Court File No. CV-20-00644262

COURT OF APPEAL FOR ONTARIO

BETWEEN:

2505243 ONTARIO LIMITED o/a BYPETERANDPAUL.COM

Plaintiff
(Respondent)

- and -

PRINCES GATES GP INC. IN ITS CAPACITY AS GENERAL PARTNER OF PRINCES
GATES HOTEL LIMITED PARTNERSHIP

Defendant
(Appellant)

NOTICE OF APPEAL

THE APPELLANT, Princes Gates GP Inc. in its capacity as General Partner of Princes Gates Hotel Limited Partnership, APPEALS to the Court of Appeal from the Trial Judgment of Justice Gilmore, dated July 5, 2021 made at the Superior Court of Justice at Toronto, Ontario.

THE APPELLANT ASKS that the Trial Judgement be set aside, and that judgment be granted in favour of the Appellant in the amount of \$735,879.85 plus interest and costs below and on appeal on a substantial indemnity basis.

THE GROUNDS OF APPEAL are as follows:

OVERVIEW

1. Justice Gilmore’s Trial Judgment is a results-driven decision. It is clear from her reasons that Justice Gilmore came to the view that the differences in corporate cultures of the two parties made it unrealistic for them to have worked together in the long term. As a result, Justice Gilmore decided to give them a “divorce”. She did this by unwinding the deal into which they had entered.

Unfortunately, in so doing, Justice Gilmore ignored the contractual rights of the Appellant and the contractual obligations of the Respondent.

BACKGROUND

2. The Appellant, Princes Gates GP Inc. in its capacity as General Partner of Princes Gates Hotel Limited Partnership (“PGH”) built, owns and operates the Hotel X (the “Hotel”) in Toronto. The Hotel is a 400 room, \$400,000,000 complex including a 45,000 square foot sports complex.

3. On June 25, 2017, PGH entered into three Agreements with Respondent 2505243 Ontario Limited o/a ByPeterandPaul.com (“250”) whereby 250 was to provide food and beverage services for the Hotel. 250 is part of the ByPeterandPaul group, a large, sophisticated business group that operates 7 banquet halls and restaurants throughout the Greater Toronto Area.

4. There were two Leases. One for a formal restaurant called Petros82 and one for an informal restaurant called Maxx’s. There was also a Food and Beverage Services Agreement (“FBSA”) by which 250 was to provide room service, banquet service and operate certain concessions in the Hotel such as the rooftop bar (the “Falcon Bar”) (collectively the “Agreements”).

5. All the Agreements were interlinked. Default under one Agreement was a default under all the Agreements.

6. In March of 2018, prior to the opening of the Hotel, 250 and PGH entered into an Amending Agreement to the FBSA. The Amending Agreement lowered the fees that 250 had to pay to PGH under the FBSA in exchange for 250 agreeing to pay its employees at the same or better rates than other five-star hotels in Toronto.

7. The Leases required Minimum Rent to be paid on a monthly basis at the first of each month, Percentage Rent if receipts were over a predetermined amount and Additional Rent for common area expenses as invoiced.

8. The Leases provided that if Minimum Rent was not paid within seven days, whether demanded or not, it constituted a default entitling PGH to terminate the Leases and FBSA and re-enter the premises.

9. The Leases also stated that all rent was to be payable “without any deduction, set off or abatement whatsoever”. The Leases specified that rent was payable despite any unforeseen event including acts of God.

10. Further the Leases stated that all leasehold improvements made to the premises became the property of the Landlord upon installation.

11. The Hotel opened in March 2018. Maxx’s opened that month. Petros82 opened in September 2019.

12. 250 operated both restaurants collected all revenues generated therefrom and paid rent according to the Leases. Under the FBSA, PGH collected payment from the customers then collected its 15% fee and remitted the balance to 250.

13. 250 kept track of its sales and HST payable through the P.O.S. System that it purchased, installed and operated at the Hotel which linked 250 sales to 250’s HST number.

14. Customers buying banquet events at the Hotel provided deposits to the Hotel. Under the terms of the FBSA, PGH was not obliged to pay these deposits to 250 until after the event had been held. However, commencing at the opening of the Hotel, PGH adopted the practice of gratuitously paying 250 deposits in the two-week accounting period after the deposit was received. The Hotel is ultimately responsible to the customer for the deposit. If an event was cancelled, it was the Hotel that had to repay the customer the deposit that the Hotel had remitted to 250.

15. Deposits were, in effect, loans by PGH to 250. 250 booked deposits as either short term or long-term liabilities, depending on the length of time to the event in question. If an event was

cancelled or unable to be held, the deposit had to be refunded to the Hotel, to be refunded to the customer.

16. From the beginning of the relationship, there was friction between PGH and 250.

17. PGH was of the view that 250 was not providing service at the high standard required by the Agreements. PGH was of the view that 250 did not respond to customer complaints and that 250 did not have the management structure in place to operate its business. For example, 250 never hired a Human Resources Manager, even though it had over 200 employees.

18. In October 2019, PGH discovered that 250 had breached the Amending Agreement by not paying their employees to the standard required. 250 was paying its employees an 11.5% gratuity instead of the minimum 15% required. By November 2019, PGH discovered that 250 had already spent all the deposit money that had been paid to them at that point, at that time over one million dollars, and didn't have any cash for marketing. Furthermore, 250 had not paid Additional Rent since May 2019.

250 Was Insolvent

19. Unbeknownst to PGH at this time, 250 was insolvent. By October 31, 2019, 250 had lost two million dollars with one million of that being operational losses. 250 also had 4.3 million dollars in trade debt of which 99% was overdue according to its own records. 250 had no assets.

20. 250 was able to stay in business only because its principals, Peter Eliopoulos and Dino Galinis caused monies to be transferred from other ByPeterandPaul companies to 250 to keep it afloat.

21. Due to PGH's concern about 250's viability and its own financial exposure, on November 11, 2019, PGH changed the timing of payment of deposits from within two weeks of receiving the deposit to two weeks before the event was to be held.

22. 250 was insolvent prior to the change in timing of the payment of the deposits. Further, it was the evidence of 250 that changing the timing of the payment of deposits did not affect 250's ability to pay rent. According to 250, it could have always paid rent by transferring money from other ByPeterandPaul companies. It simply chose not to do so.

250 Requests Dissolution of the Agreements

23. The various disputes between 250 and PGH led to a meeting on February 12, 2020. In that meeting, Peter Eliopoulos stated that he wanted to 250 and PGH to dissolve their relationship.

24. The following day, February 13, 2020, Peter Eliopoulos sent a letter confirming that he wanted to begin negotiations to dissolve the relationship between 250 and PGH.

25. On February 20, 2020, Mr. Eliopoulos met with Mr. Henry Kallan, the principal of PGH and stated that he wanted 250 and PGH to part company. Mr. Eliopoulos admits that when Mr. Kallan asked him why 250 didn't try to find a replacement, he replied that it was PGH's problem.

26. On February 24, 2020, Mr. Eliopoulos again wrote a letter to PGH stating that he wished to dissolve the relationship.

27. On February 27, 2020, PGH wrote a letter to 250 asking if it was going to leave or stay at the Hotel. It requested 250's response on an urgent basis. The letter went unanswered.

COVID Strikes

28. On March 16, 2020, restaurants in Ontario were closed by the Order of the Provincial Government. The Hotel closed on March 23, 2020.

250 Stops Paying Rent

29. On April 7, 2020, 250 wrote to PGH stating it would not be paying rent going forward. It is agreed that 250 paid no Minimum Rent from April 1, 2020 and no Additional Rent from March

1, 2020. In its correspondence, 250 also complained that it should be allowed to provide take out service and operate a patio.

30. In response, on April 19, 2020, PGH wrote to 250 advising it that it must pay rent under the terms of the Lease, adding that 250 should attempt to locate assistance in the form of business interruption insurance or Government programs, or other means. PGH also advised 250 that it would allow take out and the operation of a patio, providing 250 paid rent. Importantly, PGH asked for an answer to its February 27, 2020 letter. PGH received no answer to this letter.

250 Does Not Qualify for CECRA

31. In May of 2020, 250 asked PGH to apply for the CECRA program. In response, PGH advised 250 that 250's gross revenues, as indicated by 250's HST returns, were 21.6 million dollars and therefore were in excess of the 20 million dollars cap to apply for the CECRA program. Once again, PGH insisted that 250 must pay rent.

32. 250 refused to pay rent. Instead, it sent an email which stated that its HST returns did not represent its gross revenues and proposed to deduct certain expenses to bring its proposed revenues under the 20 million dollar cap, so that it would qualify for CECRA.

33. On May 23, 2020, PGH asked 250 to provide independent support for its purported accounting techniques. 250 did not answer this email and never provided any third-party support for its position.

34. By June 4, 2020, 250 had not responded to PGH's February 27, 2020 letter despite several requests and had not paid minimum rent since April 2020 nor Additional Rent since March 2020. 250 had not answered PGH's request to provide it with independent accounting verification of its allegations that they qualified for CECRA.

35. On June 4, 2020, PGH sent a letter requesting a meeting with 250 to dissolve the relationship with 250. On June 12, 2020, 250 replied, for the first time since February 24, 2020, and indicated it wished to continue at the Hotel, although 250 did not offer to pay any rent. Instead, 250 said it wanted PGH to “work with them” in obtaining Government assistance. Once again, 250 did not forward any information that would support its position in that regard.

36. On June 14, 2020, PGH responded that 250 was “proceeding in the wrong direction” and confirmed that PGH intended to dissolve the relationship. Mr. Eliopoulos admitted that 250 knew PGH was demanding rent since at least May 5, 2020.

37. There were several more email exchanges between 250 and PGH. Not once did 250 offer to pay rent, or provide documents indicating that it would qualify for CECRA. 250’s position throughout the litigation has been that it could have paid rent but chose not to do so.

38. On July 2, 2020 PGH terminated the Leases (and therefore the FBSA) for among other things, non-payment of rent.

39. Subsequently, 250 never tendered rent or offered to pay rent. 250 did not bring a motion for relief from forfeiture or other relief. 250 did however, borrow 1.4 million dollars to finance its litigation and another \$500,000 to pay into Court as security for costs from related ByPeterandPaul companies.

PGH’s Dealings with Harlo

40. After having its February 27, 2020 letter ignored by 250, PGH began to look a potential alternative food and beverage service provider for Hotel X. PGH approached Harlo at the beginning of April 2020. Throughout the time period that 250 was ignoring PGH’s request to advise it whether it was staying at the Hotel and not paying rent, PGH entered into negotiations with Harlo that resulted in a contingent letter of intent (“LOI”) with PGH and Harlo, dated June 3,

2020. The LOI was contingent in that Harlo would not take over food and beverage service if ByPeterandPaul decided to stay as the food and beverage service provider of the Hotel.

41. After the Leases were terminated, Harlo began operating as the food and beverage service provider at the Hotel until it was closed as the result of further COVID lockdowns. It was Harlo's evidence at trial that it will not be using the leasehold improvements that were installed by 250 at the Hotel but instead will be ripping out and rebuilding both restaurants.

The Trial

42. During the zoom trial, the Respondent secretly had its witnesses observe the trial from a boardroom, which it indicated was for its "clients". Despite the fact that every day of the trial the Court asked for a list of who was watching the trial, the Respondent did not disclose its witnesses were observing. These impugned witnesses included Anil Dash, Erin Breckbill and Jacob Park who tailored their evidence as a result of observing the trial. This made a fair trial impossible.

43. PGH brought a motion for a mistrial or in the alternative to strike the evidence of these witnesses. The motion was dismissed by the trial Judge.

Findings

44. On July 5, 2021 Justice Gilmore released her Trial Judgment in which she found that the termination of the Agreements was unlawful and awarded:

- a) \$7,124,524.92 in reliance damages to 250;
- b) less \$735,879.85 for deposits and back rent owing to PGH; and,
- c) plus \$2,063,000.00 for contingent employer claims against 250.

Errors

45. Justice Gilmore erred at law in allowing 250 to set-off deposits for future events as against rent owing. The Leases specifically state that there is to be no set off as against rent. Further,

deposits for future events were in effect a loan from PGH to 250 and are not capable of being set off as against obligations owing by 250 to PGH.

46. Justice Gilmore made an error in fact in finding that PGH booked deposits as liabilities. In fact, it was 250 who booked deposits as either short or long-term liabilities, depending on the time from the receipt of the deposit until the time the event was held.

47. Justice Gilmore erred at law in finding that PGH had an obligation to assist 250 with the CECRA program. There is no obligation at law for PGH to apply for the CECRA program, nor was there any promise made by PGH that would give rise to estoppel. Further, it was 250 who refused to provide support for its position after its HST returns indicated that its gross revenue exceeded 20 million dollars disqualifying it from CECRA.

48. Justice Gilmore erred in fact by holding that PGH actions contributed to 250's inability to pay rent. The evidence throughout from 250 was that it always had the ability to pay rent.

49. PGH was entitled to terminate the Agreements for the admitted non-payment of rent.

50. Justice Gilmore erred at law in awarding damages to 250. Nothing in Part IV of the *Commercial Tenancies Act* prevents PGH from terminating the Leases for non-payment of rent. If 250 could have qualified for CECRA, the only effect would have been to delay the re-entry by PGH to January 31, 2021. Both 250's expert and PGH's expert agreed that by January 31, 2021, 250 would have lost at least an additional \$540,000 on top of its already substantial losses. Furthermore, since the Leases had been terminated, 250 could not have qualified for CERS. Even if 250 could have qualified for CERS, it would have simply delayed PGH's ability to re-enter the property until April 31, 2022. There was no evidence at trial which would indicate that 250 would have made any profit by April 2022. In short, 250 incurred no damages.

51. Justice Gilmore erred at law in awarding reliance damages to 250. The leasehold improvements made by 250 became the property of PGH as soon as they were installed at the Hotel. Even 250's expert found that using the most optimistic projections, 250 wouldn't have made a profit had the Agreements not been terminated. By unwinding the deal, Justice Gilmore put 250 in a better position that it would have been in had the Agreements not been cancelled.

52. Justice Gilmore erred at law by ordering the payment of \$2,063,000 in trust for contingent employee claims. Justice Gilmore did not have the jurisdiction to make an order for payment for damages not proved. The FBSA specifically disallowed "consequential damages". The potential claim by 250 employees is consequential in nature. The Ontario Labour Board has already held that 250 is responsible for employee claims.

53. Justice Gilmore erred at law in holding that the termination of the Agreements was made in bad faith. PGH was clear throughout when it was insisting on the payment of rent. PGH sent numerous emails to 250 advising it that it wished to cancel the Agreements. Not once did PGH lead 250 to believe either directly or by admission that 250 did not have to pay rent. To the contrary, PGH continuously confirmed that it required rent to be paid. 250 admits that it knew that PGH was insisting upon rent. 250 had the ability to pay rent, it simply refused to do so.

54. Justice Gilmore erred at law by not declaring a mistrial upon discovering that the Respondent's witnesses had secretly been observing the trial. These witnesses subsequently tailored their evidence based on the testimony given by prior witnesses. This conduct made it impossible to conduct a fair trial. It is clear from Justice Gilmore's written reasons that she did in fact rely on and give weight to contentious evidentiary points contained in the testimony of those witnesses.

THE BASIS OF THE APPELLATE COURT'S JURISDICTION IS:

- i. Section 6 (1)(b) of the *Courts of Justice Act*, R.S.O. 1990 C.c. 43 as amended; and,
- ii. The July 5, 2021 Trial Judgment of Justice Gilmore is a final Order of the Superior Court of Justice from which an appeal lies to the Court of Appeal as of right.

August 4, 2021

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- and -

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Lawyers for the Plaintiff (Respondent)

2505243 ONTARIO LIMITED

- and -

**PRINCES GATES GP IN ITS CAPACITY AS GENERAL
PARTNER OF PRINCES GATES HOTEL LIMITED
PARTNERSHIP
Defendant (Appellant)**

Plaintiff (Respondent)

Court of Appeal No
SCJ Court File No. CV-20-00644262

COURT OF APPEAL FOR ONTARIO

NOTICE OF APPEAL

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Lawyers for the Defendant (Appellant)

Appendix “D”



Bankruptcy and Insolvency Act ("Act")

Proof of Claim

(Section 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

Creditor Name: _____ Telephone: _____
Address: _____ Fax: _____
Account No.: _____ Email: _____

In the matter of the bankruptcy (or the proposal, or the receivership) of _____ (name of debtor) of _____ (city and province) and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province), do hereby certify:

- 1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor)).
- 2. That I have knowledge of all the circumstances connected with the claim referred to below.
- 3. That the debtor was, at the date of bankruptcy, (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the _____ day of _____, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
- 4. (Check and complete appropriate category.)
 - A. UNSECURED CLAIM OF \$ _____**
(other than as a customer contemplated by Section 262 of the Act)
That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)
 - Regarding the amount of \$ _____, I do not claim a right to a priority.
 - Regarding the amount of \$ _____, I claim a right to a priority under Section 136 of the Act.
(Set out on an attached sheet details to support priority claim.)
 - B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____**
That I hereby make a claim under Subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
 - C. SECURED CLAIM OF \$ _____**
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)
 - D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____**
That I hereby make a claim under Subsection 81.2(1) of the Act for the unpaid amount of \$ _____ (Attach a copy of sales agreement and delivery receipts.)
 - E. CLAIM BY WAGE EARNER OF \$ _____**
 - That I hereby make a claim under Subsection 81.3(8) of the Act in the amount of \$ _____
 - That I hereby make a claim under Subsection 81.4(8) of the Act in the amount of \$ _____
 - F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____**
 - That I hereby make a claim under Subsection 81.5 of the Act in the amount of \$ _____
 - That I hereby make a claim under Subsection 81.6 of the Act in the amount of \$ _____
 - G. CLAIM AGAINST DIRECTOR \$ _____**
(To be completed when a proposal provides for the compromise of claims against directors.)
That I hereby make a claim under Subsection 50(13) of the Act, particulars of which are set out on the attached sheet(s). (Give full particulars of the claim, including the calculations upon which the claim is based.)
 - H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____**
That I hereby make a claim as a customer for net equity as contemplated by Section 262 of the Act, particulars of which are set out on the attached sheet(s).
(Give full particulars of the claim, including the calculations upon which the claim is based.)

Bankruptcy and Insolvency Act ("Act")

Proof of Claim

(Section 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of Section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of Subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of Section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Subsection 2(1) of the Act: *(Provide details of payments, credits and transfers at undervalue.)*
7. *(Applicable only in the case of the bankruptcy of an individual.)*
- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under Section 68 of the Act, I request to be informed, pursuant to Paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to Subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____

Witness

Creditor

NOTE:

If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS:

A trustee may, pursuant to Subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

DIRECTIONS FOR COMPLETION OF THIS FORM ARE ON THE REVERSE SIDE

GENERAL PROXY

(Paragraphs 51(1)(e) and 66.15(3)(b) and Subsection 102(2))

In the matter of the bankruptcy) (or proposal) of _____ a bankrupt (or an insolvent)

I (or We), _____ (name of creditor), of _____ (name of city, town or village), a creditor in the above matter, hereby appoint _____, of _____, to be my (or our) general proxy in the above matter except as to the receipt of dividends, with (or without) power to appoint another general proxy in his or her place.

DATED AT _____ this _____ day of _____, _____

Witness

Individual Creditor OR Name of Corporate Creditor

Witness

Per:
Name and Title of Signing Officer

CHECKLIST FOR PROOF OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the Bankruptcy and Insolvency Act only those creditors who have filed their claims in the proper form with the trustee, before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

General

- The signature of a witness is required;
- The claim must be signed personally by the individual completing this declaration;
- Provide the complete address where all notices or correspondence are to be forwarded;
- The amount of the statement of account must correspond to the amount indicated on the proof of claim.

Notes:

- It is permissible to file a proof of claim by fax.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors consists of at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote through an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

Paragraph 1

- Creditor must state full and complete legal name of company or firm;
- If the individual completing the proof of claim is not the creditor himself, he/she must state his/her position or title.

Paragraph 3

- The amount owing must be set out in paragraph 3.
- A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

Paragraph 4

- **Paragraph A** applies to *ordinary unsecured claims*. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to Section 136 of the Act.
- **Paragraph B** applies to lessor claims in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to *secured claims*. Please indicate the dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate.
- **Paragraph D** applies to *inventory claims of farmers, fishermen and aquaculturists*. Please note that such claims apply only to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreements and delivery slips.
- **Paragraph E** applies to *claims by wage earners*. Please note that such claims apply only for unpaid wages owed upon the bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to *claims by employees for unpaid amounts regarding pension plans*. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to *claims against directors*. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to *claims of customers of a bankrupt securities firm*. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.

Paragraph 5

- All claimants must indicate whether or not they are related to the debtor, as defined in Section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

Paragraph 6

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - a) Within the three (3) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor are not related;
 - b) Within the twelve (12) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor were not dealing at arm's length.

APPOINTING PROXY

Note: The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as the proxyholder of the creditors.

General

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

Notes:

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed at any time prior to a vote at a meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

Estate No. 31-2675288

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

Form 37

**VOTING LETTER
(Paragraph 51(1)(f) of the *Bankruptcy and Insolvency Act.*)**

I/we, _____, creditor,

of _____,

a creditor in the above matter for the sum of \$ _____, hereby request the trustee acting with respect to the Proposal of 2505243 Ontario Limited to record my vote:

PLEASE TICK OFF OR INDICATE YOUR VOTE AS FOLLOWS:

- FOR** the acceptance of the Proposal, as made on the 26th day of July, 2021.
- AGAINST** the acceptance of the Proposal, as made on the 26th day of July, 2021.

DATED at _____, this _____ day of _____, 2021.

Signature of Witness

*Signature of individual creditor or person signing
on behalf of corporate creditor*

Print name of Witness

*Print name of individual creditor or name and title
of person signing on behalf of corporate creditor*

Creditor's contact email address: _____

Appendix “E”



Estate File No: 31-2675288

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**NOTICE OF PROPOSAL TO CREDITORS
(Subsection 51)**

Take notice that:

1. 2505243 Ontario Limited (the "Company") has lodged with KSV Restructuring Inc. (the "Proposal Trustee") a Proposal pursuant to the *Bankruptcy and Insolvency Act*.
2. A general meeting of creditors to consider the Proposal will be held on the **16th day of August, 2021 at 1 p.m.**, to be convened via Zoom at:
<https://us06web.zoom.us/j/85708856439?pwd=Y0lsRC9wbllaYIB0UDFPS0NCTkJXdz09>
Meeting ID: 857 0885 6439, Passcode: 150137
3. Enclosed are copies of:
 - The Proposal;
 - A condensed statement of the Company's assets and liabilities dated August 5, 2021;
 - A list of the creditors affected by the Proposal whose claims amount to \$250 or more;
 - A Proof of Claim form and proxy; and
 - A voting letter.
4. To be entitled to vote at the meeting, proofs of claim, proxies (where necessary) and voting letters intended to be used at the meeting must be lodged with the Proposal Trustee prior to the commencement of the meeting.
5. Creditors must prove their claims against the Company in order to share in any distribution of the proceeds realized from the estate.

DATED at Toronto, Ontario, this 5th day of August, 2021.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE PROPOSAL
OF 2505243 ONTARIO LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “F”

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675288
Estate No. 31-2675288

Original Amended

- Form 78 -
Statement of Affairs (Business Proposal) made by an entity
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF 2505243 ONTARIO LIMITED, IN THE CITY OF VAUGHAN, IN THE
PROVINCE OF ONTARIO

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 26th day of July 2021. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

Table with two columns: LIABILITIES (as stated and estimated by the officer) and ASSETS (as stated and estimated by the officer). Rows include unsecured/secured creditors, inventory, trade fixtures, accounts receivable, bills of exchange, deposits, cash, livestock, machinery, real property, furniture, RRSPs, securities, interests under wills, vehicles, and other property.

I, Peter Eliopoulos, CEO of 2505243 Ontario Ltd., do swear (or solemnly declare) that the above statement and the attached lists are to the best of my knowledge, based on the information available to me, a full, true and complete statement of the affairs of 2505243 Ontario Ltd. on July 26, 2021, and fully disclose all of its property of every description in its possession or that may devolve on it in accordance with Section 67 of the Bankruptcy and Insolvency Act.

Sworn (or solemnly declared) before me at
the City of Toronto, in the Province of Ontario,
this 5th day of August, 2021.

Signature of Commissioner, etc.

Signature of Peter Eliopoulos

Appendix “G”

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

Preliminary list of creditors as at July 26, 2021, as per records of 2505243 Ontario Limited
without admission as to any liability or privilege herein shown.

Creditor	Address	Amount due (CDN\$)*
10803618 Canada Corp. (Elmar Staffing)	1001-1110 Finch Ave West North York ON M3J 3M2	5,600.44
1423792 Ontario Limited	222 Rowntree Dairy Rd Woodbridge ON L4L 9T2	1,742,707.64
1895299 Ontario Limited	Universal Eventspace, 6250 Hwy 7 Vaughan ON L4H 4G3	2,415,345.47
1986912 Ontario Limited	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	1,392,168.65
2465709 Ontario Ltd	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	11,727.24
2592511 Ontario Inc.	David Duncan House, 125 Moatfield Drive North York ON M3B 3L6	35,791.62
2618420 Ontario Limited	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	750,000.00
30.50 Imports Inc.	226 Christie Street Toronto ON M6G 3B7	1,525.61
ABV Group Inc.	25 Scrivener Sq. Unit 418 Toronto ON M4W 3Y6	2,516.34
ACS Productions Sound And Lighting Inc.	309 Horner Ae Etobicoke ON M8W 1Z5	65,394.79
All the Right Grapes Inc.	31 Notley Place Toronto ON M4B 2M7	735.24
Allegro Meat Ltd.	400 Creditstone Road, Unit 25 Vaughan ON L4K 3Z3	2,613.28
Aqua Blue Seafood Ltd.	7389 Kimbel St., Unit 5 Mississauga ON L4T 3M6	19,135.23
Aquatech Fire Protection Inc.	336 Dennie Ave Newmarket ON L3Y 4M6	8,034.30
Artera Wines Canada	441 Courtneypark Drive East Mississauga ON L5T 2V3	918.33
Barrel Select	169 Carlton Street Toronto ON M5A 2K3	28.58
Bellosound Inc.	1073 Yonge Street Suite 302 Toronto ON M4W 2L2	3,390.00
Bespoke Wine and Spirits	PO BOX 30069 Woodbridge ON L4L 0C7	8,209.68
Beverageworld	590 South Service Rd Stoney Creek ON L8E 2W1	7,589.00
Bibby Financial Services Inc. c/o 912050 O/A Sword Security	P.O. BOX 4090, Station A Toronto ON M5W 0E9	20,840.04
Butcher Shoppe (The)	121 Shorncliffe Road Toronto ON M8Z 5K7	158,758.58
Caffe Umbria Canada	402-170 Chiltern Hill Road Toronto ON M6C 0A9	7,765.89
Calibre	8162 Keele St. Vaughan ON L4K 2A5	5,584.91
Campione & Associates Professional Corporation	2900 Highway 7 W, Unit 110B Vaughan ON L4K 0G3	5,768.65
Canada Revenue Agency	Shawinigan – Sud National Verification and Collection Centre, 4695 Shawinigan-St	89,183.87
Cave Spring Cellars	3836 Main Street Jordan ON L0R 1S0	1,855.42
Caviar Centre	220 Duncan Mill Road, Suite A1 Toronto ON M3B 3J5	508.00
Cavican Inc.	24 Milcreek Cres' Thornhill ON L4J 6N4	1,274.64
Chair-man Mills Corp.	501 Consumers Road Toronto ON M2J 5E2	1,126.75
Charton Hobbs	5006 Timberlea Blvd, Unit 1 Mississauga ON L4W 5C6	1,958.66
Champion Commercial Products Inc.	5430 Timberlea Blvd, Unit 1 Mississauga ON L4W 2T2	714.61
City Disposal	32 Upton Rd, Suite 206 Scarborough ON M1L 2B8	3,681.54
Citron Hygiene LP	555 Alden Road Markham ON L3R 3L5	58,313.56
City Fish Market	2929 Dufferin Street Toronto ON M6B 3S7	2,683.15
Closson Chase Vineyards Inc.	629 Closson Road Hillier ON K0K 2J0	686.02
Coca-Cola Refreshments Canada	Lockbx 914210 PO Box 4090 Stn A Toronto ON M5W 0E9	6,408.18
Contours Interior Solutions	1250 Ormont Drive North York ON M9L 2V4	1,440.75
Copenhagen Trade Center Inc.	201 Drumlin Circle, Unit 3 Concord ON L4K 3E7	140.00
Cosecha Imports Inc.	2450 Victoria Park Ave, Suite 700 Toronto ON M2J 4A2	1,146.24
D.O.T. Custom Millwork	81 Brisbane Rd North York ON M3J 2K3	14,000.00
Danex Incorporated -Commercial Food Equipment	1-1080 Tristar Drive Mississauga ON L5T 1P1	8,048.44
Detailz Inc.	1 Arrow Road North York ON M9M 2L4	26,751.53
DGS Events Inc.	54 Arnold Ave. Toronto ON M5A 3B2	242,355.22
Diana's Seafood	2101 Lawrence Ave East Scarborough ON M1R 2Z4	22,657.47
Divine Limited	219 Norseman Street Toronto ON M8Z 2R5	1,031.13
De Lage Landen Financial Services Canada Inc.	3450 Superior Court, Unit 1 Oakville ON L6L 0C4	746.54
DNB Media Group Inc.	53 LaFrance Rd Brampton ON L6S 3V7	2,689.40
Dolce Magazine Publishing Inc.	111 Zenway Blvd Unit 30 Vaughan ON L4H 3H9	8,895.36
Dunford Liscio (Ontario) Inc.	2 Carson Court Brampton ON L6T 4P8	111,761.46
Edge Food Equipment	110 Arrow Road Toronto ON M9M 2L4	3,091.14
EDO Sushi Inc.	429 Spadina Road, Unit 201 Toronto ON M5P 2W3	6,012.45
Employer Health Tax	33 King St W Oshawa ON L1H 1A1	35,724.54
Enterprise Time Recording Solutions Inc.	237 Romina Drive, Suite 201 & 202 Vaughan ON L4K 4V3	56.50
Enzo Mercuri Designs Inc.	1 Arrow Road, Building B Toronto ON M9M 2L7	2,260.00
Essence Food Service	90 Signet Drive, Unit 10 Toronto ON M9L 1T5	15,212.30
Event Rental Group	210 Wicksteed Ave Toronto ON M4G 2C3	6,924.39
Family Wine Merchants	1469 Pelham Rd. St. Catherines ON L2R 6P7	2,289.61
Ferrandina Foods Inc	9-1730 McPherson Court Pickering ON L1W 3E6	7,382.53
Ferrari & Son Limited	100 Northern Pines Blvd. Kleinburg ON L4L 4E4	152,843.09
Firenza Plumbing & Heating Ltd.	1 Torbarrie Road North York ON M3L 1G5	11,219.55
Former Employees	c/o 6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	2,063,000.00
Gervais Rentals	75 Milner Avenue Toronto ON M1S 3P6	6,178.56
GHR Commercial Refrigeration	P.O.Box 10611 Winona Station ON L8E 5R1	1,698.99
GP8 Advanced Research Enterprises Ltd.	72 Gervais Drive Toronto ON M3C 1Z3	5,118.38
Hospitality Careers Online, Inc.	C/O LBX 917100 PO Box 4090 Stn A Toronto ON M5W 0E9	1,130.00
Heritage Food Service Group	Po Box 57565 STN A Toronto ON M5W 5M5	407.21
Hidden Bench	4152 Locust lane Beamsville ON L0R 1B2	1,372.11
Higgins Event Rentals	19 Rangemore Road Toronto ON M8Z 5H9	1,209.85
Hobart Food Equipment Group Canada	Po Box 57565 STN A Toronto ON M5W 5M5	327.42

