



**Fifth Report to Court of
KSV Restructuring Inc. as Proposal
Trustee of The Sanderson-Harold
Company Limited c.o.b. as
Paris Kitchens**

December 29, 2022

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COURT FILE NO.: 31-2835198

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

**IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

**FIFTH REPORT TO COURT OF
KSV RESTRUCTURING INC. AS PROPOSAL TRUSTEE**

DECEMBER 29, 2022

1.0 Introduction

1. This fifth report ("Report") has been prepared by KSV Restructuring Inc. ("KSV") in its capacity as proposal trustee (the "Proposal Trustee") of The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens (the "Company") in connection with the Company's Notice of Intention to Make a Proposal ("NOI") filed on May 31, 2022 (the "Filing Date") 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 principal purpose of the NOI proceeding was to create a stabilized environment to provide the Company an opportunity to continue a sale process for its business and assets that was commenced prior to the NOI proceeding (the "Sale Process"), or to restructure its business, so that the Company could formulate a proposal to its creditors which provides for distributions to creditors superior to a bankruptcy.
3. On November 11, 2022, the Company filed a proposal (the "Proposal") with the Official Receiver in accordance with Section 62(1) of the BIA, and a Certificate of Filing a Proposal (the "Certificate") was issued by the Office of the Superintendent of Bankruptcy (Canada) (the "OSB") on November 14, 2022. Copies of the Proposal and the Certificate are attached as Appendices "A" and "B", respectively.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) summarize the results of the meeting of creditors held on December 2, 2022 to consider and vote on the Proposal (the "Meeting");
 - c) provide the statutory disclosure required under Sections 58(d) and 59(1) of the BIA;

- d) summarize the Proposal Trustee's activities and conduct since the date of its third report dated September 16, 2022 (the "Third Report"), including its fourth report dated November 1, 2022 (the "Fourth Report") and the supplement to the fourth report by the Proposal Trustee dated November 3, 2022 (the "Fourth Report Supplement"); and
- e) provide the Proposal Trustee's recommendation that the Court issue an order approving:
 - i. the Proposal; and
 - ii. this Report and the Proposal Trustee's actions and activities, as described in this Report, which includes the Fourth Report and the Fourth Report Supplement.

1.2 Currency and Definitions

1. All currency references in this Report are to Canadian dollars.
2. Capitalized terms not otherwise defined in this Report have the meanings attributed to such terms in the Proposal.

1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company's representatives, the Company's books and records and discussions with the Company's representatives. 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 any Company financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Future oriented financial information relied upon in this Report is based on the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. Any party wishing to place reliance on the Company's financial information should perform its own due diligence.

2.0 Background

2.1 Overview

1. The Company is privately owned and was incorporated under a predecessor statute of the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B. 16 (the "OBCA"). It has been operating since 1902.
2. The Company has been owned by the Wolfman family since 1964. Morrie Wolfman was the President from that time until his retirement in 2019, when his son, Larry Wolfman, assumed the role of President.

3. The Company is a manufacturer of medium to high-end kitchen and bath cabinets.
4. The Company's head office is located at 245 West Beaver Creek Rd, Unit #2, Richmond Hill, which it leases from Diazo Investments Limited ("Diazo"), a related party.
5. At the commencement of the NOI proceeding, the Company had approximately 150 full-time employees, approximately half of whom (the "Hourly Employees") are members of the United Brotherhood of Carpenters Ontario Industrial Counsel, Carpenters Local 1072 (the "Union") and worked at the Company's manufacturing plant located in Paris, Ontario (the "Railway Property"). There are presently a small number of salaried employees working to complete the Company's orderly wind-down process. All of the Hourly Employees have been terminated.
6. The Company commenced the NOI proceeding to address the significant financial losses it incurred in recent years due to several factors, including the economic slowdown resulting from the Covid-19 pandemic, rising material costs, supply chain issues and construction strikes, among others.
7. The Company sold its products to both high-rise and low-rise developers, although the margins on high-rise developments were significantly lower than on low-rise developments. The Company took on high-rise contracts to address the overall slowdown in the construction sector, prior to and during the COVID-19 pandemic. These high-rise contracts resulted in significant financial losses due to slim margins and construction inefficiencies associated with high-rise projects.
8. Since the start of the NOI proceeding, the Company has completed substantially all contracts in process at the Filing Date. The Company is working with certain customers to complete outstanding service work, which the Company believes will facilitate collecting accounts receivable.
9. The Sale Process initially focused on finding a going-concern buyer. When it became apparent that a going-concern transaction could not be completed, the Company, with the assistance of the Proposal Trustee, engaged a realtor to market for sale the Company's real property it owned in Paris, Ontario, being: (i), the Railway Property (a 110,000 square foot manufacturing facility located at 23 Railway Street, Paris); and (ii) the Spruce Property (a 9,888 square foot storage facility located nearby at 38 Spruce Street) (the "Spruce Property" and with the Railway Property, the "Paris Properties").
10. The Sale Process for the Paris Properties was highly competitive and several bids were received during multiple rounds of bidding. The Company, with the assistance of the Proposal Trustee, selected the combination of offers that provided for the highest purchase price.
11. As at the Filing Date, the Company's secured creditors included:
 - a) Bank of Montreal ("BMO"), which was owed approximately \$3 million and had a general security interest over the Company's assets and a collateral mortgage on the Paris Properties;

- b) Pillar Capital Corp. (“Pillar”), which had a senior ranking mortgage registered against title to the Paris Properties and was owed approximately \$2 million as of the Filing Date. Pillar also had security over the Company’s other assets, which ranked subordinate to BMO; and
 - c) Diazo, a related party (and with BMO and Pillar, the “Secured Creditors”) which was owed approximately \$920,000 as of the Filing Date in respect of certain advances it made to the Company (the “Diazo Loan”). Diazo has also made a claim for approximately \$550,000 in respect of unpaid rent and other amounts (the “Additional Diazo Claim”).
12. On September 23, 2022, the Court approved, among other relief granted, the sale transactions for the Paris Properties and certain other assets (the “Transactions”), as well as distributions to the Secured Creditors. The Transactions were completed in October 2022. BMO and Pillar were repaid in full immediately thereafter and the Diazo Loan was repaid subsequently. The Additional Diazo Claim remains under review by the Proposal Trustee.
 13. Prior to making the above distributions, the Proposal Trustee’s legal counsel, Aird & Berlis LLP (“A&B”), confirmed the validity and enforceability of the security held by each of the Secured Creditors, subject to the standard assumptions and qualifications, except that the full amount of the Additional Diazo Claim has not yet been determined by the Proposal Trustee or opined upon by A&B.
 14. Additional information related to the Company is included in the Proposal Trustee’s Report to Creditors dated November 22, 2022 (the “Report to Creditors”) and the Proposal Trustee’s reports in the NOI proceedings, which can be found on the Proposal Trustee’s [case website](#). A copy of the Report to Creditors is provided in Appendix “C”, without attachments.

3.0 Creditors

1. A summary of the Company’s creditors which have filed claims in these proceedings is provided below¹. A list of the Company’s known creditors is attached as Appendix “D”.

| Creditor | Amount (\$000) |
|--|----------------|
| <u>Secured Creditors</u> | |
| Diazo Investments Limited ² | 549 |
| De Lage Landen Financial Services ³ | 42 |
| | <u>591</u> |
| <u>Unsecured creditors</u> | 1,493 |

¹ Excludes the claims of BMO and Pillar, which have been repaid in full. The Proposal Trustee continues to review the quantum of certain claims with the Company.

² Represents the undetermined amount of the Diazo claim.

³ This is an equipment lessor. Its equipment has been returned.

2. In addition to the claims summarized in the schedule above, the Company has obligations for severance and termination pay owing to its employees. Claims may also be filed for other off-balance sheet liabilities, including amounts owing under personal property leases.
3. On November 22, 2022, the Proposal Trustee mailed to each creditor and posted on its website a creditors' package, including a Proof of Claim form, voting letter and the Report to Creditors.
4. On December 28, 2022, the Proposal Trustee mailed to each creditor the notice required by Section 149(1) of the BIA advising each creditor that it is required to file its claim within 30 days after the sending of the notice, failing which the Proposal Trustee may declare a dividend without regard to that creditor's claim.
5. Also on December 28, 2022, the Proposal Trustee completed and mailed the prescribed hearing notice (the "Court Approval Hearing Notice") to the Company, the OSB and the Company's creditors of the date and time of the application to the Court to approve the Proposal pursuant to Section 58(b) of the BIA. A copy of the Court Approval Hearing Notice is attached hereto Appendix "E".

4.0 The Proposal

1. The terms of the Proposal were provided in the Report to Creditors; certain material provisions of the Proposal are summarized herein.
2. The overall purpose of the Proposal is to:
 - a) allow the Company to complete an orderly wind-down of its business, which is intended to maximize recoveries for Affected Creditors with Proven Claims;
 - b) provide creditors with a recovery greater than they could expect to receive in a bankruptcy; and
 - c) effect releases in respect of Affected Claims.
3. Unaffected Claims include:
 - a) Secured Claims;
 - b) the Directors' Indemnity Claims⁴; and
 - c) Administrative Fees and Expenses, including the proper fees (including legal fees), expenses and disbursements of the Proposal Trustee and the Company.
4. Distributions to creditors, if any, will be based on the outcome of the orderly wind-down process.

⁴ Directors' Indemnity Claims means all claims by Directors against the Debtor for indemnity in respect of obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations.

4.1 Statutory Disclosure

1. On November 22, 2022, the Proposal Trustee provided a Notice of Proposal to Creditors (“Notice”) by email and/or regular mail to the Company, the OSB and to every known creditor affected by the Proposal. The Proposal Trustee also posted the Notice on its website (with all attachments).
2. As required pursuant to Section 54(2) of the BIA, to attend the Meeting and/or vote on the Proposal, creditors were required to submit a proof of claim to the Proposal Trustee.

4.2 The Meeting

1. The Meeting was convened virtually on December 2, 2022 and was chaired by the Proposal Trustee.
2. Following an overview of the Proposal by the Proposal Trustee, the Proposal was voted upon and accepted by 19 of 20 creditors (voting in person, by voting letter or by proxy) representing \$912,960 of \$1,035,749 (approximately 88%) of the dollar value of voting creditors. A copy of the voting register is attached as Appendix “F”.
3. Accordingly, as per Section 54(2)(d) of the BIA, the Proposal was deemed to have been accepted by the creditors as a majority of creditors in number representing more than two-thirds of the claims in dollar value voted to accept the Proposal.
4. A copy of the minutes of the Meeting is attached as Appendix “G”.

5.0 Overview of the Proposal Trustee’s Activities and Recommendation

1. In addition to the activities discussed above, the Proposal Trustee’s activities since the Third Report have included, among other things:
 - attending at Court on September 23, 2022 (the “September 23rd Motion”) in respect of the approval of the Transactions and other relief;
 - reviewing the materials for the September 23rd Motion;
 - corresponding extensively with the Company regarding, among other things, customer orders, accounts receivable collections (including filing liens to collect same), supplier issues, production scheduling, the sale of inventory, employee matters, closing the Transactions and addressing post-closing Transaction matters;
 - preparing financial forecasts for the Company’s wind-down period;
 - monitoring the Company’s sales, receipts and disbursements on a daily basis;
 - attending meetings with the Company and certain of its customers to collect accounts receivables;
 - responding to questions from the Company’s vendors;

- dealing extensively with the purchaser of the Railway Property and the Company's legal counsel, Chaitons LLP ("Chaitons"), regarding closing and post-closing transition matters;
 - preparing the Fourth Report regarding post-closing disputes with the purchaser of the Railway Property and attending at Court to address the issues in this report on an urgent basis;
 - preparing the Fourth Report Supplement regarding disputes with the purchaser of the Railway Property (the Fourth Report and the Fourth Report Supplement are provided in Appendix "H", with attachments);
 - assisting the Company to draft the Proposal;
 - drafting the Report to Creditors and corresponding with Chaitons and A&B regarding same;
 - assisting the Company to prepare the cash flow forecast included in the Report to Creditors;
 - reviewing claims filed by creditors and corresponding with creditors regarding same;
 - convening the Meeting and preparing minutes of the Meeting;
 - providing updates to creditors, including the Secured Creditors;
 - corresponding with the Union's counsel regarding employee claims and other matters;
 - preparing information for former employees to assist them to file claims under the Wage Earner Protection Program;
 - corresponding with Chaitons LLP and A&B regarding the matters discussed in this Report;
 - drafting this Report; and
 - dealing with all other matters in these proceedings not specifically addressed above.
2. Based on the foregoing, the Proposal Trustee respectfully recommends the Court issue an order approving the Proposal Trustee's activities as described in this Report, which includes the appended Fourth Report and Fourth Report Supplement.

6.0 Proposal Recommendation

1. In the Report to Creditors, the Proposal Trustee advised that the Proposal likely provides creditors with a better outcome than a bankruptcy and therefore recommended that the creditors vote to accept the Proposal.
2. The Proposal Trustee recommends that the Court issue an order approving the Proposal for the following reasons:
 - a) as referenced above, the creditors overwhelmingly voted to accept the Proposal; and
 - b) acceptance and implementation of the Proposal is likely to result in a superior result for creditors than a bankruptcy of the Company.
3. As of the date of this Report, the Company continues to complete its contracts for its customers which should facilitate collection of its remaining receivables. As a result, there continues to be uncertainty as to the amount that ultimately will be distributable under the proposal for a variety of reasons, including (i) certain receivables have been disputed by customers for a variety of reasons, including deficiency claims; (ii) ongoing operating costs; (iii) the determination of the Additional Diazo Claim; and (iv) other factors not specifically noted herein.
4. Notwithstanding paragraphs 6.1 and 6.3 above, the Proposal Trustee continues to recommend that the Court approve the Proposal as it believes that: (i) the recoveries in the Proposal should exceed those in a bankruptcy for the reasons discussed in the Report to Creditors; and (ii) the Company has acted in good faith.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix “A”

District of Ontario
Division No. 09 — Toronto
Court No. BK-22-02835198-0031
Estate No.: 31-02835198

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO**

RECITALS

WHEREAS The Sanderson-Harold Company Limited (the “Debtor”) filed a Notice of Intention to Make a Proposal (“NOI”) with the Office of the Superintendent of Bankruptcy on May 31, 2022;

AND WHEREAS KSV Restructuring Inc. agreed to act as proposal trustee of the Debtor in the NOI proceedings (in such capacity, the “Trustee”);

AND WHEREAS the NOI filing was necessary to provide stability to the Debtor and allow the Debtor, with the assistance of the Trustee, to continue a sale process for the Debtor’s assets and business that commenced prior to the NOI proceeding;

AND WHEREAS on September 23, 2022, the Court granted orders approving the sale of certain of the Debtor’s assets and business, which transactions have been completed;

AND WHEREAS the Debtor, with the assistance of the Trustee, will complete the Liquidation of the Debtor’s remaining assets with the intention of the making a distribution to its Creditors in accordance with the terms of this Proposal.

PROPOSAL

The Debtor hereby submits the following Proposal to all of its Creditors pursuant to Part III of the BIA.

ARTICLE 1 - DEFINITIONS

1.1 Definitions

In this Proposal (including in the Recitals above):

- (a) “Administrative Fees and Expenses” means the proper fees, expenses and legal fees and disbursements of the Trustee and the Debtor on and incidental to the negotiation, preparation, presentation, consideration, Court approval of, and implementation of the Proposal and all proceedings and matters relating to or arising out of the Proposal including, without limitation, any meeting or meetings of creditors to consider the Proposal;
- (b) “Administrative Fee Reserve” means an amount determined by the Trustee to be maintained on account of Administrative Fees and Expenses required to complete the administration of the Proposal by the Trustee;
- (c) “Affected Claims” means all Claims which are not Unaffected Claims;
- (d) “Affected Creditor” means a Creditor having an Affected Claim;
- (e) “Approval Order” means an Order of the Court approving the Proposal;
- (f) “BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and in force as at the NOI Filing Date;
- (g) “Business Day” means each day other than a Saturday or Sunday or a statutory or civic holiday on which banks are open for business in Toronto, Ontario, Canada;
- (h) “Canada Pension Plan” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (i) “Claim” means:
 - (i) any right of any Person against the Debtor in connection any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence on, or which is based in whole or in part on any act, omission or fact that occurred or existed prior to the Filing Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, under-secured, unsecured, present, future, direct or indirect, known or unknown, by guarantee, by surety or otherwise, at law or in equity, and whether or not such a right is executory in including, without limitation, 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;
 - (ii) a claim against Directors of the Debtor that is based in whole or in part on facts, events or matters which existed or occurred on or before the NOI Filing Date and that relates to the obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations. Director Claims do not include claims that relate to: (a) contractual rights of one or more Creditors arising from contracts with one or more Directors; or (b) wrongful or oppressive conduct by Directors (each, a “Director Claim”); and
 - (iii) any right or claim of any Person against the Debtor, whether or not made, in connection with any indebtedness, liability or obligation of any kind whatsoever

owed by the Debtor to such Person arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach of any lease, contract or other arrangement, agreement or obligation (whether oral or written) by the Debtor on or after the NOI Filing Date.

- (j) “Court” means the Ontario Superior Court of Justice (Commercial List) (in Bankruptcy and Insolvency);
- (k) “Creditor” means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf of or in the name of such Person;
- (l) “Creditors’ Meeting” means any meeting of the Affected Creditors called for the purpose of considering and voting upon the Proposal;
- (m) “Creditors’ Meeting Date” means 10:00 a.m. on the date and time as may be called by the Trustee in consultation with the Official Receiver;
- (n) “Debtor” has the meaning ascribed to it in the Recitals above;
- (o) “Directors” means the present and former directors of the Debtor;
- (p) “Directors’ Indemnity Claims” means all claims by Directors against the Debtor for indemnity in respect of obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations;
- (q) “Employment Insurance Act” means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- (r) “Implementation Date” means the date upon which the conditions set forth in Section 9.3 have been satisfied;
- (s) “Income Tax Act” means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (t) “Inspectors” means one or more Inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (u) “Levy” has the meaning ascribed to it in Section 4.5 of the Proposal.
- (v) “Liquidation” means the liquidation of the Debtor’s remaining assets, which shall be overseen by the Trustee;
- (w) “Liquidation Proceeds” means the proceeds of the Liquidation, net of the direct costs of the Liquidation, together with the proceeds of the Debtor’s accounts receivable and any other assets of the Debtor;
- (x) “NOI Filing Date” means May 31, 2022;
- (y) “Official Receiver” shall have the meaning ascribed thereto in the BIA;

- (z) “Ordinary Claim Determination Date” means the date on which the validity of all Proofs of Claim filed by Ordinary Creditors has been finally determined in accordance with the BIA;
- (aa) “Ordinary Creditors” means Creditors with Proven Claims, except for those Claims that:
 - (i) are Claims by Preferred Creditors; or
 - (ii) are Unaffected Claims.
- (bb) “Person” means any individual, general or limited partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency, regulatory body or instrumentality thereof, or any other entity howsoever designated or constituted;
- (cc) “Preferred Claim Determination Date” means the date on which the validity of all Proofs of Claim filed by Preferred Creditors has been finally determined in accordance with the BIA;
- (dd) “Preferred Creditors” means Creditors with Proven Claims and which are, subject to the rights of secured creditors, required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation, the Required Employee Amount (for greater certainty a Person can be both a Preferred Creditor and an Unsecured Creditor in respect of distinct Claims);
- (ee) “Priority Creditor Cash Amount” means the cash amount necessary to pay and satisfy: (i) the Affected Claims of Preferred Creditors, including the Required Employee Amount; and (ii) the Required Crown Amount, to be delivered by the Debtor to the Trustee within five (5) Business Days of the Preferred Claim Determination Date;
- (ff) “Proof of Claim” shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;
- (gg) “Proposal” means this proposal together with any amendments or additions thereto;
- (hh) “Proven Claim” of a Creditor means the amount of the Affected Claim of such Creditor finally determined in accordance with BIA;
- (ii) “Required Employee Amount” means an amount equal to the amount employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor became bankrupt on the NOI Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor’s business during the same period;
- (jj) “Required Crown Amount” means all amounts outstanding at the time of the filing of the NOI to Her Majesty in Right of Canada or a Province and that are of a kind that could be subject to a demand under,

- (i) subsection 224(1.2) of the *Income Tax Act*;
- (ii) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - A. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or
 - B. is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (kk) "Secured Creditors" means "secured creditors" as defined in Section 2 of the Act;
- (ll) "Secured Claims" means Proven Claims of Secured Creditors, in their capacity as such;
- (mm) "Trustee" has the meaning ascribed to it in the Recitals above, or its duly appointed successor or successors;
- (nn) "Unaffected Claims" means Secured Claims (to the extent of the value of the Secured Claim only), the Directors' Indemnity Claims and the Administrative Fees and Expenses;
- (oo) "Unsecured Creditors" means, collectively, the Preferred Creditors and the Ordinary Creditors; and
- (pp) "Voting Letter" shall mean the voting letter required by Section 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors' Meeting.

