



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

May 21, 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

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

MAY 21, 2021

1.0 Introduction

1. This report (the “Report”) is filed by KSV Restructuring Inc. (“KSV”) in its capacity as proposal trustee (the “Proposal Trustee”) in connection with a Notice of Intention to Make a Proposal (“NOI”) filed by 2505243 Ontario Limited (the “Company”) on September 24, 2020 pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “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. 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”) the Bankruptcy Application was stayed.
3. The principal purposes of these restructuring proceedings are to provide the Company 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 November 10, 2020, Mr. Justice Koehnen issued an endorsement (the “November 10th Endorsement”) establishing a litigation timetable (the “Litigation Timetable”). On December 22, 2020, Mr. Justice Koehnen issued a further endorsement (the “December 22nd Endorsement”) revising the Litigation Timetable. Copies of the November 10th Endorsement and the December 22nd Endorsement are provided in Appendix “A”.

5. On March 1, 2021, the Court issued an order (the “March 1st Order”), *inter alia*, increasing the maximum available borrowings under the debtor-in-possession financing facility (the “DIP Facility”) provided by Peter and Paul’s Gifts Limited (the “DIP Lender”) and extending the stay of proceedings to 15 business days after the day on which the Court releases its final decision with respect to the Company’s litigation against PGH (bearing Court File No. CV-20-644262). A copy of the March 1st Order is attached as Appendix “B”.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company and these proceedings;
 - b) report on the Company’s weekly cash flow projections for the period May 31, 2021 to June 30, 2021¹ (the “Cash Flow Forecast”);
 - c) discuss the need for an increase in the DIP Facility;
 - d) summarize the Proposal Trustee’s activities since February 25, 2021, the date of the Proposal Trustee’s Fifth Report to Court (the “Fifth Report”); and
 - e) recommend that the Court make an order:
 - authorizing a \$150,000 increase in the DIP Facility on the terms set out in the Fourth 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.

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.

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, Mennagio 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 Proposal Trustee has been advised that 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. 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. Pursuant to an order of the Court issued on October 20, 2020 (the “October 20th Order”), the DIP Facility and the DIP Lender’s charge were approved. A copy of the October 20th Order is attached as Appendix “C”.
10. Pursuant to the November 10th Endorsement, the following Litigation Timetable was established²:
 - motions for security for costs and certificate of pending litigation were scheduled to be heard on December 4, 2020³;
 - the pre-trial settlement conference was scheduled to be heard on February 9, 2021;
 - the trial management conference was scheduled to be heard on February 19, 2021; and
 - the trial was scheduled to commence on March 1, 2021.
11. Pursuant to the December 22nd Endorsement, the initial Litigation Timetable was revised as follows:
 - the dates for examinations for discovery were January 22, 25 and 26, 2021;
 - the date for delivery of expert reports was February 5, 2021; and
 - the date for answers to undertakings was February 8, 2021.
12. 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. No further mediation sessions were conducted.
13. 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.
14. Closing arguments in the trial are scheduled to be heard on May 26, 2021.

3.0 Cash Flow Forecast

1. The Company has prepared a supplemental cash flow forecast for the period May 31, 2021 to June 30, 2021 (the “Period”). June 30, 2021 has been assumed to be the outside date to file a proposal based on the Company’s expectation of when the trial decision may be released.⁴ 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 “D”.

² On November 15, 2020, the Court made revisions to the Litigation Timetable, including changing the scheduled date of the trial management conference from February 22, 2021 to February 19, 2021.

³ The Proposal Trustee understands that the Company did not bring the motion for certificate of pending litigation.

⁴ If these proceedings extend beyond June 30, 2021, a supplemental cash flow forecast will be filed by the Company.

2. The Company is not presently operating. The Company has a small number of employees. 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. Minimal contingent payments are also projected.
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 "E".

3.1 Increase in the DIP Facility⁵

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 three prior Court-approved amendments to the DIP Term Sheet, the maximum amount that can be borrowed under the DIP Facility has been increased to \$1.5 million. As at the date of this Report, the Company has borrowed approximately \$1.29 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 be drawn.
2. Based on the Cash Flow Forecast, the Company will require an increase of \$150,000 (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 \$1.65 million. The DIP Limit Increase is required to fund the costs of these proceedings and the litigation.
3. The DIP Lender has agreed to the DIP Limit Increase pursuant to a fourth amendment to the DIP Term Sheet dated May 20, 2021 (the "Fourth DIP Amendment").
4. Pursuant to the Fourth DIP Amendment, the DIP Limit Increase (\$150,000) will continue to accrue interest at 7%, which is consistent with interest charges accruing on advances made pursuant to the most recent Court-approved amendments to the DIP Term Sheet. A copy of the Fourth DIP Amendment is attached as Appendix "F" to this Report.