Creditor	Address	(CDN\$)*
Hospitality Cleaning Services Inc.	127 Dolomite Drive North York ON M3J 2N1	734.50
ILLY Espresso Canada Inc.	PO Box 15087, Station A Toronto ON M5W 1C1	398.77
IMS Computer Consultants	320 Hanlan Road, Unit 1 Woodbridge ON L4L 3T4	1,726.64
Juice Concepts Ltd (JCL)	880 Browns Line Postal Outlet P.O. Box 60013 Etobicoke ON M8W 3V0	9,610.90
KAD Fabrications Inc	29 Kelfield Street Toronto ON M9W 5A1	1,804.55
KB Staffing	21 Robins Ave Hamilton ON L8H 4M8	1,017.00
Kibo Liberty Village (2564169 Ontario Inc.)	171 East Liberty St, Unit 146 Toronto ON M6K 3P6	298.32
KitCare Corporation	6358 Viscount Rd Mississauga ON L4V 1H3	1,467.87
KSV Restructuring Inc.	150 King St W, Suite 2308 Toronto ON M5H 1J9	2,189.94
Leavoy Rowe Beef Co	3066 Jarrow Ave. Mississauga ON L4X 2C7	79,961.54
Leaning Post Wines	1491 Highway 8 Stoney Creek ON L8E 5K9	659.51
Le Sommelier Wine Agency	67 Mowat Ave, Suite 042 Toronto ON M6K 3E3	7.56
Levi Strauss & Co (Canada) Inc.	C/O T27525 PO Box 4275 Postal Station A Toronto ON M8W 5V8	2,751.56
Lost Craft Inc. DC# 0179	19 Waterman Avenue, Unit 221 Toronto ON M4B 1Y2	8,658.81
Majestic Wine Cellars Inc.	271 Jevlan Dr. Unit 8 Woodbridge ON L4L 8A4	1,137.41
Malivoire Wine Company Limited	4260 King Street East, PO Box 475 Beamsville ON L0R 1B0	251.36
Mark Anthony Group Inc.	500-887 Great Northern Way Vancouver BC V5T 4T5	4,868.12
Marc's Mushrooms	125 The Queensway, PO Box 15339 Toronto ON M8Y 0B4	1,670.00
MDC Selections Inc.	51 Laird Dr. East York ON M4G 3T4	373.43
Medovino Imports Inc.	577 Byngmount Ave Mississauga ON L5G 1R2	754.72
Mega City Rental Supplies Inc.	1821 Albion Road, Unit 9, 10 & 11 Etobicoke ON M9W 5W8	110,349.30
MIA Food Service Ltd	50 PARISIENNE RD Woodbridge ON L4H 0V4	67,209.35
Mountain View Estates Coffee Co.	1260 Martin Grove Rd. Toronto ON M9W 4X3	937.40
National Event Supply	3544 Nashua Drive Mississauga ON L4V 1L2	9,039.89
Nella Cutlery Toronto Inc.	148 Norfinch Drive Toronto ON M3N 1X8	7,928.28
Neodeco Designs Inc.	35 Anderson Cove Trail Nobleton ON L7B 0A4	1,705.37
Nespresso Canada division de Nestle Canada Inc.	P.O Box 1942, Postal Station A Toronto ON M5W 1W9	15,655.33
NORR Limited	North Tower, 175 Bloor St E, 15th Floor Toronto ON M4W 3R8	1.00
Norton Rose Fulbright Canada LLP	222 Bay St, Suite 3000 Toronto ON M5K 1E7	228,229.36
Nouveau Taste	38 McGee St Toronto ON M4M 2K9	2,467.02
NSA Communications	11 Shangrila Terrace Bolton ON L7E 2N2	778.01
Open Table	1 Montgomery Street, Ste 700 San Francisco CA 94104	2,319.50
Orkin	5840 Falbourne St Mississauga ON L5R 4B5	985.36
Paliare Roland Rosenberg Rothstein LLP	155 Wellington St W 35th Floor Toronto ON M5V 3H1	1,488.78
Parkdale Community Legal Services	Lower Level, 1229 Queen St W Toronto ON M6K 1L2	1.00
Peter & Paul's Gifts	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	47,739.97
Peter & Paul's Gifts	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	1,226,782.73
Platis Cleaners	7 Trophy Dr Toronto ON M4A 1L7	4,655.54
Power King	P.O. Box 893 Sutton West ON L0E 1R0	4,152.75
PowerBev. Inc.	60 Hereford Street Brampton ON L6Y 0N3	3,637.48
Praxair Canada Inc.	PO Box 400, Station D Scarborough ON M1R 5M1	720.05
PR CC Plated Meals Inc.	4478 Chesswood Drive, Unit 3 Toronto ON M3J 2B9	2,670.19
Primex Food Packaging Inc.	1435-Bonhill Road, Unit 31 Mississauga ON L5T 1V2	9,164.65
Profile Wine Group	41 Scarsdale Road, Unit 9 Toronto ON M3B 2R2	12,172.15
Prommies Cider Co.	25 Nixon Road Caledon ON L7E 1K2	492.80
PSAV	1400 O'Connor Dr Toronto ON M4B 2T8	2,352.76
Qzina Specialty Foods	C/O T02654C PO BOX 2654, Station A Toronto ON M5W 2N7	4,080.83
R. Distributing Seafood and Meat	13 KENVIEW BLVD UNIT #9 Brampton ON L6T 5K9	15,641.85
REA Signs	145 Haist Ave, Unit 5 Vaughan ON L4L 5V1	5,209.30
Regina	2300 Finch Ave. West, Unit 36 Weston ON M9M 2Y3	1,056.00
R.F. Maintenance Services	12 Lambton Ct Brampton ON L6V 2A9	65,372.77
R.G. Henderson	100 Thornclyffe Park Dr Toronto ON M4H 1L9	708.77
RBC Insurance	6880 Financial Drive , Tower 1, 3rd Floor Mississauga ON L5N 7Y5	52,238.72
RBC VISA-4516-0700-1360-2232/2224	PO Box 4402 Station A Toronto ON M5W 3V1	40.46
RC Culinary Service Ltd.	170 Taylor Dr Barrie ON L4N 8L1	2,395.03
Heritage Food Service Group of Canada (RG Henderson)	P.O Box 7199 Station Terminal Vancouver ON V6B 4E2	1,323.46
Rogers-233-714395706-TV	P.O. Box 4100 Don Mills ON M3C 3N9	736.35
Rose Hill Design/Build	6790 Kitimat Road, Unit 7 Mississauga ON L5N 5L9	13,899.00
Rouge et Blanc Ltd.	4 Wynnview Court Scarborough ON M1N 3K3	2,451.13
Run Your Show Resources Inc.	1701 Flint Road Toronto ON M3J 2W8	7,771.70
Russell Hendrix Foodservice Equipment	PO Box 130 Brockville ON K6V 5V2	797.13
S4 Sound Sensation Disc Jockey Services Ltd	6260 Hwy 7 Vaughan ON L4H 4G3	2,617.08
San Antonio Seafood Market Ltd.	8383 Weston Road, Unit 106 Woodbridge ON L4L 1A6	3,283.57
Scientific Utility Brands Int'l, Inc.	11-1673 Richmond Street PMB 110 London ON N6G 2N3	2,596.74
Shareholder Loan	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	1,602,686.13
Signature Fine Foods	24 Viceroy Road Unit 4+5 Concord ON L4K 2L9	3,321.67
SYSCO	7055 Kennedy Road Mississauga ON L5S 1Y7	557,674.15
That's Life Gourmet Ltd.	125-720 King Street West, Suite 318 Toronto ON M5V 3S5	2,051.38
The Small Wine Makers Collection Inc.	100 Broadview Ave, Suite 318 Toronto ON M4M 3H3	52,789.06
The Vine Agency	11 Davies Avenue #305 Toronto ON M4M 2A9	4,181.86
The Case for Wine	1305 Pickering Pkwy Suite 105 Pickering ON L1V 3P2	1,379.40
Tre Amici	339 Olivewood Road, Unit 2 Etobicoke ON M8Z 2Z6	5,696.83
Trimen Food Service Equipment Ltd.	1240 Ormont Drive North York ON M9L 2V4	24,902.96
Trombino Foods	11030 Pine Valley Drive Woodbridge ON L3L 0B9	1,616.99
Unicer Foods Ltd.	370 Alliance Ave. Toronto ON M6N 2H8	2,488.57
Vertical Wine Group	1379 Falgardwood Drive Oakville ON L6H 2P4	919.60
Veritiv Canada Inc.	PO BOX 46082-T46082 ST A Toronto ON M5W 4K9	2,599.00
Victory Wine & Spirits Inc.	64 Roosevelt Road Toronto ON M4J 4T7	1,352.04

Creditor	Address	(CDN\$)*
Vinifera Wine Services	33 Price Street, Unit 2 Toronto ON M4W 1Z1	2,152.19
Walker Env	3700 Steeles Ave. West, Suite 601 Woodbridge ON L4L 8K8	1,467.61
Wasteco	161 Bridgeland Ave. Toronto ON M6A 1Z1	16,184.76
Weston Foods (Canada) Inc.	C/O TX4099C, PO Box 4590, Station A Toronto ON M5W 7B1	472.48
Winehouse Imports	3710 Chesswood Drive, Unit 201 Toronto ON M3J 2W4	50.00
WineOnline Marketing Company Ltd.	1 Wiltshire Ave, Unit 114 Toronto ON M6N 2V7	3,615.00
Workplace Safety Insurance Board	200 Front St W Toronto ON M5V 3J1	12,695.44
Total		<u>13,972,161.61</u>

*An amount of \$1 indicates that the amount due is undetermined or unknown.

TAB 3



**Seventh Report to Court of
KSV Restructuring Inc. as Proposal
Trustee of 2505243 Ontario Limited**

August 20, 2021

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COURT FILE NO.: 31-2675288

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

SEVENTH REPORT OF KSV RESTRUCTURING INC. AS PROPOSAL TRUSTEE OF
2505243 ONTARIO LIMITED

AUGUST 20, 2021

1.0 Introduction

1. This report (“Report”) has been prepared by KSV Restructuring Inc. (“KSV”) in its capacity as proposal trustee (“Proposal Trustee”) in connection with a Notice of Intention to Make a Proposal (“NOI”) filed on September 24, 2020 by 2505243 Ontario Limited (the “Company”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“BIA”).
2. The Company commenced these proceedings in response to a bankruptcy application (the “Bankruptcy Application”) filed against the Company by Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership (collectively, “PGH”) and certain other creditors. The Bankruptcy Application was stayed pursuant to an order issued by Mr. Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated October 9, 2020 (the “October 9th Order”).
3. The principal purposes of these restructuring proceedings are to provide the Company with the opportunity to: (a) advance its litigation against PGH within the timelines of these proceedings; and (b) formulate and make a proposal to its creditors.
4. On March 1, 2021, the Court issued an order, *inter alia*, extending the stay of proceedings to 15 business days after the day on which the Court releases its final decision (the “Decision”) with respect to the Company’s litigation against PGH (bearing Court File No. CV-20-644262).
5. On July 5, 2021, the Court issued the Decision which, among other things, ordered:
 - a) PGH to pay to the Proposal Trustee forthwith “reliance damages” in the net amount of \$6,388,645.07 (the “PGH Litigation Funds”), being \$7,124,524.92 less \$735,879.85 by way of set-off for amounts owed to PGH; and

- b) PGH to pay to the Proposal Trustee \$2.063 million in employee compensation damages (the “PGH Litigation Employee Funds”) within 30 days of the Decision. Pursuant to the Decision, PGH Litigation Employee Funds are impressed with a trust in favour of the Company’s former employees and are to be used exclusively to make distributions to employees entitled to such funds (the “Employee Compensation Claims Process”), through a claims process to be established and approved by the Court. The PGH Litigation Employee Funds amount does not form part of the Company’s estate and is not available for distribution to the Company’s other creditors.
6. On July 26, 2021, the Company filed a proposal (the “Proposal”) with the Official Receiver in accordance with Section 62(1) of the BIA. A Certificate of Filing a Proposal was issued by the Office of the Superintendent of Bankruptcy (Canada) (“OSB”) on July 27, 2021. An Amended Certificate of Filing was issued on July 28, 2021 (the “Amended Certificate”). Copies of the Proposal and the Amended Certificate are attached as Appendices “A” and “B”, respectively.
 7. On August 4, 2021, PGH served a notice of appeal (the “Notice of Appeal”) of the Decision requesting, among other things, that the Decision be set aside and judgment be granted in favour of PGH in the amount of \$735,879.85 (the “PGH Appeal”). A copy of the Notice of Appeal is attached as Appendix “C”.
 8. On August 10, 2021 Justice Gilmore awarded the Company \$921,494.43 in costs in relation to its litigation with PGH (the “Cost Award”). A copy of the Cost Award is attached as Appendix “D”.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - c) provide background information about the Company and these proceedings;
 - d) summarize the results of the meeting of creditors held on August 16, 2021 to consider and vote on the Proposal (the “Meeting”);
 - e) provide the statutory disclosure required under Sections 58(d) and 59(1) of the BIA;
 - f) report on the Company’s weekly cash flow projections for the period August 30, 2021 to March 31, 2022¹ (the “Cash Flow Forecast”);
 - g) discuss the need for an increase in the DIP Facility;
 - h) summarize the Proposal Trustee’s activities since May 21, 2021, the date of the Proposal Trustee’s Sixth Report to Court (the “Sixth Report”); and

¹ For the purpose of preparing the statutory cash flow forecast, the Proposal Trustee has used June 30, 2021 as the outside date to file a proposal.

- i) recommend that the Court make an order:
- approving the Proposal (including the releases contained therein);
 - authorizing a \$500,000 increase in the DIP Facility on the terms set out in the Fifth DIP Amendment (as defined below); and
 - approving this Report and the activities of the Proposal Trustee, as described herein.

1.2 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company, the Company's books and records and discussions with the Company's management. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.
2. The Proposal Trustee expresses no opinion or other level of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.
3. An examination of the Cash Flow Forecast as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

1.3 Court Materials

1. Court materials filed in these proceedings can be found on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/2505243-ontario-limited>.

2.0 Background

1. The Company is part of a hospitality services group (the "Group") that operates under the business name "byPeterandPauls.com". The Group is privately owned and has operated in the local hospitality industry for close to forty years. The Group operates several restaurants across Ontario, including Eaton Hall, The Savoy, Vue, The Clubhouse, Bellagio, Paramount, Universal, The Manor, The Kortright Centre, Black Creek Pioneer Village, Menaggio Restaurant, David Duncan House and PeterandPaulsEventCatering.

2. In 2017, the Company was contracted by PGH to provide food, beverage and catering services at Hotel X, which is located on the Exhibition Grounds in downtown Toronto (“Hotel X”).
3. The agreements between the Company and PGH include two leases in relation to the restaurants at Hotel X (Maxx’s Kitchen (“Maxx’s”) and Petros 82 (“Petros”)) and a food and beverage agreement for the Company to operate and provide services to Hotel X’s banquet facilities, conference halls, a roof top patio and other facilities.
4. The Company invested millions of dollars in leasehold improvements at Hotel X, including in Maxx’s and Petros. The restaurants opened in March 2018 and September 2019, respectively. On March 23, 2020, Hotel X and both restaurants closed due to the Covid-19 pandemic crisis.
5. On July 2, 2020, PGH terminated the agreements between PGH and the Company. The terminations coincided with PGH’s announcement of its plans to host National Hockey League players who were booked to stay at Hotel X when the 2019/2020 NHL season resumed following the initial onset of the Covid-19 pandemic. PGH contracted with Harlo Entertainment to provide the food and beverage services at Hotel X that were formerly provided by the Company.
6. On July 20, 2020, the Company filed a Statement of Claim against PGH seeking over \$60 million in damages and costs.
7. On September 9, 2020, PGH and a small number of other creditors filed the Bankruptcy Application and on September 24, 2020, the Company filed the NOI.
8. Pursuant to the October 9th Order, the Bankruptcy Application was stayed.
9. In order to try to resolve the litigation, the Company and PGH agreed to a mediation and retained the Honourable Justice Warren Winkler to act as mediator. The mediation took place on November 27, 2020; however, the mediation did not resolve the disputes between the Company and PGH.
10. The Company and PGH also participated in a case conference that was convened on February 9, 2021 with the Honourable Justice Glenn Hainey; however, the case conference was also unsuccessful in advancing settlement discussions.
11. After a lengthy trial, the Court issued the Decision on July 5, 2021.
12. In response to the Decision, PGH filed the Notice of Appeal on August 4, 2021.

3.0 Financial Position

- The following is a summary of the Company's financial position as of the date of the Proposal. A list of creditors is attached as Appendix "E".

(Unaudited)	Amount (\$000s)
Assets	
Cash	106
PGH Litigation Employee Funds receivable ²	2,063
PGH Litigation Funds receivable ³	6,389
Total Assets	8,558
Liabilities	
Administrative Charges under the NOI	232
DIP Facility	1,227
Unaffected Employee ESA Claims ³	2,063
Unsecured Creditors	10,450
Total Liabilities ⁴	13,972
Equity / (Deficit)	(5,414)
Total Shareholders' Deficit and Liabilities	8,558

- As is evident from the table above, the Company's only material assets are the amounts receivable from PGH in relation to the PGH Litigation Funds.

4.0 The Proposal⁵

- The terms of the Proposal were detailed in the Report to Creditors dated August 5, 2021 (the "Report to Creditors") and are not repeated herein. A copy of the Report to Creditors, which includes the Proposal, the Amended Certificate, a proof of claim form and proxy, a Notice of Proposal to Creditors ("Notice"), a Statement of Affairs summary and a list of creditors, is provided in Appendix "F".
- The Proposal Trustee posted on its website a creditors' package, including a proof of claim form, voting letter and the Proposal Trustee's Report to Creditors.
- The primary purpose of the Proposal is to effect distributions from the Unsecured Creditor Pool to holders of proven Unsecured Claims in accordance with their pro rata share, meaning the value that such proven Unsecured Claim bears to the total value of all proven Unsecured Claims.

² To be paid by PGH to the Proposal Trustee and to be impressed with a trust in favour of the Unaffected ESA Employee Claims.

³ These amounts are based on the potential maximum liability in respect of employee termination and severance claims, as described in the Decision.

⁴ Total liabilities include certain intercompany and related party liabilities reflected on the Company's books and records, as well as \$894,400 of corporate overhead costs which were pleaded at trial but not previously recorded in the Company's books and records. The Proposal Trustee has not yet reviewed these corporate overhead costs and accordingly, the claims remain subject to review by the Proposal Trustee.

⁵ Terms not defined in this section have the meaning provided to them in the Proposal, unless otherwise defined herein.

4. Recoveries for Unsecured Creditors under the Proposal are contingent on the Proposal Trustee's receipt of PGH Litigation Funds. A recovery of approximately 44% for Unsecured Creditors was estimated in the Report to Creditors based on: (i) the full amount of the PGH Litigation Funds being paid to the Company; (ii) an estimated \$500,000 of additional advances under the DIP Facility; and (iii) the Unsecured Claims being approximately \$10,450,000. Since the date of the Report to Creditors, the Cost Award was issued and the estimated distribution to creditors increased correspondingly to approximately 53% of the claims, subject to the factors noted above.

4.1 Statutory Disclosure

1. On August 6, 2021, the Proposal Trustee provided the Notice by email and regular mail to the Company and to every known creditor, as reflected on the debtor's books and records, that was eligible to file a proof of claim and vote at the Meeting. The Proposal Trustee also posted the Notice (with all attachments) on its website.
2. Out of an abundance of caution, copies of the Proposal Mailing were emailed to current and former employees of the Company on August 7, 2021.
3. On August 12, 2021, the Proposal Trustee e-filed the Notice with the OSB⁶.
4. In order to attend the Meeting and/or vote on the Proposal, creditors were required to submit a proof of claim to the Proposal Trustee in advance of the Meeting.

4.2 The Meeting

1. The Meeting was convened on August 16, 2021.
2. Thirteen creditors voted on the Proposal. The Proposal was accepted by 100% of the creditors voting on the Proposal, representing 100% of the value of the claims of creditors voting on the Proposal. A copy of the voting register is attached as Appendix "G".
3. A copy of the minutes of the Meeting, excluding the Proposal, is attached as Appendix "H".

4.3 Recommendation

1. The Proposal Trustee recommends that the Court issue an order approving the Proposal for the following reasons:
 - a) it was unanimously approved by the creditors voting in person or by proxy at the Meeting. Thirteen creditors with claims totaling \$1.36 million voted in favour of the Proposal and no creditors voted against the Proposal; and

⁶ This was late filed; however, the Proposal Trustee discussed it with the Official Receiver and the Official Receiver did not raise a concern.

- b) in the Proposal Trustee’s view, for the reasons set out in the Report to Creditors, the Proposal will provide creditors with greater recovery than they would receive in a bankruptcy. In the Proposal Trustee’s view, the Proposal is fair, reasonable and provides creditors with their best opportunity to have a recovery on their claims.

5.0 Cash Flow Forecast

1. The Company has prepared a supplemental cash flow forecast for the period August 30, 2021 to March 31, 2022 (the “Period”).⁷ The Company’s Cash Flow Forecast and Management’s Report on the Cash Flow Statement, as required by Section 50.4(2)(c) of the BIA, is provided in Appendix “I”.
2. The Company is not presently operating. The Company has one remaining employee. All disbursements other than professional costs relate to payroll. The Company’s only projected receipts during the Period are anticipated to be from the collection of wage subsidies under a Government of Canada program enacted in response to the Covid-19 Pandemic and HST refunds. Minimal contingent payments are also projected. This contingency has been included in all prior cash flows filed in these proceedings.
3. The Company shares head office space and administrative support services with related companies. The Company is not charged for the use of the shared services or office space. Accordingly, there are no such costs presented in the Cash Flow Forecast.
4. Based on the Proposal Trustee’s review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee’s Report on the Company’s Cash Flow Statement as required by Section 50.4(2)(b) of the BIA is attached as Appendix “J”.

5.1 Increase in the DIP Facility⁸

1. Pursuant to a DIP term sheet dated October 16, 2020 (the “DIP Term Sheet”), the original borrowing limit under the DIP Facility was \$300,000 (the “Original DIP Amount”). Pursuant to four Court-approved amendments to the DIP Term Sheet, the maximum amount that can be borrowed under the DIP Facility has been increased to \$1.65 million. The drawings on the DIP Facility have been used to fund the litigation against PGH, the professional costs of these proceedings and the nominal operating costs of the Company. As at the date of this Report, the Company has borrowed approximately \$1.5 million under the DIP Facility; however, by the return of this motion or shortly thereafter, substantially the full amount of the DIP Facility is expected to have been drawn.
2. Based on the Cash Flow Forecast, the Company will require an increase of \$500,000 (the “DIP Limit Increase”) to the maximum amount that it can borrow under the DIP Facility, bringing the maximum amount available to be borrowed under the DIP Facility to \$2.15 million. The DIP Limit Increase is required to fund the costs of these proceedings and the litigation including, in particular, the PGH Appeal.

⁷ If these proceedings extend beyond March 31, 2022, a supplemental cash flow forecast will be filed by the Company.

⁸ Terms not defined in this section have the meaning provided to them in the DIP Term Sheet, as amended, unless otherwise defined herein.

3. The DIP Lender has agreed to the DIP Limit Increase pursuant to a fifth amendment to the DIP Term Sheet dated August 18, 2021 (the “Fifth DIP Amendment”).
4. Pursuant to the Fifth DIP Amendment, the DIP Limit Increase (\$500,000) will continue to accrue interest at 7%, which is consistent with interest rate on advances made pursuant to the most recent Court-approved amendments to the DIP Term Sheet. A copy of the Fifth DIP Amendment is attached as Appendix “K” to this Report.

5.2 Fifth DIP Amendment Recommendation

1. The Proposal Trustee has considered the factors set out in Section 50.6(5) of the BIA with respect to the granting of a Court order for interim financing and a charge related thereto. The Proposal Trustee believes that the Fifth DIP Amendment is reasonable for the following reasons:
 - a) the increased maximum borrowings under the DIP Facility enhance the prospects of a successful restructuring as they will be used primarily to fund the legal costs for the PGH Appeal;
 - b) the interest under the Fifth DIP Amendment (7%) is consistent with the interest rate on borrowings under earlier Court-approved DIP amendments;
 - c) the interest rate on the DIP Facility is below market for such facilities;
 - d) absent an increase in the DIP Facility, the Company will be without the liquidity to fund these proceedings and its litigation, which is the only source of financing for the Proposal;
 - e) no creditor will be materially prejudiced by an increase in the maximum borrowings under the DIP Facility. If the Company is liquidated at this time, creditors will not have any recovery;
 - f) aside from the increase in the maximum borrowings under the DIP Facility, all other terms of the DIP Facility remain unchanged; and
 - g) in the Proposal Trustee’s view, these proceedings cannot advance without an increase in the DIP Facility.

6.0 Overview of the Company’s Activities

1. The Company’s activities since May 21, 2021, the date of the Sixth Report, have focused principally on working with its counsel, Norton Rose Fulbright Canada LLP (“Norton Rose”) in connection with the Company’s litigation against PGH, preparing the Proposal, as well as some incidental matters related to the statutory requirements of these proceedings.

7.0 Overview of the Proposal Trustee's Activities

1. The Proposal Trustee's activities since May 21, 2021, the date of the Sixth Report, have included:
 - a) preparing the Company's statutory cash flow forecasts, Management's Reports on the Cash Flow Statements and the Proposal Trustee's Reports on the Cash Flow Statements;
 - b) filing materials with the OSB, as required pursuant to the BIA;
 - c) reviewing the Decision and the Cost Award;
 - d) drafting the Report to Creditors;
 - e) preparing for and convening the Meeting, including mailing statutory notices to creditors and dealing with other statutory creditor meeting procedures;
 - f) drafting the minutes of the Meeting;
 - g) drafting this Report;
 - h) corresponding with its counsel, Paliare Roland Rosenberg Rothstein LLP, and with Norton Rose;
 - i) corresponding with creditors;
 - j) corresponding with former employees of the Company;
 - k) reviewing the Fifth DIP Amendment;
 - l) corresponding with the Company regarding its actual receipts and disbursements during these proceedings and assisting the Company to prepare funding requests under the DIP Facility;
 - m) reviewing proofs of claim, as filed;
 - n) reviewing claims against the Company, including intercompany claims;
 - o) maintaining the Proposal Trustee's website established for these proceedings; and
 - p) maintaining the service list.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(i) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

**Appendix “A”
(7th Report to Court)**

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF 2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

PROPOSAL

2505243 Ontario Limited (the “**Company**”) hereby submits the following Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).

ARTICLE 1- INTERPRETATION

1.01 Definitions

In this Proposal, capitalized terms have the following meanings:

- (a) “**Administrative Fees and Expenses**” means the Proposal Trustee’s and the Company’s fees and expenses, including legal fees and disbursements incurred by the Proposal Trustee and the Company, on or incidental to the appointment of the Proposal Trustee, the NOI Proceedings, negotiations, preparation, presentation, consideration and implementation of this Proposal, and any subsequent proposals and any proceedings relating to, arising out of, or under this Proposal including advice to the Company.
- (b) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation.
- (c) “**Business Day**” means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein.
- (d) “**Claim**” means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any Person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date, and including Director Claims and Employee Claims, but excluding Unaffected Claims.
- (e) “**Company**” has the meaning given to it in the preamble.

- (f) “**Court**” means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency) (Commercial List) or any other court with jurisdiction in respect of the PGH Litigation.
- (g) “**Creditor**” means any Person holding a Claim.
- (h) “**Crown**” means Her Majesty in Right of Canada or of any Province of Canada and their agents.
- (i) “**Crown Claim**” means any Claim arising from amounts that were outstanding at the time of the Filing Date and are of a kind that could be subject to a demand under Subsection 224(1.2) of the *Income Tax Act* or under provincial legislation or the *Canada Pension Plan* or *Employment Insurance Act*, in each case to the extent described in Section 60(1.1) of the BIA.
- (j) “**Director**” has the meaning given to it in the BIA.
- (k) “**Director Claim**” means any Claim against the Directors that relates to the obligations of the Company where Directors are by law liable in their capacity as directors for the payment of such obligations and, for greater certainty, excludes any claim which cannot be compromised under the BIA.
- (l) “**Employee Claim**” means any Claim of current or former employees of the Company for any amounts but excluding, for greater certainty, Unaffected Employee ESA Claims.
- (m) “**Employee ESA Claim**” means any Claim arising from or in relation to the Company’s liability or obligation to remit termination and/or severance payments to its former employees pursuant to Applicable Law.
- (n) “**Filing Date**” means the date on which the NOI Proceedings were commenced.
- (o) “**Final Order**” means an order of the Court, as the same has become final and non-appealable, directing payment of damages by PGH in connection with the Judgment.
- (p) “**Governmental Entity**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.
- (q) “**Judgment**” means the trial judgment of the Ontario Superior Court of Justice issued on July 5, 2021, in relation to the PGH Litigation, as the same may be upheld or varied on appeal.
- (r) “**Levy**” means any amounts payable to the Superintendent of Bankruptcy in respect of the levy payable pursuant to Section 147 of the BIA in respect of distributions under this Proposal.
- (s) “**Meeting**” means a meeting of the Unsecured Creditors of the Company called for the purpose of considering and voting in respect of this Proposal.
- (t) “**NOI Proceedings**” means the proceedings initiated by the Company’s filing of a notice of intention to make a proposal on September 24, 2020, pursuant to Section 50.4 of the BIA.
- (u) “**Person**” means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status.

- (v) “**PGH**” means Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership.
- (w) “**PGH Litigation**” means the Company’s litigation proceedings commenced against PGH on July 20, 2020, bearing court file number CV-20-00644262.
- (x) “**PGH Litigation Funds**” means funds received by the Proposal Trustee pursuant to the Final Order, but not including any PGH Litigation Employee Funds.
- (y) “**PGH Litigation Employee Funds**” means funds received by the Proposal Trustee pursuant to the Final Order in respect of Employee ESA Claims.
- (z) “**Preferred Claim**” means any Claim set out in Sections 136(1)(a) to 136(1)(g) of the BIA, outstanding as of the Filing Date against the Company, if any.
- (aa) “**Preferred Creditors**” means those persons with Claims that are Preferred Claims.
- (bb) “**Proposal**” means this Proposal made pursuant to the BIA, as may be further amended or supplemented from time to time.
- (cc) “**Proposal Approval Motion**” has the meaning given to it in Section 9.01 hereof.
- (dd) “**Proposal Approval Order**” has the meaning given to it in Section 9.02 hereof.
- (ee) “**Proposal Implementation Date**” means the date on which this Proposal is implemented as evidenced by the service of the Proposal Trustee’s certificate as contemplated by Section 9.04.
- (ff) “**Proposal Implementation Time**” means the time designated as the effective time of the Proposal as set out in the Proposal Trustee’s certificate contemplated by Section 9.04.
- (gg) “**Proposal Trustee**” means KSV Restructuring Inc., in its capacity as proposal trustee in this Proposal.
- (hh) “**Released Parties**” has the meaning given to it in Section 7.01 hereof.
- (ii) “**Required Majority**” means the required majority of Unsecured Creditors entitled to vote on the Proposal as contemplated by Section 54 of the BIA.
- (jj) “**Unaffected Claims**” means:
 - i. any Claims secured by Court-ordered charges granted in the NOI Proceedings against the estate of the Company;
 - ii. Unaffected Employee ESA Claims; and
 - iii. Crown Claims.
- (kk) “**Unaffected Creditor**” means a Person holding one or more Unaffected Claims in respect of and to the extent of such Unaffected Claim.
- (ll) “**Unaffected Employee ESA Claims**” means those Employee ESA Claims, and any portions thereof, to the extent they have been or will be paid with the PGH Litigation Employee Funds.
- (mm) “**Unsecured Claims**” means the Claims of Unsecured Creditors.
- (nn) “**Unsecured Creditors**” means those Persons with unsecured Claims, except for those Claims that:
 - i. have been finally and conclusively disallowed;

- ii. are Preferred Claims; and
 - iii. are Unaffected Claims.
- (oo) “**Unsecured Creditor Pool**” means those funds available for distribution on account of Unsecured Claims after payment of the other amounts hereunder, Unaffected Claims and Administrative Fees and Expenses.