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

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 which is a Business Day.

1.5 Time

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Toronto, Ontario, Canada.

1.6 Numbers, Gender

In the Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 - PURPOSE OF THE PROPOSAL

2.1 Purpose of the Proposal

The purpose of this Proposal is to allow the Debtor to effect its orderly wind down to maximize recoveries and is designed to allow the Debtor to distribute the net proceeds of its estate to the Affected Creditors with Proven Claims in the expectation that all Affected Creditors will derive greater benefit from the wind-down than they would otherwise receive from a bankruptcy of the Debtor, and to distribute the Liquidation Proceeds in accordance with the priorities set out herein.

The Proposal applies to all Affected Creditors, whether or not any such Affected Creditor proves a Claim against the Debtor under this Proposal. This Proposal provides for the payment in full of Required Crown Amounts, if any, as required by s. 60(1.1) of the BIA, and of Required Employee Amounts, if any, required by s. 60(1.3) of the BIA. This Proposal does not provide for the payment of any equity claims. This Proposal does not affect Unaffected Claims.

ARTICLE 3 - CLASSIFICATION OF CREDITORS

3.1 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one class of Unsecured Creditors.

ARTICLE 4 - TREATMENT OF CREDITORS

4.1 Administrative Fees and Expenses

On the Implementation Date, all Administrative Fees and Expenses incurred to that date which remain unpaid shall be paid, in full, in accordance with the BIA.

4.2 Compromise of Claims and Distribution for Proven Claims

The Claims of all Affected Creditors shall be compromised on the Implementation Date and thereafter each Affected Creditor with a Proven Claim shall receive the following in full satisfaction of its Proven Claim(s), to the extent that there are sufficient funds available from the Liquidation Proceeds for payment thereof:

- (a) following the Preferred Claim Determination Date, the amounts of the Proven Claim of each Preferred Creditor, including the Required Crown Amount, in full satisfaction of their Proven Claims; and
- (b) following the Ordinary Claim Determination Date, the balance of the Liquidation Proceeds, net of the Administrative Fee Reserve, shall be paid to Ordinary Creditors on account of, and in full satisfaction of, their Proven Claims.

4.3 Interest on Claims

Interest will not accrue or be paid on Affected Claims after or in respect of the period following the NOI Filing Date and no Creditor with an Affected Claim will be entitled to any interest in respect of such Claim accruing on or after or in respect of the period following the NOI Filing Date.

4.4 Required Crown Amount

In the event that the Trustee determines that the Preferred Claim Determination Date will occur more than six (6) months from the date of Court approval of the Proposal, the Required Crown Amount shall be remitted by the Trustee to Her Majesty in Right of Canada from the Liquidation Proceeds within six (6) months of the date of Court approval of the Proposal.

4.5 Superintendent of Bankruptcy Levy

The Office of the Superintendent of Bankruptcy shall be paid its prescribed levy by the Debtor from payments to Ordinary Creditors and to Preferred Creditors, as required by sections 60(4) and 147 of the BIA (the “Levy”).

4.6 Post-filing Claims

Post-filing Claims, if any, shall be paid in full by the Debtor in the ordinary course of business, on regular trade terms, with the approval of the Trustee.

ARTICLE 5 - PROCEDURE FOR VALIDATION OF CLAIMS

5.1 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The Trustee shall have the power and authority to determine the validity of all claims made against the Debtor.

5.2 Claims Bar Process

Forthwith after the Creditors’ Meeting, the Trustee shall give notice pursuant to section 149 of the BIA to every Person with an Affected Claim that the Trustee has notice or knowledge but whose claim has not been filed, that if such Person does not file its proof of claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a dividend without regard to such Person’s claim and the dividend referred to in said notice shall be deemed a final dividend and any Person so notified who does not provide its proof of claim within the said thirty (30) day period shall be barred from making a claim in this Proposal, subject to any exceptions set out in subsections 149(2)(3) and (4) of the BIA.

ARTICLE 6 - MEETING OF CREDITORS

6.1 Creditors’ Meeting

On the Creditors’ Meeting Date, the Trustee shall hold the Creditors’ Meeting in order for the Creditors to consider and vote upon the Proposal.

6.2 Time and Manner of Meeting

The Creditors’ Meeting shall be held at a time and in a manner, including by video-conference, to be established by the Trustee in consultation with the Official Receiver, or the nominee thereof, and confirmed in its notice of meeting to be mailed by the Trustee pursuant to the BIA. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the BIA and any Order which may be issued by the Court in respect of the procedure governing the Creditors’ Meeting, but in any event shall be no later than twenty-one (21) days following the filing of the Proposal with the Official Receiver.

6.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are those Unsecured Creditors, including the holders of proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel, if any, the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may only be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Creditors.

6.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with Section 52 of the BIA.

6.5 Voting by Creditors

To the extent provided for herein, each Creditor will be entitled to vote to the extent of the amount which is equal to that Creditor's Proven Claim, or such amount as may be agreed to by the Trustee for voting purposes at or prior to the Creditors' Meeting (dollar amounts to be voted by Creditors in accordance with the foregoing are referred to as "**Voting Claims**").

6.6 Approval by Creditors

In order that the Proposal be binding on the class of Unsecured Creditors in accordance with the BIA, it must first be accepted by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Voting Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

6.7 Appointment of Inspectors

At the Creditors' Meeting, the Creditors may appoint up to five (5) Inspectors whose powers will be limited to:

- (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and
- (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspectors will terminate upon the performance of the Proposal.

6.8 Valuation of Claims

The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

ARTICLE 7 - COMPLETION OF THE PROPOSAL

7.1 Discharge of Trustee

Upon distribution by the Trustee of the balance of the Liquidation Proceeds, net of the Administrative Fee Reserve, as contemplated in Section 4.2(b), the Trustee shall have discharged its duties as Trustee, the Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder.

The Trustee is acting in its capacity as Trustee under the BIA and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any liabilities or obligations in connection with the Proposal or in respect of the business or obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute wilful misconduct or gross negligence.

7.2 Completion of the Proposal

The payment, compromise, extinguishment or other satisfaction of any Affected Claim under the Proposal will be binding upon each Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes, and as and from the Implementation Date all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Proposal.

ARTICLE 8 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

8.1 Sections 95-101 of the BIA

Sections 95-101 of the BIA and any provincial statute related to preferences, fraudulent conveyances, transfers at undervalue, or the like shall not apply to this Proposal.

8.2 Recourse

As a result of and in accordance with Section 8.1 hereof and all of the rights, remedies, recourses and Affected Claims described therein:

- (a) all such rights, remedies and recourses and any Affected Claims based thereon shall be completely unavailable to the Trustee or any Creditor against the Company, any other Creditor or any other person whatsoever; and

- (b) the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Affected Claims based thereon against the Company, any other Creditor or any other persons.

ARTICLE 9 - MISCELLANEOUS

9.1 Modification of Proposal

The Debtor, with the consent of the Trustee, may propose an alteration or modification to the Proposal prior to the conclusion of the first Creditors' Meeting called to consider the Proposal.

9.2 Consents, Waivers and Agreements

As at 12:01 a.m. on the Implementation Date, each Creditor will be deemed to have:

- (a) executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
- (b) waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Implementation Date;
- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation Date) and the provisions of the Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) released the Debtor, the Trustee, the Directors, and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein.

9.3 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors; and

- (b) approval of the Proposal by the Court pursuant to a final and non-appealable Approval Order.

9.4 Release

Upon the Implementation Date, each and every Director shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without consideration from any and all Director Claims. This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

9.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of such Claims.

9.6 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by receipted email (except for Proofs of Claim which may only be sent by personal delivery, receipted email or registered mail) addressed to the respective parties as follows:

- (a) if to the Debtor:

c/o CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

George Benchetrit
E-mail: george@chaitons.com

- (b) if to a Creditor, to the address or email address for such Creditor specified in the Proof of Claim filed by Creditor or, if no Proof of Claim has been filed, to such other address or email address at which the notifying party may reasonably believe that the Creditor may be contacted; and

- (c) if to the Trustee:

KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9

Bobby Kofman / Jordan Wong
Email: bkofman@ksvadvisory.com / jwong@ksvadvisory.com

or to such other address or email address as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by receipted email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by email or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in the case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

9.7 Further Assurances

Each of the Persons named or referred to in, or subject to, this Proposal will execute and deliver all such documents and instruments and do all such actions and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated herein.

9.8 Assignment of Claims

No assignment of a Claim by an Affected Creditor is effective to give the assignee any rights in respect of the Proposal unless written notice of the assignment is given to the Debtor and the Trustee in accordance with the requirements of Section 9.6. The assignment of the Claim will not be effective for a period of five (5) Business Days from the date of effective receipt of the notice of assignment by the Debtor and by Trustee as determined in accordance with Section 9.6.

9.9 Foreign Currency Obligations

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the NOI Filing Date.

9.10 Applicable Law

The Proposal shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

9.11 Non-Severability

It is intended that all material provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any material provision or provisions of the Proposal is or are found by the Court to be void, voidable or

unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

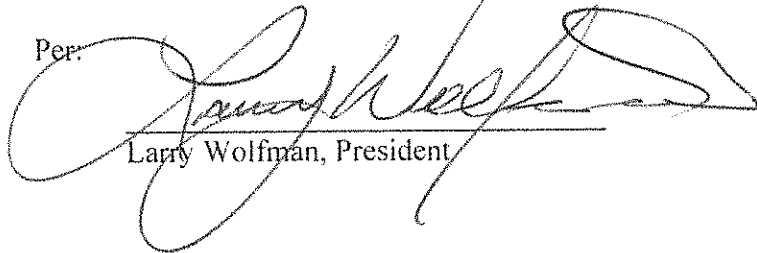
9.12 Annulment

If the Proposal is annulled by an Order of the Court, all payments on account of Proven Claims made pursuant to the terms of this Proposal will reduce the Claims of the applicable Creditors.

DATED at the City of Toronto, in the Province of Ontario, this day of November, 2022.

THE SANDERSON-HAROLD COMPANY LIMITED

Per:

A large, stylized handwritten signature in black ink, appearing to read 'Larry Wolfman', is written over a horizontal line.

Larry Wolfman, President

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. 31-2835198
Estate No. 31-2835198

In the Matter of the Proposal of:

The Sanderson-Harold Company Limited

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

| | | | |
|-----------------------|---|-----------|----|
| Date of Proposal: | November 11, 2022 | Security: | \$ |
| Meeting of Creditors: | December 02, 2022, 14:00 Meeting ID:86290583035 Passcode:896157 150 King St West, Suite 2308 Toronto, Ontario Canada, | | |
| Chair: | Trustee | | |

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

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: November 22, 2022, 11:16

E-File/Dépôt Electronique

Official Receiver

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

Canada

Appendix “C”



**Report to Creditors of
The Sanderson-Harold Company Limited
c.o.b. as Paris Kitchens**

November 22, 2022

**By KSV Restructuring Inc.
as Proposal Trustee**

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COURT FILE NO.: 31-2835198

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

**IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

PROPOSAL TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

NOVEMBER 22, 2022

1.0 Introduction

1. This report ("Report") has been prepared by KSV Restructuring Inc. ("KSV") pursuant to Section 50(10)(b) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA"), in its capacity as proposal trustee (the "Proposal Trustee") in connection with a Notice of Intention to Make a Proposal (the "NOI") filed on May 31, 2022 (the "Filing Date") by The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens (the "Company") pursuant to Section 50.4(1) of the BIA.
2. The principal purpose of the NOI proceeding was to create a stabilized environment to provide the Company an opportunity to continue a sale process for its business and assets (the "Sale Process") that was commenced prior to this NOI proceeding, or to restructure its business, so that the Company could formulate a proposal to its creditors which provides for distributions superior to the recoveries that creditors would otherwise receive in a bankruptcy.
3. On November 11, 2022, the Company filed a proposal (the "Proposal") with the Official Receiver in accordance with Section 62(1) of the BIA, and a Certificate of Filing a Proposal (the "Certificate") was issued by the Office of the Superintendent of Bankruptcy (Canada) ("OSB") on November 14, 2022. Copies of the Proposal and the Certificate are attached as Appendices "A" and "B", respectively.
4. As set out in this Report, the Company is of the view that an orderly wind-down of its business and realization of its remaining assets is likely to generate superior recoveries for creditors than if the Company becomes bankrupt, which is the outcome if the Proposal is not accepted by creditors (in accordance with statutory requirements, as discussed below) or approved by the court overseeing this proceeding (the "Court").

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: December 2, 2022

Time: 2:00 p.m. (EST)

Location: to be convened virtually via Zoom:

<https://us06web.zoom.us/j/86290583035?pwd=SmVYSmRMdkJuU2RQbFdBQ3lEbXhHQT09>

2. As described 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 (virtually) 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 their proxy.
3. The claims package containing a proof of claim form, proxy, voting letter and instruction letter are provided in Appendix "C". Creditors should read the instruction letter to understand the voting procedures, including the procedure to register claims with the Proposal Trustee.
4. 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 "D", "E" and "F", 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 material terms of the Proposal;
 - c) discuss the Company's ability to complete the Proposal;
 - d) provide the Proposal Trustee's opinion as to the reasonableness of the provision in the Proposal that sections 95 to 101 do not apply in respect of the Proposal, as such explanation is required pursuant to Section 50(10)(b) of the BIA;
 - e) compare the result for creditors under the Proposal to the result if the Proposal is not accepted and the Company is deemed to have made an assignment in bankruptcy; and
 - f) provide the Proposal Trustee's recommendation that creditors vote to accept the Proposal.

1.3 Currency

1. All references to currency in this Report are in 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*. 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.
2. Any party wishing to place reliance on the Company's financial information should perform its own due diligence. Future oriented Information relied upon in this Report is based on assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV accepts no responsibility for any reliance placed by any party on the Company's financial information.

2.0 Background

2.1 Overview

1. The Company is privately owned and was incorporated under the *Business Corporations Act* (Ontario). It has been operating since 1902.
2. The Company has been owned by the Wolfman family since 1964. Morrie Wolfman was the President from that time until his retirement in 2019, when his son, Larry, assumed the role of President.
3. The Company is a manufacturer of medium to high-end kitchen and bath cabinets. It designs, manufactures and services custom kitchen and bath cabinetry for many of the most prominent and reputable residential low-rise and high-rise builders in the Greater Toronto Area and Southern Ontario.
4. The Company's head office is located at 245 West Beaver Creek Rd, Unit #2, Richmond Hill, which it leases from Diazo Investments Limited ("Diazo"), a related party. The head office is 12,600 square feet and includes a showroom.
5. At the commencement of the NOI proceeding, the Company had approximately 150 full-time employees, approximately half of which are unionized and work at the Company's plant located in Paris, Ontario. Since the Filing Date, the number of employees has declined as a result of terminations and resignations.
6. The Company's unionized employees are members of United Brotherhood of Carpenters Ontario Industrial Counsel, Carpenters Local 1072. Foremen, persons ranked above foreman, office and sales staff are not union members.

7. The Company commenced the NOI proceeding to address the significant financial losses it incurred in recent years due to several factors, including the economic slowdown resulting from the Covid-19 pandemic, rising material costs, supply chain issues and construction strikes, among others.
8. The Company sells to high-rise and low-rise developers. The margins on high-rise developments are significantly lower than on low-rise developments. The Company took on high-rise contracts to address the overall slowdown in the construction sector prior to and during the pandemic. These contracts resulted in significant financial losses due to their slim margins and construction inefficiencies resulting from installing cabinets in high-rise projects.
9. Since the start of the NOI proceeding, the Company has been completing its contracts in process. The Company has now completed delivery and installation of substantially all its remaining kitchens and is working with its customers to complete outstanding service work, which the Company believes will facilitate collecting accounts receivable.
10. The Sale Process initially focused on finding a going-concern buyer. When it became apparent that a going-concern transaction could not be completed, the Company, with the assistance of the Proposal Trustee, engaged a realtor to market for sale the Company's real property, which comprised two locations in Paris, Ontario, known as the "Spruce Property" and the "Railway Property" (together, the "Paris Properties"). The Railway Property is the Company's manufacturing facility. The Company mainly used the Spruce Property for storage.
11. The Sale Process for the Paris Properties was highly competitive and several bids were received over multiple rounds of bidding. The Company, with the assistance of the Proposal Trustee, selected the combination of offers that provided for the highest purchase price.
12. As at the Filing Date, the Company's secured creditors included:
 - a) Bank of Montreal ("BMO"), which was owed approximately \$3 million and had a general security interest over the Company's assets and a collateral mortgage on the Paris Properties;
 - b) Pillar Capital Corp. ("Pillar"), which had a senior ranking mortgage registered against title to the Paris Properties and was owed approximately \$2 million as of the Filing Date. Pillar also had security over the Company's other assets, which ranked subordinate to BMO; and
 - c) Diazo, a related party, which has made a claim for approximately \$1.46 million¹ (the "Diazo Claim").

¹ Includes amounts owed for unpaid rent and accrued interest thereon. The Proposal Trustee is currently reviewing the amounts claimed by Diazo.

13. On September 23, 2022, the Court approved sale transactions for the Paris Properties and certain other assets, as well as distributions to BMO, Pillar and Diazo. The sale transactions were completed in October 2022. BMO and Pillar have been repaid in full, and, to date, Diazo has been repaid \$350,000.
14. Prior to making the above distributions, the Proposal Trustee's legal counsel, Aird & Berlis LLP, confirmed the validity and enforceability of each secured creditor's security, subject to standard assumptions and qualifications.

3.0 The Proposal²

1. This section of the Report provides an overview of the terms of the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal. Creditors are encouraged to discuss the terms of the Proposal with their legal counsel. A copy of the Proposal is provided in Appendix "A".

3.1 Purpose and Effect

1. The overall purpose of the Proposal is to provide the Company with the opportunity to:
 - a) complete an orderly wind-down of its business, which is intended to maximize recoveries for Affected Creditors with Proven Claims;
 - b) provide creditors with a recovery greater than they could expect to receive in a bankruptcy; and
 - c) effect releases in respect of Affected Claims.

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 Affected Creditors. Unaffected Claims include:
 - a) the secured claim by Diazo;
 - b) the Directors' Indemnity Claims³; and
 - c) Administrative Fees and Expenses, including the proper fees, expenses and legal fees and disbursements of the Proposal Trustee and the Company.

² Capitalized terms in this section of the Report have the meaning provided to them in the Proposal.

³ Directors' Indemnity Claims means all claims by Directors against the Debtor for indemnity in respect of obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations.

2. The Proposal does not compromise Post-filing Claims (i.e., amounts owing for goods and services provided to the Company during the NOI proceeding). These amounts are to be paid by the Company in the ordinary course of business, on regular trade terms.

3.4 Proposed Distributions

1. On the Implementation Date:
 - a) all Administrative Fees and Expenses incurred to that date which remain unpaid shall be paid in full, in accordance with the BIA;
 - b) the Claims of all Affected Creditors shall be compromised and thereafter each Affected Creditor with a Proven Claim shall receive the following in full satisfaction of its Proven Claim(s), to the extent that there are sufficient funds available from the Liquidation Proceeds for payment thereof:
 - i. following the Preferred Claim Determination Date, the amounts of the Proven Claim of each Preferred Creditor⁴, including the Required Crown Amount, in full satisfaction of their Proven Claims; and
 - ii. following the Ordinary Claim Determination Date, distributions shall be paid to Ordinary Creditors on account of, and in full satisfaction of, their Proven Claims, net of the Administrative Fee Reserve.

3.5 Voting on and Distributions from the Proposal

1. To vote at the Meeting, each Creditor is required to file a valid Proof of Claim with the Proposal Trustee. The Proof of Claim form is attached as Appendix "C". Each Creditor will be entitled to vote the amount which is equal to that Creditor's Proven Claim, or such other amount as may be agreed to by the Trustee for voting purposes at or prior to the Creditors' Meeting.
2. To receive a distribution from the Proposal, a Creditor must submit a valid Proof of Claim prior to the time the Proposal Trustee distributes the funds in accordance with the Proposal, which claims will be determined for distribution purposes in accordance with the relevant provisions of the BIA.

3.6 Proposal Conditions

1. Implementation of the Proposal is conditional upon:
 - a) acceptance of the Proposal by the statutory majority of the Unsecured Creditors as required under the BIA (as described in Section 3.8 below); and
 - b) an order of the Court approving the Proposal.

⁴ Preferred Creditors means Creditors with Proven Claims and which are, subject to the rights of secured creditors, required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation, the Required Employee Amount, which is the amounts owing to employees under Section 136(1)(d) of the BIA, plus wages and commissions between the Filing Date and Court approval of the proposal.