⁵ Terms not defined in this section have the meaning provided to them in the DIP Term Sheet, as amended, unless otherwise defined herein.

3.2 Fourth 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 Third DIP Amendment is reasonable for the following reasons:
 - a) the increased maximum borrowings under the DIP Facility enhance the prospects of a successful restructuring;
 - b) the rate of interest on borrowings under the Fourth DIP Amendment (7%) is consistent with the rate of interest 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;
 - 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.

4.0 Overview of the Company's Activities

1. The Company's activities since February 25, 2021, the date of the Fifth 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 as well as some incidental matters related to the statutory requirements of these proceedings.

5.0 Overview of the Proposal Trustee's Activities

1. The Proposal Trustee's activities since February 25, 2021, the date of the Fifth 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 Office of the Superintendent of Bankruptcy, as required pursuant to the BIA;
 - c) drafting this Report;
 - d) attending at Court, as required;

- e) corresponding with its counsel, Paliare Roland Rosenberg Rothstein LLP (“Paliare Roland”), and with Norton Rose;
- f) corresponding with creditors;
- g) reviewing the Fourth DIP Amendment;
- h) 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;
- i) reviewing claims against the Company, including intercompany claims;
- j) maintaining the Proposal Trustee’s website established for these proceedings; and
- k) maintaining the service list.

6.0 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)(e) 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”

From: Koehnen, Mr. Justice Markus (SCJ)

Sent: November 10, 2020 4:05 PM

To: Sutton, Randy <randy.sutton@nortonrosefulbright.com>; Anissimova, Alsou (MAG) <Alsou.Anissimova@>; Stam, Jennifer <jennifer.stam@nortonrosefulbright.com>; Choi, Peter <peter.choi@nortonrosefulbright.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Anschuetz, Erika <erika.anschuetz@nortonrosefulbright.com>

Cc: Jeff.Larry@paliarerland.com; pcarey@loonix.com; tlambert@loonix.com;

Subject: Re: 31-2675288 - In the Matter of the Notice of Intention to Make a Proposal of 2505243 Ontario Limited

This email constitutes my endorsement arising of today's hearing and should be placed into the court file.

The following dates were confirmed or set during today's case conference:

December 4, 2020 2 PM before Conway J: motion for security for costs, certificate of pending litigation and to extend the stay.

February 9, 2021 at 10 AM: pretrial settlement conference before Justice Haney for two hours.

February 22, 2021 at 11 AM trial management conference before Justice McEwen

March 1, 2021: seven day trial before Justice McEwen

Justice Markus Koehnen

Endorsement of Mr. Justice Koehnen dated December 22, 2020

From: Koehnen, Mr. Justice Markus (SCJ)

Sent: December 22, 2020 10:20 AM

To: Carey, Peter <pcarey@loonix.com>; Sutton, Randy <randy.sutton@nortonrosefulbright.com>; Anschuetz, Erika <erika.anschuetz@nortonrosefulbright.com>; Pilienci, Amanda <apilienci@loonix.com>

Cc: Bobby Kofman <bkofman@ksvadvisory.com>

Subject: Re: Peter Carey's Zoom Meeting

Email Endorsement

The following are my directions arising out of today's case conference:

1. The dates for examinations for discovery are changed to January 22, 25 and 26, 2021.
2. The date for delivery of experts' reports is extended to February 5, 2021.
3. The date for answers to undertakings is extended to February 8, 2021.

In addition, if the plaintiff produces any more documents between now and the examinations for discovery, plaintiff's counsel will advise defence counsel on which of those documents the plaintiff will rely during the examinations for discovery and on which they will rely at trial.

Justice Markus Koehnen

Ontario Superior Court of Justice

Appendix “B”

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

THE HONOURABLE

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MONDAY, THE 1ST

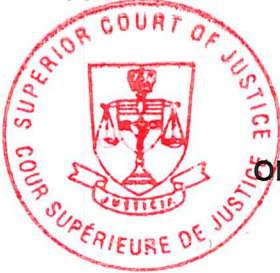
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JUSTICE GILMORE

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DAY OF MARCH, 2021

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**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**

**ORDER
(Extension of Time to File a Proposal and Further DIP Increase)**

THIS MOTION, made by 2505243 Ontario Limited (the **Debtor**) for an order, among other things, (a) extending the time for the Debtor to file a proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the **BIA**); (b) 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 third amendment to the DIP Term Sheet dated February 24, 2021 (the **Third DIP Amendment**); and (c) approving the Fifth Report of the Proposal Trustee (as both terms are defined below) and the activities of the Proposal Trustee described therein, was heard this day virtually via Zoom videoconference as a result of the COVID 19 pandemic.