1.02 Headings

The division of this Proposal, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this Proposal.

1.03 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.04 Inclusiveness

The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive.

1.05 Successors and Assigns

This Proposal will be binding upon and will enure to the benefit of all Persons named or referred to herein including all Unsecured Creditors and their heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 2 – PURPOSE AND EFFECT OF THIS PROPOSAL

2.01 Purpose

The primary purpose of this Proposal is to effect one or more distributions from the Unsecured Creditor Pool to holders of proven Unsecured Claims in accordance with their *pro rata* share, meaning the value that such proven Unsecured Claim bears to the total value of all proven Unsecured Claims.

2.02 Unaffected Claims

Unaffected Claims will not be affected by this Proposal and are to continue in the ordinary course under their present arrangements unless otherwise agreed to by an Unaffected Creditor. For greater certainty, to the extent that the PGH Litigation Employee Funds are insufficient to pay in full the Unaffected Employee ESA Claims, the unpaid Unaffected Employee ESA Claims shall be Unsecured Claims under this Proposal.

ARTICLE 3 – DISTRIBUTIONS

3.01 All Administrative Fees and Expenses and Unaffected Claims shall be paid in priority to all Claims of Preferred Creditors and Unsecured Creditors.

3.02 Any Preferred Claims that may arise shall be paid in full as set forth in Section 136(1) of the BIA in priority to all Claims of Unsecured Creditors.

3.03 Crown Claims shall be paid in full within six months after the Proposal Approval Order is granted, or as agreed to by Her Majesty.

3.04 The Levy shall be paid in respect of Preferred Claims and Unsecured Claims.

3.05 After payment of the foregoing amounts, the Proposal Trustee may make distributions from the Unsecured Creditor Pool, including interim distributions, on account of proven Unsecured Claims from time to time in its discretion.

ARTICLE 4 – VOTING ON THE PROPOSAL

4.01 For the purpose of voting on the Proposal, the Unsecured Creditors shall comprise one class of creditors.

4.02 In order to be eligible to vote at the Meeting, each Unsecured Creditor shall file a proof of claim with the Proposal Trustee in accordance with the applicable provisions of the BIA and thereafter the Proposal Trustee shall administer the claims in accordance with the provisions of section 135 of the BIA.

ARTICLE 5 – CLAIMS AGAINST DIRECTORS

5.01 In accordance with Section 50(13) of the BIA, at the Proposal Implementation Time, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Director Claims, provided however that nothing in this section shall release or discharge or be deemed to have released or discharged any claims against any Director that cannot be released or discharged pursuant to Section 50(14) of the BIA.

ARTICLE 6 – PREFERENCES, TRANSFERS AT UNDERVALUE, ETC.

6.01 In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal.

6.02 As a result of and in accordance with Section 6.01 hereof and all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Proposal Trustee or any Unsecured Creditor against the Company, any of the Company's assets or property or any other Person whatsoever; and
- (b) the Proposal Trustee and all of the Unsecured Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Company's assets and property or any other Persons.

ARTICLE 7 – RELEASE

7.01 Release

At the Proposal Implementation Time, the Company, the Proposal Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (all in such capacities herein referred to as the “**Released Parties**”) shall be released and discharged from any and all rights and Claims of any Person against a Released Party, including without limitation any Unsecured Claim, provided, however, that nothing in this Section 7.01 will release or discharge:

- (a) Any Unaffected Claims against the Company;
- (b) the Company or the Proposal Trustee of, or from, any obligation under this Proposal or under any Order; or
- (c) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

ARTICLE 8 – PROPOSAL TRUSTEE

8.01 KSV Restructuring Inc. is acting in its capacity as Proposal Trustee under this Proposal and not in its personal capacity, and:

- (a) shall not incur any personal liabilities or obligations in connection with this Proposal or in respect of the business, liabilities, obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto, except for liabilities arising out of gross negligence or wilful misconduct; and
- (b) shall have those powers granted to it by this Proposal and the BIA.

ARTICLE 9 – COURT APPROVAL, CONDITIONS PRECEDENT AND IMPLEMENTATION

9.01 Application for Approval Order

After acceptance of this Proposal by the Required Majority at the Meeting, in accordance with the provisions of the BIA, the Proposal Trustee will present a motion (the “**Proposal Approval Motion**”) to the Court seeking the Proposal Approval Order on a date to be set out in the mailing to creditors provided by the Proposal Trustee.

9.02 Proposal Approval Order

The order approving the Proposal (the “**Proposal Approval Order**”) shall, among other things, declare that:

- (a) this Proposal is fair and reasonable;
- (b) this Proposal has been approved pursuant to Section 60 of the BIA and will be binding and effective as herein set out on the Company, all Preferred and Unsecured Creditors and any other Person to the extent provided for in this Proposal or in the Proposal Approval Order;

- (c) grant to the Proposal Trustee, in addition to its rights and obligations under the BIA and any other Court Order, the powers, duties and protections contemplated by and required under the Proposal;
- (d) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 7.01 hereof shall be permanently enjoined; and
- (e) compromise, discharge and release the Company from any and all Claims in accordance with this Proposal, and declare that the ability of any Person to proceed against the Company in respect of or relating to any such claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such claims be permanently stayed.

9.03 Conditions to Implementation

The implementation of this Proposal shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by this Proposal) of the following conditions:

- (a) the Proposal shall have been approved by the Required Majority at the Meeting;
- (b) the Court shall have granted the Proposal Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (c) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
- (d) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons;
- (e) the PGH Litigation Funds shall have been received by the Proposal Trustee;
- (f) the Unsecured Creditor Pool shall have been created; and
- (g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.

9.04 Proposal Trustee's Certificate of Proposal Implementation

Upon written notice from the Proposal Trustee that the conditions to implementation set out in Section 9.03 have been satisfied or waived, the Proposal Trustee shall, as soon as possible following receipt of such written notice, serve on the service list, and file with the Court, a certificate which states that all conditions precedent set out in Section 9.03 have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date at a specific time specified in the certificate.

ARTICLE 10 – TERMINATION

10.01 The Company may, with the consent of the Proposal Trustee, provide notice of termination of this Proposal in the event that the Company, in its reasonable business judgment, determines that the PGH Litigation Funds (or some portion thereof) will not be paid pursuant to the Final Order and no distributions on account of Unsecured Claims will be able to be made.

10.02 In the event that the Proposal is terminated in accordance with Section 10.01, the Company shall be in default of this Proposal, the Proposal Trustee shall file a certificate of termination with the Court and the Superintendent of Bankruptcy and thereafter the Company shall be deemed bankrupt.

ARTICLE 11 – MISCELLANEOUS

11.01 On receipt of the Proposal Approval Order, all Unsecured Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety, including the terms of the Proposal Approval Order. For greater certainty, each such Unsecured Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Unsecured Creditor and the Company that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

11.02 The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on all Preferred Creditors and Unsecured Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

11.03 The Proposal shall be governed by and construed in accordance with the Laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

[The remainder of this page has been left intentionally blank.]

Dated at Toronto this 26th day of July, 2021.

2505243 ONTARIO LIMITED

Per:

Peter Eliopoulos

President

(I have the authority to bind the Company)

**Appendix “B”
(7th Report to Court)**



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. 31-2675288
Estate No. 31-2675288

In the Matter of the Proposal of:

2505243 Ontario Limited

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of Proposal:	July 26, 2021	Security:	\$
Meeting of Creditors:	August 16, 2021, 13:00 Zoom Meeting ID: 857 0885 6439 Passcode: 150137 -, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

-- AMENDED --

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: July 28, 2021, 14:36

E-File/Dépôt Electronique

Official Receiver

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

Canada

**Appendix “C”
(7th Report to Court)**

Court of Appeal File No.
SCJ Court File No. CV-20-00644262

COURT OF APPEAL FOR ONTARIO

BETWEEN:

2505243 ONTARIO LIMITED o/a BYPETERANDPAUL.COM

Plaintiff
(Respondent)

- and -

PRINCES GATES GP INC. IN ITS CAPACITY AS GENERAL PARTNER OF PRINCES
GATES HOTEL LIMITED PARTNERSHIP

Defendant
(Appellant)

NOTICE OF APPEAL

THE APPELLANT, Princes Gates GP Inc. in its capacity as General Partner of Princes Gates Hotel Limited Partnership, APPEALS to the Court of Appeal from the Trial Judgment of Justice Gilmore, dated July 5, 2021 made at the Superior Court of Justice at Toronto, Ontario.

THE APPELLANT ASKS that the Trial Judgement be set aside, and that judgment be granted in favour of the Appellant in the amount of \$735,879.85 plus interest and costs below and on appeal on a substantial indemnity basis.

THE GROUNDS OF APPEAL are as follows:

OVERVIEW

1. Justice Gilmore’s Trial Judgment is a results-driven decision. It is clear from her reasons that Justice Gilmore came to the view that the differences in corporate cultures of the two parties made it unrealistic for them to have worked together in the long term. As a result, Justice Gilmore decided to give them a “divorce”. She did this by unwinding the deal into which they had entered.

Unfortunately, in so doing, Justice Gilmore ignored the contractual rights of the Appellant and the contractual obligations of the Respondent.

BACKGROUND

2. The Appellant, Princes Gates GP Inc. in its capacity as General Partner of Princes Gates Hotel Limited Partnership (“PGH”) built, owns and operates the Hotel X (the “Hotel”) in Toronto. The Hotel is a 400 room, \$400,000,000 complex including a 45,000 square foot sports complex.

3. On June 25, 2017, PGH entered into three Agreements with Respondent 2505243 Ontario Limited o/a ByPeterandPaul.com (“250”) whereby 250 was to provide food and beverage services for the Hotel. 250 is part of the ByPeterandPaul group, a large, sophisticated business group that operates 7 banquet halls and restaurants throughout the Greater Toronto Area.

4. There were two Leases. One for a formal restaurant called Petros82 and one for an informal restaurant called Maxx’s. There was also a Food and Beverage Services Agreement (“FBSA”) by which 250 was to provide room service, banquet service and operate certain concessions in the Hotel such as the rooftop bar (the “Falcon Bar”) (collectively the “Agreements”).

5. All the Agreements were interlinked. Default under one Agreement was a default under all the Agreements.

6. In March of 2018, prior to the opening of the Hotel, 250 and PGH entered into an Amending Agreement to the FBSA. The Amending Agreement lowered the fees that 250 had to pay to PGH under the FBSA in exchange for 250 agreeing to pay its employees at the same or better rates than other five-star hotels in Toronto.

7. The Leases required Minimum Rent to be paid on a monthly basis at the first of each month, Percentage Rent if receipts were over a predetermined amount and Additional Rent for common area expenses as invoiced.

8. The Leases provided that if Minimum Rent was not paid within seven days, whether demanded or not, it constituted a default entitling PGH to terminate the Leases and FBSA and re-enter the premises.

9. The Leases also stated that all rent was to be payable “without any deduction, set off or abatement whatsoever”. The Leases specified that rent was payable despite any unforeseen event including acts of God.

10. Further the Leases stated that all leasehold improvements made to the premises became the property of the Landlord upon installation.

11. The Hotel opened in March 2018. Maxx’s opened that month. Petros82 opened in September 2019.

12. 250 operated both restaurants collected all revenues generated therefrom and paid rent according to the Leases. Under the FBSA, PGH collected payment from the customers then collected its 15% fee and remitted the balance to 250.

13. 250 kept track of its sales and HST payable through the P.O.S. System that it purchased, installed and operated at the Hotel which linked 250 sales to 250’s HST number.

14. Customers buying banquet events at the Hotel provided deposits to the Hotel. Under the terms of the FBSA, PGH was not obliged to pay these deposits to 250 until after the event had been held. However, commencing at the opening of the Hotel, PGH adopted the practice of gratuitously paying 250 deposits in the two-week accounting period after the deposit was received. The Hotel is ultimately responsible to the customer for the deposit. If an event was cancelled, it was the Hotel that had to repay the customer the deposit that the Hotel had remitted to 250.

15. Deposits were, in effect, loans by PGH to 250. 250 booked deposits as either short term or long-term liabilities, depending on the length of time to the event in question. If an event was

cancelled or unable to be held, the deposit had to be refunded to the Hotel, to be refunded to the customer.

16. From the beginning of the relationship, there was friction between PGH and 250.

17. PGH was of the view that 250 was not providing service at the high standard required by the Agreements. PGH was of the view that 250 did not respond to customer complaints and that 250 did not have the management structure in place to operate its business. For example, 250 never hired a Human Resources Manager, even though it had over 200 employees.

18. In October 2019, PGH discovered that 250 had breached the Amending Agreement by not paying their employees to the standard required. 250 was paying its employees an 11.5% gratuity instead of the minimum 15% required. By November 2019, PGH discovered that 250 had already spent all the deposit money that had been paid to them at that point, at that time over one million dollars, and didn't have any cash for marketing. Furthermore, 250 had not paid Additional Rent since May 2019.

250 Was Insolvent

19. Unbeknownst to PGH at this time, 250 was insolvent. By October 31, 2019, 250 had lost two million dollars with one million of that being operational losses. 250 also had 4.3 million dollars in trade debt of which 99% was overdue according to its own records. 250 had no assets.

20. 250 was able to stay in business only because its principals, Peter Eliopoulos and Dino Galinis caused monies to be transferred from other ByPeterandPaul companies to 250 to keep it afloat.

21. Due to PGH's concern about 250's viability and its own financial exposure, on November 11, 2019, PGH changed the timing of payment of deposits from within two weeks of receiving the deposit to two weeks before the event was to be held.

22. 250 was insolvent prior to the change in timing of the payment of the deposits. Further, it was the evidence of 250 that changing the timing of the payment of deposits did not affect 250's ability to pay rent. According to 250, it could have always paid rent by transferring money from other ByPeterandPaul companies. It simply chose not to do so.

250 Requests Dissolution of the Agreements

23. The various disputes between 250 and PGH led to a meeting on February 12, 2020. In that meeting, Peter Eliopoulos stated that he wanted to 250 and PGH to dissolve their relationship.

24. The following day, February 13, 2020, Peter Eliopoulos sent a letter confirming that he wanted to begin negotiations to dissolve the relationship between 250 and PGH.

25. On February 20, 2020, Mr. Eliopoulos met with Mr. Henry Kallan, the principal of PGH and stated that he wanted 250 and PGH to part company. Mr. Eliopoulos admits that when Mr. Kallan asked him why 250 didn't try to find a replacement, he replied that it was PGH's problem.

26. On February 24, 2020, Mr. Eliopoulos again wrote a letter to PGH stating that he wished to dissolve the relationship.

27. On February 27, 2020, PGH wrote a letter to 250 asking if it was going to leave or stay at the Hotel. It requested 250's response on an urgent basis. The letter went unanswered.

COVID Strikes

28. On March 16, 2020, restaurants in Ontario were closed by the Order of the Provincial Government. The Hotel closed on March 23, 2020.

250 Stops Paying Rent

29. On April 7, 2020, 250 wrote to PGH stating it would not be paying rent going forward. It is agreed that 250 paid no Minimum Rent from April 1, 2020 and no Additional Rent from March

1, 2020. In its correspondence, 250 also complained that it should be allowed to provide take out service and operate a patio.

30. In response, on April 19, 2020, PGH wrote to 250 advising it that it must pay rent under the terms of the Lease, adding that 250 should attempt to locate assistance in the form of business interruption insurance or Government programs, or other means. PGH also advised 250 that it would allow take out and the operation of a patio, providing 250 paid rent. Importantly, PGH asked for an answer to its February 27, 2020 letter. PGH received no answer to this letter.

250 Does Not Qualify for CECRA

31. In May of 2020, 250 asked PGH to apply for the CECRA program. In response, PGH advised 250 that 250's gross revenues, as indicated by 250's HST returns, were 21.6 million dollars and therefore were in excess of the 20 million dollars cap to apply for the CECRA program. Once again, PGH insisted that 250 must pay rent.

32. 250 refused to pay rent. Instead, it sent an email which stated that its HST returns did not represent its gross revenues and proposed to deduct certain expenses to bring its proposed revenues under the 20 million dollar cap, so that it would qualify for CECRA.

33. On May 23, 2020, PGH asked 250 to provide independent support for its purported accounting techniques. 250 did not answer this email and never provided any third-party support for its position.

34. By June 4, 2020, 250 had not responded to PGH's February 27, 2020 letter despite several requests and had not paid minimum rent since April 2020 nor Additional Rent since March 2020. 250 had not answered PGH's request to provide it with independent accounting verification of its allegations that they qualified for CECRA.

35. On June 4, 2020, PGH sent a letter requesting a meeting with 250 to dissolve the relationship with 250. On June 12, 2020, 250 replied, for the first time since February 24, 2020, and indicated it wished to continue at the Hotel, although 250 did not offer to pay any rent. Instead, 250 said it wanted PGH to “work with them” in obtaining Government assistance. Once again, 250 did not forward any information that would support its position in that regard.

36. On June 14, 2020, PGH responded that 250 was “proceeding in the wrong direction” and confirmed that PGH intended to dissolve the relationship. Mr. Eliopoulos admitted that 250 knew PGH was demanding rent since at least May 5, 2020.

37. There were several more email exchanges between 250 and PGH. Not once did 250 offer to pay rent, or provide documents indicating that it would qualify for CECRA. 250’s position throughout the litigation has been that it could have paid rent but chose not to do so.

38. On July 2, 2020 PGH terminated the Leases (and therefore the FBSA) for among other things, non-payment of rent.

39. Subsequently, 250 never tendered rent or offered to pay rent. 250 did not bring a motion for relief from forfeiture or other relief. 250 did however, borrow 1.4 million dollars to finance its litigation and another \$500,000 to pay into Court as security for costs from related ByPeterandPaul companies.

PGH’s Dealings with Harlo

40. After having its February 27, 2020 letter ignored by 250, PGH began to look a potential alternative food and beverage service provider for Hotel X. PGH approached Harlo at the beginning of April 2020. Throughout the time period that 250 was ignoring PGH’s request to advise it whether it was staying at the Hotel and not paying rent, PGH entered into negotiations with Harlo that resulted in a contingent letter of intent (“LOI”) with PGH and Harlo, dated June 3,

2020. The LOI was contingent in that Harlo would not take over food and beverage service if ByPeterandPaul decided to stay as the food and beverage service provider of the Hotel.

41. After the Leases were terminated, Harlo began operating as the food and beverage service provider at the Hotel until it was closed as the result of further COVID lockdowns. It was Harlo's evidence at trial that it will not be using the leasehold improvements that were installed by 250 at the Hotel but instead will be ripping out and rebuilding both restaurants.

The Trial

42. During the zoom trial, the Respondent secretly had its witnesses observe the trial from a boardroom, which it indicated was for its "clients". Despite the fact that every day of the trial the Court asked for a list of who was watching the trial, the Respondent did not disclose its witnesses were observing. These impugned witnesses included Anil Dash, Erin Breckbill and Jacob Park who tailored their evidence as a result of observing the trial. This made a fair trial impossible.

43. PGH brought a motion for a mistrial or in the alternative to strike the evidence of these witnesses. The motion was dismissed by the trial Judge.

Findings

44. On July 5, 2021 Justice Gilmore released her Trial Judgment in which she found that the termination of the Agreements was unlawful and awarded:

- a) \$7,124,524.92 in reliance damages to 250;
- b) less \$735,879.85 for deposits and back rent owing to PGH; and,
- c) plus \$2,063,000.00 for contingent employer claims against 250.

Errors

45. Justice Gilmore erred at law in allowing 250 to set-off deposits for future events as against rent owing. The Leases specifically state that there is to be no set off as against rent. Further,

deposits for future events were in effect a loan from PGH to 250 and are not capable of being set off as against obligations owing by 250 to PGH.

46. Justice Gilmore made an error in fact in finding that PGH booked deposits as liabilities. In fact, it was 250 who booked deposits as either short or long-term liabilities, depending on the time from the receipt of the deposit until the time the event was held.

47. Justice Gilmore erred at law in finding that PGH had an obligation to assist 250 with the CECRA program. There is no obligation at law for PGH to apply for the CECRA program, nor was there any promise made by PGH that would give rise to estoppel. Further, it was 250 who refused to provide support for its position after its HST returns indicated that its gross revenue exceeded 20 million dollars disqualifying it from CECRA.

48. Justice Gilmore erred in fact by holding that PGH actions contributed to 250's inability to pay rent. The evidence throughout from 250 was that it always had the ability to pay rent.

49. PGH was entitled to terminate the Agreements for the admitted non-payment of rent.

50. Justice Gilmore erred at law in awarding damages to 250. Nothing in Part IV of the *Commercial Tenancies Act* prevents PGH from terminating the Leases for non-payment of rent. If 250 could have qualified for CECRA, the only effect would have been to delay the re-entry by PGH to January 31, 2021. Both 250's expert and PGH's expert agreed that by January 31, 2021, 250 would have lost at least an additional \$540,000 on top of its already substantial losses. Furthermore, since the Leases had been terminated, 250 could not have qualified for CERS. Even if 250 could have qualified for CERS, it would have simply delayed PGH's ability to re-enter the property until April 31, 2022. There was no evidence at trial which would indicate that 250 would have made any profit by April 2022. In short, 250 incurred no damages.

51. Justice Gilmore erred at law in awarding reliance damages to 250. The leasehold improvements made by 250 became the property of PGH as soon as they were installed at the Hotel. Even 250's expert found that using the most optimistic projections, 250 wouldn't have made a profit had the Agreements not been terminated. By unwinding the deal, Justice Gilmore put 250 in a better position that it would have been in had the Agreements not been cancelled.

52. Justice Gilmore erred at law by ordering the payment of \$2,063,000 in trust for contingent employee claims. Justice Gilmore did not have the jurisdiction to make an order for payment for damages not proved. The FBSA specifically disallowed "consequential damages". The potential claim by 250 employees is consequential in nature. The Ontario Labour Board has already held that 250 is responsible for employee claims.

53. Justice Gilmore erred at law in holding that the termination of the Agreements was made in bad faith. PGH was clear throughout when it was insisting on the payment of rent. PGH sent numerous emails to 250 advising it that it wished to cancel the Agreements. Not once did PGH lead 250 to believe either directly or by admission that 250 did not have to pay rent. To the contrary, PGH continuously confirmed that it required rent to be paid. 250 admits that it knew that PGH was insisting upon rent. 250 had the ability to pay rent, it simply refused to do so.

54. Justice Gilmore erred at law by not declaring a mistrial upon discovering that the Respondent's witnesses had secretly been observing the trial. These witnesses subsequently tailored their evidence based on the testimony given by prior witnesses. This conduct made it impossible to conduct a fair trial. It is clear from Justice Gilmore's written reasons that she did in fact rely on and give weight to contentious evidentiary points contained in the testimony of those witnesses.

THE BASIS OF THE APPELLATE COURT'S JURISDICTION IS:

- i. Section 6 (1)(b) of the *Courts of Justice Act*, R.S.O. 1990 C.c. 43 as amended; and,
- ii. The July 5, 2021 Trial Judgment of Justice Gilmore is a final Order of the Superior Court of Justice from which an appeal lies to the Court of Appeal as of right.

August 4, 2021

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- and -

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Lawyers for the Plaintiff (Respondent)

2505243 ONTARIO LIMITED

- and -

**PRINCES GATES GP IN ITS CAPACITY AS GENERAL
PARTNER OF PRINCES GATES HOTEL LIMITED
PARTNERSHIP
Defendant (Appellant)**

Plaintiff (Respondent)

Court of Appeal No
SCJ Court File No. CV-20-00644262

COURT OF APPEAL FOR ONTARIO

NOTICE OF APPEAL

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Lawyers for the Defendant (Appellant)

**Appendix “D”
(7th Report to Court)**

CITATION: 2505243 Ontario Limited o/a ByPeterandPaul.com v. Princes Gate GP Inc. et al.

COURT FILE NO.: CV-20-00644262

DATE: 20210810

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

2505243 Ontario Limited o/a
ByPeterandPaul.com

Plaintiff

)
)
)
) *Randy Sutton, Robert Frank and Erica*
) *Anscheutz, for the Plaintiff*

– and –

Princes Gate GP Inc. in its Capacity as
General Partner of Princes Gates Hotel
Limited Partnership

Defendant

)
)
)
) *Peter W.G. Carey, Paul E.F. Martin and*
) *Amanda Pilienci, for the Defendant*

)
)
)
)
)
) **HEARD:** In Writing

C. GILMORE J.

RULING ON TRIAL COSTS

OVERVIEW

[1] This trial was heard during early March 2021 over fourteen days plus a full day of oral argument after written submissions. The judgment was released on July 5, 2021.

[2] The Plaintiff has had clear success at trial with respect to both reliance and employee compensation damages. Written submissions on costs were requested and have now been received.

[3] The Plaintiff seeks all-inclusive costs of \$971,494 representing partial indemnity costs up to February 17, 2021, the date of the Plaintiff's Rule 49 Offer, and on a substantial indemnity scale thereafter. The Plaintiff's costs include \$204,214 for experts' reports.

[4] The Defendant's position is that the costs sought by the Plaintiff are excessive and disproportionate. The Defendant submits that costs in the range of \$516,000 and discounted for the Plaintiff's conduct at trial are reasonable.

THE POSITION OF THE PLAINTIFF

[5] The Plaintiff sought damages for its lost investment (\$11M) and employee compensation damages of \$2.1M for a total of \$13.1M. The Plaintiff was awarded total damages of \$8,451,645 which was net of the damages awarded to the defendant (\$735,879) and inclusive of the employee compensation damages.

[6] The Plaintiff was completely successful. The termination of the subject Agreements was found to be unlawful by the Court given the Defendant's actions including the retaining of deposits, the failure to assist the Plaintiff with federal rental subsidy programs, and the Defendant's reliance on groundless breaches by the Plaintiff.

[7] Expert evidence was required on the issue of both liability and damages. There were thousands of pages of exhibits, affidavits and experts' reports plus a joint book of documents and document briefs for each witness. There was also a full day virtual mediation and multiple motions prior to trial.

[8] The trial was of essential importance to the Plaintiff given that the hotel fixturing was its only asset and given that the unlawful termination of the Agreements led to the Plaintiff's insolvency and the termination of almost 200 employees.

[9] The Plaintiff was required to respond to a motion for security for costs, a discovery motion and a motion by the Defendant to withdraw an admission that it was required to pay deposits when received. The Defendant took an aggressive approach to the litigation which the Plaintiff submits drove up the cost of the proceeding.

[10] The Plaintiff served a Rule 49.10 Offer to Settle on February 17, 2021. The Plaintiff offered to settle the entire action for the all-inclusive amount of \$6.5M. The trial judgment was \$1,951,645 more favourable than the Plaintiff's Offer to Settle. The Plaintiff therefore seeks partial indemnity costs to the date of the Offer and substantial indemnity costs thereafter.

[11] The Plaintiff noted that the Court found that the Defendant was negotiating to replace the Plaintiff while leading the Plaintiff to believe that business was carrying on as usual, that the termination without notice had a drastic effect on the Plaintiff's employees, and the Defendant's reliance on the lack of response to the February 27, 2020 letter to justify its actions was a "ruse." These findings also support costs on an elevated scale after the date of the Offer.

THE POSITION OF THE DEFENDANTS

[12] The Defendant submits that the costs sought by the Plaintiff are excessive. By contrast, the Defendant's costs were \$516,197 which included \$40,352 for experts' reports. The Defendant's position is that the Plaintiff cannot justify costs which are double the Defendant's costs and five times the cost of its experts' reports. The amounts sought by the Plaintiff are simply beyond what is fair and reasonable in the circumstances.

[13] Notwithstanding the Plaintiff's Offer to Settle, it should not be entitled to costs at an elevated rate due to its conduct at trial. Specifically, the Plaintiff had its witnesses secretly observing the trial despite the Court's request as to who was in the various Zoom rooms. While a mistrial was not granted, the inadvertent discovery of this circumstance caused trial delay and permitted the Plaintiff's witnesses to tailor their evidence. By contrast, the conduct of the Defendant throughout the trial was exemplary.

[14] The Defendant specifically objects to the Plaintiff claiming costs for the Defendant's motion to compel a further and better affidavit of documents, the Defendant's motion to withdraw an inadvertent admission, and the Plaintiff's motion at trial to exclude certain documents. The Plaintiff was not successful on either of the motions brought by the Defendant and only partially successful with its mid trial motion.

ANALYSIS AND RULING

[15] The Plaintiff has had success at trial and obtained a judgment in excess of the amount in its Offer to Settle. Cost consequences must follow accordingly.

[16] This was a complex and lengthy trial with thousands of documents referred to by many witnesses. In the end, I found that that enumerated alleged breaches of the contracts by the Plaintiff were groundless and that the Defendant terminated the contracts in bad faith with an undisclosed intention to replace the Plaintiff with a new service provider.

[17] As for the expert witness reports, I agree that the Plaintiff's reports were necessarily more expansive as the Plaintiff had the burden of proof for two separate heads of damages. In the end, the Court accepted the findings of the Plaintiff's experts.

[18] As for the Plaintiff's conduct at trial, there was a concern about some witnesses observing the testimony of certain key witnesses. However, as per paragraph 301 of the trial judgment, I found that:

....while the issue was very concerning when first raised, in the end it is not one which would change this Court's view with respect to the reliability of the testimony of the impugned witnesses and particularly Mr. Dash.

[19] As for the costs related to the various other motions referred to by the Defendant, costs of the December 22, 2020 motion were ordered to be "in the cause" and are therefore able to be considered in the context of trial costs. I do not agree that the Defendant was successful on that motion. Further, in my mid-trial motion ruling dated March 5, 2021 I found that all of relevant documents were privileged and were to be excluded from evidence. The Plaintiff was successful.

[20] The Plaintiff's February 17, 2021 Offer to Settle cannot be ignored. Had the Defendant agreed to pay the \$6.5M offered, a lengthy trial would have been avoided. The Offer met the conditions under Rule 49.10 and the trial judgment was in excess of the Offer. The Plaintiff is therefore entitled to substantial indemnity costs after the date of the Offer. The consequences of having to proceed to trial were devastating to the Plaintiff including insolvency and an inability to compensate their employees.

[21] The only remaining issue to determine is whether the costs sought by the Plaintiff are fair, reasonable and proportionate. In my view, the costs sought by the Plaintiff are fair given the findings at trial in relation to the Defendant's actions and the outstanding Offer to Settle. As for proportionality, I agree that the Plaintiff had the burden of proof and the requirement of providing experts' reports to substantiate its claims as well as responding to all of the allegations made by the Defendants. The Plaintiff's costs were necessarily much higher than those of the Defendant.