3.7 Other Proposal Terms

1. Other material terms of the Proposal are summarized below:
 - a) forthwith after the Creditors' Meeting, the Proposal Trustee shall give notice to every Person with an Affected Claim of which the Proposal Trustee has notice or knowledge but whose claim has not been filed, that if such Person does not file its claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a dividend without regard to such Person's claim and the dividend referred to in said notice shall be deemed a final dividend and any Person so notified who does not provide its claim within the said thirty (30) day period shall be barred from making a claim in this Proposal, subject to any exceptions set out in subsections 149(2)(3) and (4) of the BIA;
 - b) 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.
 - c) the Company, with the consent of the Proposal Trustee, may propose an alteration or modification to the Proposal prior to the conclusion of the Creditors' Meeting if such provision improves the terms of the Proposal;
 - d) interest will not accrue or be paid on Affected Claims after or in respect of the period following the Filing Date and no Creditor with an Affected Claim will be entitled to any interest in respect of such Claim accruing on or after or in respect of the period following the Filing Date; and
 - e) upon the Implementation Date, each and every Director shall be released and discharged from any and all Director Claims. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are performed⁵.

3.8 Acceptance and Approval of the Proposal

1. For the Proposal to be accepted, two-thirds in dollar value and over 50% in number of the Unsecured Creditors present and voting, in person or by proxy, must vote in favour of the Proposal.
2. Rejection of the Proposal by the creditors will result in the Company immediately being deemed to have made an assignment in bankruptcy.
3. Upon being accepted by creditors, the Proposal must be approved by the Court. If the Court does not approve the Proposal, the Company is deemed to have made an assignment in bankruptcy.

⁵ Larry Wolfman is the Company's sole Director.

4.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties under the BIA, the Proposal Trustee conducted a review of the Company's bank statements and cancelled cheques for the twelve-month period (the "Review Period") immediately preceding the commencement of the NOI proceeding to identify transactions that could be considered preferences or transfers at undervalue. The focus of the Review Period was transactions greater than \$10,000. The Proposal Trustee's review did not identify any transactions that in its view could be considered a preference or transfer at undervalue.
2. Article 8.1 of the Proposal provides that Sections 95 to 101 of the BIA, being the relevant sections under the BIA dealing with transactions that may be challenged by a Proposal 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 on the Proposal, creditors will be giving up 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 transfer at undervalue during the Review Period, the Proposal Trustee is of the view that Article 8.1 of the Proposal is reasonable.

5.0 Rationale for Acceptance of the Proposal

1. The Proposal Trustee is of the view that the Proposal provides a superior outcome for the Company's creditors compared to a bankruptcy.
2. The Company's primary objective is to complete its orderly wind-down process so that it can maximize recoveries for creditors.
3. As noted above, the Company will be deemed bankrupt if the Proposal is not accepted and approved by the creditors.
4. For the following reasons, the Proposal Trustee is of the view that the Proposal provides for the most efficient manner to wind-down the Company's business and that by doing so, creditors are likely to receive recoveries greater than they would in a bankruptcy:
 - a) in a bankruptcy, operations could be discontinued immediately, making it impossible for the Company to complete numerous ongoing projects for which significant accounts receivable are owing to the Company;
 - b) if the Company does not complete its remaining projects, customers may assert damage claims against the Company, which they would likely seek to set off against the accounts receivable they owe to the Company, which could materially impair recoveries to creditors;

- c) in a bankruptcy, the licensed insolvency trustee (the "Bankruptcy Trustee") takes control of the business and replaces management, and all of the Company's remaining employees would be automatically deemed terminated. While the Bankruptcy Trustee could then rehire some or all employees, there are potentially significant legal issues which may impact its willingness or ability to hire these employees, thereby making it more difficult (if not impossible) to complete the wind-down in a bankruptcy than in the Proposal; and
 - d) if it is possible to wind-down the business in a bankruptcy, the Bankruptcy Trustee would oversee the wind-down process. The costs of the Bankruptcy Trustee and its legal counsel significantly exceed the cost of retaining management to oversee the wind-down. Accordingly, the professional costs of a bankruptcy could materially exceed those if the Proposal is implemented.
5. The Proposal Trustee estimates that the projected recoveries from the orderly wind-down process described herein will range from \$1.2 million to \$2.2 million, before any further distributions to creditors, including Diazo. The Proposal Trustee notes that there is significant uncertainty as to the ultimate recoveries at this time, and accordingly, the recovery range may vary materially. The Proposal Trustee, however, believes that recoveries are likely to be greater if the Proposal is implemented than if the Company becomes bankrupt.

6.0 Conclusion and Recommendation

1. For the reasons detailed in this Report, the Proposal Trustee recommends that creditors vote to accept the Proposal.
2. If Affected Creditors vote in favour of acceptance of the Proposal, the Proposal Trustee will forthwith seek the Court's approval. As at the date of this Report, a date has not been booked with the Court to seek approval of the Proposal. The Proposal Trustee will provide notice to Affected Creditors no later than 15 days prior to the Court approval motion. This information will also be posted on the Proposal Trustee's website: <https://www.ksvadvisory.com/experience/case/paris>.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

District of Ontario
Division No. 09 — Toronto
Court No. BK-22-02835198-0031
Estate No.: 31-02835198

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO**

RECITALS

WHEREAS The Sanderson-Harold Company Limited (the “Debtor”) filed a Notice of Intention to Make a Proposal (“NOI”) with the Office of the Superintendent of Bankruptcy on May 31, 2022;

AND WHEREAS KSV Restructuring Inc. agreed to act as proposal trustee of the Debtor in the NOI proceedings (in such capacity, the “Trustee”);

AND WHEREAS the NOI filing was necessary to provide stability to the Debtor and allow the Debtor, with the assistance of the Trustee, to continue a sale process for the Debtor’s assets and business that commenced prior to the NOI proceeding;

AND WHEREAS on September 23, 2022, the Court granted orders approving the sale of certain of the Debtor’s assets and business, which transactions have been completed;

AND WHEREAS the Debtor, with the assistance of the Trustee, will complete the Liquidation of the Debtor’s remaining assets with the intention of the making a distribution to its Creditors in accordance with the terms of this Proposal.

PROPOSAL

The Debtor hereby submits the following Proposal to all of its Creditors pursuant to Part III of the BIA.

ARTICLE 1 - DEFINITIONS

1.1 Definitions

In this Proposal (including in the Recitals above):

- (a) “Administrative Fees and Expenses” means the proper fees, expenses and legal fees and disbursements of the Trustee and the Debtor on and incidental to the negotiation, preparation, presentation, consideration, Court approval of, and implementation of the Proposal and all proceedings and matters relating to or arising out of the Proposal including, without limitation, any meeting or meetings of creditors to consider the Proposal;
- (b) “Administrative Fee Reserve” means an amount determined by the Trustee to be maintained on account of Administrative Fees and Expenses required to complete the administration of the Proposal by the Trustee;
- (c) “Affected Claims” means all Claims which are not Unaffected Claims;
- (d) “Affected Creditor” means a Creditor having an Affected Claim;
- (e) “Approval Order” means an Order of the Court approving the Proposal;
- (f) “BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended and in force as at the NOI Filing Date;
- (g) “Business Day” means each day other than a Saturday or Sunday or a statutory or civic holiday on which banks are open for business in Toronto, Ontario, Canada;
- (h) “Canada Pension Plan” means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (i) “Claim” means:
 - (i) any right of any Person against the Debtor in connection any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence on, or which is based in whole or in part on any act, omission or fact that occurred or existed prior to the Filing Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, under-secured, unsecured, present, future, direct or indirect, known or unknown, by guarantee, by surety or otherwise, at law or in equity, and whether or not such a right is executory in including, without limitation, 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;
 - (ii) a claim against Directors of the Debtor that is based in whole or in part on facts, events or matters which existed or occurred on or before the NOI Filing Date and that relates to the obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations. Director Claims do not include claims that relate to: (a) contractual rights of one or more Creditors arising from contracts with one or more Directors; or (b) wrongful or oppressive conduct by Directors (each, a “Director Claim”); and
 - (iii) any right or claim of any Person against the Debtor, whether or not made, in connection with any indebtedness, liability or obligation of any kind whatsoever

owed by the Debtor to such Person arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach of any lease, contract or other arrangement, agreement or obligation (whether oral or written) by the Debtor on or after the NOI Filing Date.

- (j) “Court” means the Ontario Superior Court of Justice (Commercial List) (in Bankruptcy and Insolvency);
- (k) “Creditor” means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf of or in the name of such Person;
- (l) “Creditors’ Meeting” means any meeting of the Affected Creditors called for the purpose of considering and voting upon the Proposal;
- (m) “Creditors’ Meeting Date” means 10:00 a.m. on the date and time as may be called by the Trustee in consultation with the Official Receiver;
- (n) “Debtor” has the meaning ascribed to it in the Recitals above;
- (o) “Directors” means the present and former directors of the Debtor;
- (p) “Directors’ Indemnity Claims” means all claims by Directors against the Debtor for indemnity in respect of obligations of the Debtor for which the Directors are by law liable in their capacity as Directors for the payment of such obligations;
- (q) “Employment Insurance Act” means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- (r) “Implementation Date” means the date upon which the conditions set forth in Section 9.3 have been satisfied;
- (s) “Income Tax Act” means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (t) “Inspectors” means one or more Inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (u) “Levy” has the meaning ascribed to it in Section 4.5 of the Proposal.
- (v) “Liquidation” means the liquidation of the Debtor’s remaining assets, which shall be overseen by the Trustee;
- (w) “Liquidation Proceeds” means the proceeds of the Liquidation, net of the direct costs of the Liquidation, together with the proceeds of the Debtor’s accounts receivable and any other assets of the Debtor;
- (x) “NOI Filing Date” means May 31, 2022;
- (y) “Official Receiver” shall have the meaning ascribed thereto in the BIA;

- (z) “Ordinary Claim Determination Date” means the date on which the validity of all Proofs of Claim filed by Ordinary Creditors has been finally determined in accordance with the BIA;
- (aa) “Ordinary Creditors” means Creditors with Proven Claims, except for those Claims that:
 - (i) are Claims by Preferred Creditors; or
 - (ii) are Unaffected Claims.
- (bb) “Person” means any individual, general or limited partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency, regulatory body or instrumentality thereof, or any other entity howsoever designated or constituted;
- (cc) “Preferred Claim Determination Date” means the date on which the validity of all Proofs of Claim filed by Preferred Creditors has been finally determined in accordance with the BIA;
- (dd) “Preferred Creditors” means Creditors with Proven Claims and which are, subject to the rights of secured creditors, required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation, the Required Employee Amount (for greater certainty a Person can be both a Preferred Creditor and an Unsecured Creditor in respect of distinct Claims);
- (ee) “Priority Creditor Cash Amount” means the cash amount necessary to pay and satisfy: (i) the Affected Claims of Preferred Creditors, including the Required Employee Amount; and (ii) the Required Crown Amount, to be delivered by the Debtor to the Trustee within five (5) Business Days of the Preferred Claim Determination Date;
- (ff) “Proof of Claim” shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;
- (gg) “Proposal” means this proposal together with any amendments or additions thereto;
- (hh) “Proven Claim” of a Creditor means the amount of the Affected Claim of such Creditor finally determined in accordance with BIA;
- (ii) “Required Employee Amount” means an amount equal to the amount employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor became bankrupt on the NOI Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor’s business during the same period;
- (jj) “Required Crown Amount” means all amounts outstanding at the time of the filing of the NOI to Her Majesty in Right of Canada or a Province and that are of a kind that could be subject to a demand under,

- (i) subsection 224(1.2) of the *Income Tax Act*;
- (ii) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - A. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or
 - B. is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (kk) "Secured Creditors" means "secured creditors" as defined in Section 2 of the Act;
- (ll) "Secured Claims" means Proven Claims of Secured Creditors, in their capacity as such;
- (mm) "Trustee" has the meaning ascribed to it in the Recitals above, or its duly appointed successor or successors;
- (nn) "Unaffected Claims" means Secured Claims (to the extent of the value of the Secured Claim only), the Directors' Indemnity Claims and the Administrative Fees and Expenses;
- (oo) "Unsecured Creditors" means, collectively, the Preferred Creditors and the Ordinary Creditors; and
- (pp) "Voting Letter" shall mean the voting letter required by Section 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors' Meeting.

1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

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 which is a Business Day.

1.5 Time

All times expressed herein are local time in Toronto, Ontario, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Toronto, Ontario, Canada.

1.6 Numbers, Gender

In the Proposal, where the context requires, a word importing the singular number will include the plural and vice versa and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2 - PURPOSE OF THE PROPOSAL

2.1 Purpose of the Proposal

The purpose of this Proposal is to allow the Debtor to effect its orderly wind down to maximize recoveries and is designed to allow the Debtor to distribute the net proceeds of its estate to the Affected Creditors with Proven Claims in the expectation that all Affected Creditors will derive greater benefit from the wind-down than they would otherwise receive from a bankruptcy of the Debtor, and to distribute the Liquidation Proceeds in accordance with the priorities set out herein.

The Proposal applies to all Affected Creditors, whether or not any such Affected Creditor proves a Claim against the Debtor under this Proposal. This Proposal provides for the payment in full of Required Crown Amounts, if any, as required by s. 60(1.1) of the BIA, and of Required Employee Amounts, if any, required by s. 60(1.3) of the BIA. This Proposal does not provide for the payment of any equity claims. This Proposal does not affect Unaffected Claims.

ARTICLE 3 - CLASSIFICATION OF CREDITORS

3.1 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one class of Unsecured Creditors.

ARTICLE 4 - TREATMENT OF CREDITORS

4.1 Administrative Fees and Expenses

On the Implementation Date, all Administrative Fees and Expenses incurred to that date which remain unpaid shall be paid, in full, in accordance with the BIA.

4.2 Compromise of Claims and Distribution for Proven Claims

The Claims of all Affected Creditors shall be compromised on the Implementation Date and thereafter each Affected Creditor with a Proven Claim shall receive the following in full satisfaction of its Proven Claim(s), to the extent that there are sufficient funds available from the Liquidation Proceeds for payment thereof:

- (a) following the Preferred Claim Determination Date, the amounts of the Proven Claim of each Preferred Creditor, including the Required Crown Amount, in full satisfaction of their Proven Claims; and
- (b) following the Ordinary Claim Determination Date, the balance of the Liquidation Proceeds, net of the Administrative Fee Reserve, shall be paid to Ordinary Creditors on account of, and in full satisfaction of, their Proven Claims.

4.3 Interest on Claims

Interest will not accrue or be paid on Affected Claims after or in respect of the period following the NOI Filing Date and no Creditor with an Affected Claim will be entitled to any interest in respect of such Claim accruing on or after or in respect of the period following the NOI Filing Date.

4.4 Required Crown Amount

In the event that the Trustee determines that the Preferred Claim Determination Date will occur more than six (6) months from the date of Court approval of the Proposal, the Required Crown Amount shall be remitted by the Trustee to Her Majesty in Right of Canada from the Liquidation Proceeds within six (6) months of the date of Court approval of the Proposal.

4.5 Superintendent of Bankruptcy Levy

The Office of the Superintendent of Bankruptcy shall be paid its prescribed levy by the Debtor from payments to Ordinary Creditors and to Preferred Creditors, as required by sections 60(4) and 147 of the BIA (the “Levy”).

4.6 Post-filing Claims

Post-filing Claims, if any, shall be paid in full by the Debtor in the ordinary course of business, on regular trade terms, with the approval of the Trustee.

ARTICLE 5 - PROCEDURE FOR VALIDATION OF CLAIMS

5.1 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The Trustee shall have the power and authority to determine the validity of all claims made against the Debtor.

5.2 Claims Bar Process

Forthwith after the Creditors’ Meeting, the Trustee shall give notice pursuant to section 149 of the BIA to every Person with an Affected Claim that the Trustee has notice or knowledge but whose claim has not been filed, that if such Person does not file its proof of claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a dividend without regard to such Person’s claim and the dividend referred to in said notice shall be deemed a final dividend and any Person so notified who does not provide its proof of claim within the said thirty (30) day period shall be barred from making a claim in this Proposal, subject to any exceptions set out in subsections 149(2)(3) and (4) of the BIA.

ARTICLE 6 - MEETING OF CREDITORS

6.1 Creditors’ Meeting

On the Creditors’ Meeting Date, the Trustee shall hold the Creditors’ Meeting in order for the Creditors to consider and vote upon the Proposal.

6.2 Time and Manner of Meeting

The Creditors’ Meeting shall be held at a time and in a manner, including by video-conference, to be established by the Trustee in consultation with the Official Receiver, or the nominee thereof, and confirmed in its notice of meeting to be mailed by the Trustee pursuant to the BIA. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the BIA and any Order which may be issued by the Court in respect of the procedure governing the Creditors’ Meeting, but in any event shall be no later than twenty-one (21) days following the filing of the Proposal with the Official Receiver.

6.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are those Unsecured Creditors, including the holders of proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel, if any, the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may only be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Creditors.

6.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with Section 52 of the BIA.

6.5 Voting by Creditors

To the extent provided for herein, each Creditor will be entitled to vote to the extent of the amount which is equal to that Creditor's Proven Claim, or such amount as may be agreed to by the Trustee for voting purposes at or prior to the Creditors' Meeting (dollar amounts to be voted by Creditors in accordance with the foregoing are referred to as "**Voting Claims**").

6.6 Approval by Creditors

In order that the Proposal be binding on the class of Unsecured Creditors in accordance with the BIA, it must first be accepted by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Voting Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

6.7 Appointment of Inspectors

At the Creditors' Meeting, the Creditors may appoint up to five (5) Inspectors whose powers will be limited to:

- (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and
- (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspectors will terminate upon the performance of the Proposal.

6.8 Valuation of Claims

The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Unsecured Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

ARTICLE 7 - COMPLETION OF THE PROPOSAL

7.1 Discharge of Trustee

Upon distribution by the Trustee of the balance of the Liquidation Proceeds, net of the Administrative Fee Reserve, as contemplated in Section 4.2(b), the Trustee shall have discharged its duties as Trustee, the Proposal shall be fully performed and the Trustee shall be entitled to apply for its discharge as Trustee hereunder.

The Trustee is acting in its capacity as Trustee under the BIA and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any liabilities or obligations in connection with the Proposal or in respect of the business or obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute wilful misconduct or gross negligence.

7.2 Completion of the Proposal

The payment, compromise, extinguishment or other satisfaction of any Affected Claim under the Proposal will be binding upon each Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes, and as and from the Implementation Date all Affected Claims shall be forever discharged and released, excepting only the obligations to make distributions in respect of such Affected Claims in the manner and to the extent provided for in the Proposal.

ARTICLE 8 - PREFERENCES, TRANSFERS AT UNDER VALUE, ETC.

8.1 Sections 95-101 of the BIA

Sections 95-101 of the BIA and any provincial statute related to preferences, fraudulent conveyances, transfers at undervalue, or the like shall not apply to this Proposal.

8.2 Recourse

As a result of and in accordance with Section 8.1 hereof and all of the rights, remedies, recourses and Affected Claims described therein:

- (a) all such rights, remedies and recourses and any Affected Claims based thereon shall be completely unavailable to the Trustee or any Creditor against the Company, any other Creditor or any other person whatsoever; and

- (b) the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Affected Claims based thereon against the Company, any other Creditor or any other persons.

ARTICLE 9 - MISCELLANEOUS

9.1 Modification of Proposal

The Debtor, with the consent of the Trustee, may propose an alteration or modification to the Proposal prior to the conclusion of the first Creditors' Meeting called to consider the Proposal.

9.2 Consents, Waivers and Agreements

As at 12:01 a.m. on the Implementation Date, each Creditor will be deemed to have:

- (a) executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Proposal in its entirety;
- (b) waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Implementation Date;
- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation Date) and the provisions of the Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) released the Debtor, the Trustee, the Directors, and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein.

9.3 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors; and

- (b) approval of the Proposal by the Court pursuant to a final and non-appealable Approval Order.

9.4 Release

Upon the Implementation Date, each and every Director shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without consideration from any and all Director Claims. This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

9.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of such Claims.

9.6 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by receipted email (except for Proofs of Claim which may only be sent by personal delivery, receipted email or registered mail) addressed to the respective parties as follows:

- (a) if to the Debtor:

c/o CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

George Benchetrit
E-mail: george@chaitons.com

- (b) if to a Creditor, to the address or email address for such Creditor specified in the Proof of Claim filed by Creditor or, if no Proof of Claim has been filed, to such other address or email address at which the notifying party may reasonably believe that the Creditor may be contacted; and

- (c) if to the Trustee:

KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9

Bobby Kofman / Jordan Wong
Email: bkofman@ksvadvisory.com / jwong@ksvadvisory.com

or to such other address or email address as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by receipted email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by email or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in the case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

9.7 Further Assurances

Each of the Persons named or referred to in, or subject to, this Proposal will execute and deliver all such documents and instruments and do all such actions and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated herein.

