



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP / ENDORSEMENT

COURT FILE NO.: BK-22-0285198-0031 DATE: September 23, 2022

NO. ON LIST: 1

TITLE OF PROCEEDING: **THE SANDERSON-HAROLD COMPANY LIMITED et al**

BEFORE JUSTICE: **OSBORNE**

PARTICIPANT INFORMATION

For Moving Party:

Name of Person Appearing	Name of Party	Contact Info
George Benchetrit	The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens, applicant	george@chaitons.com
Laura Culleton	The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens, applicant	laurac@chaitons.com

For Responding Parties:

Name of Person Appearing	Name of Party	Contact Info
Tamie Dolny	KSV Restructuring Inc., Proposal Trustee	tdolny@airdberlis.com
Monique Sassi	Bank of Montreal	msassi@cassels.com
Thomas Gertner	Pillar Capital Corp.	Thomas.gertner@gowlingwlg.com
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For Other:

Name of Person Appearing	Name of Party	Contact Info
Bobby Kofman	KSV Restructuring Inc.	bkofman@ksv advisory.com

ENDORSEMENT OF JUSTICE OSBORNE:

1. The Sanderson-Harold Company Limited carries on business as Paris Kitchens [the “Company”]. It is a private OBCA company that manufactures, designs and services custom kitchen and bath cabinetry. Terms not defined in this Endorsement have the meaning given to them in the motion materials and Report of the Proposal Trustee.
2. The Company owns a manufacturing facility located at 23 Railway Street, Paris, Ontario [the “Railway Property”], and a storage facility at 38 Spruce St., Paris, Ontario [the “Spruce Property”], together the “Paris Properties”. It leases its head office from a related party, Diazo Investments Limited.
3. The Company filed an NOI under the BIA to provide stability and continue an already ongoing sales process for its business being conducted by an affiliate of the Proposal Trustee.
4. Justice Cavanagh of this Court granted an order dated June 8, 2022 extending the time for the filing of a proposal, approving a KERP for two employees with the corresponding charge, approving an interim lending agreement and corresponding charge, as well as an administrative charge.
5. On August 11, 2022, the time to file a proposal was extended again and the KERP and related charge were increased.
6. The sales process has continued. In addition, the Proposal Trustee retain Colliers International, a well-recognized real estate brokerage firm, to list the Paris Properties for sale. They were pre-marketed to known clients of colliers, then listed for sale on MLS, and several buyers were contacted directly.
7. A bid deadline was fixed. 12 bids were received, although of those, one was for the Railway Property, six were for the Spruce Property and five were for the Paris Properties together.
8. To evaluate similar bids, the Proposal Trustee and Colliers requested improved bids by a revised bid deadline ultimately requesting best and final offers by August 23 on the basis of a template offer to permit comparison bids and values.
9. One bidder, 248 Ontario, submitted the highest bid for the Paris Properties but agreed to remove the Spruce Property from its bid such that it would purchase only the Railway Property. This allowed a competing offer from Rancourt for the Spruce Property to be accepted. The Company submits on this motion, and the Proposal Trustee agrees, that the value of the offer from Rancourt exceeded the value allocated by 248 Ontario to the Spruce Property in its offer, such that the overall return for stakeholders is increased.
10. Accordingly, the Company seeks today court approval of these sale agreements.
11. It is well settled that the Court is to consider the Soundair Principles in determining whether to approve such a transaction in this context:
 - a. whether the party made a sufficient effort to obtain the best price and to not act improvidently;
 - b. the interests of all parties;
 - c. the efficacy and integrity of the process by which the party obtained offers; and
 - d. whether the working out of the process was unfair.

[See *Royal Bank of Canada v. Soundair Corp.* (1991), 4. O.R. (3d) 1 (CA)].

12. In this case, the relief sought by the Company is supported and recommended by the Proposal Trustee who submits that:
 - a. the sales process was commercially reasonable;
 - b. the purchase price for the Railway Property and related assets exceeds the combined appraised value of that property and the appraised value of the equipment located there;

- c. the purchase price for the Spruce Property and related assets exceeds the appraised value of that property;
 - d. Colliers is of the view that these transactions are the best available in the circumstances;
 - e. the Proposal Trustee does not believe further time spent marketing the Paris Properties will result in a superior transaction; and
 - f. if the transactions are approved, the proceeds are expected to repay the Companies to senior secured creditors and registered mortgagees on title to those properties, in full, and also provide an opportunity for material distributions to subordinate ranking creditors, including the related party head office landlord and unsecured creditors, if remaining inventory is sold and receivables collected.
13. The two senior secured creditors, BMO and Pillar Capital Corp. support the relief sought.
14. In all the circumstances, and having reviewed the Third Report of the Proposal Trustee and appendices thereto, as well as the Confidential Appendices Brief of the Proposal Trustee, I am satisfied that the Soundair Principles have been satisfied and that the agreements should be approved.
15. The Company seeks by way of ancillary relief a sealing order maintaining the confidentiality of certain documents until the transactions have closed. A limited sealing order, in respect only of the Confidential Appendices, and for a limited time, is appropriate here and necessary to protect the integrity of the sales process and the transactions until they are closed.
16. I am satisfied that the principles set out in *Sherman Estate* and *Sierra Club* have been met. Accordingly, the four Confidential Appendices are sealed and shall not form part of the record until the transactions have closed. Counsel for the Company is directed to file with the Commercial List Office a physical copy of the Confidential Appendices Brief in a sealed envelope marked: "Confidential-not to form part of the public Record per Court order", in order that the court file is complete.
17. In addition, in all the circumstances, I am satisfied that this is an appropriate case for an extension of the time for the Company to file a proposal pursuant to section 50.4(9) of the BIA, and that extension is granted to and including November 13, 2022.
18. In further addition, the proposed increase in and amendments to the KERP from \$180,000-\$245,000 are appropriate and are approved in accordance with the orders I have signed today.
19. The Proposal Trustee is authorized and directed to make the distributions as set out in the Third Report.
20. Finally, the activities of the Proposal Trustee as described in the Third Report are approved.
21. Orders to go in the form signed by me today, which are effective without the necessity of issuing and entering.

Owen, J.