[22] Given all of the above, I order that the Defendant pay to the Plaintiff forthwith the sum of \$921,494.43.



C. Gilmore, J.

Released: August 10, 2021

CITATION: 2505243 Ontario Limited o/a ByPeterandPaul.com v. Princes Gate GP Inc. et al.
COURT FILE NO.: CV-20-00644262
DATE: 20210810

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

2505243 Ontario Limited o/a ByPeterandPaul.com

Plaintiff

Princes Gate GP Inc. in its Capacity as General Partner
of Princes Gates Hotel Limited Partnership

Defendant

RULING ON TRIAL COSTS

C. Gilmore, J.

Released: August 10, 2021

**Appendix “E”
(7th Report to Court)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

Preliminary list of creditors as at July 26, 2021, as per records of 2505243 Ontario Limited
without admission as to any liability or privilege herein shown.

Creditor	Address	Amount due (CDN\$)*
10803618 Canada Corp. (Elmar Staffing)	1001-1110 Finch Ave West North York ON M3J 3M2	5,600.44
1423792 Ontario Limited	222 Rowntree Dairy Rd Woodbridge ON L4L 9T2	1,742,707.64
1895299 Ontario Limited	Universal Eventspace, 6250 Hwy 7 Vaughan ON L4H 4G3	2,415,345.47
1986912 Ontario Limited	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	1,392,168.65
2465709 Ontario Ltd	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	11,727.24
2592511 Ontario Inc.	David Duncan House, 125 Moatfield Drive North York ON M3B 3L6	35,791.62
2618420 Ontario Limited	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	750,000.00
30.50 Imports Inc.	226 Christie Street Toronto ON M6G 3B7	1,525.61
ABV Group Inc.	25 Scrivener Sq. Unit 418 Toronto ON M4W 3Y6	2,516.34
ACS Productions Sound And Lighting Inc.	309 Horner Ae Etobicoke ON M8W 1Z5	65,394.79
All the Right Grapes Inc.	31 Notley Place Toronto ON M4B 2M7	735.24
Allegro Meat Ltd.	400 Creditstone Road, Unit 25 Vaughan ON L4K 3Z3	2,613.28
Aqua Blue Seafood Ltd.	7389 Kimbel St., Unit 5 Mississauga ON L4T 3M6	19,135.23
Aquatech Fire Protection Inc.	336 Dennie Ave Newmarket ON L3Y 4M6	8,034.30
Artera Wines Canada	441 Courtneypark Drive East Mississauga ON L5T 2V3	918.33
Barrel Select	169 Carlton Street Toronto ON M5A 2K3	28.58
Bellosound Inc.	1073 Yonge Street Suite 302 Toronto ON M4W 2L2	3,390.00
Bespoke Wine and Spirits	PO BOX 30069 Woodbridge ON L4L 0C7	8,209.68
Beverageworld	590 South Service Rd Stoney Creek ON L8E 2W1	7,589.00
Bibby Financial Services Inc. c/o 912050 O/A Sword Security	P.O. BOX 4090, Station A Toronto ON M5W 0E9	20,840.04
Butcher Shoppe (The)	121 Shorncliffe Road Toronto ON M8Z 5K7	158,758.58
Caffe Umbria Canada	402-170 Chiltern Hill Road Toronto ON M6C 0A9	7,765.89
Calibre	8162 Keele St. Vaughan ON L4K 2A5	5,584.91
Campione & Associates Professional Corporation	2900 Highway 7 W, Unit 110B Vaughan ON L4K 0G3	5,768.65
Canada Revenue Agency	Shawinigan – Sud National Verification and Collection Centre, 4695 Shawinigan-St	89,183.87
Cave Spring Cellars	3836 Main Street Jordan ON L0R 1S0	1,855.42
Caviar Centre	220 Duncan Mill Road, Suite A1 Toronto ON M3B 3J5	508.00
Cavican Inc.	24 Milcreek Cres' Thornhill ON L4J 6N4	1,274.64
Chair-man Mills Corp.	501 Consumers Road Toronto ON M2J 5E2	1,126.75
Charton Hobbs	5006 Timberlea Blvd, Unit 1 Mississauga ON L4W 5C6	1,958.66
Champion Commercial Products Inc.	5430 Timberlea Blvd, Unit 1 Mississauga ON L4W 2T2	714.61
City Disposal	32 Upton Rd, Suite 206 Scarborough ON M1L 2B8	3,681.54
Citron Hygiene LP	555 Alden Road Markham ON L3R 3L5	58,313.56
City Fish Market	2929 Dufferin Street Toronto ON M6B 3S7	2,683.15
Closson Chase Vineyards Inc.	629 Closson Road Hillier ON K0K 2J0	686.02
Coca-Cola Refreshments Canada	Lockbx 914210 PO Box 4090 Stn A Toronto ON M5W 0E9	6,408.18
Contours Interior Solutions	1250 Ormont Drive North York ON M9L 2V4	1,440.75
Copenhagen Trade Center Inc.	201 Drumlin Circle, Unit 3 Concord ON L4K 3E7	140.00
Cosecha Imports Inc.	2450 Victoria Park Ave, Suite 700 Toronto ON M2J 4A2	1,146.24
D.O.T. Custom Millwork	81 Brisbane Rd North York ON M3J 2K3	14,000.00
Danex Incorporated -Commercial Food Equipment	1-1080 Tristar Drive Mississauga ON L5T 1P1	8,048.44
Detailz Inc.	1 Arrow Road North York ON M9M 2L4	26,751.53
DGS Events Inc.	54 Arnold Ave. Toronto ON M5A 3B2	242,355.22
Diana's Seafood	2101 Lawrence Ave East Scarborough ON M1R 2Z4	22,657.47
Divine Limited	219 Norseman Street Toronto ON M8Z 2R5	1,031.13
De Lage Landen Financial Services Canada Inc.	3450 Superior Court, Unit 1 Oakville ON L6L 0C4	746.54
DNB Media Group Inc.	53 LaFrance Rd Brampton ON L6S 3V7	2,689.40
Dolce Magazine Publishing Inc.	111 Zenway Blvd Unit 30 Vaughan ON L4H 3H9	8,895.36
Dunford Liscio (Ontario) Inc.	2 Carson Court Brampton ON L6T 4P8	111,761.46
Edge Food Equipment	110 Arrow Road Toronto ON M9M 2L4	3,091.14
EDO Sushi Inc.	429 Spadina Road, Unit 201 Toronto ON M5P 2W3	6,012.45
Employer Health Tax	33 King St W Oshawa ON L1H 1A1	35,724.54
Enterprise Time Recording Solutions Inc.	237 Romina Drive, Suite 201 & 202 Vaughan ON L4K 4V3	56.50
Enzo Mercuri Designs Inc.	1 Arrow Road, Building B Toronto ON M9M 2L7	2,260.00
Essence Food Service	90 Signet Drive, Unit 10 Toronto ON M9L 1T5	15,212.30
Event Rental Group	210 Wicksteed Ave Toronto ON M4G 2C3	6,924.39
Family Wine Merchants	1469 Pelham Rd. St. Catherines ON L2R 6P7	2,289.61
Ferrandina Foods Inc	9-1730 McPherson Court Pickering ON L1W 3E6	7,382.53
Ferrari & Son Limited	100 Northern Pines Blvd. Kleinburg ON L4L 4E4	152,843.09
Firenza Plumbing & Heating Ltd.	1 Torbarrie Road North York ON M3L 1G5	11,219.55
Former Employees	c/o 6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	2,063,000.00
Gervais Rentals	75 Milner Avenue Toronto ON M1S 3P6	6,178.56
GHR Commercial Refrigeration	P.O.Box 10611 Winona Station ON L8E 5R1	1,698.99
GP8 Advanced Research Enterprises Ltd.	72 Gervais Drive Toronto ON M3C 1Z3	5,118.38
Hospitality Careers Online, Inc.	C/O LBX 917100 PO Box 4090 Stn A Toronto ON M5W 0E9	1,130.00
Heritage Food Service Group	Po Box 57565 STN A Toronto ON M5W 5M5	407.21
Hidden Bench	4152 Locust lane Beamsville ON L0R 1B2	1,372.11
Higgins Event Rentals	19 Rangemore Road Toronto ON M8Z 5H9	1,209.85
Hobart Food Equipment Group Canada	Po Box 57565 STN A Toronto ON M5W 5M5	327.42

Creditor	Address	(CDN\$)*
Hospitality Cleaning Services Inc.	127 Dolomite Drive North York ON M3J 2N1	734.50
ILLY Espresso Canada Inc.	PO Box 15087, Station A Toronto ON M5W 1C1	398.77
IMS Computer Consultants	320 Hanlan Road, Unit 1 Woodbridge ON L4L 3T4	1,726.64
Juice Concepts Ltd (JCL)	880 Browns Line Postal Outlet P.O. Box 60013 Etobicoke ON M8W 3V0	9,610.90
KAD Fabrications Inc	29 Kelfield Street Toronto ON M9W 5A1	1,804.55
KB Staffing	21 Robins Ave Hamilton ON L8H 4M8	1,017.00
Kibo Liberty Village (2564169 Ontario Inc.)	171 East Liberty St, Unit 146 Toronto ON M6K 3P6	298.32
KitCare Corporation	6358 Viscount Rd Mississauga ON L4V 1H3	1,467.87
KSV Restructuring Inc.	150 King St W, Suite 2308 Toronto ON M5H 1J9	2,189.94
Leavoy Rowe Beef Co	3066 Jarrow Ave. Mississauga ON L4X 2C7	79,961.54
Leaning Post Wines	1491 Highway 8 Stoney Creek ON L8E 5K9	659.51
Le Sommelier Wine Agency	67 Mowat Ave, Suite 042 Toronto ON M6K 3E3	7.56
Levi Strauss & Co (Canada) Inc.	C/O T27525 PO Box 4275 Postal Station A Toronto ON M8W 5V8	2,751.56
Lost Craft Inc. DC# 0179	19 Waterman Avenue, Unit 221 Toronto ON M4B 1Y2	8,658.81
Majestic Wine Cellars Inc.	271 Jevlan Dr. Unit 8 Woodbridge ON L4L 8A4	1,137.41
Malivoire Wine Company Limited	4260 King Street East, PO Box 475 Beamsville ON L0R 1B0	251.36
Mark Anthony Group Inc.	500-887 Great Northern Way Vancouver BC V5T 4T5	4,868.12
Marc's Mushrooms	125 The Queensway, PO Box 15339 Toronto ON M8Y 0B4	1,670.00
MDC Selections Inc.	51 Laird Dr. East York ON M4G 3T4	373.43
Medovino Imports Inc.	577 Byngmount Ave Mississauga ON L5G 1R2	754.72
Mega City Rental Supplies Inc.	1821 Albion Road, Unit 9, 10 & 11 Etobicoke ON M9W 5W8	110,349.30
MIA Food Service Ltd	50 PARISIENNE RD Woodbridge ON L4H 0V4	67,209.35
Mountain View Estates Coffee Co.	1260 Martin Grove Rd. Toronto ON M9W 4X3	937.40
National Event Supply	3544 Nashua Drive Mississauga ON L4V 1L2	9,039.89
Nella Cutlery Toronto Inc.	148 Norfinch Drive Toronto ON M3N 1X8	7,928.28
Neodeco Designs Inc.	35 Anderson Cove Trail Nobleton ON L7B 0A4	1,705.37
Nespresso Canada division de Nestle Canada Inc.	P.O Box 1942, Postal Station A Toronto ON M5W 1W9	15,655.33
NORR Limited	North Tower, 175 Bloor St E, 15th Floor Toronto ON M4W 3R8	1.00
Norton Rose Fulbright Canada LLP	222 Bay St, Suite 3000 Toronto ON M5K 1E7	228,229.36
Nouveau Taste	38 McGee St Toronto ON M4M 2K9	2,467.02
NSA Communications	11 Shangrila Terrace Bolton ON L7E 2N2	778.01
Open Table	1 Montgomery Street, Ste 700 San Francisco CA 94104	2,319.50
Orkin	5840 Falbourne St Mississauga ON L5R 4B5	985.36
Paliare Roland Rosenberg Rothstein LLP	155 Wellington St W 35th Floor Toronto ON M5V 3H1	1,488.78
Parkdale Community Legal Services	Lower Level, 1229 Queen St W Toronto ON M6K 1L2	1.00
Peter & Paul's Gifts	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	47,739.97
Peter & Paul's Gifts	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	1,226,782.73
Platis Cleaners	7 Trophy Dr Toronto ON M4A 1L7	4,655.54
Power King	P.O. Box 893 Sutton West ON L0E 1R0	4,152.75
PowerBev. Inc.	60 Hereford Street Brampton ON L6Y 0N3	3,637.48
Praxair Canada Inc.	PO Box 400, Station D Scarborough ON M1R 5M1	720.05
PR CC Plated Meals Inc.	4478 Chesswood Drive, Unit 3 Toronto ON M3J 2B9	2,670.19
Primex Food Packaging Inc.	1435-Bonhill Road, Unit 31 Mississauga ON L5T 1V2	9,164.65
Profile Wine Group	41 Scarsdale Road, Unit 9 Toronto ON M3B 2R2	12,172.15
Prommies Cider Co.	25 Nixon Road Caledon ON L7E 1K2	492.80
PSAV	1400 O'Connor Dr Toronto ON M4B 2T8	2,352.76
Qzina Specialty Foods	C/O T02654C PO BOX 2654, Station A Toronto ON M5W 2N7	4,080.83
R. Distributing Seafood and Meat	13 KENVIEW BLVD UNIT #9 Brampton ON L6T 5K9	15,641.85
REA Signs	145 Haist Ave, Unit 5 Vaughan ON L4L 5V1	5,209.30
Regina	2300 Finch Ave. West, Unit 36 Weston ON M9M 2Y3	1,056.00
R.F. Maintenance Services	12 Lambton Ct Brampton ON L6V 2A9	65,372.77
R.G. Henderson	100 Thornclyffe Park Dr Toronto ON M4H 1L9	708.77
RBC Insurance	6880 Financial Drive , Tower 1, 3rd Floor Mississauga ON L5N 7Y5	52,238.72
RBC VISA-4516-0700-1360-2232/2224	PO Box 4402 Station A Toronto ON M5W 3V1	40.46
RC Culinary Service Ltd.	170 Taylor Dr Barrie ON L4N 8L1	2,395.03
Heritage Food Service Group of Canada (RG Henderson)	P.O Box 7199 Station Terminal Vancouver ON V6B 4E2	1,323.46
Rogers-233-714395706-TV	P.O. Box 4100 Don Mills ON M3C 3N9	736.35
Rose Hill Design/Build	6790 Kitimat Road, Unit 7 Mississauga ON L5N 5L9	13,899.00
Rouge et Blanc Ltd.	4 Wynnview Court Scarborough ON M1N 3K3	2,451.13
Run Your Show Resources Inc.	1701 Flint Road Toronto ON M3J 2W8	7,771.70
Russell Hendrix Foodservice Equipment	PO Box 130 Brockville ON K6V 5V2	797.13
S4 Sound Sensation Disc Jockey Services Ltd	6260 Hwy 7 Vaughan ON L4H 4G3	2,617.08
San Antonio Seafood Market Ltd.	8383 Weston Road, Unit 106 Woodbridge ON L4L 1A6	3,283.57
Scientific Utility Brands Int'l, Inc.	11-1673 Richmond Street PMB 110 London ON N6G 2N3	2,596.74
Shareholder Loan	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	1,602,686.13
Signature Fine Foods	24 Viceroy Road Unit 4+5 Concord ON L4K 2L9	3,321.67
SYSCO	7055 Kennedy Road Mississauga ON L5S 1Y7	557,674.15
That's Life Gourmet Ltd.	125-720 King Street West, Suite 318 Toronto ON M5V 3S5	2,051.38
The Small Wine Makers Collection Inc.	100 Broadview Ave, Suite 318 Toronto ON M4M 3H3	52,789.06
The Vine Agency	11 Davies Avenue #305 Toronto ON M4M 2A9	4,181.86
The Case for Wine	1305 Pickering Pkwy Suite 105 Pickering ON L1V 3P2	1,379.40
Tre Amici	339 Olivewood Road, Unit 2 Etobicoke ON M8Z 2Z6	5,696.83
Trimen Food Service Equipment Ltd.	1240 Ormont Drive North York ON M9L 2V4	24,902.96
Trombino Foods	11030 Pine Valley Drive Woodbridge ON L3L 0B9	1,616.99
Unicer Foods Ltd.	370 Alliance Ave. Toronto ON M6N 2H8	2,488.57
Vertical Wine Group	1379 Falgardwood Drive Oakville ON L6H 2P4	919.60
Veritiv Canada Inc.	PO BOX 46082-T46082 ST A Toronto ON M5W 4K9	2,599.00
Victory Wine & Spirits Inc.	64 Roosevelt Road Toronto ON M4J 4T7	1,352.04

Creditor	Address	(CDN\$)*
Vinifera Wine Services	33 Price Street, Unit 2 Toronto ON M4W 1Z1	2,152.19
Walker Env	3700 Steeles Ave. West, Suite 601 Woodbridge ON L4L 8K8	1,467.61
Wasteco	161 Bridgeland Ave. Toronto ON M6A 1Z1	16,184.76
Weston Foods (Canada) Inc.	C/O TX4099C, PO Box 4590, Station A Toronto ON M5W 7B1	472.48
Winehouse Imports	3710 Chesswood Drive, Unit 201 Toronto ON M3J 2W4	50.00
WineOnline Marketing Company Ltd.	1 Wiltshire Ave, Unit 114 Toronto ON M6N 2V7	3,615.00
Workplace Safety Insurance Board	200 Front St W Toronto ON M5V 3J1	12,695.44
Total		<u>13,972,161.61</u>

*An amount of \$1 indicates that the amount due is undetermined or unknown.

Appendix "F"
(7th Report to Court)



**Report to Creditors of
2505243 Ontario Limited
by KSV Restructuring Inc.
as Proposal Trustee**

August 5, 2021

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COURT FILE NO.: 31-2675288

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

PROPOSAL TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

AUGUST 5, 2021

1.0 Introduction

1. This report ("Report") has been prepared by KSV Restructuring Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") in connection with a Notice of Intention to Make a Proposal ("NOI") filed on September 24, 2020 by 2505243 Ontario Limited (the "Company") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA").
2. The Company commenced these proceedings in response to a bankruptcy application (the "Bankruptcy Application") filed against the Company by Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership (collectively, "PGH") and certain other creditors. The Bankruptcy Application was stayed pursuant to an order issued by Mr. Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated October 9, 2020 (the "October 9th Order").
3. The principal purposes of these restructuring proceedings are to provide the Company with the opportunity to: (a) advance its litigation against PGH within the timelines of these proceedings; and (b) formulate and make a proposal to its creditors.
4. On March 1, 2021, the Court issued an order, *inter alia*, extending the stay of proceedings to 15 business days after the day on which the Court releases its final decision (the "Decision") with respect to the Company's litigation against PGH (bearing Court File No. CV-20-644262).

5. On July 5, 2021, the Court issued the Decision which, among other things, ordered:
 - a) PGH to pay to the Proposal Trustee forthwith “reliance damages” in the net amount of \$6,388,645.07 (the “PGH Litigation Funds”), being \$7,124,524.92 less \$735,879.85 by way of set-off for amounts owed to PGH; and
 - b) PGH to pay to the Proposal Trustee \$2.063 million in employee compensation damages (the “PGH Litigation Employee Funds”) within 30 days of the Decision. Pursuant to the Decision, PGH Litigation Employee Funds are impressed with a trust in favour of the Company’s former employees and are to be used exclusively for a claims process to be established by the Proposal Trustee for the purpose of making distributions to employees entitled to such funds (the “Employee Compensation Claims Process”). The PGH Litigation Employee Funds amount does not form part of the Company’s estate and is not available for distribution to the Company’s other creditors.
6. In addition to the PGH Litigation Funds and the PGH Litigation Employee Funds, the Company also may recover a portion of its costs related to the litigation with PGH. The amount of the cost award (the “Anticipated Cost Award”) is presently unknown but upon collection would increase the amount of money available for distribution to the Company’s creditors.
7. On July 26, 2021, the Company filed a proposal (the “Proposal”) with the Official Receiver in accordance with Section 62(1) of the BIA. A Certificate of Filing a Proposal was issued by the Office of the Superintendent of Bankruptcy (Canada) (“OSB”) on July 27, 2021. An Amended Certificate of Filing was issued on July 28, 2021 (the “Amended Certificate”). Copies of the Proposal and the Amended Certificate are attached as Appendices “A” and “B”, respectively.
8. On August 4, 2021, PGH served a notice of appeal (the “Notice of Appeal”) of the Decision requesting, among other things, that the Decision be set aside and judgment be granted in favour of PGH in the amount of \$735,879.85. A copy of the Notice of Appeal is attached as Appendix “C”.

1.1 Meeting to Consider the Proposal

1. The details of the creditors’ meeting to consider and vote on the Proposal to be held pursuant to Section 51(1) of the BIA (the “Meeting”) are as follows:

Date: August 16, 2021

Time: 1:00 p.m. (EST)

Location: to be convened virtually via Zoom:
<https://us06web.zoom.us/j/85708856439?pwd=Y0lsRC9wbllaYlB0UDFPS0NCTkJXdz09>

2. As described in greater detail below, to vote on the Proposal, a creditor of the Company must file a proof of claim with the Proposal Trustee prior to the Meeting. Creditors can vote at the Meeting by attending in person, or by submitting voting letters to the Proposal Trustee prior to the Meeting. Creditors can also vote by way of proxy and can identify the Proposal Trustee as its proxy. A proof of claim form, proxy, voting letter and instruction letter are provided in Appendix “D”. Creditors should read the instruction letter to understand the voting procedures, including the procedure to register claims with the Proposal Trustee.
3. The Proposal Trustee’s Notice of Proposal to Creditors, a summary of the Company’s Statement of Affairs and a list of creditors are attached as Appendices “E”, “F” and “G”, respectively.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) summarize the terms of the Proposal;
 - c) discuss the Company’s ability to fulfill the terms of the Proposal;
 - d) provide, as required pursuant to Section 50(10)(b) of the BIA, the Proposal Trustee’s opinion as to the reasonableness of the provision in the Proposal that sections 95 to 101 of the BIA do not apply in respect of the Proposal;
 - e) compare the result for creditors under the Proposal to the result if the Proposal is not accepted or approved by the Court, which, in both cases, will result in the Company being deemed to have made an assignment in bankruptcy; and
 - f) provide the Proposal Trustee’s recommendation on the Proposal.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.4 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company’s representatives, the books and records of the Company and discussions with representatives of the Company. The Proposal Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*.

2. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own due diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever. The Proposal Trustee accepts no reliance to any party based on the information in this Report.

1.5 Court Materials

1. Court materials filed in these proceedings can be found on the Proposal Trustee's website at <https://www.ksvadvisory.com/insolvency-cases/case/2505243-ontario-limited>.

2.0 Background

1. The Company is part of a hospitality services group (the "Group") that operates under the business name "byPeterandPauls.com". The Group is privately owned and has operated in the local hospitality industry for close to forty years. The Group operates several restaurants across Ontario, including Eaton Hall, The Savoy, Vue, The Clubhouse, Bellagio, Paramount, Universal, The Manor, The Kortright Centre, Black Creek Pioneer Village, Menaggio Restaurant, David Duncan House and PeterandPaulsEventCatering.
2. In 2017, the Company was contracted by PGH to provide food, beverage and catering services at Hotel X, which is located on the Exhibition Grounds in downtown Toronto ("Hotel X").
3. The agreements between the Company and PGH include two leases in relation to the restaurants at Hotel X (Maxx's Kitchen ("Maxx's") and Petros 82 ("Petros")) and a food and beverage agreement for the Company to operate and provide services to Hotel X's banquet facilities, conference halls, a roof top patio and other facilities.
4. The Company invested millions of dollars in leasehold improvements at Hotel X, including in Maxx's and Petros. The restaurants opened in March 2018 and September 2019, respectively. On March 23, 2020, Hotel X and both restaurants closed due to the Covid-19 pandemic crisis.
5. On July 2, 2020, PGH terminated the agreements between PGH and the Company. The terminations coincided with PGH's announcement of its plans to host National Hockey League players who were booked to stay at Hotel X when the 2019/2020 NHL season resumed following the initial onset of the Covid-19 pandemic. PGH contracted with Harlo Entertainment to provide the food and beverage services at Hotel X that were formerly provided by the Company.
6. On July 20, 2020, the Company filed a Statement of Claim against PGH seeking over \$60 million in damages and costs.
7. On September 9, 2020, PGH and a small number of other creditors filed the Bankruptcy Application and on September 24, 2020, the Company filed the NOI.

8. Pursuant to the October 9th Order, the Bankruptcy Application was stayed.
9. In order to try to resolve the litigation, the Company and PGH agreed to a mediation and retained the Honourable Justice Warren Winkler to act as mediator. The mediation took place on November 27, 2020; however, the mediation did not resolve the disputes between the Company and PGH.
10. The Company and PGH also participated in a case conference that was convened on February 9, 2021 with the Honourable Justice Glenn Hainey; however, the case conference was also unsuccessful in advancing settlement discussions.
11. After a lengthy trial, the Court issued the Decision on July 5, 2021.
12. In response to the Decision, PGH filed the Notice of Appeal on August 4, 2021.

2.1 Financial Position

1. The following is a summary of the Company's financial position as of the date of the Proposal.

(Unaudited)	Amount (\$000s)
Assets	
Cash	106
PGH Litigation Employee Funds receivable ^{1,2}	2,063
PGH Litigation Funds receivable ³	6,389
Total Assets	8,558
Liabilities	
Administrative Charges under the NOI	232
DIP Facility	1,227
Unaffected Employee ESA Claims ³	2,063
Unsecured Creditors	10,450
Total Liabilities ⁴	13,972
Equity / (Deficit)	(5,414)
Total Shareholders' Deficit and Liabilities	8,558

¹ To be paid by PGH to the Proposal Trustee and to be impressed with a trust in favour of the Unaffected ESA Employee Claims.

² As a result of the Decision, the Company is entitled to its costs of litigation. As of the date of this Report, the Court has not yet issued its costs award; however, any amounts awarded in respect of costs will increase the receivable owing by PGH.

³ These amounts are based on the potential maximum liability in respect of employee termination and severance claims, as described in the Decision.

⁴ Total liabilities include certain intercompany and related party liabilities reflected on the Company's books and records, as well as \$894,400 of corporate overhead costs which were pleaded at trial but not previously recorded in the Company's books and records. The Proposal Trustee has not yet reviewed these corporate overhead costs and accordingly, they claims remain subject to review by the Proposal Trustee.

2. As is evident from the table above, the Company's only material assets are the amounts receivable from PGH in relation to the PGH Litigation Funds. To the extent that PGH Litigation Employee Funds are received and paid out in respect of Unaffected Employee ESA Claims, the overall Claims against the Company will be correspondingly reduced.

3.0 The Proposal

1. This section of the Report provides an overview of the terms of the Proposal. Review of this section is not a substitute for reading the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel. As noted, a copy of the Proposal is provided in Appendix "A".
2. Defined terms in this section of the Report have the meanings provided to them in the Proposal.

3.1 Purpose and Implications

1. The primary purpose of this Proposal is to effect distributions from the Unsecured Creditor Pool to holders of proven Unsecured Claims in accordance with their pro rata share, meaning the value that such proven Unsecured Claim bears to the total value of all proven Unsecured Claims.
2. The Unsecured Creditor Pool is to be funded in its entirety from the PGH Litigation Funds.
3. Parties having Unaffected Claims continue to have claims against the Company pursuant to their present arrangements with the Company.
4. Former employees who are owed amounts for termination and severance under the *Employment Standards Act* ("Employee ESA Claims") are to be paid from the PGH Litigation Employee Funds and, to such extent, are not compromised under the Proposal. However, if the PGH Litigation Employee Funds are insufficient to fully repay the Employee ESA Claims, the balance of any Employee ESA Claims will be Unsecured Claims under the Proposal.
5. Any other employee claims (such as unpaid vacation pay and wages)⁵ are subject to the Proposal and former employees must file a proof of claim in order to be entitled to receive a distribution from the Unsecured Creditor Pool.

⁵ Such amounts, if any, are not believed to be material.

6. At the Proposal Implementation Time⁶, the Company, the Proposal Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (the “Released Parties”) shall be released and discharged from any and all rights and Claims of any Person against a Released Party, including without limitation any Unsecured Claim, provided, however, that nothing in the Proposal will release or discharge:
 - a) any Unaffected Claims against the Company;
 - b) the Company or the Proposal Trustee of, or from, any obligation under the Proposal or under any Order; or
 - c) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

3.2 Classes of Creditors

1. For the purpose of voting on the Proposal, there shall be one class of Unsecured Creditors.

3.3 Treatment of Claims

1. The Proposal is being made to the holders of Unsecured Claims against the Company, being the Unsecured Creditors.
2. Unaffected Claims include:
 - a) any Claims secured by Court-ordered charges granted in the NOI Proceedings against the estate of the Company;
 - b) Unaffected Employee ESA Claims to the extent they have been paid from or will be paid from the PGH Litigation Employee Funds; and
 - c) Crown Claims.

3.4 Voting on the Proposal

1. To vote at the Meeting, each Unsecured Creditor must file a valid Proof of Claim with the Proposal Trustee and thereafter, the Proposal Trustee shall determine the filed claims in accordance with the provisions of Section 135 of the BIA. The Proof of Claim form is provided in Appendix “D”.
2. In order to receive a distribution from the Proposal, an Unsecured Creditor must submit a Proof of Claim that is accepted as a proven claim prior to the time the Proposal Trustee makes distributions in accordance with the terms of the Proposal.

⁶ As noted in Section 3.6, the implementation of the Proposal is contingent on, *inter alia*, receipt of the PGH Litigation Funds.

3.5 Payment of Dividends under the Proposal

1. Pursuant to the terms of the Proposal, the scheme of distribution is set out as follows. Each tranche must be paid in full before the next tranche is entitled to distributions under the Proposal.
 - a) First, all Administrative Fees and Expenses and Unaffected Claims.

Unaffected Claims include, *inter alia*, all amounts owing under a Court-approved debtor-in-possession facility (the “DIP Facility”) provided by Peter and Paul’s Gifts Limited (the “DIP Lender”), an entity related to the Company. As the Company has essentially no assets or liquidity, the DIP Facility was required to fund the fees and costs of these proceedings, including the litigation against PGH. As of June 30, 2021, approximately \$1.227 million was owing under the DIP Facility.
 - b) Second, any Preferred Claims, as set forth in Section 136(1) of the BIA.
 - c) Third, Crown Claims, as set out in Section 60(1.1) of the BIA, within six months after the Proposal Approval Order is granted, or as agreed to by Her Majesty.
 - d) Fourth, the Levy payable on dividends paid under the Proposal in respect of Preferred Claims and Unsecured Claims.
 - e) Fifth, Unsecured Creditors from the Unsecured Creditor Pool.
2. Recoveries for Unsecured Creditors under the Proposal are contingent on the Proposal Trustee’s receipt of PGH Litigation Funds. Based on: (i) the full amount of the PGH Litigation Funds being paid to the Company; (ii) an estimated \$500,000 of additional advances under the DIP Facility; and (iii) the Unsecured Claims being approximately \$10,450,000, creditors are estimated to receive approximately a 44% recovery on their claims. This calculation is provided below:

(Unaudited)	Amount (\$000s)
PGH Litigation Funds	6,389
Less:	
DIP Facility advances to-date	1,227
Estimated additional advances under DIP Facility	500
Funds available for distribution to Unsecured Creditors	<u>4,662</u>
Unsecured Claims, before the Anticipated Cost Award	<u>10,450</u>
Estimated Recovery for Unsecured Creditors (%)	<u>44.6%</u>

3. Factors affecting the ultimate amount available for distribution include, but are not limited to, receipt of the full amount of the PGH Litigation Funds, the final amount of admitted claims and the actual professional costs incurred. In addition, the amount of the PGH Litigation Funds could be reduced materially (or eliminated entirely) if PGH successfully appeals all or part of the Decision.