9.8 Assignment of Claims

No assignment of a Claim by an Affected Creditor is effective to give the assignee any rights in respect of the Proposal unless written notice of the assignment is given to the Debtor and the Trustee in accordance with the requirements of Section 9.6. The assignment of the Claim will not be effective for a period of five (5) Business Days from the date of effective receipt of the notice of assignment by the Debtor and by Trustee as determined in accordance with Section 9.6.

9.9 Foreign Currency Obligations

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the NOI Filing Date.

9.10 Applicable Law

The Proposal shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

9.11 Non-Severability

It is intended that all material provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any material provision or provisions of the Proposal is or are found by the Court to be void, voidable or

unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

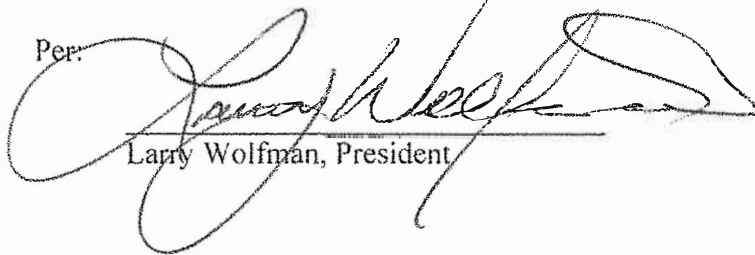
9.12 Annulment

If the Proposal is annulled by an Order of the Court, all payments on account of Proven Claims made pursuant to the terms of this Proposal will reduce the Claims of the applicable Creditors.

DATED at the City of Toronto, in the Province of Ontario, this 10th day of November, 2022.

THE SANDERSON-HAROLD COMPANY LIMITED

Per:

A handwritten signature in black ink, appearing to read "Larry Wolfman", is written over a horizontal line. The signature is stylized with large loops and a long horizontal stroke extending to the right.

Larry Wolfman, President

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. 31-2835198
Estate No. 31-2835198

In the Matter of the Proposal of:

The Sanderson-Harold Company Limited

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

| | | | |
|-----------------------|---|-----------|----|
| Date of Proposal: | November 11, 2022 | Security: | \$ |
| Meeting of Creditors: | December 02, 2022, 14:00 Meeting ID:86290583035 Passcode:896157 150 King St West, Suite 2308 Toronto, Ontario Canada, | | |
| Chair: | Trustee | | |

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

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: November 22, 2022, 11:16

E-File/Dépôt Electronique

Official Receiver

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

Canada

Appendix “C”



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: _____
Address: _____

Account No.: _____

Telephone: _____
Fax: _____
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:
WARNINGS:

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

IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED,
OF THE CITY OF RICHMOND HILL,
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 The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens to record my vote:

PLEASE TICK OFF OR INDICATE YOUR VOTE AS FOLLOWS:

- ☐ **FOR** the acceptance of the Proposal, as made on the 11th day of November, 2022.
- ☐ **AGAINST** the acceptance of the Proposal, as made on the 11th day of November, 2022.

DATED at _____, this _____ day of _____, 2022.

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*

Appendix “D”



Estate File No: 31-2835198

**IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED
OF THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

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

Take notice that:

1. The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens (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 2nd day of December, 2022 at 2:00 p.m., to be convened via Zoom at:
<https://us06web.zoom.us/j/86290583035?pwd=SmVYSmRMdkJuU2RQbFdBQ3IEbXhHQT09> Meeting ID: 862 9058 3035 Passcode: 896157
3. Enclosed are copies of:
 - The Proposal;
 - A proof of claim form, proxy, instruction letter and voting letter;
 - A condensed statement of the Company's assets and liabilities; and
 - A list of the creditors affected by the Proposal whose claims amount to \$250 or more.
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 22nd day of November, 2022.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
LICENSED INSOLVENCY TRUSTEE**

Appendix “E”

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2835198
Estate No. 31-2835198

☒ 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 The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens
of the City of Richmond Hill, 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 31st day of May 2022. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

| LIABILITIES (as stated and estimated by the officer) | | ASSETS (as stated and estimated by the officer) | |
|--|--------------|---|--------------|
| 1. Unsecured creditors as per list "A" | 2,826,215.51 | 1. Inventory | 200,000.00 |
| Balance of secured claims as per list "B" | 0.00 | 2. Trade fixtures, etc. | 0.00 |
| Total unsecured creditors | 2,826,215.51 | 3. Accounts receivable and other receivables, as per list "E" | |
| 2. Secured creditors as per list "B" | 1,456,529.00 | Good | 2,800,000.00 |
| 3. Preferred creditors as per list "C" | 0.00 | Doubtful | 1,000,000.00 |
| 4. Contingent, trust claims or other liabilities as per list "D" | 0.00 | Bad | 0.00 |
| estimated to be reclaimable for | | Estimated to produce | 2,800,000.00 |
| Total liabilities | 4,282,744.51 | 4. Bills of exchange, promissory note, etc., as per list "F" .. | 0.00 |
| Surplus | NIL | 5. Deposits in financial institutions | 0.00 |
| | | 6. Cash | 0.00 |
| | | 7. Livestock | 0.00 |
| | | 8. Machinery, equipment and plant. | 0.00 |
| | | 9. Real property or immovable as per list "G" | 0.00 |
| | | 10. Furniture | 0.00 |
| | | 11. RRSPs, RRIIFs, life insurance, etc. | 0.00 |
| | | 12. Securities (shares, bonds, debentures, etc.) | 0.00 |
| | | 13. Interests under wills | 0.00 |
| | | 14. Vehicles | 0.00 |
| | | 15. Other property, as per list "H" | 0.00 |
| | | If debtor is a corporation, add: | |
| | | Amount of subscribed capital | 0.00 |
| | | Amount paid on capital | 0.00 |
| | | Balance subscribed and unpaid | 0.00 |
| | | Estimated to produce | 0.00 |
| | | Total assets | 3,000,000.00 |
| | | Deficiency | 1,282,744.51 |

I, Larry Wolfman, of the City of Thornhill in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 11th day of November 2022 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)

before me at the City of Toronto in the Province of Ontario, on this 11th day of November 2022.


Catherine Theriault, Commissioner of Oaths
For the Province of Ontario
Expires February 19, 2025


Larry Wolfman

Appendix “F”

The Sanderson-Harold Company Limited
Creditors List - Proposal
(\$; unaudited)

| Creditor | Amount |
|---|---------------|
| Secured | |
| DIAZO INVESTMENT LIMITED, ATTN: LARRY WOLFMAN | 1,106,529.00 |
| Unsecured | |
| 13248810 CANADA INC | 5,282.37 |
| 1738833 ONTARIO INC. | 2,096.15 |
| 24-7 COURIER INC. | 1,791.06 |
| 4 OFFICE AUTOMATION LTD. | 664.87 |
| A & A FLOOR CLEANING CO. LTD | 1,050.90 |
| A.H.M. DESIGNERS LTD. | 10,250.02 |
| ABLE-ONE SYSTEMS INC. | 274.59 |
| ACCURATE FASTENERS LTD. | 1,001.18 |
| AKZO NOBEL WOOD COATINGS LTD | 45,819.39 |
| ALL-LIFT LTD | 3,365.96 |
| AMANDA VANGROOTEL | 1,200.40 |
| ANAZAO INC. | 793.26 |
| ANH KITCHENS AND BATHS CORP. | 47,799.00 |
| ART FOR EVERYDAY INC., ATTN: JACKIE ALVIA | 483.08 |
| ATLANTIC DOORS INC. | 46,073.39 |
| AUTOMOTIVE REFINISH TECH. | 1,237.05 |
| AXXON PACKING GROUP | 3,126.82 |
| BALLANTRY HOMES, ATTN: DOUG BETTS | 1.00 |
| BELL CANADA | 786.30 |
| BERENSON INC. | 25,147.46 |
| BIESSE CANADA, ATTN: MONIQUE LESSARD | 1,977.70 |
| BLUM CANADA LIMITED | 103,753.39 |
| CABINET SOLUTIONS | 13,990.65 |
| CANADA REVENUE AGENCY, ATTN: CARLA NAVARRO | 1.00 |
| CANADIAN MOTIVEL INC. | 2,796.90 |
| CARPENTER'S DISTRICT COUNCIL OF CANADA | 1,563.36 |
| CARQUEST CANADA INC. | 8,774.50 |
| CARRIER TRUCK CENTER INC. | 15,787.38 |
| CCI / FINISHWORKS | 10,722.05 |
| CHARLES JONES INDUSTRIAL LIMITED | 6,232.30 |
| CHU, IRENE | 27,552.15 |
| CINTAS CANADA LIMITED | 543.15 |
| CNC AUTOMATION | 866.94 |
| CNC WOODCRAFT LTD. | 1,831.22 |
| CORPORATE EXPRESS/STAPLES ADVANTAGE | 628.36 |
| CULLIGAN WATER TREATMENT | 301.00 |
| CUSTOM SNOW REMOVAL LTD. | 22,317.50 |
| D.A.C. CHECKER PRODUCE LTD. | 1,101.75 |
| DE LAGE LANDEN FINANCIAL SERVICES CANADA INC | 1.00 |

| Creditor | Amount |
|--|--------------|
| DEAN ELECTRIC LTD. | 723.20 |
| DECOTEC INC. | 22,108.45 |
| DELL CANADA INC. | 1,803.90 |
| DIAZO INVESTMENT LIMITED, ATTN: LARRY WOLFMAN | 1.00 |
| DISTINCTIVE WOOD PRODUCTS INC | 31,157.96 |
| DUNK & ASSOCIATES | 2,152.65 |
| DUNTRUNE LLP | 5,059.58 |
| DUPONT WASTE MANAGEMENT | 24,308.09 |
| DURA EDGE INC. | 5,936.25 |
| EAM-MOSCA CANADA | 5,410.88 |
| EASTWOOD WOOD SPECIALTIES LTD. | 16,691.06 |
| EDPRO | 496.47 |
| ELDORADO PLYWOOD SPEC. INC. | 41,646.73 |
| ELENA USTIMENKO | 1,456.20 |
| EMPLOYEES - VARIOUS | 1.00 |
| FASTENAL CANADA | 1,719.90 |
| FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO | 1,000,000.00 |
| GERRITY CORRUGATED PAPER PRODUCTS LTD | 7,909.63 |
| GOWLING WLG (CANADA) LLP | 2,260.00 |
| HADDAD, KAREN MARIA | 16,867.26 |
| HAFELE CANADA INC. | 8,046.29 |
| HAYWARD, JUDY | 6,482.66 |
| HETTICH CANADA L.P. | 1,271.48 |
| HOMAG CANADA INC. | 2,302.74 |
| HOME BUILDING CENTRE LTD. | 1,686.77 |
| IMPERIAL OIL | 6,681.81 |
| INDEPENDENT CORRUGATOR INC | 13,338.97 |
| INSIGHT CANADA INC. | 2,528.76 |
| K-W GLASS SYSTEMS INC. | 10,719.39 |
| KELFORD INDUSTRIAL SALES | 10,391.68 |
| LARSEN & SHAW LIMITED | 2,438.54 |
| LEXUS FINANCIAL SERVICE | 1.00 |
| MANULIFE FINANCIAL | 47,411.95 |
| MCFADDEN's HARDWOOD & HARDWARE INC., SHC023 | 16,199.34 |
| METRIC PACKAGING SOLUTIONS | 1,247.52 |
| METRO DOORS & WOODWORKING | 145,816.66 |
| MILLER WOODWORKING LTD. | 10,601.99 |
| MISTER SAFETY SHOES INC. | 935.29 |
| MNP LLP | 5,311.00 |
| NEW IMAGE CONSTRUCTION | 1,654.32 |
| NUBOLD INDUSTRIES | 76,897.00 |
| PHILLIPS, DENISE | 9,362.15 |
| PHOENIX REMODELLING INC. | 810.21 |
| PLASTI-FAB LTD., ATTN: LAWRENCE LE ROUX | 2,993.86 |
| POWER STREAM INC. | 1,040.94 |

| Creditor | Amount |
|---|--------------|
| PRINTSOL | 2,480.35 |
| PRODIGY PERSONNEL LTD., ATTN: MIRANDA FINKELSTEIN | 1.00 |
| RADCLIFFE SERVICE INC. | 2,068.62 |
| RANDSTAD | 7,661.00 |
| RAYETTE FOREST PRODUCTS | 26,521.39 |
| RED OAK CUSTOM WOODWORKING LTD. | 49,633.83 |
| RICHELIEU HARDWARE LTD. | 128,038.54 |
| ROYAL CONTAINERS LTD. | 6,983.47 |
| ROYAL DESIGNER TOPS INC. | 88,594.79 |
| ROYCE AYR CUTTING TOOLS INC. | 6,422.25 |
| RUBBERLINE PRODUCTS LTD. | 565.70 |
| S&S FINISHING SYSTEMS | 3,247.58 |
| SCM GROUP NORTH AMERICA -US | 456.78 |
| SERVICE CANADA RE: WEPP | 60,906.28 |
| SHERMAN WILLIAMS C/O D&A GROUP SERVICES | 941.29 |
| SIGMA COMPRESSOR INC. | 433.97 |
| SPARK POWER HIGH VOLTAGE SERVICES INC. | 1,090.45 |
| SW-AUTOMOTIVE FINISHES | 941.29 |
| TACOMA WOODWORKS INC. | 54,533.80 |
| TENAQUIP LIMITED | 3,466.36 |
| THE MASTER PEOPLE LTD. | 3,963.48 |
| THE STAFFING EDGE ULC. | 18,572.78 |
| TONKIN, DOROTHY | 11,313.04 |
| TORONTO LIGHTING SUPPLY INC., ATTN: MIKE LEWIN | 921.74 |
| TRI-MACH GROUP INC. | 1,514.20 |
| U.B.C. ONTARIO INDUSTRIAL COUNCIL | 1.00 |
| UPI ENERGY LP, ATTN: ELISA NUHN | 1.00 |
| WANDEROSA WOOD PRODUCTS | 302,020.72 |
| WASTE CONNECTIONS OF CANADA | 1,086.97 |
| WESTON PREMIUM WOODS INC. | 27,605.90 |
| WHITEBIRD / NATIONAL CORRUGATE | 14,619.13 |
| WILSON'S OFFICE SOLUTIONS INC. | 1,655.93 |
| TOTAL UNSECURED | 2,821,133.71 |

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

Appendix “D”

The Sanderson-Harold Company Limited
Creditors List - Proposal
(\$; unaudited)

| Creditor | Amount |
|----------|--------|
|----------|--------|

Note: The following is a preliminary list of creditors. The validity, priority and amount of creditor claims will be determined through the claims process.

Secured

| | |
|---|------------|
| DIAZO INVESTMENT LIMITED, ATTN: LARRY WOLFMAN | 549,028.81 |
| DE LAGE LANDEN FINANCIAL SERVICES CANADA INC | 41,983.88 |
| | 591,012.69 |

Unsecured

| | |
|--|------------|
| 13248810 CANADA INC | 5,282.37 |
| 1738833 ONTARIO INC. | 2,096.15 |
| 24-7 COURIER INC. | 1,791.06 |
| 4 OFFICE AUTOMATION LTD. | 664.87 |
| A & A FLOOR CLEANING CO. LTD | 1,050.90 |
| A.H.M. DESIGNERS LTD. | 10,250.02 |
| ABLE-ONE SYSTEMS INC. | 274.59 |
| ACCURATE FASTENERS LTD. | 1,001.18 |
| AKZO NOBEL WOOD COATINGS LTD | 45,819.39 |
| ALL-LIFT LTD | 3,365.96 |
| AMANDA VANGROOTEL | 1,200.40 |
| ANAZAO INC. | 793.26 |
| ANH KITCHENS AND BATHS CORP. | 47,799.00 |
| ART FOR EVERYDAY INC., ATTN: JACKIE ALVIA | 483.08 |
| ATLANTIC DOORS INC. | 46,073.39 |
| AUTOMOTIVE REFINISH TECH. | 1,237.05 |
| AXXON PACKING GROUP | 3,126.82 |
| BALLANTRY HOMES, ATTN: DOUG BETTS | 1.00 |
| BELL CANADA | 786.30 |
| BERENSON INC. | 25,147.46 |
| BIESSE CANADA, ATTN: MONIQUE LESSARD | 1,977.70 |
| BLUM CANADA LIMITED | 103,753.39 |
| CABINET SOLUTIONS | 13,990.65 |
| CANADA REVENUE AGENCY, ATTN: CARLA NAVARRO | 1.00 |
| CANADIAN MOTIVEL INC. | 3,842.58 |
| CARPENTER'S DISTRICT COUNCIL OF CANADA | 1,563.36 |
| CARQUEST CANADA INC. | 8,774.50 |
| CARRIER TRUCK CENTER INC. | 15,787.38 |
| CCI / FINISHWORKS | 10,722.05 |
| CHARLES JONES INDUSTRIAL LIMITED | 6,975.84 |
| CHU, IRENE | 27,552.15 |
| CINTAS CANADA LIMITED | 543.15 |
| CNC AUTOMATION | 866.94 |
| CNC WOODCRAFT LTD. | 1,831.22 |

| Creditor | Amount |
|--|--------------|
| CORPORATE EXPRESS/STAPLES ADVANTAGE | 628.36 |
| CULLIGAN WATER TREATMENT | 301.00 |
| CUSTOM SNOW REMOVAL LTD. | 22,317.50 |
| D.A.C. CHECKER PRODUCE LTD. | 2,203.50 |
| DE LAGE LANDEN FINANCIAL SERVICES CANADA INC | 1.00 |
| DEAN ELECTRIC LTD. | 723.20 |
| DECOTEC INC. | 22,108.45 |
| DELL CANADA INC. | 1,803.90 |
| DIAZO INVESTMENT LIMITED, ATTN: LARRY WOLFMAN | 1.00 |
| DISTINCTIVE WOOD PRODUCTS INC | 31,157.96 |
| DUNK & ASSOCIATES | 2,152.65 |
| DUNTRUNE LLP | 5,059.58 |
| DUPONT WASTE MANAGEMENT | 24,308.09 |
| DURA EDGE INC. | 5,936.25 |
| EAM-MOSCA CANADA | 8,461.98 |
| EASTWOOD WOOD SPECIALTIES LTD. | 16,691.06 |
| EDPRO | 496.47 |
| ELDORADO PLYWOOD SPEC. INC. | 41,646.73 |
| ELENA USTIMENKO | 1,456.20 |
| EMPLOYEES - VARIOUS | 1.00 |
| FASTENAL CANADA | 1,719.90 |
| FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO | 1,000,000.00 |
| GERRITY CORRUGATED PAPER PRODUCTS LTD | 7,909.63 |
| GOWLING WLG (CANADA) LLP | 2,260.00 |
| HADDAD, KAREN MARIA | 16,867.26 |
| HAFELE CANADA INC. | 8,046.29 |
| HAYWARD, JUDY | 6,482.66 |
| HETTICH CANADA L.P. | 1,271.48 |
| HOMAG CANADA INC. | 2,302.74 |
| HOME BUILDING CENTRE LTD. | 1,686.77 |
| IMPERIAL OIL | 6,681.81 |
| INDEPENDENT CORRUGATOR INC | 13,338.97 |
| INSIGHT CANADA INC. | 2,528.76 |
| K-W GLASS SYSTEMS INC. | 10,719.39 |
| KELFORD INDUSTRIAL SALES | 10,391.68 |
| LARSEN & SHAW LIMITED | 2,438.54 |
| LEXUS FINANCIAL SERVICE | 1.00 |
| MANULIFE FINANCIAL | 47,411.95 |
| MCFADDEN's HARDWOOD & HARDWARE INC., SHC023 | 16,199.34 |
| METRIC PACKAGING SOLUTIONS | 1,247.52 |
| METRO DOORS & WOODWORKING | 145,816.66 |
| MILLER WOODWORKING LTD. | 10,601.99 |
| MISTER SAFETY SHOES INC. | 1,118.29 |
| MNP LLP | 5,311.00 |
| NEW IMAGE CONSTRUCTION | 1,654.32 |
| NUBOLD INDUSTRIES | 76,897.00 |

| Creditor | Amount |
|---|--------------|
| PHILLIPS, DENISE | 9,362.15 |
| PHOENIX REMODELLING INC. | 810.21 |
| PLASTI-FAB LTD., ATTN: LAWRENCE LE ROUX | 2,993.86 |
| POWER STREAM INC. | 1,040.94 |
| PRINTSOL | 2,480.35 |
| PRODIGY PERSONNEL LTD., ATTN: MIRANDA FINKELSTEIN | 1.00 |
| RADCLIFFE SERVICE INC. | 2,068.62 |
| RANDSTAD | 7,661.00 |
| RAYETTE FOREST PRODUCTS | 26,521.39 |
| RED OAK CUSTOM WOODWORKING LTD. | 49,633.83 |
| RICHELIEU HARDWARE LTD. | 128,038.54 |
| ROYAL CONTAINERS LTD. | 11,539.63 |
| ROYAL DESIGNER TOPS INC. | 88,594.79 |
| ROYCE AYR CUTTING TOOLS INC. | 6,422.25 |
| RUBBERLINE PRODUCTS LTD. | 565.70 |
| S&S FINISHING SYSTEMS | 4,088.64 |
| SCM GROUP NORTH AMERICA -US | 456.78 |
| SERVICE CANADA RE: WEPP | 60,906.28 |
| SHERMAN WILLIAMS C/O D&A GROUP SERVICES | 941.29 |
| SIGMA COMPRESSOR INC. | 433.97 |
| SPARK POWER HIGH VOLTAGE SERVICES INC. | 1,090.45 |
| SW-AUTOMOTIVE FINISHES | 941.29 |
| TACOMA WOODWORKS INC. | 54,533.80 |
| TENAQUIP LIMITED | 3,466.36 |
| THE MASTER PEOPLE LTD. | 3,963.48 |
| THE STAFFING EDGE ULC. | 18,572.78 |
| TONKIN, DOROTHY | 11,313.04 |
| TORONTO LIGHTING SUPPLY INC., ATTN: MIKE LEWIN | 42,139.84 |
| TRI-MACH GROUP INC. | 1,514.20 |
| U.B.C. ONTARIO INDUSTRIAL COUNCIL | 1.00 |
| UPI ENERGY LP, ATTN: ELISA NUHN | 1.00 |
| WANDEROSA WOOD PRODUCTS | 302,020.72 |
| WASTE CONNECTIONS OF CANADA | 1,086.97 |
| WESTON PREMIUM WOODS INC. | 27,605.90 |
| WHITEBIRD / NATIONAL CORRUGATE | 14,619.13 |
| WILSON'S OFFICE SOLUTIONS INC. | 1,655.93 |
| TOTAL UNSECURED | 2,873,874.10 |

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

Appendix “E”



ksv advisory inc.