ON READING the affidavit of Peter Eliopoulos sworn February 24, 2021 (the **Eliopoulos Affidavit**), the fifth report of KSV Restructuring Inc., in its capacity as proposal trustee (in such capacity, the **Proposal Trustee**) dated February 25, 2021 (the **Fifth Report**), and on hearing the submissions of counsel for the Debtor, the Proposal Trustee and those other parties

present, no one else appearing although duly served as evidenced by the Affidavit of Service of Gianni Bianchi sworn February 24, 2021, filed;

SERVICE

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

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that the time for the Debtor to file a proposal with the Official Receiver be and is hereby extended to 15 business days after the day on which the Court releases its final decision with respect to the Debtor's litigation claim in the Ontario Superior Court of Justice, bearing Court File No. CV-20-644262.

AMENDMENTS TO DIP FINANCING

3. **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 are reflected in the Third DIP Amendment.

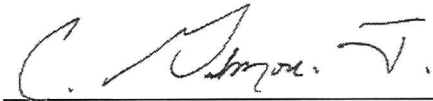
4. **THIS COURT ORDERS** that the DIP Lender's Charge (as defined in the October 20 Order) and the priority afforded thereto shall apply to any Post-Filing Advances.

ACTIVITIES OF THE PROPOSAL TRUSTEE

5. **THIS COURT ORDERS** that the Fifth Report and the activities of the Proposal Trustee as set out therein be and are hereby approved.

RECOGNITION

6. **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 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

ORDER

**(Extension of Time to File a Proposal
and 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

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Lawyers for 2505243 Ontario Limited

Appendix “C”

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

THE HONOURABLE

JUSTICE KOEHNEN

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TUESDAY, THE 20TH

DAY OF OCTOBER, 2020

**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**

**ORDER
(Extension, Administration Charge and DIP Lender's Charge)**

THIS MOTION, made by 2505243 Ontario Limited (the **Debtor**) for an order, among other things, extending the time for the Debtor to file a proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the **BIA**); granting an Administration Charge (defined below); and the DIP Lender's Charge (defined below) was heard this day virtually via Zoom videoconference as a result of the COVID 19 pandemic.

ON READING the affidavit of Peter Eliopoulos sworn October 16, 2020 (the **Eliopoulos Affidavit**), the second report of KSV Restructuring Inc., in its capacity as proposal trustee (in such capacity, the **Proposal Trustee**) dated October 18, 2020 (the **Second Report**), and on hearing the submissions of counsel for the Debtor, the Proposal Trustee and those other parties present, no one else appearing although duly served as evidenced by the Affidavit of Service of Gianni Bianchi sworn October 16, 2020, filed;

SERVICE

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

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to section 50.4(9) of the BIA, the time for the Debtor to file a proposal with the Official Receiver be and is hereby extended to December 8, 2020.

ADMINISTRATION CHARGE

3. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Debtor shall be entitled to the benefit of and are hereby granted a charge (the **Administration Charge**) on all of the Debtor's current and future assets, undertakings, properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the **Property**), which charge shall not exceed an aggregate amount of \$100,000 as security for their professional fees and disbursements, incurred at their standard rates and charges, both before and after the granting of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 8 and 10 hereof.

DIP FINANCING AND DIP LENDER'S CHARGE

4. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to borrow monies (**Post-Filing Advances**) from Peter and Paul's Gifts Limited (in such capacity, the **DIP Lender**) pursuant to the DIP Term Sheet (as defined in and attached to the Second Report) in order to finance the Debtor's restructuring proceedings substantially in accordance with the cash flow budget attached to the Second Report (the **Cash Flow**).

5. **THIS COURT ORDERS** that pursuant to section 50.6 of the BIA, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the **DIP Lender's Charge**) on the Property, which DIP Lender's Charge shall secure only advances made to the Debtor under the DIP Term Sheet after this Order is made as well as any accrued and unpaid interest and professional fees of counsel to the DIP Lender.

6. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order or the provisions of section 69 of the BIA:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge;

- (b) the foregoing rights and remedies of the DIP Lender shall be enforceable against any receiver, receiver and manager, interim receiver or trustee in bankruptcy of the Debtor or the Property.

VALIDITY AND PRIORITY OF CHARGES

7. **THIS COURT ORDERS** that the priorities of the Administration Charge and DIP Lender's Charge, as among them, shall be as follows:

- (a) First: Administration Charge (to the maximum amount of \$100,000); and
- (b) Second: DIP Lender's Charge.

8. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge and the DIP Lender's Charge (collectively, the **Charges**) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

9. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and the Charges shall rank ahead in priority to all other security interests, trusts, liens, charges and encumbrances claims of secured creditors, statutory or otherwise (collectively, **Encumbrances**) in favour of any person but subject to sections 14.06(7) and 81.3(1) of the BIA and any properly perfected purchase money security interests in existence and in priority to advances already made under the DIP Term Sheet as at the time of this Order or any valid priority lien held by the Ministry of Finance in respect of its PPR registration (as defined and described in the Eliopoulos Affidavit).

10. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Debtor also obtains the prior written consent of the beneficiaries of the applicable Charges or further Order of this Court.

11. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the **Chargees**) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency (expressly or impliedly) made

herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such application(s); (c) the filing of any assignments for the general benefit of creditors made or deemed to have been made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an **Agreement**) which binds the Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges or the execution, delivery, perfection, registration or performance in connection thereof shall not create or be deemed to constitute a breach by the Debtor of any Agreement to which it is a party; and
- (b) the payments made by the Debtor pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

12. **THIS COURT ORDERS** that the Charges created by this Order over leases of real property in Canada shall only be a charge in the Debtor's interest in such real property leases.

RECOGNITION

13. **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 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

**ORDER
(Extension, Administration Charge
& DIP Lender's Charge)**

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Fax: 416-216-3930

Lawyers for 2505243 Ontario Limited

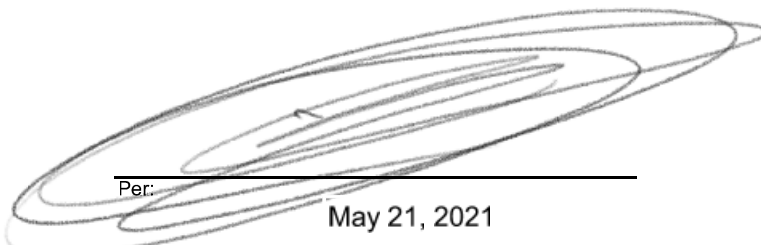
Appendix “D”

2505243 Ontario Limited
Projected Statement of Cash Flow
For the period May 31, 2021 to June 30, 2021
(C\$; unaudited)


Note	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	30-Jun-21	Total
1						
<i>Total Receipts</i>	2,625	-	-	-	2,850	5,475
<i>Disbursements</i>						
Rent and overhead costs	-	-	-	-	-	-
Payroll costs and remittances	570	2,021	570	1,900	570	5,631
Contingency	1,500	1,500	1,500	1,500	1,500	7,500
<i>Total Operating Disbursements</i>	2,070	3,521	2,070	3,400	2,070	13,131
<i>Net Cash Flow before the Undernoted</i>	555	(3,521)	(2,070)	(3,400)	780	(7,656)
Restructuring and litigation professional fees	117,294	-	-	-	146,695	263,989
	(116,739)	(3,521)	(2,070)	(3,400)	(145,915)	(271,645)
DIP Facility advances	117,294	-	-	-	146,695	263,989
<i>Net Cash Flow</i>	555	(3,521)	(2,070)	(3,400)	780	(7,656)
Opening Cash Balance	104,691	105,246	101,725	99,655	96,255	104,691
Closing Cash Balance	105,246	101,725	99,655	96,255	97,035	97,035
DIP Facility balance as at May 31, 2021	1,381,790	1,499,084	1,499,084	1,499,084	1,499,084	1,381,790
Future DIP Facility advances	117,294	-	-	-	146,695	263,989
Closing DIP Facility balance	1,499,084	1,499,084	1,499,084	1,499,084	1,645,779	1,645,779

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


Per: _____
May 21, 2021
Date _____

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


Per: _____
May 21, 2021
Date _____

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 May 31, 2021 to June 30, 2021 (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 May 31, 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 June 30, 2021.

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 21st day of May, 2021.

2505243 Ontario Limited

Per: _____

May 21, 2021

Appendix “E”

**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 21st day of May 2021, consisting of a monthly Cash Flow Statement for the period May 31, 2021 to June 30, 2021, 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 21st day of May, 2021.

KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE



Per: Robert Kofman

Appendix “F”

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

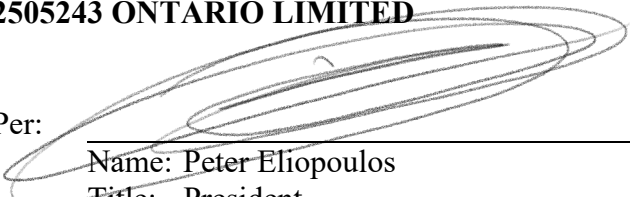
I have authority to bind the corporation.

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.