4. The Unsecured Claims include related party claims of approximately \$7.95 million, of which \$894,400 (the “New Claims”) were included by the Company on a revised Statement of Affairs sworn by the Company on August 5, 2021. The Proposal Trustee has not yet reviewed the New Claims. To the extent that any portion of the New Claims is determined not to be claims provable, there would be a corresponding increase in the dividends payable to Unsecured Creditors.
5. Pursuant to Section 147 of the BIA, payments under the Proposal are subject to the statutory levy of 5% payable to the Superintendent of Bankruptcy on the first \$1 million of dividends and 1.25% of the next \$1 million of dividends, to a maximum of \$62,500.
6. There are likely to be variances between amounts owing to creditors per the Company’s records and the respective creditors’ records. Accordingly, to vote on the Proposal and to receive dividends under the Proposal, all proofs of claim submitted by creditors to the Proposal Trustee must include all relevant supporting documentation for the Proposal Trustee to consider the filed claims. The Proposal Trustee will attempt to reconcile any differences and resolve disputed claims with creditors that file claims.

3.6 Proposal Conditions

1. The Proposal is conditional upon:
 - a) acceptance of the Proposal by the Required Majority, being the statutory majority of the Unsecured Creditors as required under the BIA, being two-thirds in dollar value and over 50% in number of the Unsecured Creditors present and voting, in person or by proxy;
 - b) an order of the Court approving the Proposal;
 - c) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
 - d) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons;
 - e) the PGH Litigation Funds shall have been received by the Proposal Trustee;
 - f) the Unsecured Creditor Pool shall have been created; and
 - g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.
2. Should any of the above conditions not be met or waived (to the extent permitted in the Proposal), the Proposal will not be effective and the payments due under the Proposal will not be made.

3.7 Other Proposal Terms

1. Other Proposal terms are summarized below:
 - a) the Company may, with the consent of the Proposal Trustee, provide notice of termination of this Proposal in the event that it, in its reasonable business judgment, determines that the PGH Litigation Funds (or some portion thereof) will not be paid pursuant to the Final Order and no distributions on account of Unsecured Claims will be able to be made;
 - b) Sections 95 to 101 of the BIA do not apply to the Proposal or the proceedings related to the Proposal and may not be invoked or relied upon by any Unsecured Creditor or the Proposal Trustee. Additional details regarding this provision are provided in Section 4 below;
 - c) at the Proposal Implementation Time, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Director Claims; provided however, that nothing in this section shall release or discharge or be deemed to have released or discharged any claims against any Director that cannot be released or discharged pursuant to Section 50(14)⁷ of the BIA; and
 - d) at the Meeting, the Creditors may appoint up to five (5) Inspectors, whose powers will be limited to:
 - i. advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims; and
 - ii. advising the Proposal Trustee from time-to-time with respect to any other matter that the Proposal Trustee may refer to them.

3.8 Acceptance and Approval of the Proposal

1. As noted, for the Proposal to be accepted, it must be approved by the Required Majority.
2. Rejection of the Proposal by the Creditors would immediately result in the Company being deemed to have made an assignment in bankruptcy. The Company will also be deemed to have made an assignment in bankruptcy if the Proposal is not approved by the Court.
3. On receipt of the Proposal Approval Order, all Unsecured Creditors will be deemed to have consented and agreed to all the provisions of this Proposal in its entirety, including the terms of the Proposal Approval Order.

⁷ Claims under Section 50(14) include claims that (i) relate to contractual rights of one or more creditors arising from contracts with one or more directors; and (ii) are based on allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors.

4.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties under the BIA, the Proposal Trustee is required to review transactions in the twelve months prior to the commencement of the NOI Proceedings (the “Review Period”) for preference payments and transfers at undervalue (each such transaction being a “TUV”). In this regard, the Proposal Trustee reviewed the Company’s bank statements and cancelled cheques for the Review Period. The Proposal Trustee’s review focused on transactions greater than \$10,000. The Proposal Trustee did not identify any transaction during the Review Period that, in its view, could be considered a preference or TUV.
2. Section 6 of the Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA that deal with transactions that may be challenged by a trustee, do not apply to the Proposal and may not be relied upon by the creditors or by the Proposal Trustee. Therefore, by voting in favour the Proposal, creditors will be foregoing their right to pursue any of the remedies under these sections of the BIA.
3. As the Proposal Trustee did not identify any transactions that could be considered a preference or a TUV during the Review Period, the Proposal Trustee is of the view that Section 6 of the Proposal, which precludes creditors from having recourse to these provisions, does not prejudice the creditors.

5.0 Estimated Distribution in the Event of a Bankruptcy

1. A proposal is required to provide creditors with a better outcome than a bankruptcy. The Proposal Trustee is of the view that this is the case with the Proposal. As reflected in Section 3.5 above, subject to receipt of the PGH Litigation Funds and other factors, the Proposal Trustee estimates that Unsecured Creditors could receive approximately 44% of their claims under the Proposal. This amount would also increase based on the Company’s recovery of the Anticipated Cost Award.
2. The Company’s only material asset is the PGH Litigation Funds and the ability to fund the Proposal is contingent on receipt of those amounts. Further litigation funding will be required given the notice of appeal filed by PGH. The Proposal provides a forum for the Company to continue to pursue that litigation, with funding provided by the DIP Lender under the DIP Facility.
3. If the Proposal is not accepted by the creditors, or if the Proposal is not approved by the Court, the Company will be deemed to have made an assignment in bankruptcy. The ability of the Company to continue the litigation in a bankruptcy is unclear, as the administration of the bankruptcy is subject to the discretion of the trustee in bankruptcy and the directions of the inspectors appointed in the bankruptcy. If for any reason the litigation against PGH is not continued (including if there is no funding for that purpose), the ability to recover the PGH Litigation Funds will be at risk. Accordingly, in the event that the Company is deemed to have made an assignment in bankruptcy, there is a significant risk that there may not be any recoveries for creditors.

4. In addition to the foregoing, if the amount of the dividends issued to Unsecured Creditors exceeds \$2 million, the levy payable to the Superintendent of Bankruptcy in a bankruptcy is higher than it would be in a proposal. In this regard, the levy is 0.25% on dividends greater than \$2 million in a bankruptcy, whereas there is no levy payable on dividends greater than \$2 million in a proposal.

6.0 Unaffected Employee ESA Claims

1. Employee ESA Claims relate to Claims arising from or in relation to the Company's liability or obligation to pay termination and/or severance amounts to its former employees pursuant to applicable employment law in Ontario. To the extent that these claims are paid from the PGH Litigation Employee Funds, they are Unaffected Employee ESA Claims under the Proposal. PGH is also appealing the obligation, pursuant to the Decision, to pay the PGH Litigation Employee Funds.
2. The PGH Litigation Employee Funds, if received by the Proposal Trustee, are to be impressed with a trust in favour of the Company's former employees and are to be used exclusively for an Employee Compensation Claims Process to address the Employee ESA Claims.
3. To the extent that the PGH Litigation Employee Funds are not sufficient to fully repay Employee ESA Claims, the unpaid Employee ESA Claims will be included as Employee Claims in the Proposal.
4. Employee Claims subject to the Proposal include any claims of current or former employees of the Company for any amounts other than Unaffected Employee ESA Claims and to the extent that Employee ESA Claims are not fully paid from the PGH Employee Litigation Funds.

7.0 Conclusion and Recommendation

1. **For the reasons stated above, the Proposal Trustee recommends that the Company's creditors vote in favour of the Proposal.**
2. If the Proposal is accepted by the Unsecured Creditors at the Meeting, the Proposal Trustee will seek the Court's approval at a motion that has been scheduled to be heard on August 30, 2021.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
2505243 ONTARIO LIMITED,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

Court File No./Estate File No. 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF 2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

PROPOSAL

2505243 Ontario Limited (the “**Company**”) hereby submits the following Proposal under Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).

ARTICLE 1- INTERPRETATION

1.01 Definitions

In this Proposal, capitalized terms have the following meanings:

- (a) “**Administrative Fees and Expenses**” means the Proposal Trustee’s and the Company’s fees and expenses, including legal fees and disbursements incurred by the Proposal Trustee and the Company, on or incidental to the appointment of the Proposal Trustee, the NOI Proceedings, negotiations, preparation, presentation, consideration and implementation of this Proposal, and any subsequent proposals and any proceedings relating to, arising out of, or under this Proposal including advice to the Company.
- (b) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the law (or any part) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation.
- (c) “**Business Day**” means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein.
- (d) “**Claim**” means any claim against the Company and includes any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company to any Person, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, by surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date, and including Director Claims and Employee Claims, but excluding Unaffected Claims.
- (e) “**Company**” has the meaning given to it in the preamble.

- (f) “**Court**” means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency) (Commercial List) or any other court with jurisdiction in respect of the PGH Litigation.
- (g) “**Creditor**” means any Person holding a Claim.
- (h) “**Crown**” means Her Majesty in Right of Canada or of any Province of Canada and their agents.
- (i) “**Crown Claim**” means any Claim arising from amounts that were outstanding at the time of the Filing Date and are of a kind that could be subject to a demand under Subsection 224(1.2) of the *Income Tax Act* or under provincial legislation or the *Canada Pension Plan* or *Employment Insurance Act*, in each case to the extent described in Section 60(1.1) of the BIA.
- (j) “**Director**” has the meaning given to it in the BIA.
- (k) “**Director Claim**” means any Claim against the Directors that relates to the obligations of the Company where Directors are by law liable in their capacity as directors for the payment of such obligations and, for greater certainty, excludes any claim which cannot be compromised under the BIA.
- (l) “**Employee Claim**” means any Claim of current or former employees of the Company for any amounts but excluding, for greater certainty, Unaffected Employee ESA Claims.
- (m) “**Employee ESA Claim**” means any Claim arising from or in relation to the Company’s liability or obligation to remit termination and/or severance payments to its former employees pursuant to Applicable Law.
- (n) “**Filing Date**” means the date on which the NOI Proceedings were commenced.
- (o) “**Final Order**” means an order of the Court, as the same has become final and non-appealable, directing payment of damages by PGH in connection with the Judgment.
- (p) “**Governmental Entity**” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.
- (q) “**Judgment**” means the trial judgment of the Ontario Superior Court of Justice issued on July 5, 2021, in relation to the PGH Litigation, as the same may be upheld or varied on appeal.
- (r) “**Levy**” means any amounts payable to the Superintendent of Bankruptcy in respect of the levy payable pursuant to Section 147 of the BIA in respect of distributions under this Proposal.
- (s) “**Meeting**” means a meeting of the Unsecured Creditors of the Company called for the purpose of considering and voting in respect of this Proposal.
- (t) “**NOI Proceedings**” means the proceedings initiated by the Company’s filing of a notice of intention to make a proposal on September 24, 2020, pursuant to Section 50.4 of the BIA.
- (u) “**Person**” means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status.

- (v) “**PGH**” means Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership.
- (w) “**PGH Litigation**” means the Company’s litigation proceedings commenced against PGH on July 20, 2020, bearing court file number CV-20-00644262.
- (x) “**PGH Litigation Funds**” means funds received by the Proposal Trustee pursuant to the Final Order, but not including any PGH Litigation Employee Funds.
- (y) “**PGH Litigation Employee Funds**” means funds received by the Proposal Trustee pursuant to the Final Order in respect of Employee ESA Claims.
- (z) “**Preferred Claim**” means any Claim set out in Sections 136(1)(a) to 136(1)(g) of the BIA, outstanding as of the Filing Date against the Company, if any.
- (aa) “**Preferred Creditors**” means those persons with Claims that are Preferred Claims.
- (bb) “**Proposal**” means this Proposal made pursuant to the BIA, as may be further amended or supplemented from time to time.
- (cc) “**Proposal Approval Motion**” has the meaning given to it in Section 9.01 hereof.
- (dd) “**Proposal Approval Order**” has the meaning given to it in Section 9.02 hereof.
- (ee) “**Proposal Implementation Date**” means the date on which this Proposal is implemented as evidenced by the service of the Proposal Trustee’s certificate as contemplated by Section 9.04.
- (ff) “**Proposal Implementation Time**” means the time designated as the effective time of the Proposal as set out in the Proposal Trustee’s certificate contemplated by Section 9.04.
- (gg) “**Proposal Trustee**” means KSV Restructuring Inc., in its capacity as proposal trustee in this Proposal.
- (hh) “**Released Parties**” has the meaning given to it in Section 7.01 hereof.
- (ii) “**Required Majority**” means the required majority of Unsecured Creditors entitled to vote on the Proposal as contemplated by Section 54 of the BIA.
- (jj) “**Unaffected Claims**” means:
 - i. any Claims secured by Court-ordered charges granted in the NOI Proceedings against the estate of the Company;
 - ii. Unaffected Employee ESA Claims; and
 - iii. Crown Claims.
- (kk) “**Unaffected Creditor**” means a Person holding one or more Unaffected Claims in respect of and to the extent of such Unaffected Claim.
- (ll) “**Unaffected Employee ESA Claims**” means those Employee ESA Claims, and any portions thereof, to the extent they have been or will be paid with the PGH Litigation Employee Funds.
- (mm) “**Unsecured Claims**” means the Claims of Unsecured Creditors.
- (nn) “**Unsecured Creditors**” means those Persons with unsecured Claims, except for those Claims that:
 - i. have been finally and conclusively disallowed;

- ii. are Preferred Claims; and
 - iii. are Unaffected Claims.
- (oo) **“Unsecured Creditor Pool”** means those funds available for distribution on account of Unsecured Claims after payment of the other amounts hereunder, Unaffected Claims and Administrative Fees and Expenses.

1.02 Headings

The division of this Proposal, into parts, paragraphs and subparagraphs, and the insertion of headings, is for convenience only and is not to affect the construction or interpretation of this Proposal.

1.03 Business Days

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.04 Inclusiveness

The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive.

1.05 Successors and Assigns

This Proposal will be binding upon and will enure to the benefit of all Persons named or referred to herein including all Unsecured Creditors and their heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 2 – PURPOSE AND EFFECT OF THIS PROPOSAL

2.01 Purpose

The primary purpose of this Proposal is to effect one or more distributions from the Unsecured Creditor Pool to holders of proven Unsecured Claims in accordance with their *pro rata* share, meaning the value that such proven Unsecured Claim bears to the total value of all proven Unsecured Claims.

2.02 Unaffected Claims

Unaffected Claims will not be affected by this Proposal and are to continue in the ordinary course under their present arrangements unless otherwise agreed to by an Unaffected Creditor. For greater certainty, to the extent that the PGH Litigation Employee Funds are insufficient to pay in full the Unaffected Employee ESA Claims, the unpaid Unaffected Employee ESA Claims shall be Unsecured Claims under this Proposal.

ARTICLE 3 – DISTRIBUTIONS

3.01 All Administrative Fees and Expenses and Unaffected Claims shall be paid in priority to all Claims of Preferred Creditors and Unsecured Creditors.

3.02 Any Preferred Claims that may arise shall be paid in full as set forth in Section 136(1) of the BIA in priority to all Claims of Unsecured Creditors.

3.03 Crown Claims shall be paid in full within six months after the Proposal Approval Order is granted, or as agreed to by Her Majesty.

3.04 The Levy shall be paid in respect of Preferred Claims and Unsecured Claims.

3.05 After payment of the foregoing amounts, the Proposal Trustee may make distributions from the Unsecured Creditor Pool, including interim distributions, on account of proven Unsecured Claims from time to time in its discretion.

ARTICLE 4 – VOTING ON THE PROPOSAL

4.01 For the purpose of voting on the Proposal, the Unsecured Creditors shall comprise one class of creditors.

4.02 In order to be eligible to vote at the Meeting, each Unsecured Creditor shall file a proof of claim with the Proposal Trustee in accordance with the applicable provisions of the BIA and thereafter the Proposal Trustee shall administer the claims in accordance with the provisions of section 135 of the BIA.

ARTICLE 5 – CLAIMS AGAINST DIRECTORS

5.01 In accordance with Section 50(13) of the BIA, at the Proposal Implementation Time, the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Director Claims, provided however that nothing in this section shall release or discharge or be deemed to have released or discharged any claims against any Director that cannot be released or discharged pursuant to Section 50(14) of the BIA.

ARTICLE 6 – PREFERENCES, TRANSFERS AT UNDERVALUE, ETC.

6.01 In conformity with Section 101.1 of the BIA, Sections 95-101 of the BIA and any provincial statute related to preference, fraudulent conveyance, transfer at undervalue, or the like shall not apply to this Proposal.

6.02 As a result of and in accordance with Section 6.01 hereof and all of the rights, remedies, recourses and Claims described therein:

- (a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Proposal Trustee or any Unsecured Creditor against the Company, any of the Company's assets or property or any other Person whatsoever; and
- (b) the Proposal Trustee and all of the Unsecured Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Company's assets and property or any other Persons.

ARTICLE 7 – RELEASE

7.01 Release

At the Proposal Implementation Time, the Company, the Proposal Trustee and each of their present and former employees and contractors and each of their respective financial advisors, legal counsel and agents (all in such capacities herein referred to as the “**Released Parties**”) shall be released and discharged from any and all rights and Claims of any Person against a Released Party, including without limitation any Unsecured Claim, provided, however, that nothing in this Section 7.01 will release or discharge:

- (a) Any Unaffected Claims against the Company;
- (b) the Company or the Proposal Trustee of, or from, any obligation under this Proposal or under any Order; or
- (c) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct.

ARTICLE 8 – PROPOSAL TRUSTEE

8.01 KSV Restructuring Inc. is acting in its capacity as Proposal Trustee under this Proposal and not in its personal capacity, and:

- (a) shall not incur any personal liabilities or obligations in connection with this Proposal or in respect of the business, liabilities, obligations of the Company, whether existing as at the Filing Date or incurred subsequent thereto, except for liabilities arising out of gross negligence or wilful misconduct; and
- (b) shall have those powers granted to it by this Proposal and the BIA.

ARTICLE 9 – COURT APPROVAL, CONDITIONS PRECEDENT AND IMPLEMENTATION

9.01 Application for Approval Order

After acceptance of this Proposal by the Required Majority at the Meeting, in accordance with the provisions of the BIA, the Proposal Trustee will present a motion (the “**Proposal Approval Motion**”) to the Court seeking the Proposal Approval Order on a date to be set out in the mailing to creditors provided by the Proposal Trustee.

9.02 Proposal Approval Order

The order approving the Proposal (the “**Proposal Approval Order**”) shall, among other things, declare that:

- (a) this Proposal is fair and reasonable;
- (b) this Proposal has been approved pursuant to Section 60 of the BIA and will be binding and effective as herein set out on the Company, all Preferred and Unsecured Creditors and any other Person to the extent provided for in this Proposal or in the Proposal Approval Order;

- (c) grant to the Proposal Trustee, in addition to its rights and obligations under the BIA and any other Court Order, the powers, duties and protections contemplated by and required under the Proposal;
- (d) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery as described in Section 7.01 hereof shall be permanently enjoined; and
- (e) compromise, discharge and release the Company from any and all Claims in accordance with this Proposal, and declare that the ability of any Person to proceed against the Company in respect of or relating to any such claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such claims be permanently stayed.

9.03 Conditions to Implementation

The implementation of this Proposal shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by this Proposal) of the following conditions:

- (a) the Proposal shall have been approved by the Required Majority at the Meeting;
- (b) the Court shall have granted the Proposal Approval Order, the operation and effect of which shall not have been stayed, reversed or amended, or in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (c) no Applicable Law shall have been passed and become effective, the effect of which makes the consummation of this Proposal illegal or otherwise prohibited;
- (d) all documents necessary to give effect to all material provisions of this Proposal shall have been executed and/or delivered by all relevant Persons;
- (e) the PGH Litigation Funds shall have been received by the Proposal Trustee;
- (f) the Unsecured Creditor Pool shall have been created; and
- (g) all required stakeholder, regulatory and Court approvals, consents, waivers and filings shall have been obtained or made, as applicable, and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated.

9.04 Proposal Trustee's Certificate of Proposal Implementation

Upon written notice from the Proposal Trustee that the conditions to implementation set out in Section 9.03 have been satisfied or waived, the Proposal Trustee shall, as soon as possible following receipt of such written notice, serve on the service list, and file with the Court, a certificate which states that all conditions precedent set out in Section 9.03 have been satisfied or waived and that the Proposal Implementation Date has occurred or will occur on a future date at a specific time specified in the certificate.

ARTICLE 10 – TERMINATION

10.01 The Company may, with the consent of the Proposal Trustee, provide notice of termination of this Proposal in the event that the Company, in its reasonable business judgment, determines that the PGH Litigation Funds (or some portion thereof) will not be paid pursuant to the Final Order and no distributions on account of Unsecured Claims will be able to be made.

10.02 In the event that the Proposal is terminated in accordance with Section 10.01, the Company shall be in default of this Proposal, the Proposal Trustee shall file a certificate of termination with the Court and the Superintendent of Bankruptcy and thereafter the Company shall be deemed bankrupt.

ARTICLE 11 – MISCELLANEOUS

11.01 On receipt of the Proposal Approval Order, all Unsecured Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety, including the terms of the Proposal Approval Order. For greater certainty, each such Unsecured Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Unsecured Creditor and the Company that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

11.02 The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on all Preferred Creditors and Unsecured Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

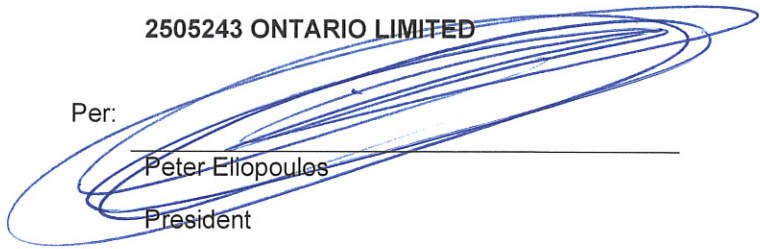
11.03 The Proposal shall be governed by and construed in accordance with the Laws of Ontario and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

[The remainder of this page has been left intentionally blank.]

Dated at Toronto this 26th day of July, 2021.

2505243 ONTARIO LIMITED

Per:



Peter Eliopoulos

President

(I have the authority to bind the Company)

Appendix “B”



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. 31-2675288
Estate No. 31-2675288

In the Matter of the Proposal of:

2505243 Ontario Limited

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of Proposal:	July 26, 2021	Security:	\$
Meeting of Creditors:	August 16, 2021, 13:00 Zoom Meeting ID: 857 0885 6439 Passcode: 150137 -, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

-- AMENDED --

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: July 28, 2021, 14:36

E-File/Dépôt Electronique

Official Receiver

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

Canada

Appendix “C”

Court of Appeal File No.
SCJ Court File No. CV-20-00644262

COURT OF APPEAL FOR ONTARIO

BETWEEN:

2505243 ONTARIO LIMITED o/a BYPETERANDPAUL.COM

Plaintiff
(Respondent)

- and -

PRINCES GATES GP INC. IN ITS CAPACITY AS GENERAL PARTNER OF PRINCES
GATES HOTEL LIMITED PARTNERSHIP

Defendant
(Appellant)

NOTICE OF APPEAL

THE APPELLANT, Princes Gates GP Inc. in its capacity as General Partner of Princes Gates Hotel Limited Partnership, APPEALS to the Court of Appeal from the Trial Judgment of Justice Gilmore, dated July 5, 2021 made at the Superior Court of Justice at Toronto, Ontario.

THE APPELLANT ASKS that the Trial Judgement be set aside, and that judgment be granted in favour of the Appellant in the amount of \$735,879.85 plus interest and costs below and on appeal on a substantial indemnity basis.

THE GROUNDS OF APPEAL are as follows:

OVERVIEW

1. Justice Gilmore's Trial Judgment is a results-driven decision. It is clear from her reasons that Justice Gilmore came to the view that the differences in corporate cultures of the two parties made it unrealistic for them to have worked together in the long term. As a result, Justice Gilmore decided to give them a "divorce". She did this by unwinding the deal into which they had entered.

Unfortunately, in so doing, Justice Gilmore ignored the contractual rights of the Appellant and the contractual obligations of the Respondent.

BACKGROUND

2. The Appellant, Princes Gates GP Inc. in its capacity as General Partner of Princes Gates Hotel Limited Partnership (“PGH”) built, owns and operates the Hotel X (the “Hotel”) in Toronto. The Hotel is a 400 room, \$400,000,000 complex including a 45,000 square foot sports complex.

3. On June 25, 2017, PGH entered into three Agreements with Respondent 2505243 Ontario Limited o/a ByPeterandPaul.com (“250”) whereby 250 was to provide food and beverage services for the Hotel. 250 is part of the ByPeterandPaul group, a large, sophisticated business group that operates 7 banquet halls and restaurants throughout the Greater Toronto Area.

4. There were two Leases. One for a formal restaurant called Petros82 and one for an informal restaurant called Maxx’s. There was also a Food and Beverage Services Agreement (“FBSA”) by which 250 was to provide room service, banquet service and operate certain concessions in the Hotel such as the rooftop bar (the “Falcon Bar”) (collectively the “Agreements”).

5. All the Agreements were interlinked. Default under one Agreement was a default under all the Agreements.

6. In March of 2018, prior to the opening of the Hotel, 250 and PGH entered into an Amending Agreement to the FBSA. The Amending Agreement lowered the fees that 250 had to pay to PGH under the FBSA in exchange for 250 agreeing to pay its employees at the same or better rates than other five-star hotels in Toronto.

7. The Leases required Minimum Rent to be paid on a monthly basis at the first of each month, Percentage Rent if receipts were over a predetermined amount and Additional Rent for common area expenses as invoiced.

8. The Leases provided that if Minimum Rent was not paid within seven days, whether demanded or not, it constituted a default entitling PGH to terminate the Leases and FBSA and re-enter the premises.

9. The Leases also stated that all rent was to be payable “without any deduction, set off or abatement whatsoever”. The Leases specified that rent was payable despite any unforeseen event including acts of God.

10. Further the Leases stated that all leasehold improvements made to the premises became the property of the Landlord upon installation.

11. The Hotel opened in March 2018. Maxx’s opened that month. Petros82 opened in September 2019.

12. 250 operated both restaurants collected all revenues generated therefrom and paid rent according to the Leases. Under the FBSA, PGH collected payment from the customers then collected its 15% fee and remitted the balance to 250.

13. 250 kept track of its sales and HST payable through the P.O.S. System that it purchased, installed and operated at the Hotel which linked 250 sales to 250’s HST number.

14. Customers buying banquet events at the Hotel provided deposits to the Hotel. Under the terms of the FBSA, PGH was not obliged to pay these deposits to 250 until after the event had been held. However, commencing at the opening of the Hotel, PGH adopted the practice of gratuitously paying 250 deposits in the two-week accounting period after the deposit was received. The Hotel is ultimately responsible to the customer for the deposit. If an event was cancelled, it was the Hotel that had to repay the customer the deposit that the Hotel had remitted to 250.

15. Deposits were, in effect, loans by PGH to 250. 250 booked deposits as either short term or long-term liabilities, depending on the length of time to the event in question. If an event was

cancelled or unable to be held, the deposit had to be refunded to the Hotel, to be refunded to the customer.

16. From the beginning of the relationship, there was friction between PGH and 250.

17. PGH was of the view that 250 was not providing service at the high standard required by the Agreements. PGH was of the view that 250 did not respond to customer complaints and that 250 did not have the management structure in place to operate its business. For example, 250 never hired a Human Resources Manager, even though it had over 200 employees.

18. In October 2019, PGH discovered that 250 had breached the Amending Agreement by not paying their employees to the standard required. 250 was paying its employees an 11.5% gratuity instead of the minimum 15% required. By November 2019, PGH discovered that 250 had already spent all the deposit money that had been paid to them at that point, at that time over one million dollars, and didn't have any cash for marketing. Furthermore, 250 had not paid Additional Rent since May 2019.

250 Was Insolvent

19. Unbeknownst to PGH at this time, 250 was insolvent. By October 31, 2019, 250 had lost two million dollars with one million of that being operational losses. 250 also had 4.3 million dollars in trade debt of which 99% was overdue according to its own records. 250 had no assets.

20. 250 was able to stay in business only because its principals, Peter Eliopoulos and Dino Galinis caused monies to be transferred from other ByPeterandPaul companies to 250 to keep it afloat.

21. Due to PGH's concern about 250's viability and its own financial exposure, on November 11, 2019, PGH changed the timing of payment of deposits from within two weeks of receiving the deposit to two weeks before the event was to be held.

22. 250 was insolvent prior to the change in timing of the payment of the deposits. Further, it was the evidence of 250 that changing the timing of the payment of deposits did not affect 250's ability to pay rent. According to 250, it could have always paid rent by transferring money from other ByPeterandPaul companies. It simply chose not to do so.

250 Requests Dissolution of the Agreements

23. The various disputes between 250 and PGH led to a meeting on February 12, 2020. In that meeting, Peter Eliopoulos stated that he wanted to 250 and PGH to dissolve their relationship.

24. The following day, February 13, 2020, Peter Eliopoulos sent a letter confirming that he wanted to begin negotiations to dissolve the relationship between 250 and PGH.

25. On February 20, 2020, Mr. Eliopoulos met with Mr. Henry Kallan, the principal of PGH and stated that he wanted 250 and PGH to part company. Mr. Eliopoulos admits that when Mr. Kallan asked him why 250 didn't try to find a replacement, he replied that it was PGH's problem.

26. On February 24, 2020, Mr. Eliopoulos again wrote a letter to PGH stating that he wished to dissolve the relationship.

27. On February 27, 2020, PGH wrote a letter to 250 asking if it was going to leave or stay at the Hotel. It requested 250's response on an urgent basis. The letter went unanswered.

COVID Strikes

28. On March 16, 2020, restaurants in Ontario were closed by the Order of the Provincial Government. The Hotel closed on March 23, 2020.

250 Stops Paying Rent

29. On April 7, 2020, 250 wrote to PGH stating it would not be paying rent going forward. It is agreed that 250 paid no Minimum Rent from April 1, 2020 and no Additional Rent from March

1, 2020. In its correspondence, 250 also complained that it should be allowed to provide take out service and operate a patio.

30. In response, on April 19, 2020, PGH wrote to 250 advising it that it must pay rent under the terms of the Lease, adding that 250 should attempt to locate assistance in the form of business interruption insurance or Government programs, or other means. PGH also advised 250 that it would allow take out and the operation of a patio, providing 250 paid rent. Importantly, PGH asked for an answer to its February 27, 2020 letter. PGH received no answer to this letter.

250 Does Not Qualify for CECRA

31. In May of 2020, 250 asked PGH to apply for the CECRA program. In response, PGH advised 250 that 250's gross revenues, as indicated by 250's HST returns, were 21.6 million dollars and therefore were in excess of the 20 million dollars cap to apply for the CECRA program. Once again, PGH insisted that 250 must pay rent.

32. 250 refused to pay rent. Instead, it sent an email which stated that its HST returns did not represent its gross revenues and proposed to deduct certain expenses to bring its proposed revenues under the 20 million dollar cap, so that it would qualify for CECRA.

33. On May 23, 2020, PGH asked 250 to provide independent support for its purported accounting techniques. 250 did not answer this email and never provided any third-party support for its position.