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Toronto, Ontario, M5H 1J9

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ksvadvisory.com

Estate File No: 31-2835198

**IN THE MATTER OF THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED C.O.B. AS PARIS KITCHENS,
OF THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

**Notice of Hearing of Application for Court Approval of Proposal
(Paragraph 58(b) of the *Bankruptcy and Insolvency Act*)**

Take notice that an application will be made virtually to the Ontario Superior Court of Justice (Commercial List) on the 18th day of January, 2023, at 12:30 pm (EST) to approve the Proposal of The Sanderson-Harold Company Limited C.O.B. as Paris Kitchens, as accepted by the creditors at a meeting held on the 2nd day of December, 2022. Any creditor wishing to attend the hearing is requested to contact the Proposal Trustee for further information.

DATED at Toronto, Ontario, this 28th day of December, 2022.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED C.O.B. AS PARIS KITCHENS
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Per: Robert Kofman

Appendix “F”

District of Ontario
Division No. 09 - Toronto
Court No. 31-2835198
Estate No. 31-2835198

Voting Summary

In the Matter of the Notice of Intention to Make a Proposal
of The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens
of the City of Richmond Hill, in the Province of Ontario

Insolvency Date: 10-Nov-2022
Estate Number: 31-2835198

Result of Voting

| <i>Total #</i> | | | <i>Dollar Value of Claims</i> | | <i>Percentage by</i> | | <i>Percentage by Value</i> | | <i>Result</i> | |
|----------------|------------|-----------|-------------------------------|------------|----------------------|-----------|----------------------------|-----------|-----------------|-----------------|
| <i>Votes</i> | <i>Yes</i> | <i>No</i> | <i>Yes</i> | <i>No</i> | <i>Yes</i> | <i>No</i> | <i>Yes</i> | <i>No</i> | <i>By Votes</i> | <i>By Value</i> |
| 20 | 19 | 1 | 912,689.61 | 122,789.61 | 95.00 | 5.00 | 88.14 | 11.86 | Approved | Approved |

List of creditors

| <i>Creditor Name</i> | <i>Type</i> | <i>Account #</i> | <i>\$ Admitted for Voting</i> | <i>Voted By</i> | <i>Vote</i> |
|----------------------------------|-------------|------------------|-------------------------------|-----------------|-------------|
| BLUM CANADA LIMITED | U | | 122,789.61 | Letter | Against |
| CABINET SOLUTIONS | U | | 28,459.96 | Letter | For |
| CANADIAN MOTIVEL INC. | U | | 3,842.58 | Proxy | For |
| CHARLES JONES INDUSTRIAL LIMITED | U | | 6,975.84 | Proxy | For |
| DAC Trailers Inc. | U | | 2,203.50 | Letter | For |
| DUNTRUNE LLP | U | | 11,280.23 | Proxy | For |
| DUPONT WASTE MANAGEMENT | U | | 36,126.10 | Letter | For |
| EAM-MOSCA CANADA | U | | 8,461.98 | Letter | For |
| EASTWOOD WOOD SPECIALTIES LTD. | U | | 16,691.06 | Letter | For |
| FASTENAL CANADA | U | | 2,513.84 | Letter | For |
| LARSEN & SHAW LIMITED | U | | 2,438.54 | Letter | For |
| MISTER SAFETY SHOES INC. | U | | 1,118.29 | Letter | For |
| RICHELIEU HARDWARE LTD. | U | | 139,413.62 | Letter | For |
| ROYAL CONTAINERS LTD. | U | | 11,539.63 | Letter | For |
| ROYAL DESIGNER TOPS INC. | U | | 102,026.96 | Letter | For |
| S&S FINISHING SYSTEMS | U | | 4,088.64 | Letter | For |
| TACOMA WOODWORKS INC. | U | | 89,565.18 | Letter | For |
| TORONTO LIGHTING SUPPLY INC. | U | | 42,139.84 | Letter | For |
| UPI Energy LP | U | | 2,172.76 | Proxy | For |
| WANDEROSA WOOD PRODUCTS | U | | 401,631.06 | Letter | For |

Appendix “G”

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

MINUTES OF GENERAL MEETING OF CREDITORS

1. The following are the minutes of the Meeting of Creditors in the Proposal proceedings of The Sanderson-Harold Company Limited c.o.b. as Paris Kitchens (the "Company") held via video conference on the 2nd day of December, 2022 at 2:00 p.m. (the "Meeting").
2. An attendance list of those present is attached as Appendix "A".
3. Bobby Kofman of KSV Restructuring Inc. ("KSV"), the Proposal Trustee, called the Meeting to order at 2:00 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 Jordan Wong of KSV would act as the Recording Secretary. Mr. Kofman introduced the Proposal Trustee's counsel, the Company, the Company's counsel and Larry Wolfman, the Company's President.
5. The Chair asked each person in attendance to identify the creditor they represented. One person identified themselves as a reporter and the Chair advised that no press would be permitted to attend the meeting, and that person exited the meeting. The Chair advised certain individuals who forgot to file claims prior to the commencement of the meeting that they could observe but not vote at the meeting.
6. The Chair advised that the Recording Secretary had the following documents available for review at the meeting:
 - Proposal (the "Proposal");
 - Notice of Meeting of Creditors;
 - Trustee's Report to Creditors ("Report");
 - Proofs of Claim, as filed; and
 - Affidavit of Service relating to the Proposal.

Review of Report and Proposal

7. The Chair reviewed the Report, including background on the Company and the terms of the Proposal, noting that the purpose of the filing by the Company of a Notice of Intention to Make a Proposal (the "NOI") was to create a stabilized environment to allow the Company the opportunity to continue a sale process (the "Sale Process") that had commenced prior to the commencement of the NOI process, wind-down its business on an orderly basis if a transaction could not be completed in the Sale Process and to formulate a proposal to its creditors which provides a result superior to a bankruptcy.

8. The Chair provided background on the Proposal, noting that the purpose of the Proposal is to:
 - maximize recoveries for Affected Creditors with Proven Claims (both as defined in the Proposal) through an orderly wind-down process;
 - provide creditors with a recovery greater than they could expect to receive in a bankruptcy; and
 - effect releases in respect of Affected Claims (as defined in the Proposal).
9. The Chair also reviewed the section of the Report addressing proposed distributions to creditors and advised that distributions would be made to creditors to the extent there are sufficient funds available from the Liquidation Proceeds (as defined in the Proposal). The Proposal Trustee advised that there is uncertainty as to the amounts that ultimately may be available for distribution to creditors.
10. The Chair noted that the Proposal Trustee provided its recommendation that creditors vote in favour of the Proposal in Section 5 of the Report. Specifically, the Proposal Trustee summarized its view that the Proposal provides a superior outcome for the Company's creditors as compared to a bankruptcy. The Chair noted the potential challenges and costs associated with a bankruptcy, including increased professional costs and a disorderly wind-down.
11. The Chair requested questions from the floor. There was a brief discussion about the amount of recoveries to creditors. The Chair advised that the total distributions to creditors, if any, would depend on the Company's ability to collect its outstanding accounts receivable.
12. A question was asked of Mr. Wolfman regarding the ownership of Diazo Investments Limited ("Diazo"), the Company's remaining secured creditor, and a related party to the Company. Mr. Wolfman advised that Diazo is owned by members of his family.

Vote to Accept the Proposal

13. The Chair requested that a motion be tabled to accept the Proposal. Vince Baggetta of Weston Premium Woods Inc. tabled a motion to accept the Proposal which was seconded by Drew Neven of Cabinet Solutions Inc. The motion was unanimously carried.
14. The Chair advised that for the Proposal to be accepted, a majority in number and over two-thirds in dollar value of the voting creditors, whether in person, by voting letter or by proxy, is required to vote to accept the Proposal.
15. The Chair asked if there were any dissenting votes. Roman Kis of Blum Canada Limited ("Blum") advised that Blum was against acceptance of the Proposal.

16. The Recording Secretary announced the voting results. The Proposal was accepted by 19 of 20 creditors (voting in person, by voting letter or by proxy) representing \$912,960 of \$1,035,749 (approximately 88%) of the dollar value of voting creditors. Accordingly, the Chair declared the Proposal accepted by creditors.
17. The Chair advised that the next step in the proposal proceedings is to schedule a motion for Court approval of the Proposal. The Chair advised that a notice of the hearing date would be sent to the creditors in due course¹.

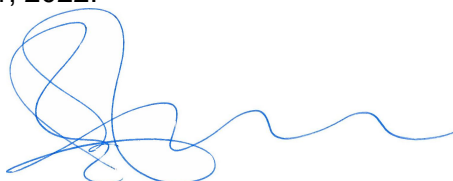
Inspectors

18. The Chair discussed the potential appointment of inspectors. The Chair explained that under the Proposal, the role of inspectors is to:
 - advise the Proposal Trustee concerning any dispute which may arise as to the validity of Claims; and
 - advise the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.
19. No individual asked to be an inspector. Accordingly, the Chair requested a motion that there be no inspectors appointed. Simon Pett of Tacoma Woodworks Inc. tabled the motion which was seconded by Roman Kis of Blum Canada Ltd. The motion was unanimously carried.

Other

20. The Chair advised that, unless there were further questions, the Proposal Trustee, using its proxies, would make a motion to terminate the meeting. As there were no further questions, the Chair declared the meeting terminated at approximately 2:30 p.m.

Dated at Toronto, Ontario this 12th day of December, 2022.



Bobby Kofman, Chair



Jordan Wong, Recording Secretary

¹ The hearing is scheduled via video conference on January 18, 2023 at 12:30pm

Appendix “A”

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: December 2, 2022 at 2:00 pm
Estate File No: 31-2835198

| No. | Name (Print) | Representing | Amount of Claim | Remarks |
|------------|---------------------|--|------------------------|----------------|
| 1 | Bobby Kofman | KSV Restructuring Inc., Proposal Trustee | N/A | |
| 2 | Jordan Wong | KSV Restructuring Inc., Proposal Trustee | N/A | |
| 3 | Kyle Plunkett | Aird & Berlis LLP, counsel to KSV Restructuring Inc., Proposal Trustee | N/A | |
| 4 | George Benchetrit | Chaitons LLP, counsel to the Sanderson-Harold Company Limited | N/A | |
| 5 | Larry Wolfman | President, Sanderson-Harold Company Limited | N/A | |
| 6 | Roman Kis | Blum Canada Ltd. | \$122,789.61 | |
| 7 | Drew Nevin | Cabinet Solutions Inc. | \$28,459.96 | |
| 8 | Vince Baggetta | Weston Premium Woods Inc. | \$38,893.18 | |
| 9 | Mary-Ann Chuong | Royal Containers Ltd. | \$11,539.63 | |
| 10 | Simon Pett | Tacoma Woodworks Inc. | \$89,565.18 | |

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF RICHMOND HILL, IN THE PROVINCE OF ONTARIO**

FIRST MEETING OF CREDITORS

ATTENDANCE REGISTER

Date: December 2, 2022 at 2:00 pm
Estate File No: 31-2835198

| No. | Name (Print) | Representing | Amount of Claim | Remarks |
|------------|---------------------|----------------------------|---|----------------|
| 11 | Ban Tran | Anh Kitchens & Baths Corp. | Claim not submitted | |
| 12 | Jacqueline Thomson | Jason Thomson (employee) | N/A at date of meeting as Jason was a current employee. | |

Appendix “H”



**Fourth Report to Court of
KSV Restructuring Inc. as Proposal
Trustee of The Sanderson-Harold
Company Limited c.o.b. as Paris
Kitchens**

November 1, 2022

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Appendices

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| Email exchange dated August 25, 2022 between the Proposal Trustee and Purchaser... | C |
| Text message to Chaitons dated August 26, 2022 | D |
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| Summary of Purchaser's review of data room documents..... | F |
| Email exchange dated October 24, 2022 re townhall..... | G |
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| Email from the Insurer dated October 26, 2022 re insurance cancellation | I |
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| Email exchange between the Proposal Trustee and Millar dated October 28, 2022 | M |
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| Email exchange dated October 31, 2022 re access to Railway Property | O |
| Photos of Electrical Room locks | P |
| Email from dated October 31, 2022 from McGeachie to employees | Q |

Court File No.: 31-2835198

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

COMMERCIAL LIST

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO

FOURTH REPORT OF KSV RESTRUCTURING INC., AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED

November 1, 2022

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 (the “NOI”) filed on May 31, 2022 by The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens (the “Company”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”).

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) provide background information about the sale process that was carried out by the Proposal Trustee (the “Sale Process”) for the Company’s business and assets;
 - c) discuss a dispute that has arisen between 1000296348 Ontario Inc., the purchaser (the “Purchaser¹”) of the Railway Property (as defined below), being the Company’s production facility, and certain other assets, including books and records and intellectual property (the “Purchased Assets”);

¹ The Purchaser took an assignment of the purchase agreement from the entity that submitted the offer.

- d) direct the Purchaser to respect the terms of the Railway APA (as defined below), including, but not limited, paragraph 6.2, which sets out the terms pursuant to which the Company is permitted to occupy the Railway Property until it completes production, which is projected to be on or about December 1, 2022;
- e) direct the Purchaser to negotiate a protocol to transition the Purchased Assets from the Company to the Purchaser on an orderly basis; and
- f) support any necessary relief to prevent the Purchaser from interfering with the Company's operations as it completes the wind-down of its business.

1.2 Restrictions

- 1. In preparing this Report, the Proposal Trustee has relied upon the Company's unaudited financial information, the books and records of the Company and discussions with representatives of the Company (the "Information"). The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information. Any party wishing to place reliance on the Information should perform its own diligence.
- 2. Future oriented Information relied upon in this Report is based on the Company's representatives' 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 this proceeding are available on the Proposal Trustee's [website](#).

2.0 Background

- 1. The Company is privately owned and was incorporated under the *Business Corporations Act* (Ontario). It has been operating since 1902.
- 2. The Company has been owned by the Wolfman family since 1964. Larry Wolfman ("Wolfman") is the Company's President, having held that position since 2019, when he took over from his father.
- 3. The Company is a manufacturer of medium to high-end kitchen and bathroom cabinets. It designs, manufactures, and services custom kitchen and bathroom cabinetry for many of the most prominent and reputable residential low-rise and high-rise builders in the Greater Toronto Area and Southern Ontario. Cabinet manufacturing is performed at the Railway Property.

4. The Company's head office is located at 245 West Beaver Creek Road, Richmond Hill, Ontario ("WBC"), which is leased from a non-arm's length party, Diazo Investment Limited ("Diazo"). Diazo is not subject to these NOI proceedings or any insolvency process. Diazo is also a secured creditor of the Company. The amounts owing to Diazo remain outstanding.
5. The Company has fixed assets at the Railway Property and at WBC. The Company has a fixed asset list for the fixed assets at the Railway Property. There is no fixed asset list for the Company's fixed assets at WBC. The assets at WBC consist primarily of used office furniture and equipment, sample kitchens and personal items. The books and records related to the Company's business are maintained at WBC. Electronic records are maintained on servers at both locations.
6. At the commencement of the NOI proceedings, the Company had approximately 150 full-time employees, approximately half of whom are unionized and work at the Railway Property. Many of the hourly and staff continue to be employed by the Company so that the Company can complete an orderly wind-down of its business.
7. The unionized employees are members of United Brotherhood of Carpenters Ontario Industrial Counsel, Carpenters Local 1072 (the "Union"). Foremen, persons ranked above foreman, office and sales staff are not union members.
8. Additional information about the Company and its background is included in the [Affidavit of Larry Wolfman](#) sworn May 31, 2022.

3.0 Events Leading to the Railway APA

1. The primary purpose of the NOI proceedings was to create a stabilized environment to provide the Company with the opportunity to conduct the Sale Process for its business and assets. The Sale Process commenced prior to the NOI proceedings and continued until late August 2022.
2. The Sale Process initially focused on finding a going-concern buyer. When it became apparent that a going-concern transaction could not be completed, the Company, with the assistance of the Proposal Trustee, engaged Colliers to market the Company's real property for sale, being the real property located at 23 Railway Street, Paris, Ontario (the "Railway Property") and another parcel of real property located nearby. The latter real property is not relevant to the issues discussed in this Report as it was not purchased by the Purchaser.
3. The Sale Process for the Company's real property was highly competitive. Several parties submitted offers for the Railway Property and there were multiple rounds of bidding. Bidders were advised by the Proposal Trustee that offers should be submitted on an unconditional basis using a template asset purchase agreement that was made available to purchasers in a virtual data room or by Colliers (the "Template APA").

4. Interested parties were advised that (a) the Company was in the process of winding down its operations so that it would satisfy its contractual commitments to its customers to complete kitchen and bathroom cabinets; (b) the Company would require use of the Railway Property and the equipment at the Railway Property for the wind-down; and (c) the wind-down process may take several months. The orderly wind-down process was (and is) integral to maximizing recoveries for the Company's creditors.
5. For greater clarity, pursuant to various contractual obligations between the Company and its customers, including arrangements made during the NOI Proceedings, the Company is obligated to complete kitchen and bathroom cabinets, which are one of the last items installed as part of a new home construction before a closing takes place. Delays installing these cabinets could result in closing delays, which, if they occur, would put at risk the receivables owing from customers. As such, delivering these cabinets is integral to the collection of accounts receivable (book value of approximately \$3.8 million as at the date of this Report) and the sale of remaining inventory (book value of approximately \$1.6 million as at September 30, 2022). The Company has projected that cabinet production and service work will continue at the Railway Property until or around December 1, 2022. Thereafter, some service, maintenance and accounting work will continue at WBC until all accounts receivable are collected.
6. The Company requires peaceful enjoyment and unimpaired access to its books and records for wind-down purposes. The Purchaser acquired these books and records pursuant to the APA, as well as electronic records. An orderly transition process is required to allow the Company to continue to use these records to complete its wind-down.
7. As a result of the orderly realization process and the sale of the Company's real property, all secured creditors are expected to be repaid in full and there is a strong possibility of a material distribution to unsecured creditors. Bank of Montreal and Pillar Capital Corp, the Company's two senior lenders, have already been fully repaid. Diazo is the Company's only remaining secured creditor. The Company intends to file a proposal to creditors prior to the expiration of the NOI proceedings, which is November 13, 2022. Any disruption in the orderly wind-down process will put at risk the Company's ability to maximize distributions to creditors.
8. Pursuant to the Railway Transaction, the Company has the right to occupy the Railway Property to complete production for 60 days following closing. This was a critical provision of the Railway APA. The Proposal Trustee discussed with the Purchaser and its main representative, Derek McGeachie ("McGeachie"), the need for an orderly wind down of the Company's business before the Railway APA was finalized. A copy of the entire text exchange (which pre-dates the date of the Railway APA) between McGeachie and the Proposal Trustee is provided in Appendix "A".²

² Many of the communications between McGeachie and the Proposal Trustee were by text because McGeachie explained to the Proposal Trustee that he receives a large number of emails and he is more responsive to text messages.

9. The Purchaser's offer was submitted in the form of the Template APA, with the only mark-ups being for the date of the agreement, the purchase price, the amount of the deposit and the purchase price allocation. The Purchaser's final offer was amended for clarifications that the Proposal Trustee sought from certain bidders for the Company's real property. After multiple rounds of bidding, the Purchaser's final offer submitted on August 26, 2022 was accepted as it was the highest and best offer, but by a very nominal amount. In fact, within minutes of the Proposal Trustee's verbal acceptance of the Purchaser's offer, the bidder with the next best offer improved its offer so that it had a higher purchase price than the Purchaser's offer. As the Proposal Trustee had already accepted the Purchaser's offer, the Proposal Trustee moved forward with the Purchaser. An extract of the summary of the offers which compares the two highest bids received in the Sale Process is provided in Appendix "B",
10. The Purchaser has no experience in the cabinet making business. During discussions between the Proposal Trustee and McGeachie prior to the bid deadline in the Sale Process, McGeachie explained to the Proposal Trustee that a related company operates a printing business (McGeachie's main business), he has a large printing press that he cannot fit into his existing facility, and, as such, he required additional space for the printing press on an urgent basis. This was the initial reason that McGeachie was interested in the Railway Property.
11. During the evening of August 25, 2022, being the day prior to the expected execution of the purchase agreement, McGeachie sent an email to the Proposal Trustee requesting several changes to his offer, many of which would have reduced the value of his offer, such that it would no longer be the best offer if the changes were accepted. The Proposal Trustee rejected substantially all requested changes. The email exchange between the Proposal Trustee and the Purchaser is provided in Appendix "C". As detailed below, the Purchaser has, in effect, attempted to renegotiate the Railway APA until the date of this Report notwithstanding many of the same requests were rejected prior to execution of the Railway APA on August 26, 2022.
12. On August 26, 2022, there was a video conference among the Proposal Trustee, the Company's legal counsel, namely Chaitons, McGeachie and three lawyers that he had retained that morning. McGeachie did not retain counsel for the purpose of submitting his bid. The lawyers retained by the Purchaser advised that they were not familiar with the transaction. At the time of the videoconference, the Proposal Trustee sent a text message to Chaitons so that they would have a record of this if there were issues with the Purchaser down the road. A copy of this text message is provided in Appendix "D".³ The email exchange referenced in paragraph 11 above includes a comment by the Proposal Trustee to McGeachie that he cannot complete a transaction like this without legal counsel.
13. On September 23, 2022, the Court issued a number of Orders, including an Approval and Vesting Order (the "[Railway AVO](#)") approving the sale of the Purchased Assets to the Purchaser pursuant to the terms of the Railway APA. A copy of the Railway APA is provided in Appendix "E".

³ As is evident from this email and will be discussed further below, during the call one of McGeachie's lawyers (his employment counsel) made specific reference to an interim lease and recommended one not be negotiated.

14. The Railway APA contemplated a closing date between October 31, 2022 and November 30, 2022 and a right to occupy the Railway Property for a subsequent 60-day period for fixed compensation of \$50,000 which was to be pre-paid by the Company, and payment of utilities and certain other specified expenses. These provisions were included to allow the Company to complete its wind-down. In late September, the Proposal Trustee asked the Purchaser if it wanted to accelerate the closing date, which had benefits to the Purchaser given its desire to install its printing press. Closing early also had benefits for the Company as it created liquidity. It was agreed in writing between the Company and the Purchaser that closing would be scheduled for October 17, 2022. Notwithstanding that agreement, the Purchaser was not ready, willing and able to complete the transaction on October 17, 2022. The Purchaser asked for multiple extensions to October 24, 2022 for reasons that are not fully known to the Proposal Trustee or the Company. As the Purchaser did not appear prepared or able to close at the date agreed, the Proposal Trustee advised the Purchaser that his deposit would be at risk if it did not close. During that time, the Purchaser, through his lawyer, continued to attempt to re-negotiate certain terms of the Railway APA, including the occupation terms in paragraph 6.2 of the Railway APA. This paragraph is provided below.

6.2 Short-Term Lease of Real Property

The Vendor shall have an option to occupy the Real Property for a period of up to 60 days after closing for a total payment to the Purchaser of \$50,000 based on occupation for the full 60-day period, plus payment of all charges for utilities consumed during such occupancy along with pro-rated (on a daily basis) real property taxes and any other taxes payable by a Tenant in occupancy or payable by the Vendor in operation of the Real Property. If the Vendor exercises that option:

- (a) the Vendor may vacate the Real Property at any time by giving 10 Business Days' notice to the Purchaser, and shall only be responsible for payment of a pro-rated amount of occupation rent based on the actual period of occupation. Any prepaid rent paid to the Purchaser by the Vendor for the unoccupied period shall be refunded by the Purchaser to the Vendor within two business days;

DOC#10364472v2

15

- (b) the Purchaser may begin to move into the Real Property provided that it does not interfere with the Vendor's operations.

15. Prior to submitting its offers, the Purchaser performed nominal due diligence. A summary of the Purchaser's review of the information in the data room is provided in Appendix "F". As is evident from this information, the Purchaser's review of the data room information appears to have been limited to historical financial statements.

16. Since first engaging with the Purchaser, the Proposal Trustee has asked the Purchaser numerous times whether it intends to operate a cabinet making business from the Railway Property. This was (and is) important to the Proposal Trustee because it wanted to preserve as many jobs at the Railway Property as possible. McGeachie advised the Proposal Trustee that he was considering doing so and that he had spoken with some of the Company's customers. The Purchaser also spoke with some of the Company's employees; however, it did not make any offers of employment to the Company's employees prior to closing, as specifically contemplated under the Railway APA. As of the date of this Report, the Purchaser has still not made any offers of employment to any of the Company's employees.
17. McGeachie has had at least one telephone discussion with the Company's Union representative, and the Proposal Trustee participated on that call. During that call, the Union representative did not provide assurances asked of her by McGeachie regarding the potential unionization of any printing operations conducted at the Railway Property.
18. On October 24, 2022, prior to closing which happened later on that date, the Purchaser requested a townhall meeting be organized with Union employees. The Proposal Trustee asked for a summary of the proposed message to employees. The Company and the Proposal Trustee were aware that employees at the Railway Property were looking for employment commitments given the uncertainty resulting from these proceedings. As the Purchaser's intended message did not provide certainty regarding future employment opportunities or specific job offers, the Proposal Trustee advised that this requires further discussion. The email exchange in this regard is provided in Appendix "G".
19. McGeachie has now advised that the Purchaser intends to imminently recommence kitchen cabinetry manufacturing operations. The Proposal Trustee notes that he has not hired any of the Company employees and he has not negotiated with the Union. It is unclear how, in light of these (and other) factors, the Purchaser believes that he can immediately recommence cabinet production. In any event, he is precluded from doing so until at least December 1, 2022 as the Company negotiated for the uninterrupted use of the Railway Property under paragraph 6.2 of the Railway APA.
20. The following is a summary of events since the closing of the Railway Transaction on October 24, 2022.

(a) Unlawful Removal of Property from WBC

On October 25, 2022, the day following closing, the Purchaser attended at WBC unannounced, and occupied one of the offices at WBC. Wolfman and Carolyn Iyer ("Iyer"), the Company's Chief Operating Officer, had a discussion with McGeachie shortly following his arrival. McGeachie told Wolfman and Iyer that, paraphrasing, "everything in this place is mine, including the coffee mug" on Wolfman's desk. Notwithstanding the conversation with Wolfman and Iyer, McGeachie did not advise them that he planned to have a team of people imminently start removing property from WBC. As that was happening, there was a heated phone discussion with McGeachie, his lawyer, Company management, Chaitons and the Proposal Trustee. McGeachie's team removed consigned appliances (subsequently returned), third-party owned customer property (still in the Purchaser's possession) and other furniture and fixtures for which there is no clear record reflecting ownership by the

Company⁴ (still in the Purchaser's possession). These events left the Company's staff agitated and concerned for their physical safety. A summary of these events is provided in an email from Iyer dated October 29, 2022 found in Appendix "H".

(b) Cancellation of Insurance

The Company required an amendment to its insurance policy for the Railway Property to add the Purchaser and its lender as loss payees. The Purchaser's lawyer (Peter Welsh) engaged in direct discussions with the Company's insurance brokers, without the Company's authorization, demanding certain adjustments to an acknowledgement required by the insurer that the Purchaser would not install or operate a printing press at the Railway Property prior to the conclusion of the wind-down. Notwithstanding that paragraph 6.2(b) of the Railway APA requires the Purchaser not to interfere with the Company's business, the Purchaser would not sign the required acknowledgement. This resulted in the cancellation of insurance coverage on October 26, 2022, which was later resolved by the Proposal Trustee. A copy of an email from the insurance agent cancelling coverage is provided in Appendix "I".

(c) The Company's Attempt to Discuss Transition Issues

Following the events of October 25, 2022 at WBC, a call was scheduled for October 26, 2022 among the Purchaser, its counsel and Chaitons to address transitional issues. It was agreed during this call that Chaitons would provide a list of transition issues for comments and/or approval by the Purchaser. The email exchange and the issues list prepared by Chaitons is provided in Appendix "J". The Purchaser never provided feedback on the transition list.

(d) Threats of Interference with Manufacturing Operations

On October 27 and 28, 2022, counsel for the Purchaser and a representative of the Purchaser, Tory Millar ("Millar"), among other things, sent emails insisting that the Company immediately sign an "Equipment Lease" dealing with "personal property" located at the Railway Property and elsewhere for compensation that could be several hundred thousand dollars, and which also included other terms which McGeachie had previously tried to negotiate (unsuccessfully). The email from Millar states that **"After Sat Oct 29th, NewCo cannot allow the use of the equipment without the lease in place."** If McGeachie had included these terms in his offer submitted in the Sale Process, the Purchaser's offer would not have been accepted as it would have been financially inferior to other unconditional offers submitted in the Sale Process. Copies of these emails are provided in Appendix "K".

As a result of Millar's threats to restrict access to the equipment at the Railway Property and other ongoing tensions with the Purchaser, Chaitons notified that it intended to arrange a case conference with a Commercial List judge during the week of October 31 to deal with the disputed issues. A copy of the email from Chaitons is provided in Appendix "L".

⁴ As stated above, there is no fixed asset listing for the Company's property at WBC.

(e) Request to Remove Additional Property from WBC

Late on October 28, 2022, Millar presented a proposal to move the Company's property immediately from WBC to "Newco's head office". The Proposal Trustee responded to Millar advising of the Proposal Trustee's view that these matters should be addressed in court. This email exchange is provided in Appendix "M".

(f) Requests for Information

On Saturday October 29, 2022, McGeachie addressed an email to Chaitons and the Proposal Trustee asking for certain additional information, including a vendor list with addresses. The Proposal Trustee responded asking McGeachie to return the items the Purchaser removed from WBC on October 25, 2022, but advised that a vendor list requested by McGeachie would be provided on Monday. The Proposal Trustee repeated in that email its prior comments it had made to the Purchaser that, while some of the assets at WBC are property of the Company, an orderly transition is required to identify those assets. A copy of this email exchange is provided in Appendix "N".

The Company has continued to provide the Purchaser with information it has requested. The Purchaser has complained about the pace and usability of some of the information. The vendor list was not sent by the Company to the Purchaser on October 31, 2022 as a result of the events detailed in paragraph 19(h) below.

(g) Attendances at Railway Property on October 31

As a result of the Purchaser's threat to prevent the Company from using its equipment at the Railway Property, the events at WBC on October 25th, and personal safety concerns expressed several times by certain of the Company's employees to the Proposal Trustee and Chaitons, security guards were hired to attend at the opening of business on October 31, 2022 at WBC and the Railway Property.

On October 31, 2022, a representative of the Purchaser was prevented from accessing the Railway Property by the security guard for a few minutes. This person was permitted access as soon as the issue was brought to the Proposal Trustee's attention, which was six minutes after the email was sent to the Proposal Trustee. The email exchange in this regard is provided in Appendix "O". Also on October 31, 2022, Mr. Millar showed up again at WBC. Although he did not try to enter the WBC facility, he loitered outside the location causing employees to call the Proposal Trustee and Chaitons to express concerns, again, about their personal safety. Additionally, the Purchaser's representatives have been directed to stop communicating directly with Company employees and to deal through Chaitons or the Proposal Trustee. The Purchaser's representatives have disregarded these requests.

(h) Power Shutdown by 1000 Co. on October 31

On October 31, 2022 at approximately 4:49 PM, Millar sent an email to Chaitons and the Proposal Trustee indicating that **"As of this afternoon power has been disabled and equipment locked out at the 23 Railway St. location. We are seeking resolution to the items outlined below. We remain willing to enter into a contractual arrangement to operate the machinery on behalf of OldCo."**

The Proposal Trustee subsequently learned that McGeachie personally attended at the Railway Property with one of his delegates, entered the electrical room, shut down the power (possibly while employees were operating manufacturing equipment) and placed locks on the electrical boxes. Pictures of these locks taken during the evening of October 31 are provided as Appendix "P". This had the effect of, among other things: cutting off all power to the property and equipment located thereon; bringing manufacturing to a halt; and cutting off access to the Company's servers, thereby interfering with its payroll, payable and receivable functions. This conduct could very well cause millions of dollars in damages to the Company and its stakeholders, including its employees, customers and unpaid creditors. Urgent resolution is required.

At 11:34 PM, McGeachie wrote to three Company employees explaining that "that power went out today due to non payment of utilities. The new Paris Kitchens company is responsible for all utility costs as of a week ago despite not having control of the operation and the former Paris Kitchens co is supposed to pay in advance for utilities and taxes while they control the operation due to their bankruptcy situation." A copy of this email is provided in Appendix "Q". McGeachie is aware that Chaitons is holding a deposit for all utilities and that arrangements had been agreed for payment of same. Additionally, the Company is current on all utility payments. To the Proposal Trustee's knowledge, the Company has always paid its utility bills on a timely basis.

4.0 Conclusion and Recommendation

1. The Purchaser performed limited due diligence on the Company's business prior to closing. It retained counsel for the first time on the date the Railway APA was to be signed. It took no steps prior to closing to discuss transitional issues with the Company or the Proposal Trustee. It has repeatedly tried to renegotiate the transaction, including on insisting on a new lease. It has no agreement with the Union. Its actions have disrupted and continue to disrupt the Company's operations, and the Company's employees are concerned for their safety.
2. The Company is ready, willing and able to negotiate an orderly transition that provides the Purchaser with the Purchased Assets, on a basis consistent with the terms of the Railway APA, including allowing the Company to complete its wind-down without disruption.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE IN THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
AND NOT IN ITS PERSONAL CAPACITY**

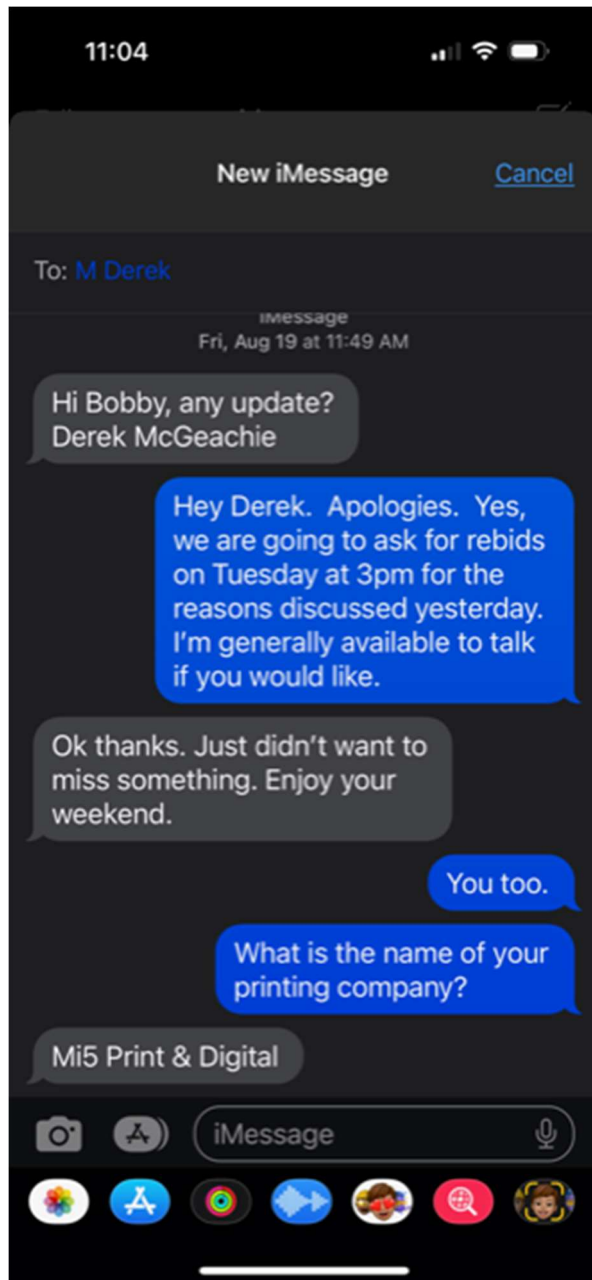
Appendix “A”

From: Robert Kofman <bobbykofman@icloud.com>

Sent: Friday, October 28, 2022 11:09:49 PM

To: Bobby Kofman <bkofman@ksvadvisory.com>

Subject: Texts with Derek



11:05



New iMessage

[Cancel](#)

To: [M Derek](#)

Thanks.

Thu, Aug 25 at 6:12 PM

Hi Derek. Can you give me an update please.

Going well. Almost done reviewing Doc

Just sent you an email

Thu, Aug 25 at 8:56 PM

I responded in an email.

The changes largely do not work.

Fri, Aug 26 at 6:55 AM

You should have a teams meeting invite for the call. I



iMessage



11:05



New iMessage

[Cancel](#)

To: M Derek

You should have a teams meeting invite for the call. I have invited the company's lawyer and you should have yours on too.

Got it

Fri, Aug 26 at 4:32 PM

Can I call you later?

Sure

On a call...

Thu, Sep 1 at 11:00 AM

Derek - you should have received an email on August 24th about the printing opportunity. Please check



iMessage



11:05



New iMessage

[Cancel](#)

To: M Derek

Derek - you should have received an email on August 24th about the printing opportunity. Please check your emails.

You hopefully will get a phone today.

Mon, Sep 12 at 10:33 PM

Can we touch base tomorrow at some point to understand where you are on your diligence on PK and what your thoughts are for the plant.

Tue, Sep 13 at 1:13 PM

Are you available to speak at some point re PK?

Tue, Sep 20 at 7:00 AM



iMessage



11:05



New iMessage

[Cancel](#)

To: [M Derek](#)

Tue, Sep 20 at 7:00 AM

Hi. Is there any possibility that you will not be in a position to close by November 30th? I ask because of insurance issues for PK.

Are you doing anything re the cabinet making business and hiring of employees? Have you been to the plant?

Morning. We are ready to close anytime, sooner is better.

Yes I want to keep the cabinet business running and will hire some employees. I still have to meet with some key accounts to figure out how many staff to keep. I've been



iMessage



11:05



New iMessage

[Cancel](#)

To: M Derek

Yes I want to keep the cabinet business running and will hire some employees. I still have to meet with some key accounts to figure out how many staff to keep. I've been to the plant and am interviewing some key staff tomorrow about taking a leadership position at the company. I like Larry but he doesn't really want to be involved and that's understandable and ok.

Thanks

Wed, Sep 21 at 12:30 PM

Can I arrange a call or meeting between you and the Union leadership. They are asking questions about your



iMessage



11:05



New iMessage

[Cancel](#)

To: M Derek

Can I arrange a call or meeting between you and the Union leadership. They are asking questions about your plans that I can't answer.

Yes, thanks. I'm available this Friday at 4pm or Monday between noon and 4pm

Friday at 430? In person or video

Wed, Sep 21 at 3:53 PM

Video

Thu, Sep 22 at 6:05 AM

Let me know when you hear from BMO about an earlier closing



iMessage



11:05



New iMessage

[Cancel](#)

To: M Derek

Will do. Have a meeting setup with them for 4pm today

Thanks. Let me know earliest possible date and then I will figure out if we can make that happen.

I am leaning that way. Just have to figure out if there are any logistical issues, including anything you may want because PK needs to be able to make kitchens for another 6 or 7 weeks.