34. By June 4, 2020, 250 had not responded to PGH's February 27, 2020 letter despite several requests and had not paid minimum rent since April 2020 nor Additional Rent since March 2020. 250 had not answered PGH's request to provide it with independent accounting verification of its allegations that they qualified for CECRA.

35. On June 4, 2020, PGH sent a letter requesting a meeting with 250 to dissolve the relationship with 250. On June 12, 2020, 250 replied, for the first time since February 24, 2020, and indicated it wished to continue at the Hotel, although 250 did not offer to pay any rent. Instead, 250 said it wanted PGH to “work with them” in obtaining Government assistance. Once again, 250 did not forward any information that would support its position in that regard.

36. On June 14, 2020, PGH responded that 250 was “proceeding in the wrong direction” and confirmed that PGH intended to dissolve the relationship. Mr. Eliopoulos admitted that 250 knew PGH was demanding rent since at least May 5, 2020.

37. There were several more email exchanges between 250 and PGH. Not once did 250 offer to pay rent, or provide documents indicating that it would qualify for CECRA. 250’s position throughout the litigation has been that it could have paid rent but chose not to do so.

38. On July 2, 2020 PGH terminated the Leases (and therefore the FBSA) for among other things, non-payment of rent.

39. Subsequently, 250 never tendered rent or offered to pay rent. 250 did not bring a motion for relief from forfeiture or other relief. 250 did however, borrow 1.4 million dollars to finance its litigation and another \$500,000 to pay into Court as security for costs from related ByPeterandPaul companies.

PGH’s Dealings with Harlo

40. After having its February 27, 2020 letter ignored by 250, PGH began to look a potential alternative food and beverage service provider for Hotel X. PGH approached Harlo at the beginning of April 2020. Throughout the time period that 250 was ignoring PGH’s request to advise it whether it was staying at the Hotel and not paying rent, PGH entered into negotiations with Harlo that resulted in a contingent letter of intent (“LOI”) with PGH and Harlo, dated June 3,

2020. The LOI was contingent in that Harlo would not take over food and beverage service if ByPeterandPaul decided to stay as the food and beverage service provider of the Hotel.

41. After the Leases were terminated, Harlo began operating as the food and beverage service provider at the Hotel until it was closed as the result of further COVID lockdowns. It was Harlo's evidence at trial that it will not be using the leasehold improvements that were installed by 250 at the Hotel but instead will be ripping out and rebuilding both restaurants.

The Trial

42. During the zoom trial, the Respondent secretly had its witnesses observe the trial from a boardroom, which it indicated was for its "clients". Despite the fact that every day of the trial the Court asked for a list of who was watching the trial, the Respondent did not disclose its witnesses were observing. These impugned witnesses included Anil Dash, Erin Breckbill and Jacob Park who tailored their evidence as a result of observing the trial. This made a fair trial impossible.

43. PGH brought a motion for a mistrial or in the alternative to strike the evidence of these witnesses. The motion was dismissed by the trial Judge.

Findings

44. On July 5, 2021 Justice Gilmore released her Trial Judgment in which she found that the termination of the Agreements was unlawful and awarded:

- a) \$7,124,524.92 in reliance damages to 250;
- b) less \$735,879.85 for deposits and back rent owing to PGH; and,
- c) plus \$2,063,000.00 for contingent employer claims against 250.

Errors

45. Justice Gilmore erred at law in allowing 250 to set-off deposits for future events as against rent owing. The Leases specifically state that there is to be no set off as against rent. Further,

deposits for future events were in effect a loan from PGH to 250 and are not capable of being set off as against obligations owing by 250 to PGH.

46. Justice Gilmore made an error in fact in finding that PGH booked deposits as liabilities. In fact, it was 250 who booked deposits as either short or long-term liabilities, depending on the time from the receipt of the deposit until the time the event was held.

47. Justice Gilmore erred at law in finding that PGH had an obligation to assist 250 with the CECRA program. There is no obligation at law for PGH to apply for the CECRA program, nor was there any promise made by PGH that would give rise to estoppel. Further, it was 250 who refused to provide support for its position after its HST returns indicated that its gross revenue exceeded 20 million dollars disqualifying it from CECRA.

48. Justice Gilmore erred in fact by holding that PGH actions contributed to 250's inability to pay rent. The evidence throughout from 250 was that it always had the ability to pay rent.

49. PGH was entitled to terminate the Agreements for the admitted non-payment of rent.

50. Justice Gilmore erred at law in awarding damages to 250. Nothing in Part IV of the *Commercial Tenancies Act* prevents PGH from terminating the Leases for non-payment of rent. If 250 could have qualified for CECRA, the only effect would have been to delay the re-entry by PGH to January 31, 2021. Both 250's expert and PGH's expert agreed that by January 31, 2021, 250 would have lost at least an additional \$540,000 on top of its already substantial losses. Furthermore, since the Leases had been terminated, 250 could not have qualified for CERS. Even if 250 could have qualified for CERS, it would have simply delayed PGH's ability to re-enter the property until April 31, 2022. There was no evidence at trial which would indicate that 250 would have made any profit by April 2022. In short, 250 incurred no damages.

51. Justice Gilmore erred at law in awarding reliance damages to 250. The leasehold improvements made by 250 became the property of PGH as soon as they were installed at the Hotel. Even 250's expert found that using the most optimistic projections, 250 wouldn't have made a profit had the Agreements not been terminated. By unwinding the deal, Justice Gilmore put 250 in a better position that it would have been in had the Agreements not been cancelled.

52. Justice Gilmore erred at law by ordering the payment of \$2,063,000 in trust for contingent employee claims. Justice Gilmore did not have the jurisdiction to make an order for payment for damages not proved. The FBSA specifically disallowed "consequential damages". The potential claim by 250 employees is consequential in nature. The Ontario Labour Board has already held that 250 is responsible for employee claims.

53. Justice Gilmore erred at law in holding that the termination of the Agreements was made in bad faith. PGH was clear throughout when it was insisting on the payment of rent. PGH sent numerous emails to 250 advising it that it wished to cancel the Agreements. Not once did PGH lead 250 to believe either directly or by admission that 250 did not have to pay rent. To the contrary, PGH continuously confirmed that it required rent to be paid. 250 admits that it knew that PGH was insisting upon rent. 250 had the ability to pay rent, it simply refused to do so.

54. Justice Gilmore erred at law by not declaring a mistrial upon discovering that the Respondent's witnesses had secretly been observing the trial. These witnesses subsequently tailored their evidence based on the testimony given by prior witnesses. This conduct made it impossible to conduct a fair trial. It is clear from Justice Gilmore's written reasons that she did in fact rely on and give weight to contentious evidentiary points contained in the testimony of those witnesses.

THE BASIS OF THE APPELLATE COURT'S JURISDICTION IS:

- i. Section 6 (1)(b) of the *Courts of Justice Act*, R.S.O. 1990 C.c. 43 as amended; and,
- ii. The July 5, 2021 Trial Judgment of Justice Gilmore is a final Order of the Superior Court of Justice from which an appeal lies to the Court of Appeal as of right.

August 4, 2021

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- and -

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Lawyers for the Plaintiff (Respondent)

2505243 ONTARIO LIMITED

- and -

**PRINCES GATES GP IN ITS CAPACITY AS GENERAL
PARTNER OF PRINCES GATES HOTEL LIMITED
PARTNERSHIP
Defendant (Appellant)**

Plaintiff (Respondent)

Court of Appeal No
SCJ Court File No. CV-20-00644262

COURT OF APPEAL FOR ONTARIO

NOTICE OF APPEAL

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Lawyers for the Defendant (Appellant)

Appendix “D”



Bankruptcy and Insolvency Act ("Act")

Proof of Claim

(Section 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

Creditor Name: _____ Telephone: _____
Address: _____ Fax: _____
Account No.: _____ Email: _____

In the matter of the bankruptcy (or the proposal, or the receivership) of _____ (name of debtor) of _____ (city and province) and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of _____ (city and province), do hereby certify:

- 1. That I am a creditor of the above-named debtor (or that I am _____ (state position or title) of _____ (name of creditor)).
- 2. That I have knowledge of all the circumstances connected with the claim referred to below.
- 3. That the debtor was, at the date of bankruptcy, (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the _____ day of _____, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
- 4. (Check and complete appropriate category.)
 - A. UNSECURED CLAIM OF \$ _____**
(other than as a customer contemplated by Section 262 of the Act)
That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)
 - Regarding the amount of \$ _____, I do not claim a right to a priority.
 - Regarding the amount of \$ _____, I claim a right to a priority under Section 136 of the Act.
(Set out on an attached sheet details to support priority claim.)
 - B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____**
That I hereby make a claim under Subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
 - C. SECURED CLAIM OF \$ _____**
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)
 - D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____**
That I hereby make a claim under Subsection 81.2(1) of the Act for the unpaid amount of \$ _____ (Attach a copy of sales agreement and delivery receipts.)
 - E. CLAIM BY WAGE EARNER OF \$ _____**
 - That I hereby make a claim under Subsection 81.3(8) of the Act in the amount of \$ _____
 - That I hereby make a claim under Subsection 81.4(8) of the Act in the amount of \$ _____
 - F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____**
 - That I hereby make a claim under Subsection 81.5 of the Act in the amount of \$ _____
 - That I hereby make a claim under Subsection 81.6 of the Act in the amount of \$ _____
 - G. CLAIM AGAINST DIRECTOR \$ _____**
(To be completed when a proposal provides for the compromise of claims against directors.)
That I hereby make a claim under Subsection 50(13) of the Act, particulars of which are set out on the attached sheet(s). (Give full particulars of the claim, including the calculations upon which the claim is based.)
 - H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____**
That I hereby make a claim as a customer for net equity as contemplated by Section 262 of the Act, particulars of which are set out on the attached sheet(s).
(Give full particulars of the claim, including the calculations upon which the claim is based.)

Bankruptcy and Insolvency Act ("Act")

Proof of Claim

(Section 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)

- 5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of Section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
- 6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of Subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of Section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Subsection 2(1) of the Act: *(Provide details of payments, credits and transfers at undervalue.)*
- 7. *(Applicable only in the case of the bankruptcy of an individual.)*
 - Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under Section 68 of the Act, I request to be informed, pursuant to Paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
 - I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to Subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____

Witness

Creditor

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.
WARNINGS: A trustee may, pursuant to Subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
 Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

DIRECTIONS FOR COMPLETION OF THIS FORM ARE ON THE REVERSE SIDE

GENERAL PROXY

(Paragraphs 51(1)(e) and 66.15(3)(b) and Subsection 102(2))

In the matter of the bankruptcy) (or proposal) of _____ a bankrupt (or an insolvent)

I (or We), _____ (name of creditor), of _____ (name of city, town or village), a creditor in the above matter, hereby appoint _____, of _____, to be my (or our) general proxy in the above matter except as to the receipt of dividends, with (or without) power to appoint another general proxy in his or her place.

DATED AT _____ this _____ day of _____, _____

Witness

Individual Creditor OR Name of Corporate Creditor

Witness

Per:

Name and Title of Signing Officer

CHECKLIST FOR PROOF OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

Under Section 109 of the Bankruptcy and Insolvency Act only those creditors who have filed their claims in the proper form with the trustee, before the time appointed for the meeting, are entitled to vote at the meeting.

Section 124 states that every creditor shall prove his claim and the creditor who does not prove his claim is not entitled to share in any distribution that may be made.

General

- The signature of a witness is required;
- The claim must be signed personally by the individual completing this declaration;
- Provide the complete address where all notices or correspondence are to be forwarded;
- The amount of the statement of account must correspond to the amount indicated on the proof of claim.

Notes:

- It is permissible to file a proof of claim by fax.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors consists of at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote through an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

Paragraph 1

- Creditor must state full and complete legal name of company or firm;
- If the individual completing the proof of claim is not the creditor himself, he/she must state his/her position or title.

Paragraph 3

- The amount owing must be set out in paragraph 3.
- A detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

Paragraph 4

- **Paragraph A** applies to *ordinary unsecured claims*. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to Section 136 of the Act.
- **Paragraph B** applies to lessor claims in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to *secured claims*. Please indicate the dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate.
- **Paragraph D** applies to *inventory claims of farmers, fishermen and aquaculturists*. Please note that such claims apply only to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreements and delivery slips.
- **Paragraph E** applies to *claims by wage earners*. Please note that such claims apply only for unpaid wages owed upon the bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to *claims by employees for unpaid amounts regarding pension plans*. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to *claims against directors*. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to *claims of customers of a bankrupt securities firm*. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.

Paragraph 5

- All claimants must indicate whether or not they are related to the debtor, as defined in Section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

Paragraph 6

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - a) Within the three (3) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor are not related;
 - b) Within the twelve (12) months preceding the initial bankruptcy event (including the bankruptcy or the proposal), in the case where the claimant and the debtor were not dealing at arm's length.

APPOINTING PROXY

Note: The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as the proxyholder of the creditors.

General

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

Notes:

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed at any time prior to a vote at a meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

Estate No. 31-2675288

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

Form 37

**VOTING LETTER
(Paragraph 51(1)(f) of the *Bankruptcy and Insolvency Act.*)**

I/we, _____, creditor,

of _____,

a creditor in the above matter for the sum of \$ _____, hereby request the trustee acting with respect to the Proposal of 2505243 Ontario Limited to record my vote:

PLEASE TICK OFF OR INDICATE YOUR VOTE AS FOLLOWS:

- FOR** the acceptance of the Proposal, as made on the 26th day of July, 2021.
- AGAINST** the acceptance of the Proposal, as made on the 26th day of July, 2021.

DATED at _____, this _____ day of _____, 2021.

Signature of Witness

*Signature of individual creditor or person signing
on behalf of corporate creditor*

Print name of Witness

*Print name of individual creditor or name and title
of person signing on behalf of corporate creditor*

Creditor's contact email address: _____

Appendix “E”



Estate File No: 31-2675288

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**NOTICE OF PROPOSAL TO CREDITORS
(Subsection 51)**

Take notice that:

1. 2505243 Ontario Limited (the "Company") has lodged with KSV Restructuring Inc. (the "Proposal Trustee") a Proposal pursuant to the *Bankruptcy and Insolvency Act*.
2. A general meeting of creditors to consider the Proposal will be held on the **16th day of August, 2021 at 1 p.m.**, to be convened via Zoom at:
<https://us06web.zoom.us/j/85708856439?pwd=Y0lsRC9wbllaYIB0UDFPS0NCTkJXdz09>
Meeting ID: 857 0885 6439, Passcode: 150137
3. Enclosed are copies of:
 - The Proposal;
 - A condensed statement of the Company's assets and liabilities dated August 5, 2021;
 - A list of the creditors affected by the Proposal whose claims amount to \$250 or more;
 - A Proof of Claim form and proxy; and
 - A voting letter.
4. To be entitled to vote at the meeting, proofs of claim, proxies (where necessary) and voting letters intended to be used at the meeting must be lodged with the Proposal Trustee prior to the commencement of the meeting.
5. Creditors must prove their claims against the Company in order to share in any distribution of the proceeds realized from the estate.

DATED at Toronto, Ontario, this 5th day of August, 2021.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE PROPOSAL
OF 2505243 ONTARIO LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “F”

Appendix “G”

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED, OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

Preliminary list of creditors as at July 26, 2021, as per records of 2505243 Ontario Limited
without admission as to any liability or privilege herein shown.

Creditor	Address	Amount due (CDN\$)*
10803618 Canada Corp. (Elmar Staffing)	1001-1110 Finch Ave West North York ON M3J 3M2	5,600.44
1423792 Ontario Limited	222 Rowntree Dairy Rd Woodbridge ON L4L 9T2	1,742,707.64
1895299 Ontario Limited	Universal Eventspace, 6250 Hwy 7 Vaughan ON L4H 4G3	2,415,345.47
1986912 Ontario Limited	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	1,392,168.65
2465709 Ontario Ltd	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	11,727.24
2592511 Ontario Inc.	David Duncan House, 125 Moatfield Drive North York ON M3B 3L6	35,791.62
2618420 Ontario Limited	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	750,000.00
30.50 Imports Inc.	226 Christie Street Toronto ON M6G 3B7	1,525.61
ABV Group Inc.	25 Scrivener Sq. Unit 418 Toronto ON M4W 3Y6	2,516.34
ACS Productions Sound And Lighting Inc.	309 Horner Ae Etobicoke ON M8W 1Z5	65,394.79
All the Right Grapes Inc.	31 Notley Place Toronto ON M4B 2M7	735.24
Allegro Meat Ltd.	400 Creditstone Road, Unit 25 Vaughan ON L4K 3Z3	2,613.28
Aqua Blue Seafood Ltd.	7389 Kimbel St., Unit 5 Mississauga ON L4T 3M6	19,135.23
Aquatech Fire Protection Inc.	336 Dennie Ave Newmarket ON L3Y 4M6	8,034.30
Artera Wines Canada	441 Courtneypark Drive East Mississauga ON L5T 2V3	918.33
Barrel Select	169 Carlton Street Toronto ON M5A 2K3	28.58
Bellosound Inc.	1073 Yonge Street Suite 302 Toronto ON M4W 2L2	3,390.00
Bespoke Wine and Spirits	PO BOX 30069 Woodbridge ON L4L 0C7	8,209.68
Beverageworld	590 South Service Rd Stoney Creek ON L8E 2W1	7,589.00
Bibby Financial Services Inc. c/o 912050 O/A Sword Security	P.O. BOX 4090, Station A Toronto ON M5W 0E9	20,840.04
Butcher Shoppe (The)	121 Shorncliffe Road Toronto ON M8Z 5K7	158,758.58
Caffe Umbria Canada	402-170 Chiltern Hill Road Toronto ON M6C 0A9	7,765.89
Calibre	8162 Keele St. Vaughan ON L4K 2A5	5,584.91
Campione & Associates Professional Corporation	2900 Highway 7 W, Unit 110B Vaughan ON L4K 0G3	5,768.65
Canada Revenue Agency	Shawinigan – Sud National Verification and Collection Centre, 4695 Shawinigan-St	89,183.87
Cave Spring Cellars	3836 Main Street Jordan ON L0R 1S0	1,855.42
Caviar Centre	220 Duncan Mill Road, Suite A1 Toronto ON M3B 3J5	508.00
Cavican Inc.	24 Milcreek Cres' Thornhill ON L4J 6N4	1,274.64
Chair-man Mills Corp.	501 Consumers Road Toronto ON M2J 5E2	1,126.75
Charton Hobbs	5006 Timberlea Blvd, Unit 1 Mississauga ON L4W 5C6	1,958.66
Champion Commercial Products Inc.	5430 Timberlea Blvd, Unit 1 Mississauga ON L4W 2T2	714.61
City Disposal	32 Upton Rd, Suite 206 Scarborough ON M1L 2B8	3,681.54
Citron Hygiene LP	555 Alden Road Markham ON L3R 3L5	58,313.56
City Fish Market	2929 Dufferin Street Toronto ON M6B 3S7	2,683.15
Closson Chase Vineyards Inc.	629 Closson Road Hillier ON K0K 2J0	686.02
Coca-Cola Refreshments Canada	Lockbx 914210 PO Box 4090 Stn A Toronto ON M5W 0E9	6,408.18
Contours Interior Solutions	1250 Ormont Drive North York ON M9L 2V4	1,440.75
Copenhagen Trade Center Inc.	201 Drumlin Circle, Unit 3 Concord ON L4K 3E7	140.00
Cosecha Imports Inc.	2450 Victoria Park Ave, Suite 700 Toronto ON M2J 4A2	1,146.24
D.O.T. Custom Millwork	81 Brisbane Rd North York ON M3J 2K3	14,000.00
Danex Incorporated -Commercial Food Equipment	1-1080 Tristar Drive Mississauga ON L5T 1P1	8,048.44
Detailz Inc.	1 Arrow Road North York ON M9M 2L4	26,751.53
DGS Events Inc.	54 Arnold Ave. Toronto ON M5A 3B2	242,355.22
Diana's Seafood	2101 Lawrence Ave East Scarborough ON M1R 2Z4	22,657.47
Divine Limited	219 Norseman Street Toronto ON M8Z 2R5	1,031.13
De Lage Landen Financial Services Canada Inc.	3450 Superior Court, Unit 1 Oakville ON L6L 0C4	746.54
DNB Media Group Inc.	53 LaFrance Rd Brampton ON L6S 3V7	2,689.40
Dolce Magazine Publishing Inc.	111 Zenway Blvd Unit 30 Vaughan ON L4H 3H9	8,895.36
Dunford Liscio (Ontario) Inc.	2 Carson Court Brampton ON L6T 4P8	111,761.46
Edge Food Equipment	110 Arrow Road Toronto ON M9M 2L4	3,091.14
EDO Sushi Inc.	429 Spadina Road, Unit 201 Toronto ON M5P 2W3	6,012.45
Employer Health Tax	33 King St W Oshawa ON L1H 1A1	35,724.54
Enterprise Time Recording Solutions Inc.	237 Romina Drive, Suite 201 & 202 Vaughan ON L4K 4V3	56.50
Enzo Mercuri Designs Inc.	1 Arrow Road, Building B Toronto ON M9M 2L7	2,260.00
Essence Food Service	90 Signet Drive, Unit 10 Toronto ON M9L 1T5	15,212.30
Event Rental Group	210 Wicksteed Ave Toronto ON M4G 2C3	6,924.39
Family Wine Merchants	1469 Pelham Rd. St. Catherines ON L2R 6P7	2,289.61
Ferrandina Foods Inc	9-1730 McPherson Court Pickering ON L1W 3E6	7,382.53
Ferrari & Son Limited	100 Northern Pines Blvd. Kleinburg ON L4L 4E4	152,843.09
Firenza Plumbing & Heating Ltd.	1 Torbarrie Road North York ON M3L 1G5	11,219.55
Former Employees	c/o 6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	2,063,000.00
Gervais Rentals	75 Milner Avenue Toronto ON M1S 3P6	6,178.56
GHR Commercial Refrigeration	P.O.Box 10611 Winona Station ON L8E 5R1	1,698.99
GP8 Advanced Research Enterprises Ltd.	72 Gervais Drive Toronto ON M3C 1Z3	5,118.38
Hospitality Careers Online, Inc.	C/O LBX 917100 PO Box 4090 Stn A Toronto ON M5W 0E9	1,130.00
Heritage Food Service Group	Po Box 57565 STN A Toronto ON M5W 5M5	407.21
Hidden Bench	4152 Locust lane Beamsville ON L0R 1B2	1,372.11
Higgins Event Rentals	19 Rangemore Road Toronto ON M8Z 5H9	1,209.85
Hobart Food Equipment Group Canada	Po Box 57565 STN A Toronto ON M5W 5M5	327.42

Creditor	Address	(CDN\$)*
Hospitality Cleaning Services Inc.	127 Dolomite Drive North York ON M3J 2N1	734.50
ILLY Espresso Canada Inc.	PO Box 15087, Station A Toronto ON M5W 1C1	398.77
IMS Computer Consultants	320 Hanlan Road, Unit 1 Woodbridge ON L4L 3T4	1,726.64
Juice Concepts Ltd (JCL)	880 Browns Line Postal Outlet P.O. Box 60013 Etobicoke ON M8W 3V0	9,610.90
KAD Fabrications Inc	29 Kelfield Street Toronto ON M9W 5A1	1,804.55
KB Staffing	21 Robins Ave Hamilton ON L8H 4M8	1,017.00
Kibo Liberty Village (2564169 Ontario Inc.)	171 East Liberty St, Unit 146 Toronto ON M6K 3P6	298.32
KitCare Corporation	6358 Viscount Rd Mississauga ON L4V 1H3	1,467.87
KSV Restructuring Inc.	150 King St W, Suite 2308 Toronto ON M5H 1J9	2,189.94
Leavoy Rowe Beef Co	3066 Jarrow Ave. Mississauga ON L4X 2C7	79,961.54
Leaning Post Wines	1491 Highway 8 Stoney Creek ON L8E 5K9	659.51
Le Sommelier Wine Agency	67 Mowat Ave, Suite 042 Toronto ON M6K 3E3	7.56
Levi Strauss & Co (Canada) Inc.	C/O T27525 PO Box 4275 Postal Station A Toronto ON M8W 5V8	2,751.56
Lost Craft Inc. DC# 0179	19 Waterman Avenue, Unit 221 Toronto ON M4B 1Y2	8,658.81
Majestic Wine Cellars Inc.	271 Jevlan Dr. Unit 8 Woodbridge ON L4L 8A4	1,137.41
Malivoire Wine Company Limited	4260 King Street East, PO Box 475 Beamsville ON L0R 1B0	251.36
Mark Anthony Group Inc.	500-887 Great Northern Way Vancouver BC V5T 4T5	4,868.12
Marc's Mushrooms	125 The Queensway, PO Box 15339 Toronto ON M8Y 0B4	1,670.00
MDC Selections Inc.	51 Laird Dr. East York ON M4G 3T4	373.43
Medovino Imports Inc.	577 Byngmount Ave Mississauga ON L5G 1R2	754.72
Mega City Rental Supplies Inc.	1821 Albion Road, Unit 9, 10 & 11 Etobicoke ON M9W 5W8	110,349.30
MIA Food Service Ltd	50 PARISIENNE RD Woodbridge ON L4H 0V4	67,209.35
Mountain View Estates Coffee Co.	1260 Martin Grove Rd. Toronto ON M9W 4X3	937.40
National Event Supply	3544 Nashua Drive Mississauga ON L4V 1L2	9,039.89
Nella Cutlery Toronto Inc.	148 Norfinch Drive Toronto ON M3N 1X8	7,928.28
Neodeco Designs Inc.	35 Anderson Cove Trail Nobleton ON L7B 0A4	1,705.37
Nespresso Canada division de Nestle Canada Inc.	P.O Box 1942, Postal Station A Toronto ON M5W 1W9	15,655.33
NORR Limited	North Tower, 175 Bloor St E, 15th Floor Toronto ON M4W 3R8	1.00
Norton Rose Fulbright Canada LLP	222 Bay St, Suite 3000 Toronto ON M5K 1E7	228,229.36
Nouveau Taste	38 McGee St Toronto ON M4M 2K9	2,467.02
NSA Communications	11 Shangrila Terrace Bolton ON L7E 2N2	778.01
Open Table	1 Montgomery Street, Ste 700 San Francisco CA 94104	2,319.50
Orkin	5840 Falbourne St Mississauga ON L5R 4B5	985.36
Paliare Roland Rosenberg Rothstein LLP	155 Wellington St W 35th Floor Toronto ON M5V 3H1	1,488.78
Parkdale Community Legal Services	Lower Level, 1229 Queen St W Toronto ON M6K 1L2	1.00
Peter & Paul's Gifts	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	47,739.97
Peter & Paul's Gifts	6260 Hwy 7 Unit# 1 Vaughan ON L4H 4G3	1,226,782.73
Platis Cleaners	7 Trophy Dr Toronto ON M4A 1L7	4,655.54
Power King	P.O. Box 893 Sutton West ON L0E 1R0	4,152.75
PowerBev. Inc.	60 Hereford Street Brampton ON L6Y 0N3	3,637.48
Praxair Canada Inc.	PO Box 400, Station D Scarborough ON M1R 5M1	720.05
PR CC Plated Meals Inc.	4478 Chesswood Drive, Unit 3 Toronto ON M3J 2B9	2,670.19
Primex Food Packaging Inc.	1435-Bonhill Road, Unit 31 Mississauga ON L5T 1V2	9,164.65
Profile Wine Group	41 Scarsdale Road, Unit 9 Toronto ON M3B 2R2	12,172.15
Prommies Cider Co.	25 Nixon Road Caledon ON L7E 1K2	492.80
PSAV	1400 O'Connor Dr Toronto ON M4B 2T8	2,352.76
Qzina Specialty Foods	C/O T02654C PO BOX 2654, Station A Toronto ON M5W 2N7	4,080.83
R. Distributing Seafood and Meat	13 KENVIEW BLVD UNIT #9 Brampton ON L6T 5K9	15,641.85
REA Signs	145 Haist Ave, Unit 5 Vaughan ON L4L 5V1	5,209.30
Regina	2300 Finch Ave. West, Unit 36 Weston ON M9M 2Y3	1,056.00
R.F. Maintenance Services	12 Lambton Ct Brampton ON L6V 2A9	65,372.77
R.G. Henderson	100 Thornclyffe Park Dr Toronto ON M4H 1L9	708.77
RBC Insurance	6880 Financial Drive , Tower 1, 3rd Floor Mississauga ON L5N 7Y5	52,238.72
RBC VISA-4516-0700-1360-2232/2224	PO Box 4402 Station A Toronto ON M5W 3V1	40.46
RC Culinary Service Ltd.	170 Taylor Dr Barrie ON L4N 8L1	2,395.03
Heritage Food Service Group of Canada (RG Henderson)	P.O Box 7199 Station Terminal Vancouver ON V6B 4E2	1,323.46
Rogers-233-714395706-TV	P.O. Box 4100 Don Mills ON M3C 3N9	736.35
Rose Hill Design/Build	6790 Kitimat Road, Unit 7 Mississauga ON L5N 5L9	13,899.00
Rouge et Blanc Ltd.	4 Wynnview Court Scarborough ON M1N 3K3	2,451.13
Run Your Show Resources Inc.	1701 Flint Road Toronto ON M3J 2W8	7,771.70
Russell Hendrix Foodservice Equipment	PO Box 130 Brockville ON K6V 5V2	797.13
S4 Sound Sensation Disc Jockey Services Ltd	6260 Hwy 7 Vaughan ON L4H 4G3	2,617.08
San Antonio Seafood Market Ltd.	8383 Weston Road, Unit 106 Woodbridge ON L4L 1A6	3,283.57
Scientific Utility Brands Int'l, Inc.	11-1673 Richmond Street PMB 110 London ON N6G 2N3	2,596.74
Shareholder Loan	6260 Hwy 7, Unit #1 Vaughan ON L4H 4G3	1,602,686.13
Signature Fine Foods	24 Viceroy Road Unit 4+5 Concord ON L4K 2L9	3,321.67
SYSCO	7055 Kennedy Road Mississauga ON L5S 1Y7	557,674.15
That's Life Gourmet Ltd.	125-720 King Street West, Suite 318 Toronto ON M5V 3S5	2,051.38
The Small Wine Makers Collection Inc.	100 Broadview Ave, Suite 318 Toronto ON M4M 3H3	52,789.06
The Vine Agency	11 Davies Avenue #305 Toronto ON M4M 2A9	4,181.86
The Case for Wine	1305 Pickering Pkwy Suite 105 Pickering ON L1V 3P2	1,379.40
Tre Amici	339 Olivewood Road, Unit 2 Etobicoke ON M8Z 2Z6	5,696.83
Trimen Food Service Equipment Ltd.	1240 Ormont Drive North York ON M9L 2V4	24,902.96
Trombino Foods	11030 Pine Valley Drive Woodbridge ON L3L 0B9	1,616.99
Unicer Foods Ltd.	370 Alliance Ave. Toronto ON M6N 2H8	2,488.57
Vertical Wine Group	1379 Falgardwood Drive Oakville ON L6H 2P4	919.60
Veritiv Canada Inc.	PO BOX 46082-T46082 ST A Toronto ON M5W 4K9	2,599.00
Victory Wine & Spirits Inc.	64 Roosevelt Road Toronto ON M4J 4T7	1,352.04

Creditor	Address	(CDN\$)*
Vinifera Wine Services	33 Price Street, Unit 2 Toronto ON M4W 1Z1	2,152.19
Walker Env	3700 Steeles Ave. West, Suite 601 Woodbridge ON L4L 8K8	1,467.61
Wasteco	161 Bridgeland Ave. Toronto ON M6A 1Z1	16,184.76
Weston Foods (Canada) Inc.	C/O TX4099C, PO Box 4590, Station A Toronto ON M5W 7B1	472.48
Winehouse Imports	3710 Chesswood Drive, Unit 201 Toronto ON M3J 2W4	50.00
WineOnline Marketing Company Ltd.	1 Wiltshire Ave, Unit 114 Toronto ON M6N 2V7	3,615.00
Workplace Safety Insurance Board	200 Front St W Toronto ON M5V 3J1	12,695.44
Total		<u>13,972,161.61</u>

*An amount of \$1 indicates that the amount due is undetermined or unknown.