Ok. My wants:
A) whatever we can do to help PK manufacture great kitchens with great service and quality so the company and the staff team can continue intact as much as



iMessage



11:05



New iMessage

[Cancel](#)

To: [M Derek](#)

Ok. My wants:

A) whatever we can do to help PK manufacture great kitchens with great service and quality so the company and the staff team can continue intact as much as possible. For example I can help fix the edge bander equipment problem. If you and others can point out other things we can all do to assist then great - my team will help implement.

B) Providing it doesn't negatively affect PK operations,
- ability to move some of my printing equipment and raw material in during Oct
- ability to cut the concrete and pour a press pad during



iMessage



11:05



New iMessage

[Cancel](#)

To: [M Derek](#)

B) Providing it doesn't negatively affect PK operations,
- ability to move some of my printing equipment and raw material in during Oct
- ability to cut the concrete and pour a press pad during Oct
I need about 3,000 sqft in new area and 3,000 sqft in old area.

As long as it doesn't affect our ability to complete kitchens, I don't really care. My objective is to complete the commitments made to the customers of PK. I also don't want to screw anything up for you. So whatever we do, I



iMessage



11:06



New iMessage

[Cancel](#)

To: M Derek

As long as it doesn't affect our ability to complete kitchens, I don't really care. My objective is to complete the commitments made to the customers of PK. I also don't want to screw anything up for you. So whatever we do, I want to do with a view the making sure we don't have any friction. If we can accomplish those goals, I'm probably fine to close earlier.

I'm fully aligned with that. I'm confident that me moving in early will help you and PK

Is there a particular reason or benefit to close in 1 week rather than 2?



iMessage



11:06



New iMessage

[Cancel](#)

To: [M Derek](#)

Easier to explain on the phone. Let's start with figuring out what the Bank can do.

Ok will get back to you soon

Fri, Sep 23 at 8:22 AM

We can close early but bmo says the best they can do is week of oct 10.

Im heading to Paris today to address the staff for a pep talk - get them invested and excited for both of us

Another contact at BMO just told me they should be able to close between September 30 and October 7 so that's better



iMessage



11:06



New iMessage

[Cancel](#)

To: M Derek

Another contact at BMO just told me they should be able to close between September 30 and October 7 so that's better news. If you tell them that the receivership will keep more money for creditors by closing early that may help.

You're meeting with all staff?
Huh? Who suggested that?
Please call me.

Sat, Sep 24 at 10:52 AM

Derek - we're suggesting a closing date of October 17th. Please let me know if that works for you.

That works



iMessage



11:06



New iMessage

[Cancel](#)

To: M Derek

Please let your lawyers know so that George can coordinate and we can advise lenders.

Ok

Mon, Sep 26 at 5:29 PM

Did that call change your thinking at all?

Mon, Sep 26 at 9:19 PM

I'm speaking with a labour law lawyer tomorrow am before I can answer your question with confidence

Ok. If you are moving ahead, then we should arrange a meeting sooner than later.



iMessage



11:06



New iMessage

[Cancel](#)

To: M Derek

Any update?

Thu, Oct 6 at 6:26 AM

Hi Derek. A couple of things this morning. 1) checking in to see how closing is coming along. 2) do you intend to meet with the employees at Railway? Please get back to me on these pts.

Morning. Closing coming along fine as far as I can tell. I have a call with my bank tmo to make sure all is aligned. Let's chat about the employee meeting to make sure we handle it as best as possible.

When do you want to chat?



iMessage



11:06



New iMessage

[Cancel](#)

To: M Derek

Also, we should discuss whether you intend to acquire the samples and any remaining inventory and if so, the related purchase price.

Thu, Oct 6 at 12:38 PM

I think I get the remaining inventory correct?

No. We just don't have an obligation to remove it

Fri, Oct 14 at 4:51 PM

Hi Bobby we should have a call to discuss the lease, how long you'll stay operating, and employees - when I should take them over from you. I assume it's after you're



iMessage



11:06



New iMessage

[Cancel](#)

To: M Derek

Hi Bobby we should have a call to discuss the lease, how long you'll stay operating, and employees - when I should take them over from you. I assume it's after you're finished, correct?

I'm off to a wedding. Let's chat over the weekend.



Mon, Oct 17 at 8:47 AM

Apologies. Weekend got away from me. I'm in court from 930 for the morning. We can talk this pm.



iMessage



11:07



New iMessage

[Cancel](#)

To: [M Derek](#)

Np. Talk to you later

Mon, Oct 17 at 4:01 PM

Doesn't look like we are closing today. What is the holdup on the money?

Mon, Oct 17 at 7:44 PM

I don't know what Walsh is doing but he is putting the deal at risk.

It will be ok. Money is sitting there waiting. Walsh had a trial on Friday. Hopefully we close tmo or wed.

Has to get done tomorrow

Affecting a number of issues.

Don't both need their money



iMessage



11:07



New iMessage

[Cancel](#)

To: M Derek

Has to get done tomorrow

Affecting a number of issues.
Banks both need their money

Tue, Oct 18 at 5:59 AM

Please see email I sent you

Tue, Oct 18 at 10:07 AM

Saw it. Working through
things w my lawyer

Can I call you later?

I don't know what your lawyer
is doing. You are causing us
major issues.

I thought he was working "all
weekend".



iMessage



11:07



New iMessage

[Cancel](#)

To: [M Derek](#)

That's what he said. He said he's up to 60hrs billable as of Monday noon so he's been putting the time in. It should be done by now, not sure what's holding things up. I've asked to go to his office this aft and sit w him until everything he owes everyone else is completed so he/I are not the hold up. Lots of finger pointing going on. Not sure what else I can do from my side. Let me know if you see something else I can do to help speed this up.

Tue, Oct 18 at 8:37 PM

Please see email chain just sent to you.



iMessage



11:07



New iMessage

[Cancel](#)

To: [M Derek](#)

Just replied. Message was old because he wasn't on wifi until he got home. Kind of like a pigeon.

Wed, Oct 19 at 2:16 PM

I understand you intend to go to the plant on Tuesday for a town hall. We discussed last night that is a bad idea. We do not want that happening. Call me to discuss.

You agreed it was a bad idea.

Are we closing today? What is the holdup. Please clarify.

On a call, will call you next

Fri, Oct 21 at 5:03 PM



iMessage



11:07



New iMessage

[Cancel](#)

To: M Derek

Can I call you later?

Can you call me please, asap

Call me back

Monday 11:35 AM

Please look at the letter from the insurer that I just sent you.

Tuesday 11:24 AM

Can you do a call at 1145 with George and Peter to discuss transitional issues.

Yes

I'll have him send an invite

Please join the call



iMessage



11:07



New iMessage

[Cancel](#)

To: M Derek

You're needed on this call.

iMessage
Wednesday 3:35 AM

Thanks for the email re insurance that you sent last night.

Please let me know if you are open to discussion just with me where you and I can resolve the transition issues so you can be successful and PK can complete its wind-down. I believe this is not complicated and can be resolved.

I know you have a call scheduled for 3pm. My view is that this call will assist that one.



iMessage



11:07



New iMessage

[Cancel](#)

To: M Derek

Wednesday 6:37 PM

A serious insurance issue has arisen in the last few minutes. George is writing to you and Peter. I'm texting you because you look at your texts more frequently. The issue needs to be resolved. I will also forward you your email to me last night agreeing to the insurers terms.

I'll do my best to help it get sorted out asap tmo

I think it's very resolvable

Thank you. I think the main issue is that letter. I'm thinking about ways to address the issue as well.



iMessage



11:07



New iMessage

[Cancel](#)

To: M Derek

Wednesday 8:29 PM

Please do your best to address this first thing tomorrow. This could be a very challenging issue that has very adverse consequences. I want to avoid that.

Yesterday 5:49 AM

Derek - please do not have Peter deal directly with Lisa Cook, the insurance broker. Please have Peter communicate with Lisa. There can only be one line of communication with the broker so there is a consistent message. We are in communication with her and do not want Peter saying



iMessage



11:08



New iMessage

[Cancel](#)

To: M Derek

Yesterday 5:49 AM

Derek - please do not have Peter deal directly with Lisa Cook, the insurance broker. Please have Peter communicate with Lisa. There can only be one line of communication with the broker so there is a consistent message. We are in communication with her and do not want Peter saying anything inconsistent with our discussions. Lisa has been provided a copy of your email to me agreeing to her email at 4:05 pm on October 25th.

Sorry, please have Peter communicate with Lisa through George.



iMessage



11:08



New iMessage

[Cancel](#)

To: [M Derek](#)

Yesterday 8:39 AM

I'll ask Peter to stand down. It will just be me representing me from now on unless we have an obvious need for a lawyer. That will work best if everyone acts reasonably to help each other.

We are committed to finding a solution. It's unfortunate we're in this boat. I never thought this would happen. Thank you.

Carolyn is in Paris today. She is still upset abt Tuesday's events. I think you have people there, which is your right. If there is a confrontation or issue there today, please let me know. I'm



iMessage



11:08



New iMessage

[Cancel](#)

To: M Derek

Carolyn is in Paris today. She is still upset abt Tuesday's events. I think you have people there, which is your right. If there is a confrontation or issue there today, please let me know. I'm hoping everyone remains calm from here forward.

I have also asked the company the easiest way to get you a copy of their books and records. As this is an asset purchase, and newco will have fresh start accounting, it would be helpful for me to know your priorities.

Yesterday 12:23 PM



iMessage



11:08



New iMessage

[Cancel](#)

To: M Derek

Yesterday 12:23 PM

Can you sign the insurance letter as you revised and send it to me asap. I will then forward to Lisa. Hopefully that works.

Will do asap. At a lunch w a customer.

Can you resend without the underline

Done

I sent it off as is.

Just sent you an email with a slightly revised letter. Please confirm ok to send.

Can I call you later?



iMessage



11:08



New iMessage

[Cancel](#)

To: [M Derek](#)

Can you resend without the underline

Done

I sent it off as is.

Just sent you an email with a slightly revised letter. Please confirm ok to send.

Can I call you later?

Please try to look at letter. All of us will sleep easier knowing insurance issue is behind us.

Minor changes but I can't send without your approval.

Are we good on the letter?

Read Yesterday



iMessage



Appendix “B”

| | | |
|---------------|--|---|
| Resubmission | <i>Changes noted in red</i> | <i>Changes noted in red</i> |
| Purchaser | | 2486666 Ontario Inc. |
| Offer Form | Asset Purchase Agreement | Asset Purchase Agreement |
| Price | \$6,100,000 \$6,850,000 | \$5,950,000 \$7,000,000 |
| Property | 23 Rail & 38 Spruce | 23 Rail & 38 Spruce |
| Due Diligence | None | None |
| Deposit(s) | \$275,000 \$685,000 | \$595,000 \$700,000 |
| Closing | Nov. 15/2022 (can be delayed by 30 days) | 3 business days after vesting order November 1, 2022 |
| Other/Notes | <ul style="list-style-type: none"> Seller unilateral right to remove 38 Spruce by 3:00 PM on August 31st Seller shall have right to leaseback until November 30th and move up closing to September 15th. Leaseback rate shall be \$50,000 plus HST and utilities Damage of equipment clause 7.18 Purchaser is "flexible" and does not require financing <p>Allocations:</p> <ul style="list-style-type: none"> 23 Rail - \$5M \$5.75M Equipment - \$750k 38 Spruce - \$350k | <ul style="list-style-type: none"> Did not submit a redline of the Asset Purchase Agreement Removed Accounts Receivable from offer Intends to retain employees <p>Allocations:</p> <ul style="list-style-type: none"> 23 Rail - \$5.4M \$6.45M Equipment - \$200k 38 Spruce - \$350k |

Appendix “C”

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: Thursday, August 25, 2022 10:55 PM
To: Derek McGeachie <derek@mi5sprint.com>
Cc: George Benchetrit <george@chaitons.com>
Subject: Re: PK

I can do a call at 10:30 tomorrow. George?

This needs to be wrapped up tomorrow morning. We are not prepared to materially deviate from the agreement as you presented. I am not putting at risk other offers, which will not be open for acceptance indefinitely and which do not have the problems presented by your offer.

I accepted your APA based on its terms, with the changes I told you I require. You had not previously retained counsel. You made material and unacceptable changes to the terms we were prepared to accept. I did not agree to your revised terms. If necessary, this will all be explained to a judge.

Let me know if 10:30 works and if it works for George, we can speak then.

Bobby Kofman
President and Managing Director
KSV Advisory Inc.
(o) 416.932.6228
(c) 647.282.6228
bkofman@ksvadvisory.com

From: Derek McGeachie <derek@mi5sprint.com>
Sent: Thursday, August 25, 2022 10:46 PM
To: Bobby Kofman <bkofman@ksvadvisory.com>
Cc: George Benchetrit <george@chaitons.com>
Subject: RE: PK

Bobby, I understand the nature of this deal and I've been proceeding on the basis of the agreement I submitted and won yesterday. I've already changed plans with my operation based on this deal so I'm not crazy about hearing that you're intending to move on with another buyer after 10:30am if we don't for some reason consummate our deal by then. Keep in mind that my bid was accepted as the winning bid yesterday afternoon and today is one day later. You revised my accepted APA today, not me. I simply commented on your changes and how it affects everyone going forward. Dropping do or die ultimatums in the evening for 10:30 am the next day seems a bit much. This afternoon is the first time I set eyes on your revised APA and I need time for my lawyer to respond. The concern I would like addressed or at least discussed further is your request to have the seller's organization stay on for a few more months with no recourse if things get damaged. They are a business in distress that is being shut down by an external force. What if the staff, who will realize that the end is near, damages my equipment (that was all working well when I walked through less than two weeks ago), what if the company does not properly handle or dispose of the various chemicals it works with over the next several months, what if they leave a total mess when they (likely angrily) depart my building? When I did my walk through inspection I saw lots of evidence of a company disposing of its waste properly, no build up of hazardous chemicals of any kind, and a clean phase 1. What if this changes between now and their move out? This should be discussed and dealt with now so we don't run into problems, don't you agree?

Also you originally said I would keep whatever inventory was left as at Oct 1. Now you want the seller entity to use it all up over an additional (up to) two months. This is a material change that I agreed to but I didn't agree to swing the pendulum all the way over to inheriting a potential garbage heap or toxic dump with damaged or abused equipment 60 days after closing. It is something that can and should be tightened up. Broom swept condition and repairing any holes or damage specifically created during move out and use of another's equipment is a standard clause for any tenant.

My other comments below in red:

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: August 25, 2022 8:54 PM
To: Derek McGeachie <derek@mi5print.com>
Cc: George Benchetrit (george@chaitons.com) <george@chaitons.com>
Subject: Re: PK

Derek,

I've advised throughout that this is a very competitive process (as evidenced by three rounds of bidding) and we impressed on you that it was important to have an agreement submitted in substantially executable form. As noted in my prior email, many of these changes are material and I am not prepared to negotiate them at this point in the transaction. I will need to know by 10:30 am tomorrow if you are prepared to proceed on the basis of the agreement you submitted. I have noted where we are prepared to consider a change. I have copied the Company's lawyer who can respond to the issues where I don't have the answer. My responses are in caps as I am responding on my iphone.

If we don't have a deal by 10:30am tomorrow, it is my intention to move on with another transaction. **I'm willing and ready to move forward with a deal tomorrow am. Are we going with our original winning APA or do you want to discuss revisions to it? What time would you like to have a meeting? We should have both lawyers there so everyone is on the same page.**

Company counsel should also advise if he has comments beyond mine.

Hi Bobby

I'm good with your attachment with the following questions/comments:

1. Building to be in clean broom swept and empty condition upon close. Any damage to floors, walls, roofs, ceilings, plumbing, electrical etc caused by your group moving out to be repaired forthwith at seller expense. All hazardous materials such as paint and chemicals, and all garbage, to be removed at seller expense before close.

I HAVE NO WAY TO CONFIRM THE SCOPE OF ANY REQUIRED REPAIRS AT THIS LATE STAGE, WHETHER ANY DAMAGE IS EXISTING OR WHETHER CAUSED WHILE "MOVING OUT".

WE SPECIFICALLY DISCUSSED THAT THE BUILDING WOULD NOT BE EMPTY, IE, THAT WAS THE PURPOSE OF THE PROVISION ALLOWING PK TO LEAVE SURPLUS INVENTORY WHEN IT VACATES THE PREMISES.

WE ARE ALSO NOT PREPARED TO DEAL WITH THE COMMENTS RE THE REMOVAL OF HAZARDOUS MATERIALS OR OTHER ITEMS.

ALL OF THESE ISSUES MAY GIVE RISE TO FUTURE DISAGREEMENT. I AM NOT PREPARED TO MAKE ANY OF THESE CHANGES.

Your position is reasonable as at closing given the circumstances. However it feels unreasonably risky to rent space and equipment to an upset tenant and staff who have no ramifications if they damage equipment, improperly dispose of chemicals or garbage, etc. A landlord obviously needs to have reasonable recourse against this eventuality. Perhaps a call with you, me and our respective counsels tmo am?

1. Point 18: What equipment is subject to "true operating leases" and therefore excluded? It was presented such that I was buying all the equipment

I AM NOT SURE WHICH ASSETS ARE SUBJECT TO OPERATING LEASES. BUT PARIS CAN ONLY SELL ITS RIGHT, TITLE AND INTEREST IN THE ASSETS AT THE PREMISES. YOU CAN ENTER INTO NEW LEASES, IF REQUIRED. YOU HAD THE OPPORTUNITY TO PERFORM DILIGENCE ON THE ASSETS. SUBJECT TO RESOLVING THE OTHER ISSUES IN YOUR EMAIL, I WILL ASK WHICH ASSETS, IF ANY, ARE LEASED.

I did my due diligence and was presented a list of equipment I was buying as part of this deal, see attached. I am interested to know if any of these are leased and therefore not part of this deal as I was led to believe that leased assets such as the vehicles had been stripped out.

1. Point 35: define "trade fixtures"

I DONT KNOW WHAT THIS MEANS.

I think it means equipment involved in the seller's trade, I.E the paint booth. It is attached to the building but it could be called a 'trade fixture'. Moot point as far as I can tell as I am purchasing all equipment.

2. Employees: confirm that purchaser and its related entities are in no way liable for any employees or severance unless we actively agree to do so

YOU NEED TO PERFORM YOUR OWN DILIGENCE ON EMPLOYEE ISSUES. COMPANY WILL NOT REPRESENT ANYTHING RE EMPLOYEES. WE ADVISED REPEATEDLY OF THE UNION AND THAT YOU NEEDED TO SATISFY YOURSELF AS TO THE RISKS OF PURCHASING A PLANT WHERE EMPLOYEES ARE UNIONIZED.

OK

2. Article 6.2, (a) Short term lease: change to: Vendor, at its option, may rent the space for up to two additional months for \$50,000 gross rent per month. Vendor (tenant) to be responsible for utilities during this time and must be fully insured in the event of damage or loss to the building or land. Vendor must notify purchaser within 30 days if they wish to stay or go the next month. If no notification is given or if it is late then the vendor will be deemed to have rented the space for the next month.

THE RENT IS EXCESSIVE BUT WE MAY BE PREPARED TO NEGOTIATE IT IF OTHER TERMS ARE RESOLVED. UTILITIES AND INSURANCE PROVISIONS ARE REASONABLE. WE COULD LIVE WITH 10 DAYS NOTICE ONLY DUE TO OPERATIONAL UNCERTAINTY AT THIS TIME. Other terms are resolved per original APA. No need to deviate from it on my side except to make closing date earlier if possible for both sides so we can get our press pad cured on time. Let's discuss these short term lease terms to see if you still want to go ahead with it.

2. Purchaser shall have access to up to 3,000 sqft of space in the more modern warehouse area to install a printing press pad during the month of September, 2022. The reason is the pad takes 30 days to cure and we have to install a press on it in October.

THIS IS A NEW TERM AND CANNOT BE ACCOMMODATED PRIOR TO CLOSING.

Disappointing but I accept if you cannot accommodate new terms prior to closing.

1. Point 7.2: Purchaser is not sure why it should pay all filing and recording fees in connection with this transfer. What will these fees be?

I AM NOT SURE WHICH FEES ARE REFERENCED BUT I BELIEVE THIS IS CUSTOMARY LANGUAGE.

COMPANY COUNSEL TO RESPOND.

OK

1. Point 7.3: Purchaser did not intend to involve, or intimately involve, a lawyer for this deal. Can vendor's lawyer take care of the e-reg system?

YOU CANNOT REASONABLY COMPLETE A DEAL LIKE THIS WITHOUT A LAWYER. COMPANY COUNSEL TO RESPOND RE E-REG SYSTEM QUESTION.