**Appendix “G”
(7th Report to Court)**

District of Ontario
 Division No. 09 - Toronto
 Court No. 31-2675288
 Estate No. 31-2675288

Voting Summary

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
 OF 2505243 ONTARIO LIMITED, IN THE CITY OF VAUGHAN, IN THE
 PROVINCE OF ONTARIO

Insolvency Date: 26-Jul-2021
 Estate Number: 31-2675288

Result of Voting

Class	Total #			Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result	
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
	13	13	0	1,359,380.91	0.00	100.00	0.00	100.00	0.00	App.	App.

List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	ACS Productions Sound And Lighting Inc.	U		102,996.80	In Person	For
	Beverage World Inc.	U		7,589.00	Letter	For
	Danex Incorporated -Commercial Food Equipment	U		8,048.44	Proxy	For
	DGS Events Inc.	U		401,629.01	In Person	For
	Dolce Magazine Publishing Inc.	U		8,895.36	Proxy	For
	Ferrari & Son Limited	U		150,543.69	Letter	For
	Firenza Plumbing & Heating Ltd.	U		20,681.50	Letter	For
	Mega City Rental Supplies Inc.	U		116,744.02	In Person	For
	Neodeco Designs Inc.	U		1,705.37	Letter	For
	REA Sign Group Inc.	U		5,209.30	Proxy	For
	Sound Sensation Disc Jockey Services Ltd	U		2,617.08	Letter	For
	Sysco Food Service, Toronto	U	1000082114	531,325.19	Letter	For
	Youri Kim	U		1,396.15	Letter	For

**Appendix “H”
(7th Report to Court)**

**IN THE MATTER OF THE PROPOSAL OF 2505243 ONTARIO LIMITED, OF THE
CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

MINUTES OF GENERAL MEETING OF CREDITORS

1. Minutes of the General Meeting of Creditors of 2505243 Ontario Limited (the "Company") held via video conference, on the 16th day of August, 2021 at 1:00 p.m. (the "Meeting").
2. An attendance list of those present is attached as Appendix "A".
3. Robert Kofman of KSV Restructuring Inc. ("KSV") called the Meeting to order at 1:00 p.m., announced the presence of a quorum and that the meeting was duly constituted.
4. Mr. Kofman informed the Meeting that he would act as Chair pursuant to Section 51(3) of the *Bankruptcy and Insolvency Act* ("BIA") and Jonathan Joffe of KSV would act as the Recording Secretary.
5. The Chair advised that the Recording Secretary had tabled the following documents:
 - Trustee's Affidavit of Service dated August 15, 2021 relating to the Proposal;
 - Trustee's Report to Creditors ("Report"), which attached:
 - a) Proposal (Appendix "A");
 - b) Amended Certificate of Filing of the Proposal (Appendix "B");
 - c) Notice of Appeal (Appendix "C");
 - d) Proof of Claim Forms, Proxy and Voting Letters (Appendix "D");
 - e) Notice of Proposal to Creditors (Appendix "E");
 - f) Statement of Affairs Summary (Appendix "F"); and
 - g) List of Creditors (Appendix "G").
 - Notice of Hearing of Application for Court Approval of Proposal.

6. Review of Report and Proposal

The Chair reviewed the Report, highlighting the financial position and the causes of financial difficulties of the Company.

The Chair provided background on the Proposal, noting that the purpose of the proposal proceedings was to: (i) advance its litigation against Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership ("PGH"); and (ii) effect a proposal for the distribution of funds arising from the Company's litigation with PGH ("PGH Litigation Funds").

The Chair advised that PGH issued a Notice of Appeal on August 4, 2021 (the "Appeal") of the decision dated July 5, 2021 by Madam Justice Gilmore of the Ontario Superior Court of Justice (the "Decision") in favour of the Company and a related cost award (the "Cost Award"). As a result, (i) the quantum of PGH Litigation Funds to be received; and (ii) the timing of receipt, are unknown at this time. However, the Proposal Trustee provided an estimate of the amounts available for distribution to creditors based on PGH being unsuccessful in its appeal of the Decision. The Proposal Trustee noted that subject to various contingencies, distributions could be as high as 53% of the amounts owing to creditors. The Chair asked Company counsel to provide an update on the appeal filed by PGH.

7. There was a discussion concerning the PGH Litigation Employee Funds. The Proposal Trustee noted that receipt of these funds is also contingent on the outcome of the Appeal and that if PGH is fully successful, there would be no monies available for the Company's employees. The Proposal Trustee noted that the Company's employees only participate in the Proposal if their claims under the Ontario Employment Standard Act exceed the PGH Litigation Employee Funds or in respect of other amounts owing to them, such as wages and vacation pay.
8. The Chair requested questions from the floor.
 - A creditor asked about the scheme of distribution to creditors under the Proposal. The Chair summarized the waterfall as follows: (i) charges granted by the Court in relation to professional fees and the Company's DIP Facility; (ii) preferred claims under Section 136 of the BIA; and (iii) the single class of creditors under the Proposal resulting in distributions to proven unsecured claimants on a pro rata basis. The Proposal Trustee advised that it was not aware of any preferred creditors under Section 136. The Proposal Trustee referred to Section 3.3 of the Report to Creditors for a more detailed summary of the waterfall.
 - A creditor asked about the timelines to complete the litigation between the Company and PGH. The Chair directed the question to the Company's counsel who explained appeals generally take less time to complete than the underlying case being appealed; however, an appeal is not likely to be heard until at least the first quarter of 2022.
 - A creditor asked about the Voting Letters that had been submitted by creditors prior to the meeting. The Chair advised that an update regarding voting letters would be provided by the Recording Secretary later in the Meeting.
9. There being no further questions, the Chair called on the Secretary to report on the attendance.

The Secretary reported that there were thirteen voting creditors with admitted claims. Three voting creditors were present by proxy and ten creditors by Trustee's proxy and voting letter.

10. Vote to Accept the Proposal

The Chair requested a motion be tabled to vote on acceptance of the Proposal. Jannette Costa, representing ACS Productions Sound and Lighting Inc., tabled a motion to vote on the acceptance of the Proposal, as made on the 26th day of July, 2021. The motion was seconded by Trustee's proxy from REA Sign Group Inc. ("REA").

The vote was conducted and the Recording Secretary announced the voting results. The Proposal was accepted by 100% of the voting unsecured creditors with claims totalling \$1,359,380.91, representing 100% in dollar value of the voting unsecured claims and 100% in number of voting unsecured claims.

The Chair declared that the vote on the Proposal had been carried by the statutory majority of voting unsecured creditors.

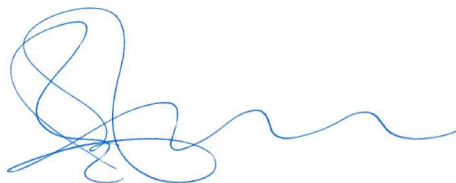
11. The Chair advised that the motion for Court approval of the Proposal is scheduled to be heard on August 30, 2021.

12. Appointment of Inspectors

The Chair advised that the Proposal allowed for the appointment of up to 5 Inspectors. The Chair outlined the limited duties of the Inspectors pursuant to the Proposal and asked if any individuals had an interest in being appointed an Inspector. No attendees expressed an interest in being appointed as an Inspector and as a result, no Inspectors were appointed.

13. There being no further business, the Chair requested a motion be tabled to terminate the meeting. A motion was tabled by Eric Aragon, representing DGS Events Inc., seconded by Trustee's Proxy from REA and unanimously carried. The meeting was terminated at 1:35 p.m.

Dated at Toronto, Ontario this 19th day of August, 2021.



Robert Kofman, Chair



Jonathan Joffe, Recording Secretary

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: August 16, 2021 at 1:00 p.m.
Estate File No: 31-2675288

No.	Name (Print)	Representing	Amount of Claim	Remarks
1	Robert Kofman	KSV Restructuring Inc., Proposal Trustee	N/A	
2	Jonathan Joffe	KSV Restructuring Inc., Proposal Trustee	N/A	
4	Jeff Larry	Paliare Roland Rosenberg Rothstein LLP, counsel to the Proposal Trustee	N/A	
5	Jennifer Stam	Norton Rose Fulbright Canada LLP, counsel to 2505243 Ontario Limited	N/A	
6	Gianni Bianchi	Norton Rose Fulbright Canada LLP, counsel to 2505243 Ontario Limited	N/A	
7	Peter Eliopoulos	2505243 Ontario Limited	N/A	
8	Anna Eliopoulos	2505243 Ontario Limited	N/A	
9	Anil Dash	2505243 Ontario Limited	N/A	
10	Eric Aragon	DGS Events Inc.	401,629.01	
11	Daniel Gagne	DGS Events Inc.	401,629.01	
12	Jessica Jakubowski	Mega City Rental Supplies Inc.	116,744.02	
13	Jannette Costa	ACS Productions Sound and Lighting Inc.	102,996.80	
14	Roberto Flores	R.F. Maintenance Services	N/A	Did not submit claim prior to the meeting

**Appendix “I”
(7th Report to Court)**

2505243 Ontario Limited
 Projected Statement of Cash Flow
 For the period August 30, 2021 to March 31, 2022
 (C.S. unaudited)

Note	Week ending										Month				Total
	05-Sep-21	12-Sep-21	19-Sep-21	26-Sep-21	03-Oct-21	10-Oct-21	17-Oct-21	24-Oct-21	31-Oct-21	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	
2	-	-	-	700	-	-	-	700	-	-	-	-	-	-	1,400
	-	-	-	700	-	-	-	700	-	-	-	-	-	-	1,400
Disbursements															
3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	2,100	-	2,100	-	2,100	-	2,100	-	2,100	4,000	4,000	4,000	4,000	4,000	30,500
	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	6,000	6,000	6,000	6,000	6,000	43,500
	3,600	1,500	3,600	1,500	3,600	1,500	3,600	1,500	3,600	10,000	10,000	10,000	10,000	10,000	74,000
	(3,600)	(1,500)	(3,600)	(800)	(3,600)	(1,500)	(3,600)	(800)	(3,600)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(72,600)
5	65,000	-	-	22,000	-	-	-	-	22,000	22,000	79,500	79,500	79,500	79,500	449,000
	(68,600)	(1,500)	(3,600)	(22,800)	(3,600)	(1,500)	(3,600)	(800)	(25,600)	(32,000)	(89,500)	(89,500)	(89,500)	(89,500)	(521,800)
6	65,000	-	-	22,000	-	-	-	-	22,000	22,000	79,500	79,500	79,500	79,500	449,000
	(3,600)	(1,500)	(3,600)	(800)	(3,600)	(1,500)	(3,600)	(800)	(3,600)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(72,800)
7	103,767	100,167	98,667	95,067	94,267	90,667	88,167	85,567	84,767	81,167	71,167	61,167	51,167	41,167	103,767
	100,167	98,667	95,067	94,267	90,667	88,167	85,567	84,767	81,167	71,167	61,167	51,167	41,167	31,167	31,167
	1,618,116	1,683,116	1,683,116	1,683,116	1,705,116	1,705,116	1,705,116	1,705,116	1,705,116	1,727,116	1,749,116	1,828,616	1,908,116	1,987,616	1,618,116
	65,000	-	-	22,000	-	-	-	-	22,000	22,000	79,500	79,500	79,500	79,500	449,000
	1,683,116	1,683,116	1,683,116	1,705,116	1,705,116	1,705,116	1,705,116	1,705,116	1,727,116	1,749,116	1,828,616	1,908,116	1,987,616	2,067,116	2,067,116

The statement of projected cash-flow of 2505243 Ontario Limited has been prepared in accordance with the provisions of *The Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on Cash Flow Statement.

2505243 ONTARIO LIMITED

Peter Etiopoulos
 Date: Aug 19, 2021

KSV RESTRUCTURING INC.
 IN ITS CAPACITY AS TRUSTEE UNDER THE
 NOTICE OF INTENTION TO MAKE A PROPOSAL
 AND NOT IN ITS PERSONAL CAPACITY

Bobby Kolman
 Per: Bobby Kolman
 Date: August 19, 2021

2505243 Ontario Limited

Notes to Projected Statement of Cash Flow

For the period August 30, 2021 to March 31, 2022

(C\$; unaudited)

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash-flow of 2505243 Ontario Limited (the "Company") for the period August 30, 2021 to March 31, 2022 (the "Period") in respect of its NOI proceedings under the *Bankruptcy and Insolvency Act*.

The projected cash flow statement has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company.

Hypothetical Assumptions

2. Represents a wage subsidy collectible under a program enacted by the Government of Canada in response to the Covid-19 pandemic.

Most Probable Assumptions

3. The Company shares administrative office space with related parties at another premises. The Company has never been billed for rent or overhead costs related to the shared space/services. No such costs are projected during the Period.
4. Represents payroll costs, source deduction remittances and WSIB remittances.
5. Represents the professional fees of the Proposal Trustee, the Proposal Trustee's legal counsel and the Company's legal counsel.
6. Represents funding required under the DIP Facility.
7. Represents the Company's estimated cash balance as at August 30, 2021.

**Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)**

The management of 2505243 Ontario Limited (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending March 31, 2022.

The hypothetical and probable assumptions are suitably supported and consistent with the purpose of the projection and the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 7.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 7. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 19 day of August, 2021.

2505243 Ontario Limited

Per:

Peter Eliopoulos

**Appendix “J”
(7th Report to Court)**

**Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of 2505243 Ontario Limited, as of the 19th day of August 2021, consisting of a monthly Cash Flow Statement for the period August 30, 2021 to March 31, 2022, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-7.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

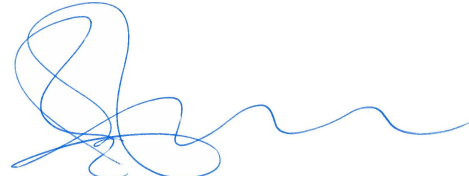
- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 19th day of August, 2021.

**KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE**



Per: Robert Kofman

**Appendix “K”
(7th Report to Court)**

FIFTH AMENDMENT TO INTERIM DIP FINANCING TERM SHEET

This Fifth Amendment (the “**Fifth Amendment**”) to the Interim DIP Financing Term Sheet dated as of October 16, 2020 (as amended on November 30, 2020, January 18, 2021 and February 24, 2021, and May 20, 2021, collectively, the “**DIP Term Sheet**”) is dated as of the 19th day of August, 2021.

BETWEEN:

2505243 ONTARIO LIMITED

(the “**Borrower**”)

AND:

PETER AND PAUL’S GIFTS LIMITED

(the “**DIP Lender**”)

WHEREAS, the Borrower requested and the DIP Lender agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings under the *Bankruptcy and Insolvency Act*, which commenced upon the Borrower’s filing of a notice of intention to make a proposal on September 24, 2020;

AND WHEREAS, the Borrower and the DIP Lender entered into the DIP Term Sheet;

AND WHEREAS, the Borrower and the DIP Lender wish to further amend the DIP Term Sheet on the terms set out in this Fifth Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. AMENDMENT TO DIP TERM SHEET

The Borrower and the DIP Lender agree that the DIP Term Sheet is amended as follows:

- (a) the definition of “Facility Amount” as defined in paragraph 4 of the DIP Term Sheet is amended to replace reference to \$1,650,000 with “\$2,150,000”.

2. CONSTRUCTION AND INTERPRETATION

This Fifth Amendment shall be read together with the DIP Term Sheet. This Fifth Amendment is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario which is deemed to be the proper law of this Fifth Amendment. If there is a conflict between the terms and

conditions of the DIP Term Sheet and the terms and conditions of this Fifth Amendment, the terms and conditions of this Fifth Amendment shall prevail.

3. COUNTERPARTS

This Fifth Amendment may be executed by the parties in counterparts and may be executed and delivered by electronic transmission.

[Signature page follows]

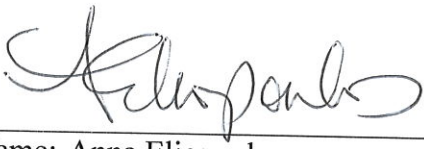
IN WITNESS HEREOF, the parties hereby execute this Fifth Amendment to the Interim DIP Financing Term Sheet as at the date first above mentioned.

Address:

PETER AND PAUL'S GIFTS LIMITED

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Anna Eliopoulos
Email: peterandpauls@gmail.com

Per: 
Name: Anna Eliopoulos
Title: President

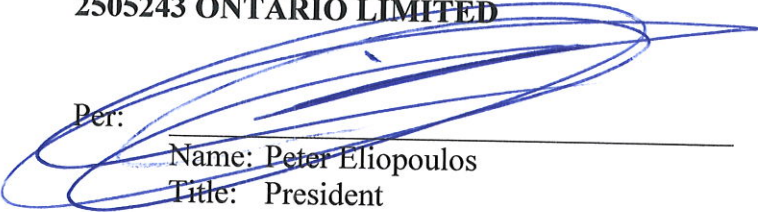
I have authority to bind the corporation.

Address:

**BORROWER:
2505243 ONTARIO LIMITED**

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

Per: 
Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email:
jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

TAB 4

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF 2505243 ONTARIO LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF PETER ELIOPOULOS
(sworn August 19, 2021)
(Further DIP Increase)**

I, Peter Eliopoulos, of the City of Toronto and the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

- 1 I am the Founder and President of 2505243 Ontario Limited (the **Company**) and, as such, have knowledge of the facts stated herein.

- 2 Except as otherwise indicated, the facts set forth in this Affidavit are based upon my personal knowledge, my review of relevant documents and information provided to me by employees working under my supervision, or in my opinion based upon my experience, knowledge and information concerning the operations of the Company and the industry in which it operates. Where I do not possess personal knowledge, I state the source of my information and, in all such cases, verily believe it to be true.

- 3 I swear this affidavit in connection with the Company's filing of a notice of intention (**NOI**) to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (**BIA**) and in support of the current motion of KSV Restructuring Inc., as proposal trustee (in such capacity, the **Proposal Trustee**) seeking, among other things, an order:

- (a) further increasing the maximum borrowing available in Post-Filing Advances (as defined in the Order of this Court dated October 20, 2020, the **October 20 Order**) from \$1,650,000 to \$2,150,000; and
- (b) approving the Company's proposal pursuant to Part III, Division I of the BIA.

A. BACKGROUND

4 Details regarding the background of the Company and the facts leading up to these proceedings are set out in my affidavits sworn September 25, 2020 (the **Initial Affidavit**) and October 16, 2020, and therefore are not repeated herein. Additional information regarding the background to the proceedings are set out in the seventh report (the **Seventh Report**) of the Proposal Trustee to be filed in connection with this motion.

5 On September 24, 2020, the Company filed a NOI to make a proposal pursuant to the BIA and commenced these proceedings (the **NOI Proceedings**). KSV Restructuring Inc. was named as the Proposal Trustee in the NOI Proceedings.

6 The filing was made in response to the filing of an application for a bankruptcy order (the **Bankruptcy Application**) by Princes Gates GP Inc., the general partner of Princes Gates Hotel Limited Partnership (collectively, **PGH**) and a small number of other trade creditors of the Company.

7 On October 20, 2020, the Company sought and obtained the October 20 Order for, among other things, (a) extension of time to file a proposal in the NOI Proceedings to December 8, 2020; (b) approval of the Administration Charge (as defined in the October 20 Order); and (c) approval of Post-Filing Advances up to \$300,000 from Peter and Paul's Gifts Limited (the **DIP Lender**). The maximum amount of the Post-Filing Advances has been

increased from time to time and the current maximum Post-Filing Advance amount is \$1,650,000.

The Proposal

- 8 On August 26, 2021, the Company filed a proposal (the **Proposal**) for the benefit of its creditors. Details of the Proposal including the results of the meeting of creditors, are set out in the Seventh Report and therefore not repeated herein.

PGH Litigation

- 9 The Company's primary purpose for commencing the NOI Proceedings was to seek protection under the BIA so that it could obtain a streamlined and clear path for its litigation claim against PGH (the **Action**) with the ultimate goal of recovery from PGH and repayment to creditors. The Company does not have any other assets of any material value other than any recovery it may obtain if successful in the Action.
- 10 Following the granting of the October 20 Order, the Company and PGH have adhered to a strict and expedited litigation timetable and have now completed the trial in respect of the Action.
- 11 On July 5, 2021 Justice Gilmore released a judgment in favour of the Company (the **Judgment**). Pursuant to the Judgment, PGH was ordered to pay (a) "reliance damages" in the net amount of \$6,388,645.07 (the **PGH Litigation Funds**), being \$7,124,524.92 less \$735,879.85 by way of set-off for amounts owed to PGH; and (b) \$2.063 million in employee compensation damages (the **PGH Litigation Employee Funds**), which are impressed with a trust and do not form part of the estate.

12 On August 10, 2021, Justice Gilmore awarded the Company \$921,494.43 in costs in relations to the litigation.

13 On August 4, 2021, PGH served a notice of appeal (the **Appeal**) appealing the Judgment, the cost award and asking that judgment be awarded in favour of PGH in the amount of \$735,879.85. The Company intends to vigorously defend the appeal. As of the date of this affidavit, no date has been set for the hearing of the appeal.

B. CASH FLOW AND FUNDING

14 As set out in my Initial Affidavit, the Company has understood that funding would need to be provided going forward given that the Company has not generated revenue since the closure of Hotel X in March 2020 and the purported termination by PGH in July 2020.

15 The DIP Lender initially agreed to fund the Company up to \$300,000 pursuant to a DIP Term Sheet dated as of October 16, 2020 (the **DIP Term Sheet**), which was approved by the Court on October 20, 2020. As set out above, the DIP Term Sheet has been amended from time to time for the primary purpose of increasing the maximum borrowing amount. The current maximum borrowing amount is \$1,650,000. Copies of the DIP Term Sheet and all amendments to date are attached hereto as Exhibit "A".


16 In light of the pending Appeal, the Company's expenses are now projected to exceed \$1,650,000. As such, pursuant to a fifth amendment to the DIP Term Sheet dated August 19, 2021 (the **Fifth DIP Amendment**), the DIP Lender has agreed to further increase the maximum amount of Post-Filing Advances by \$500,000 (the **DIP Increase Amount**) to bring the maximum amount available to be borrowed under the DIP facility to \$2,150,000.

17 The Post-Filing Advances will continue to be used to fund the Company's minimal operating costs, the appeal by PGH of the Judgment, and the professional costs of the

NOI Proceedings, including the approval of a proposal. A copy of the Fifth DIP Amendment is attached hereto as Exhibit "B".

- 18 I understand that an updated cash flow projection will be filed with the Motion Record.
- 19 In order to be able to successfully implement the Proposal and distribute funds to creditors, the Company must fund the costs of the Appeal. Absent approval of the Fifth DIP Amendment, the Company will have no ability to fund those amounts and other amounts necessary for the administration of claims and implementation of the Proposal. This would prejudice the Company's creditors who voted unanimously in favour of acceptance of the Proposal.

SWORN BEFORE ME via videoconference at the City of Toronto, in the Province of Ontario, this 19th day of August, 2021. in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



A Commissioner for taking Affidavits

Gianni Lucas Bianchi, a Commissioner, etc.,
Province of Ontario,
for Norton Rose Fulbright Canada LLP /
S.E.N.C.R.L., s.r.l., Barristers and Solicitors.
Expires March 15, 2024.



PETER ELIOPOULOS

THIS IS **EXHIBIT "A"** TO THE AFFIDAVIT OF
PETER ELIOPOULOS SWORN BEFORE ME VIA
VIDEOCONFERENCE IN THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO,
THIS 19TH DAY OF AUGUST, 2021.



A Commissioner for taking Affidavits in Ontario

Gianni Lucas Bianchi, a Commissioner, etc.,
Province of Ontario,
for Norton Rose Fulbright Canada LLP /
S.E.N.C.R.L., s.r.l., Barristers and Solicitors.
Expires March 15, 2024.

INTERIM DIP FINANCING TERM SHEET

Dated as of October 16, 2020

WHEREAS 2505243 Ontario Limited (the “**Borrower**”) has requested and the DIP Lender (as defined below) has agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings (the “**NOI Proceedings**”) under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) which commenced upon the Borrower’s filing of a notice of intention (“**NOI**”) to make a proposal on September 24, 2020, such financing to be provided in accordance with the terms and conditions set out herein;

AND WHEREAS, the DIP Lender has agreed to provide financing in order to fund certain obligations of the Borrower during the NOI Proceedings;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **BORROWER:** 2505243 Ontario Limited
2. **DIP LENDER:** Peter and Paul’s Gifts Limited (the “**DIP Lender**”).
3. **DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this DIP Financing Term Sheet have the meanings given thereto in Schedule A hereto. Unless otherwise noted, all references to currency, “dollars” or “\$” shall be deemed to refer to Canadian dollars.
4. **DIP FACILITY;
DRAWDOWNS:** A senior secured debtor-in-possession, interim, non-revolving multiple draw credit facility (the “**DIP Facility**”) up to a maximum principal amount of \$300,000 (the “**Facility Amount**”), subject to the terms and conditions contained herein.

The initial advance of the Facility Amount shall be funded to the Borrower within two (2) Business Days after the date on which the Funding Conditions (as defined below) have been satisfied or waived in accordance with Section 8, or such shorter period as the DIP Lender may agree in its sole discretion.
5. **INTEREST:** Interest shall be payable in cash on the aggregate of the outstanding principal amount of the Facility Amount from the date of the funding thereof at a rate equal to 5% per annum, compounded monthly and payable in full on the Maturity Date.

All interest and fees shall be computed on the basis of a year of 365 days, provided that whenever a rate of interest or fee hereunder is calculated on the basis of a year (the “**deemed year**”) that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

The parties shall comply with the following provisions to ensure that no receipt by the DIP Lender of any payments under this DIP Financing Term Sheet would result in a breach of section 347 of the *Criminal Code* (Canada):

- (a) If any provision of this DIP Financing Term Sheet would obligate the Borrower to make any payment to the DIP Lender of an amount that constitutes “interest”, as such term is defined in the *Criminal Code* (Canada) and referred to in this section as “**Criminal Code Interest**”, which would result in the receipt by the DIP Lender of Criminal Code Interest at a criminal rate (as defined in the *Criminal Code* (Canada) and referred to in this section as a “**Criminal Rate**”), then, notwithstanding such provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in the receipt by the DIP Lender of Criminal Code Interest at a Criminal Rate, and the adjustment shall be effected, to the extent necessary, as follows:
 - (i) *first*, by reducing the amount or rate of interest required to be paid to the DIP Lender; and
 - (ii) *thereafter*, by reducing any other amounts (other than costs and expenses) (if any) required to be paid to the DIP Lender which would constitute Criminal Code Interest.
- (b) Any amount or rate of Criminal Code Interest referred to in this section shall be calculated and determined in accordance with generally accepted actuarial practices and principles as an effective

annual rate of interest over the term that any portion of the DIP Facility remains outstanding on the assumption that any charges, fees or expenses that constitute Criminal Code Interest shall be pro-rated over the period commencing on the date of the advance of the Facility Amount and ending on the relevant Maturity Date (as may be extended by the DIP Lender from time to time under this DIP Financing Term Sheet).

6. COSTS AND EXPENSES

The Borrower will reimburse, without duplication, the DIP Lender for all reasonable and documented out-of-pocket expenses (including reasonable and documented legal fees and expenses of counsel for the DIP Lender) in connection with the NOI Proceedings and the on-going monitoring, administration and enforcement of the DIP Facility.

7. PURPOSE AND PERMITTED PAYMENTS:

The Borrower shall use proceeds of the DIP Facility solely for the following purposes, in each case in accordance with the DIP Order and the DIP Budget (subject to the Permitted Variance):

- (a) to pay (i) the reasonable and documented legal fees and expenses of the DIP Lender in accordance with Section 6 hereof, (ii) the reasonable and documented financial advisory fees and legal fees and expenses of the Borrower, and (iii) the reasonable and documented fees and expenses of the Proposal Trustee and its legal counsel;
- (b) to pay the fees and interest owing to the DIP Lender under this DIP Financing Term Sheet; and
- (c) to fund the Borrower's expenses as contemplated by the DIP Budget.

8. CONDITIONS PRECEDENT TO INITIAL FUNDING OF FACILITY AMOUNT:

The DIP Lender's agreement to fund the initial advance Facility Amount to the Borrower is subject to the satisfaction or waiver by the DIP Lender of the following conditions precedent (the "**Funding Conditions**"):

- (a) The DIP Lender (or its counsel) shall have had a reasonable opportunity to review advance copies of, and shall be reasonably satisfied with, all material documents to be filed in respect of the DIP Order;

- (b) The Court shall have entered the DIP Order substantially in the form reasonably acceptable to the DIP Lender (or its counsel), which shall include the grant by the Court of a charge in favour of the DIP Lender (the “**DIP Lender’s Charge**”) on the Collateral, securing all obligations owing by the Borrower to the DIP Lender hereunder including, without limitation, all principal, interest, and fees owing to the DIP Lender as set out herein (collectively, the “**DIP Financing Obligations**”) and providing, among other things, that the DIP Lender’s Charge shall have priority on the Collateral over all Liens, other than the Permitted Priority Liens, and such DIP Order shall not have been stayed, vacated or otherwise amended, restated or modified in any manner that adversely affects the DIP Lender, without the written consent of the DIP Lender;
- (c) The DIP Lender (or its counsel) shall be satisfied that the entering into of this DIP Financing Term Sheet, the granting of the DIP Lender’s Charge, the consummation of the transactions contemplated hereby has been approved by the Borrower;
- (d) The Borrower shall have executed and delivered this DIP Financing Term Sheet;
- (e) No Event of Default shall have occurred or will occur as a result of the requested advance;
- (f) There shall be no Liens ranking in priority to the DIP Lender’s Charge over the property and assets of the Borrower, other than the Permitted Priority Liens; and
- (g) All reasonable and documented expenses (including all reasonable and documented legal fees and expenses) of the DIP Lender incurred in connection with the DIP Facility and invoiced by no later than two (2) Business Days’ prior to the initial funding of the Facility Amount shall have been paid in full as and to the extent required under Section 6 (which expenses may be deducted from the advance of the Facility

Amount).

9. DIP FACILITY SECURITY: All obligations of the Borrower to the DIP Lender under or in connection with the DIP Facility shall be secured by the DIP Lender's Charge.

10. REPAYMENT: The DIP Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured and a demand for repayment in writing having been made by the DIP Lender to the Borrower with a copy to the Proposal Trustee (and each of their respective counsel); (ii) the implementation of a proposal under the BIA, in which case the DIP Financing Obligations shall be treated in the manner contemplated thereunder; and (iii) March 24, 2021 (the earliest of such dates being the "**Maturity Date**"). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the DIP Lender for such period and on such terms and conditions as the Borrower and the DIP Lender may agree, provided that any material amendments to the terms and conditions shall be also be subject to the prior written consent of the Proposal Trustee.

11. DIP BUDGET AND VARIANCE REPORTING: Attached as Schedule B hereto is a copy of the agreed initial DIP Budget as in effect on the date hereof, which the DIP Lender acknowledges and agrees has been reviewed and approved by the DIP Lender, and is in form and substance satisfactory to the DIP Lender. Such DIP Budget shall be the DIP Budget referenced in this DIP Financing Term Sheet until such time as a revised DIP Budget has been approved by the DIP Lender in accordance with this Section 11.

The Borrower, with the assistance of the Proposal Trustee, shall update the DIP Budget from time to time coincident with the Borrower's Extension Motions and provide all updated DIP Budgets to the DIP Lender at least five (5) Business Days (or such shorter time as the DIP Lender may agree) in advance of filing such updated DIP Budget with the Court. If the DIP Lender determines that the proposed revised DIP Budget is not acceptable provide written notice to the Borrower (and its legal counsel) and the Proposal Trustee as soon as reasonably thereafter after receipt stating that the proposed revised DIP Budget is not acceptable and setting out the reasons why such revised DIP Budget is not acceptable, and until the Borrower has

delivered a revised DIP Budget acceptable to the DIP Lender, the prior DIP Budget shall remain in effect.

At any time, the latest DIP Budget accepted by the DIP Lender (or which has not been designated as not acceptable by the DIP Lender by written notice to the Borrower, as provided above), shall be the DIP Budget for the purpose of this DIP Financing Term Sheet.

Coincident with the Borrower's Extension Motions, the Borrower shall deliver to the DIP Lender's counsel, a variance calculation (the "**Variance Report**") setting forth (i) actual receipts and disbursements for the preceding extension period, and (ii) actual receipts and disbursements on a cumulative basis since the beginning of the period covered by the then-current DIP Budget, in each case as against the then-current DIP Budget, and setting forth all the variances, on an aggregate basis in comparison to the amounts set forth in respect thereof in the DIP Budget; each such Variance Report to be promptly discussed with the DIP Lender and its advisors upon request.

12. PREPAYMENTS:

The Borrower may, without premium or penalty, prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date.

13. CURRENCY:

If any payment is received by the DIP Lender hereunder in a currency other than Canadian dollars, or, if for the purposes of obtaining judgment in any court it is necessary to convert a sum due in Canadian dollars (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties hereby agree, to the fullest extent permitted by Applicable Law, that the rate of exchange used shall be the rate at which the DIP Lender is able to purchase the Original Currency with the Other Currency after any premium and costs of exchange on the Business Day preceding that on which such payment is made or final judgment is given.

14. REPRESENTATIONS AND WARRANTIES:

The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender is relying in entering into this DIP Financing Term Sheet, that:

- (a) The transactions contemplated by this DIP Financing Term Sheet:

- (i) are within the corporate power of the Borrower;
 - (ii) have been duly executed and delivered by or on behalf of the Borrower;
 - (iii) upon the granting of the DIP Order, shall constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms;
 - (iv) upon the granting of the DIP Order, do not require any material authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
 - (v) will not violate the articles or by-laws of the Borrower or any Applicable Law.
- (b) The Collateral is free and clear of all Liens other than Permitted Liens and, upon the granting of the DIP Order, the DIP Lender's Charge.

15. AFFIRMATIVE COVENANTS:

The Borrower agrees to do, or cause to be done, the following, unless otherwise consented to or waived in writing by the DIP Lender, acting reasonably:

- (a) The Borrower shall serve its motion materials for the DIP Order on all material secured parties, if any, and shall include a request by the Borrower requesting that the Court order that the DIP Lender's Charge shall rank in priority to the Liens of any such secured parties, but excluding, in each case, any secured party holding a Permitted Priority Lien;
- (b) Use the proceeds of the DIP Facility only in accordance with Section 7 and in accordance with the restrictions set out herein and pursuant to the DIP Budget;
- (c) Comply with the provisions of the DIP Order and all other orders of the Court entered in connection with the NOI Proceedings (collectively, the "**Court Orders**" and each a "**Court Order**");

- (d) Promptly notify the DIP Lender of the occurrence of any Event of Default;
- (e) Comply in all material respects with Applicable Law, except to the extent not required to do so pursuant to the DIP Order or any other Court Order;
- (f) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating to the extent that it would materially affect the rights and interests of the DIP Lender or the Hotel X Claim;
- (g) Comply with the DIP Budget subject to the Permitted Variance;

16. NEGATIVE COVENANTS:

The Borrower covenants and agrees not to do, or cause not to be done, the following, other than with the prior written consent of the DIP Lender, acting reasonably:

- (a) Transfer, lease or dispose of all or any substantial part of its property, assets or undertaking outside of the ordinary course of business, except such asset sales or dispositions as are permitted pursuant to the DIP Order;
- (b) Make any payment, including, without limitation, any payment of principal, interest or fees, in respect of pre-filing indebtedness, or in respect of any other pre-filing liabilities, other such amounts as are permitted to be paid pursuant to the DIP Order and provided that the aggregate amount of all such pre-filing amounts shall not exceed the amount set out in the DIP Budget;
- (c) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date hereof, (B) the DIP Financing Obligations and (C) as the DIP Lender and the Proposal Trustee may agree;
- (d) Make any distribution, dividend, return of capital or other distribution in respect of, or any redemption of, equity securities (in cash, securities or other property or otherwise);

- (e) Make any material investments or acquisitions whether direct or indirect, other than as reflected in the DIP Budget;
- (f) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens;
- (g) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change their corporate or capital structure (including their organizational documents); or
- (h) Seek, or consent to the appointment of, a receiver or trustee in bankruptcy or any similar official in any jurisdiction.

17. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default (each an “**Event of Default**”) under this DIP Financing Term Sheet:

- (a) Failure by the Borrower to pay: (i) principal, interest or other amounts within three (3) Business Days of such amounts becoming due under this DIP Financing Term Sheet; or (ii) costs and expenses of the DIP Lender in accordance with Section 6 hereof within ten (10) Business Days of receiving an invoice therefor;
- (b) Failure by the Borrower to comply with its covenants as set out herein and such failure remains unremedied for ten (10) Business Days following receipt of notice thereof from the DIP Lender;
- (c) Any representation or warranty by the Borrower made in this DIP Financing Term Sheet is or proves to be incorrect or misleading in any material respect as of the date made;
- (d) Issuance of a Court Order: (i) dismissing the NOI Proceedings or lifting the stay in the NOI Proceedings to permit the enforcement of any security against the Borrower or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order against or in

respect of the Borrower, in each case which order is not stayed pending appeal thereof, and other than in respect of a non-material asset not required for the operations of the Borrower's business; (ii) granting any other Lien in respect of the Collateral that is in priority to or pari passu with the DIP Lender's Charge other than as permitted pursuant to this DIP Financing Term Sheet (including, for greater certainty, any Permitted Priority Liens granted pursuant to a Court Order), or (iii) staying, reversing, vacating or otherwise modifying this DIP Financing Term Sheet or the DIP Lender's Charge, in each case unless otherwise consented to by the DIP Lender;

- (e) Unless consented to in writing by the DIP Lender, the expiry of the stay of proceedings under the BIA;
- (f) As at the date of any Variance Report, there shall exist a net negative variance from the DIP Budget in excess of 20% (the "**Permitted Variance**") on a cumulative basis since the beginning of the period covered by the then-current DIP Budget; or
- (g) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this DIP Financing Term Sheet.

18. REMEDIES:

Upon the occurrence of an Event of Default, the DIP Lender may, upon not less than seven (7) days' prior written notice to the Borrower and the Proposal Trustee, and otherwise subject to the provisions of the Court Orders, declare the DIP Financing Obligations to be immediately due and payable and may thereafter, exercise any and all of its rights and remedies against the Borrower or the Collateral under or pursuant to this DIP Financing Term Sheet and the DIP Lender's Charge, including, without limitation:

- (a) apply to a court for appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Borrower and for the appointment of a trustee in bankruptcy of the Borrower;

- (b) set-off or consolidate any amounts then owing by the DIP Lender to the Borrower against the obligations of any of the Borrower to the DIP Lender (in their capacities as such) hereunder; and
- (c) exercise all such other rights and remedies under Applicable Law.

**19. INDEMNITY AND
RELEASE:**

The Borrower agrees to indemnify and hold harmless the DIP Lender and its directors, officers, employees and agents (all such persons and entities being referred to hereafter as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings, claims, losses, damages and liabilities of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person as a result of or arising out of or in any way related to the DIP Facility, this DIP Financing Term Sheet and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, the Borrower shall not be obligated to indemnify any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction (y) relating to the DIP Lender’s failure to comply with or breach of their respective obligations under this DIP Financing Term Sheet, or (z) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential damages, loss of profits or punitive damages.

**20. DIP LENDER’S
APPROVALS:**

Any consent, agreement, amendment, approval, waiver or instruction of the DIP Lender to be delivered hereunder, may be delivered by any written instrument, including by way of electronic mail, by counsel on behalf of the DIP Lender.

21. FURTHER ASSURANCES:

The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the DIP Lender may reasonably request for the purpose of giving effect to this DIP Financing Term Sheet.

**22. ENTIRE AGREEMENT;
CONFLICT:**

This DIP Financing Term Sheet, including the schedules hereto, constitute the entire agreement between the parties relating to the subject matter hereof.

23. AMENDMENTS,

No waiver or delay on the part of the DIP Lender in

WAIVERS, ETC.:

exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lender and delivered in accordance with the terms of this DIP Financing Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

24. ASSIGNMENT:

The DIP Lender may, with the consent of the Borrower (which consent shall not be required during the existence of any Event of Default hereunder), assign this DIP Financing Term Sheet and its rights and obligations hereunder, in whole or in part, to any Person (subject in all cases to (i) providing the Proposal Trustee with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of such assigning DIP Lender hereunder and (ii) the assignee entering into an agreement with the Borrower, in form and substance reasonably acceptable to the Borrower and the Proposal Trustee, to confirm such assignment). Neither this DIP Financing Term Sheet nor any right or obligation hereunder may be assigned by the Borrower.

25. SEVERABILITY:

Any provision in this DIP Financing Term Sheet which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

26. NO THIRD PARTY BENEFICIARY:

No person, other than the Borrower, the DIP Lender and the Indemnified Parties, is entitled to rely upon this DIP Financing Term Sheet and the parties expressly agree that this DIP Financing Term Sheet does not confer rights upon any other party.

27. COUNTERPARTS AND ELECTRONIC SIGNATURES:

This DIP Financing Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission including "pdf email", each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

28. NOTICES:

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the such Person at its address set out on its signature page hereof. Any such notice, request or

other communication hereunder shall be concurrently sent to the Proposal Trustee and its counsel.

Any such notice shall be deemed to be given and received when received, unless received after 5:00pm (Toronto time) or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

29. GOVERNING LAW:

This DIP Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[signature pages follow]

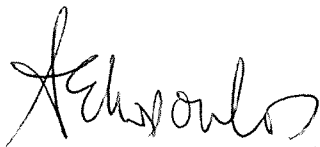
IN WITNESS HEREOF, the parties hereby execute this DIP Financing Term Sheet as at the date first above mentioned.

Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

PETER AND PAUL'S GIFTS LIMITED

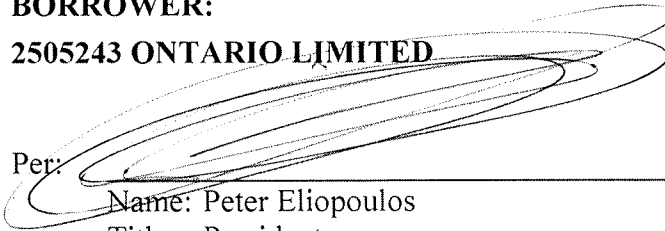
Per: 
Name: Anna Eliopoulos
Title: President

I have authority to bind the corporation.

Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

BORROWER:
2505243 ONTARIO LIMITED

Per: Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email: jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

SCHEDULE A
DEFINED TERMS

“**Administration Charge**” means an administration charge in an aggregate amount not to exceed **\$100,000** which shall rank in priority to the DIP Lender’s Charge pursuant to the DIP Order.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law and binding on such Person.

“**BIA**” has the meaning given thereto in the Recitals.

“**Borrower**” has the meaning given thereto in the Recitals.

“**Business Day**” means any day other than a Saturday, Sunday or any other day in which banks in Toronto, Ontario are not open for business.

“**Collateral**” means all of the Borrower’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof.

“**Court**” has the meaning given thereto in the Recitals.

“**Court Order**” and “**Court Orders**” have the meanings given thereto in Section 15(c).

“**Criminal Code Interest**” has meaning given thereto in Section 5.

“**Criminal Rate**” has meaning given thereto in Section 5.

“**DIP Budget**” means the financial projections prepared by the Borrower in connection with its October 20 Extension Motion, which shall be in form and substance reasonably acceptable to the DIP Lender, which financial projections may be amended from time to time in accordance with Section 11.

“**DIP Facility**” has the meaning given thereto in Section 4.

“**DIP Financing Obligations**” has the meaning given thereto in Section 8.

“**DIP Lender**” has the meaning given thereto in Section 2.

“**DIP Lender Charge**” has the meaning given thereto in Section 8(b).

“**DIP Order**” means an order of the Court granted pursuant to the BIA approving, among other things, the DIP Lender’s Charge.

“**Event of Default**” has the meaning given thereto in Section 17.

“**Extension Motions**” means the Borrower’s motions to seek an extension of the time in which it must file a proposal under the BIA.

“**Facility Amount**” has the meaning given thereto in Section 4.

“**Filing Date**” means September 24, 2020.

“**Funding Conditions**” has the meaning given thereto in Section 8.

“**Governmental Authority**” means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

“**Hotel X Claim**” means (i) the action in the Ontario Superior Court of Justice, bearing Court File No. CV-20-644262, commenced by the Borrower against the operator of Hotel X, Princes Gates GP Inc., on July 2020, 2020, and/or (ii) an arbitration between the Borrower and Princes Gates GP Inc. regarding the same issues as pleaded in the Borrower’s statement of claim in the court action referenced above at (i).

“**Indemnified Persons**” has the meaning given thereto in Section 19.

“**Liens**” means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever.

“**Maturity Date**” has the meaning given thereto in Section 10.

“**NOI Proceedings**” has the meaning given thereto in the Recitals.

“**Original Currency**” has the meaning given thereto in Section 13.

“**Other Currency**” has the meaning given thereto in Section 13.

“**Permitted Liens**” means (i) the DIP Lender’s Charge; (ii) any charges created under the DIP Order or other Court Order, in each case subsequent in priority to the DIP Lender’s Charge and approved by the DIP Lender, acting reasonably; (iii) validly perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (v) the Permitted Priority Liens.

“**Permitted Priority Liens**” means (i) the Administration Charge, and (ii) any amounts payable by the Borrower for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims or governmental liens that have been validly perfected pursuant to the *Personal Property Security Act* (Ontario), solely to the extent such amounts are given priority by

Applicable Law and only to the extent that the priority of such amounts have not been subordinated to the DIP Lender's Charge granted by the Court.

"Permitted Variance" has the meaning given thereto in Section 17(f).

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, unlimited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Proposal Trustee" means KSV Restructuring Inc., in its capacity as proposal trustee of the Borrower in the NOI Proceedings.

"Variance Report" has the meaning given thereto in Section 11.

FIRST AMENDMENT TO INTERIM DIP FINANCING TERM SHEET

This First Amendment (the “**First Amendment**”) to the Interim DIP Financing Term Sheet dated as of October 16, 2020 (the “**Original DIP Term Sheet**”) is dated as of the 30th day of November, 2020

BETWEEN:

2505243 ONTARIO LIMITED

(the “**Borrower**”)

AND:

PETER AND PAUL’S GIFTS LIMITED

(the “**DIP Lender**”)

WHEREAS, the Borrower requested and the DIP Lender agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings under the *Bankruptcy and Insolvency Act*, which commenced upon the Borrower’s filing of a notice of intention to make a proposal on September 24, 2020;

AND WHEREAS, the Borrower and the DIP Lender entered into the Original DIP Term Sheet;

AND WHEREAS, the Borrower and the DIP Lender wish to amend the Original DIP Term Sheet on the terms set out in this First Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. AMENDMENT TO TERM SHEET

The Borrower and the DIP Lender agree that the Original DIP Term Sheet is amended as follows:

(a) the definition of “Facility Amount” as defined in paragraph 4 of the Original DIP Term Sheet is amended to replace reference to \$300,000 with “\$460,000”.

2. CONSTRUCTION AND INTERPRETATION

This First Amendment shall be read together with the Original DIP Term Sheet. This First Amendment is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario which is deemed to be the proper law of this First Amendment. If there is a conflict between the

terms and conditions of the Original DIP Term Sheet and the terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall prevail.

3. COUNTERPARTS

This First Amendment may be executed by the parties in counterparts and may be executed and delivered by electronic transmission.

[Signature page follows]

IN WITNESS HEREOF, the parties hereby execute this First Amendment to the Interim DIP Financing Term Sheet as at the date first above mentioned.

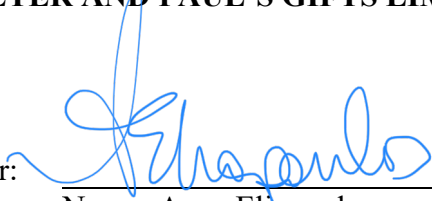
Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Anna Eliopoulos
Email: peterandpauls@gmail.com

PETER AND PAUL'S GIFTS LIMITED

Per:



Name: Anna Eliopoulos
Title: President

I have authority to bind the corporation.

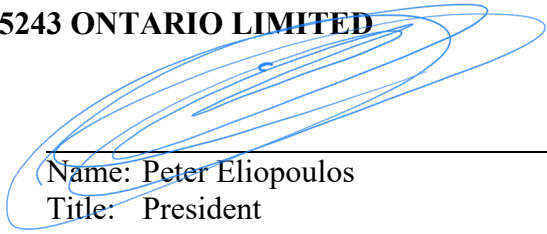
Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

**BORROWER:
2505243 ONTARIO LIMITED**

Per:



Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email:
jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

SECOND AMENDMENT TO INTERIM DIP FINANCING TERM SHEET

This Second Amendment (the “**Second Amendment**”) to the Interim DIP Financing Term Sheet dated as of October 16, 2020 (as amended on November 30, 2020 pursuant to the First Amendment to the Interim DIP Financing Term Sheet, the “**DIP Term Sheet**”) is dated as of the 18th day of January, 2021.

BETWEEN:

2505243 ONTARIO LIMITED

(the “**Borrower**”)

AND:

PETER AND PAUL’S GIFTS LIMITED

(the “**DIP Lender**”)

WHEREAS, the Borrower requested and the DIP Lender agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings under the *Bankruptcy and Insolvency Act*, which commenced upon the Borrower’s filing of a notice of intention to make a proposal on September 24, 2020;

AND WHEREAS, the Borrower and the DIP Lender entered into the DIP Term Sheet;

AND WHEREAS, the Borrower and the DIP Lender wish to further amend the DIP Term Sheet on the terms set out in this Second Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. AMENDMENT TO DIP TERM SHEET

The Borrower and the DIP Lender agree that the DIP Term Sheet is amended as follows:

- (a) the definition of “Facility Amount” as defined in paragraph 4 of the DIP Term Sheet is amended to replace reference to \$300,000 with “\$900,000”; and
- (b) the first sentence of paragraph 5 of the DIP Term Sheet is replaced in its entirety with “Interest shall be payable in cash on the aggregate of the outstanding principal amount of the Facility Amount (i) at a rate equal to 5% in respect of advances up to the principal amount of \$460,000, and (ii) at a rate equal to 7% in respect of advances to the subsequent principal amount of \$440,000, in each case per annum, compounded monthly and payable in full on the Maturity Date.”

2. CONSTRUCTION AND INTERPRETATION

This Second Amendment shall be read together with the DIP Term Sheet. This Second Amendment is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario which is deemed to be the proper law of this Second Amendment. If there is a conflict between the terms and conditions of the DIP Term Sheet and the terms and conditions of this Second Amendment, the terms and conditions of this Second Amendment shall prevail.

3. COUNTERPARTS

This Second Amendment may be executed by the parties in counterparts and may be executed and delivered by electronic transmission.

[Signature page follows]

IN WITNESS HEREOF, the parties hereby execute this Second Amendment to the Interim DIP Financing Term Sheet as at the date first above mentioned.

Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Anna Eliopoulos
Email: peterandpauls@gmail.com

PETER AND PAUL'S GIFTS LIMITED

Per:



Name: Anna Eliopoulos
Title: President

I have authority to bind the corporation.

Address:

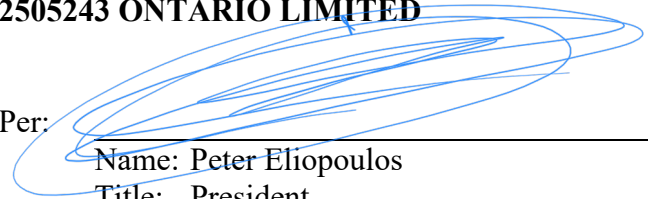
6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

BORROWER:

2505243 ONTARIO LIMITED

Per:



Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email:
jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

THIRD AMENDMENT TO INTERIM DIP FINANCING TERM SHEET

This Third Amendment (the “**Third Amendment**”) to the Interim DIP Financing Term Sheet dated as of October 16, 2020 (as amended on November 30, 2020 pursuant to the First Amendment to the Interim DIP Financing Term Sheet and as further amended on January 18, 2021 pursuant to the Second Amendment to the Interim DIP Financing Term Sheet, the “**DIP Term Sheet**”) is dated as of the 24th day of February, 2021.

BETWEEN:

2505243 ONTARIO LIMITED

(the “**Borrower**”)

AND:

PETER AND PAUL’S GIFTS LIMITED

(the “**DIP Lender**”)

WHEREAS, the Borrower requested and the DIP Lender agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings under the *Bankruptcy and Insolvency Act*, which commenced upon the Borrower’s filing of a notice of intention to make a proposal on September 24, 2020;

AND WHEREAS, the Borrower and the DIP Lender entered into the DIP Term Sheet;

AND WHEREAS, the Borrower and the DIP Lender wish to further amend the DIP Term Sheet on the terms set out in this Third Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. AMENDMENT TO DIP TERM SHEET

The Borrower and the DIP Lender agree that the DIP Term Sheet is amended as follows:

- (a) the definition of “Facility Amount” as defined in paragraph 4 of the DIP Term Sheet is amended to replace reference to \$300,000 with “\$1,500,000”.

2. CONSTRUCTION AND INTERPRETATION

This Third Amendment shall be read together with the DIP Term Sheet. This Third Amendment is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario which is deemed to be the proper law of this Third Amendment. If there is a conflict between the terms and

conditions of the DIP Term Sheet and the terms and conditions of this Third Amendment, the terms and conditions of this Third Amendment shall prevail.

3. COUNTERPARTS

This Third Amendment may be executed by the parties in counterparts and may be executed and delivered by electronic transmission.

[Signature page follows]

IN WITNESS HEREOF, the parties hereby execute this Third Amendment to the Interim DIP Financing Term Sheet as at the date first above mentioned.

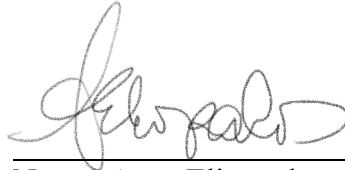
Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Anna Eliopoulos
Email: peterandpauls@gmail.com

PETER AND PAUL'S GIFTS LIMITED

Per:



Name: Anna Eliopoulos
Title: President

I have authority to bind the corporation.

Address:

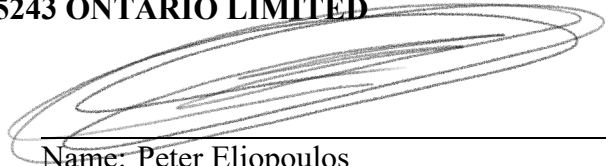
6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

BORROWER:

2505243 ONTARIO LIMITED

Per:



Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email:
jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

FOURTH AMENDMENT TO INTERIM DIP FINANCING TERM SHEET

This Fourth Amendment (the “**Fourth Amendment**”) to the Interim DIP Financing Term Sheet dated as of October 16, 2020 (as amended on November 30, 2020, January 18, 2021 and February 24, 2021, collectively, the “**DIP Term Sheet**”) is dated as of the 20th day of May, 2021.

BETWEEN:

2505243 ONTARIO LIMITED

(the “**Borrower**”)

AND:

PETER AND PAUL’S GIFTS LIMITED

(the “**DIP Lender**”)

WHEREAS, the Borrower requested and the DIP Lender agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings under the *Bankruptcy and Insolvency Act*, which commenced upon the Borrower’s filing of a notice of intention to make a proposal on September 24, 2020;

AND WHEREAS, the Borrower and the DIP Lender entered into the DIP Term Sheet;

AND WHEREAS, the Borrower and the DIP Lender wish to further amend the DIP Term Sheet on the terms set out in this Fourth Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. AMENDMENT TO DIP TERM SHEET

The Borrower and the DIP Lender agree that the DIP Term Sheet is amended as follows:

- (a) the definition of “Facility Amount” as defined in paragraph 4 of the DIP Term Sheet is amended to replace reference to \$1,500,000 with “\$1,650,000”.

2. CONSTRUCTION AND INTERPRETATION

This Fourth Amendment shall be read together with the DIP Term Sheet. This Fourth Amendment is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario which is deemed to be the proper law of this Fourth Amendment. If there is a conflict between the terms and

conditions of the DIP Term Sheet and the terms and conditions of this Fourth Amendment, the terms and conditions of this Fourth Amendment shall prevail.

3. COUNTERPARTS

This Fourth Amendment may be executed by the parties in counterparts and may be executed and delivered by electronic transmission.

[Signature page follows]

IN WITNESS HEREOF, the parties hereby execute this Fourth Amendment to the Interim DIP Financing Term Sheet as at the date first above mentioned.

Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Anna Eliopoulos
Email: peterandpauls@gmail.com

PETER AND PAUL'S GIFTS LIMITED

Per:



Name: Anna Eliopoulos
Title: President

I have authority to bind the corporation.

Address:

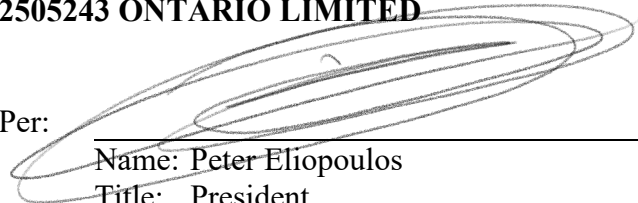
6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

BORROWER:

2505243 ONTARIO LIMITED

Per:



Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email:
jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

THIS IS **EXHIBIT "B"** TO THE AFFIDAVIT OF
PETER ELIOPOULOS SWORN BEFORE ME VIA
VIDEOCONFERENCE IN THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO,
THIS 19TH DAY OF AUGUST, 2021.



A Commissioner for taking Affidavits in Ontario

Gianni Lucas Bianchi, a Commissioner, etc.,
Province of Ontario,
for Norton Rose Fulbright Canada LLP /
S.E.N.C.R.L., s.r.l., Barristers and Solicitors.
Expires March 15, 2024.

FIFTH AMENDMENT TO INTERIM DIP FINANCING TERM SHEET

This Fifth Amendment (the “**Fifth Amendment**”) to the Interim DIP Financing Term Sheet dated as of October 16, 2020 (as amended on November 30, 2020, January 18, 2021 and February 24, 2021, and May 20, 2021, collectively, the “**DIP Term Sheet**”) is dated as of the 19th day of August, 2021.

BETWEEN:

2505243 ONTARIO LIMITED

(the “**Borrower**”)

AND:

PETER AND PAUL’S GIFTS LIMITED

(the “**DIP Lender**”)

WHEREAS, the Borrower requested and the DIP Lender agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings under the *Bankruptcy and Insolvency Act*, which commenced upon the Borrower’s filing of a notice of intention to make a proposal on September 24, 2020;

AND WHEREAS, the Borrower and the DIP Lender entered into the DIP Term Sheet;

AND WHEREAS, the Borrower and the DIP Lender wish to further amend the DIP Term Sheet on the terms set out in this Fifth Amendment.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. AMENDMENT TO DIP TERM SHEET

The Borrower and the DIP Lender agree that the DIP Term Sheet is amended as follows:

- (a) the definition of “Facility Amount” as defined in paragraph 4 of the DIP Term Sheet is amended to replace reference to \$1,650,000 with “\$2,150,000”.

2. CONSTRUCTION AND INTERPRETATION

This Fifth Amendment shall be read together with the DIP Term Sheet. This Fifth Amendment is governed exclusively by, and is to be enforced, construed and interpreted exclusively in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario which is deemed to be the proper law of this Fifth Amendment. If there is a conflict between the terms and

conditions of the DIP Term Sheet and the terms and conditions of this Fifth Amendment, the terms and conditions of this Fifth Amendment shall prevail.

3. COUNTERPARTS

This Fifth Amendment may be executed by the parties in counterparts and may be executed and delivered by electronic transmission.

[Signature page follows]

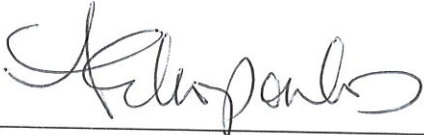
IN WITNESS HEREOF, the parties hereby execute this Fifth Amendment to the Interim DIP Financing Term Sheet as at the date first above mentioned.

Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Anna Eliopoulos
Email: peterandpauls@gmail.com

PETER AND PAUL'S GIFTS LIMITED

Per: 
Name: Anna Eliopoulos
Title: President

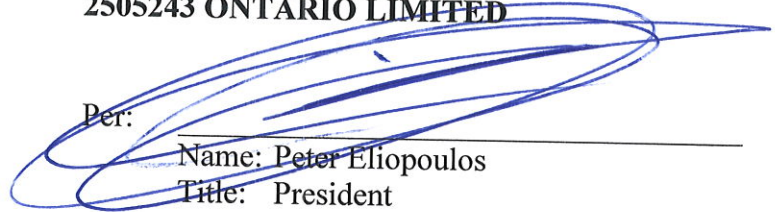
I have authority to bind the corporation.

Address:

6260 Hwy 7, Unit 1
Vaughan, Ontario, L4H 4G3

Attention: Peter Eliopoulos
Email: peterandpauls@gmail.com

BORROWER:
2505243 ONTARIO LIMITED

Per: 
Name: Peter Eliopoulos
Title: President

With a copy to:

Norton Rose Fulbright Canada LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, Ontario, M5K 1E7

Attention: Jennifer Stam
Email:
jennifer.stam@nortonrosefulbright.com

I have authority to bind the corporation.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2505243 ONTARIO LIMITED OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO

Estate/Court File No.: 31-2675288

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

**AFFIDAVIT OF PETER ELIOPOULOS
(Sworn August 19, 2021)
(Further DIP Increase)**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000, P.O. Box 53
Toronto, ON M5K 1E7

Jennifer Stam (LSO# 46735J)

Tel: 416-202-6707

Email: Jennifer.stam@nortonrosefulbright.com

Randy Sutton (LSO# 50369C)

Tel: 416-216-4046

Email: randy.sutton@nortonrosefulbright.com

Fax: 416-216-3930

Lawyers for 2505243 Ontario Limited

IN THE MATTER OF THE PROPOSAL OF 2505243 ONTARIO LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court/Estate File No.: 31-2675288

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

PALIARE ROLAND ROSENBERG
ROTHSTEIN LLP

155 Wellington Street West, 35th Floor
Toronto, ON M5V 3H1

Jeffrey Larry (LSO #44608D)

Tel.: 416.646.4330

email: jeff.larry@paliareroland.com

Lawyers for the Proposal Trustee