Agreed, thanks – counsel is engaged

Bobby Kofman
President and Managing Director
KSV Advisory Inc.
(o) 416.932.6228
(c) 647.282.6228
bkofman@ksvadvisory.com

From: Derek McGeachie <derek@mi5sprint.com>

Sent: Thursday, August 25, 2022 6:45:17 PM

To: Bobby Kofman <bkofman@ksvadvisory.com>

Subject: RE: PK

Hi Bobby

I'm good with your attachment with the following questions/comments:

1. Building to be in clean broom swept and empty condition upon close. Any damage to floors, walls, roofs, ceilings, plumbing, electrical etc caused by your group moving out to be repaired forthwith at seller expense. All hazardous materials such as paint and chemicals, and all garbage, to be removed at seller expense before close.
2. Point 18: What equipment is subject to "true operating leases" and therefore excluded? It was presented such that I was buying all the equipment
3. Point 35: define "trade fixtures"
4. Employees: confirm that purchaser and its related entities are in no way liable for any employees or severance unless we actively agree to do so
5. Article 6.2, (a) Short term lease: change to: Vendor, at its option, may rent the space for up to two additional months for \$50,000 gross rent per month. Vendor (tenant) to be responsible for utilities during this time and must be fully insured in the event of damage or loss to the building or land. Vendor must notify purchaser within 30 days if they wish to stay or go the next month. If no notification is given or if it is late then the vendor will be deemed to have rented the space for the next month.
6. Purchaser shall have access to up to 3,000 sqft of space in the more modern warehouse area to install a printing press pad during the month of September, 2022. The reason is the pad takes 30 days to cure and we have to install a press on it in October.
7. Point 7.2: Purchaser is not sure why it should pay all filing and recording fees in connection with this transfer. What will these fees be?
8. Point 7.3: Purchaser did not intend to involve, or intimately involve, a lawyer for this deal. Can vendor's lawyer take care of the e-reg system?

Derek McGeachie | President
Mi5 Print & Digital www.mi5print.com office: 905-848-1550 m: 416-728-7551

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: August 25, 2022 11:47 AM
To: derek@mi5print.com
Subject: PK

Derek – there is one change to the document, in paragraph 4.5 which deals with Default. Call me if you have a question.



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

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Appendix “D”

From: Bobby Kofman

Sent: August 26, 2022 12:20 PM

To: George Benchetrit (george@chaitons.com) <george@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Jordan Wong <Jwong@ksvadvisory.com>

Subject: For our report to court if deal goes sideways

On the call today, Derek had three lawyers. None of them had reviewed anything related to the transaction (APAs, emails, etc.), none of them were familiar with the process or the filing, and the employment lawyer was not known to Derek. Peter Welsh requested access to the materials and we directed him to our website. The employment lawyer had to jump from the call after 15 minutes or so and said he that he recommended that there be no interim lease.



Bobby Kofman

President

T
M
E

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Appendix “E”

ASSET PURCHASE AGREEMENT

This Agreement dated ●day, August ●, 2022 is made,

B E T W E E N:

THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS

(hereinafter referred to as the “**Company**” or the “**Vendor**”)

-and-

2486666 ONTARIO INC., a corporation incorporated under the laws of Ontario

In trust for a Corporation to be incorporated (hereinafter referred to as the “**Purchaser**”)

RECITALS

WHEREAS the Company filed a Notice of Intention to File a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act* (Canada) on May 31, 2022;

AND WHEREAS KSV Restructuring Inc.(“**KSV**”) is the trustee in the NOI proceeding (“**Proposal Trustee**”);

AND WHEREAS the Purchaser wishes to purchase the assets and property of the Company in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.**

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

- (1) “**Acquired Contracts**” means the Contracts listed in Schedule 1.1(1).
- (2) “**Acquired Personal Property Leases**” means the Personal Property Leases listed in Schedule 1.1(2).
- (3) “**Agreement**” means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”,

“hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.

(4) “**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. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.

(5) “**Assumed Liabilities**” means only the Liabilities incurred under or in respect of (i) the Permitted Liens; (ii) the Acquired Contracts listed in Schedule 1.1(1); (iii) the Acquired Personal Property Leases listed in Schedule 1.1(2); and (iv) the Transferred Employees, in each case in respect of the period commencing at the Closing Time.

(6) “**Books and Records**” means all books, records, files and papers, including computer programs (including source and object code), software programs, manuals and data, sales and advertising materials, lists of present and former customers and suppliers, personnel, employment and other records related to Transferred Employees, and all copies and recordings of the foregoing.

(7) “**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto.

(8) “**Canadian Dollars**” means the lawful currency of Canada.

(9) “**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

(10) “**Closing Date**” has the meaning given in Section 3.2.

(11) “**Closing Time**” means the time of closing on the Closing Date provided for in Section 3.1.

(12) “**Company**” has the meaning ascribed thereto in the recitals above;

(13) “**Contracts**” means all rights and interests of the Company to and in all executory contracts, agreements and arrangements whether or not signed to which either of them is a party and/or by which any of the Purchased Assets is bound.

(14) “**Court**” means the Ontario Superior Court of Justice, Commercial List.

(15) “**Deposit**” has the meaning given in Section 2.3.

(16) “**Employee**” means an individual who is employed in the Company’s business on the date immediately prior to the Closing.

(17) “**Environmental Law**” means any and all applicable international, federal, provincial, municipal or local laws, by-laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations relating to the environment, occupational health and safety, health protection or any Hazardous Materials.

(18) “**Excluded Assets**” means only the following assets, property, or undertaking of the Company:

- (a) all goods, machinery and equipment subject to true operating leases;
- (b) the right to receive insurance recoveries under any insurance policies in existence on the date hereof in respect only of any claims with respect to Excluded Assets;
- (c) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of any Company;
- (d) the real property municipally known as 38 Spruce Street, Paris, Ontario;
- (e) the Inventories;
- (f) the Receivables; and
- (g) any other assets that the Purchaser elects to exclude in writing prior to Closing in accordance with the terms of this Agreement.

(19) **“Governmental Entity”** means any federal, provincial, or municipal court, board, tribunal, arbitrator or arbitral panel, administrative agency or commission or other governmental or regulatory agency, ministry, department or authority.

(20) **“Hazardous Materials”** means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Governmental Authority and any **“Contaminants”**, **“Dangerous Substances”**, **“Hazardous Materials”**, **“Hazardous Substances”**, **“Hazardous Wastes”**, **“Industrial Wastes”**, **“Liquid Wastes”**, **“Pollutants”** and **“Toxic Substances”**, all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health and/or safety matters and, not to limit the generality of the foregoing, includes asbestos, urea formaldehyde foam insulation and mono or polychlorinated biphenyl wastes.

(21) **“HST”** means the harmonized sales tax imposed under the *Excise Tax Act* (Canada).

(22) **“Intellectual Property”** means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.

(23) **“Inventories”** means all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress and purchased finished goods (including those in possession of suppliers, customers and other third parties).

(24) **“Law”** means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.

(25) **“Liabilities”** means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.

(26) **“Lien”** means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

(27) **“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **“Parties”** means every Party.

(28) **“Permitted Liens”** means the security interests listed in Schedule 1.1(28).

(29) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

(30) **“Personal Property”** means all machinery, equipment, furniture, computer hardware and other chattels (including those in possession of third parties).

(31) **“Personal Property Leases”** means chattel leases, equipment leases, rental agreements and conditional sales contracts.

(32) **“Purchased Assets”** means all the right, title and interest of the Company in and to the following assets, but excluding the Excluded Assets:

- (a) the Acquired Contracts;
- (b) the Acquired Personal Property Leases;
- (c) the Books and Records;
- (d) the Intellectual Property;
- (e) the Personal Property; and
- (f) the Real Property.

(33) **“Purchase Price”** has the meaning given in Section 2.2.

(34) **“Purchaser”** has the meaning given in the recitals above.

(35) “**Real Property**” means the lands and premises municipally known as 23 Railway Street, Paris, Ontario, and legally described in Schedule 1.1(35), together with all buildings, improvements and structures thereon and the fixtures (other than trade fixtures) affixed thereto.

(36) “**Receivables**” means all accounts receivable, bills receivable, trade accounts, book debts, insurance claims and other amounts owed to the Company, including recoverable deposits.

(37) “**Related to the Business**” means, directly or indirectly, used in, arising from, or relating in any manner to the business of the Company.

(38) “**Rights**” has the meaning given in Section 3.5.

(39) “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, land transfer, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

(40) “**Transaction**” means the transaction of purchase and sale contemplated by this Agreement.

(41) “**Transferred Employees**” means Employees who have accepted an offer of employment from the Purchaser as of the Closing.

(42) “**Vendor**” has the meaning given in the recitals above.

(43) “**Vendor’s Solicitors**” means Chaitons LLP.

(44) “**Vesting Order**” means an order made by the Court vesting in the Purchaser all the right, title and interest of the Company in the Purchased Assets free and clear of all Liens (except the Permitted Liens). For greater certainty, the Vesting Order shall be substantially in the form of the model order approved by the “Ontario Commercial List Users Committee”.

1.2 **Headings and Table of Contents.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 **Currency and Payment Obligations.**

Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

1.7 **Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 **Section and Schedule References.**

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

| | |
|------------------|-----------------------------------|
| Schedule 1.1(1) | Acquired Contracts |
| Schedule 1.1(2) | Acquired Personal Property Leases |
| Schedule 1.1(28) | Permitted Liens |
| Schedule 1.1(35) | Real Property |
| Schedule 2.2 | Allocation of Purchase Price |

ARTICLE 2 **PURCHASE OF ASSETS**

2.1 **Agreement to Purchase and Sell.**

Subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets.

2.2 **Amount of Purchase Price.**

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be [REDACTED] allocated among the Purchased Assets as set out in Schedule 2.2.

2.3 **Deposit.**

Concurrently with the execution of this Agreement, the Purchaser shall pay to KSV, in its capacity as Proposal Trustee, the sum of SEVEN HUNDRED THOUSAND DOLLARS (\$700,000.00) as a deposit (the “**Deposit**”). KSV shall invest the Deposit in an interest-bearing account of a Canadian chartered bank or trust company, in trust, to be disbursed in accordance with the following provisions:

- (1) if the purchase and sale of the Purchased Assets is completed in accordance with the terms of this Agreement, then the Deposit shall be released from trust with interest and applied towards payment of the Purchase Price;
- (2) if the purchase and sale of the Purchased Assets is not completed in accordance with the terms of this Agreement, then the deposit shall be dealt with in accordance with the provisions of Article 4.

2.4 **Payment of Purchase Price.**

The Purchase Price shall be paid and satisfied by the Purchaser at the Closing as follows:

- (1) the Deposit shall be paid to the Vendor and credited against the Purchase Price in accordance with Section 2.3(1); and
- (2) the balance shall be paid to the Vendor by way of certified cheque, bank draft or wire transfer, or as the Vendor may direct in writing.

2.5 **Allocation of Purchase Price.**

Notwithstanding the allocation provided by the Purchaser as Schedule 2.2, the Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and the Parties shall file their respective income tax returns prepared in accordance with such allocations.

2.6 **HST Election.**

At the Closing, the Vendor and the Purchaser shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.

2.7 **Section 22 Election.**

The Purchaser and the Vendor shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date.

2.8 **Excluded Liabilities.**

Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of any Company.

2.9 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the Transaction prior to the Time of Closing, whereupon such Purchased Assets shall be Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price.

ARTICLE 3

CLOSING ARRANGEMENTS

3.1 **Closing.**

The Closing shall take place at 10:00 a.m. on the Closing Date at the offices of the Vendor's solicitors, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser.

3.2 **Closing Date.**

The Transaction shall be completed by the Parties three (3) Business Days following the date on which the Vesting Order shall have been obtained, or such other date as may be agreed between the parties hereto in writing (the "**Closing Date**"), provided that in any event the Closing Date shall not be earlier than October 31, 2022 nor after November 30, 2022. If, prior to the Closing, the Vesting Order shall have been appealed or a proceeding shall have been commenced to restrain or prevent the completion of the Transaction, then the Closing Date may be extended by the Vendor, in which case the Closing Date shall mean the day that is ten (10) Business Days after the date on which any such appeals and/or proceedings are dismissed.

3.3 **Vendor's Closing Deliveries.**

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (1) the elections referred to in Sections 2.6 and 2.7;
- (2) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.3 of this Agreement have been fulfilled, performed or waived as of the Closing Date;

- (3) the Vesting Order(s) and the vesting certificate relating thereto; and
- (4) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the Transaction.

3.4 **Purchaser's Closing Deliveries.**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (1) the payments referred to in Sections 2.4(1) and 2.4(2);
- (2) the elections referred to in Sections 2.6 and 2.7;
- (3) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (4) all such other agreements, documents and instruments as may be reasonably requested by the Vendor to complete the Transaction.

3.5 **Non-Transferable and Non-Assignable Purchased Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “Rights”), is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been obtained. After the Closing and for a period of ten (10) days following the Closing, or such later date as the Parties may agree, the Vendor shall:

- (a) hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of any Company under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent or waiver has not been obtained by the tenth (10th) day following the Closing, or such later date as the Parties may agree, such Right shall be deemed to be an Excluded Purchased Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken in accordance with this Section.

3.6 **Risk.**

The Purchased Assets are and shall remain at the Vendor's risk until Closing, and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. From and after Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event that any or all the Purchased Assets shall be materially damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within two (2) Business Days of the Vendor learning of same. If the cost of rectifying such damage exceeds One Million Dollars (\$1,000,000), as determined by a third-party expert appointed by the Vendor, then the Vendor shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the Purchaser and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Vendor shall not elect to terminate this Agreement as set out above, or if the cost of rectifying such damage does not exceed One Million Dollars (\$1,000,000), then the Transaction shall be completed.

ARTICLE 4 **CONDITIONS OF CLOSING**

4.1 **Purchaser's Conditions.**

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.1 shall be true and correct at the Closing.
- (2) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 3.2 or elsewhere in this Agreement.

- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving the Business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.
- (4) *Vesting Order(s).* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.

4.2 **Condition not Fulfilled.**

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, then the Purchaser in its sole discretion may either:

- (1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit and all accrued interest shall be promptly returned to the Purchaser; or
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.3 **Vendor's Conditions.**

The Vendor shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 3.4 or elsewhere in this Agreement.
- (2) *Vesting Order.* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.
- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving the Business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.4 **Condition not Fulfilled.**

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, if the condition that was not fulfilled was contained

in Section 4.1, the Deposit and all accrued interest thereon shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or

- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.5 **Default.**

If the Transaction is not completed as a result of Purchaser's failure to perform any of its obligations under this Agreement, then the Deposit shall be forfeited to the Vendor which shall also retain all of its other rights and remedies against the Purchaser available at law or in equity.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 **Representations and Warranties of the Purchaser.**

As a material inducement to the Vendor's entering into this Agreement and completing the Transaction and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Power.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws.
- (2) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the Transaction and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (4) *Financial Ability.* The Purchaser has the financial ability through its own resources or through financing that has been arranged with a recognized financial lending institution, to close the Transaction and pay the balance of the Purchase Price on the Closing Date. The Purchaser confirms that it shall deliver to the Vendor, upon request, evidence of such financial ability by way of a copy of a binding commitment letter or letter from its banking institution confirming the foregoing, or such other evidence as the Vendor may deem appropriate.

- (5) *HST/GST.* The Purchaser is a “registrant” under Part IX of the *Excise Tax Act* (Canada) and its registration number is R● or the Purchaser will be such a “registrant” at the Closing Time and will notify the Vendor of its registration number prior to such time.

5.2 **Representations and Warranties of the Vendor.**

As a material inducement to the Purchaser’s entering into this Agreement and completing the Transaction and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.2, the Vendor represents and warrants to the Purchaser as follows:

- (1) *Non-Residency:* The Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).
- (2) *Authority to Sell:* Subject to obtaining the Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Vesting Order.

5.3 **Survival of Representations and Warranties.**

The representations and warranties of the Purchaser and Vendor contained in Sections 5.1 and 5.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the termination of this Agreement and the completion of the Transaction.

5.4 **“As is, Where is”.**

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” and “without recourse” basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. Without limiting the generality of the foregoing, the Purchaser acknowledges having conducted its own due diligence and investigations in respect of the environmental state of the Real Property, the existence, nature, kind, state or identity of any Hazardous Materials on, under, or about the Real Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under any Environmental Law, and the existence, nature, kind, state or identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Materials whether on, under or about the Real Property or elsewhere. The description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the Transaction

has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets. The Purchaser Acknowledges that the Vendor may leave any unwanted inventory at the Premises on Closing at no cost to the Vendor.

5.5 **Encroachments.**

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Real Property, or encroachments onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting any of the Real Property, and accepts that title shall be conveyed subject to the Permitted Encumbrances

5.6 **Employees.**

The Purchaser may offer employment, as of the Closing Time, to those Employees it so wishes to employ on terms and conditions of employment which are substantially similar to the current terms provided. For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser shall provide the Vendor with the names of Employees who will not be offered employment or who have not accepted an offer of employment by no later than five (5) Business Days prior to Closing. For greater certainty, any Employees not terminated prior to Closing shall remain Employees of the Vendor until terminated by the Vendor.

ARTICLE 6 POST-CLOSING MATTERS

6.1 **Access**

The Purchaser shall provide the Vendor with access to the Books and Records for a period of six (6) years after Closing. The Purchaser shall not destroy the Company's books and records without providing the Vendor with thirty (30) days' written notice of the Purchaser's intention to destroy such books and records. If the Vendor objects to the destruction of any or all of the Books and Records within thirty (30) days of receiving such notice, the Vendor shall be responsible to collect such Books and Records from the Purchaser at a mutually agreeable date and time, failing which the Purchaser may proceed to destroy such Books and Records.

6.2 **Short-Term Lease of Real Property**

The Vendor shall have an option to occupy the Real Property for a period of up to 60 days after closing for a total payment to the Purchaser of \$50,000 based on occupation for the full 60-day period, plus payment of all charges for utilities consumed during such occupancy along with pro-rated (on a daily basis) real property taxes and any other taxes payable by a Tenant in occupancy or payable by the Vendor in operation of the Real Property. If the Vendor exercises that option:

- (a) the Vendor may vacate the Real Property at any time by giving 10 Business Days' notice to the Purchaser, and shall only be responsible for payment of a pro-rated amount of occupation rent based on the actual period of occupation. Any prepaid rent paid to the Purchaser by the Vendor for the unoccupied period shall be refunded by the Purchaser to the Vendor within two business days;

- (b) the Purchaser may begin to move into the Real Property provided that it does not interfere with the Vendor's operations.

6.3 **Non-Merger.**

Each party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4, shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

6.4 **Further Assurances.**

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

ARTICLE 7 **GENERAL**

7.1 **Expenses.**

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transaction and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

7.2 **Payment of Taxes.**

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from Transaction (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement. The Purchaser shall indemnify and save the Vendor harmless from and against any and all costs, expenses, liabilities and damages incurred or suffered by the Vendor as a result of the failure of the Purchaser to pay any Taxes.

7.3 **Electronic Registration.**

The Purchaser agrees to cause all necessary procedures to be taken, as may be required by the Vendor or the Vendor's solicitors, to complete the Transaction using the system for electronic registration ("**Ereg**") that is operative and mandatory in the applicable land registry office for the Real Property, in accordance with the Law Society of Ontario's guidelines. If Ereg is operative on the Closing Date, (i) the Purchaser agrees to use a lawyer authorized to use Ereg and who is in good standing with the Law Society of Ontario, (ii) the Purchaser's solicitors will enter into the Vendor's solicitors' standard form of escrow closing agreement or document registration agreement, which will establish the procedures for closing the Transaction provided same are in accordance with Law Society guidelines, and (iii) if the Purchaser's Solicitors are unwilling or unable to complete the Transaction using Ereg, then the Purchaser's Solicitors must attend at the Vendor's Solicitors' office or at another location designated by the Vendor's Solicitors at such time on Closing as directed by the Vendor's Solicitors to complete the Transaction using Ereg

utilizing the Vendor's Solicitors' computer facilities, in which event, the Purchaser shall pay to the Vendor's Solicitors a reasonable fee therefor.

7.4 **Announcements.**

Except as required by law, all public announcements concerning the Transaction or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation.

7.5 **Notices.**

- (1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) if to the Vendor, to:

THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS
245 West Beaver Creek Rd, Unit 2
Richmond Hill, Ontario L4B 1L1

Attention: Larry Wolfman
Email: larrywolfman@pariskitchens.ca

with a copy to:

Chaitons LLP
5000 Yonge St, 10th Floor
Toronto, Ontario M2N 7E9

Attention: George Benchetrit
Email: george@chaitons.com

- (ii) if to the Purchaser, to:

2486666 Ontario Inc.
1550 Caterpillar Rd
Mississauga, ON
L4X1E7

Attention: Derek McGeachie
Email: derek@mi5print.com

with a copy to:

Peter R Welsh Professional Corporation
Suite 203-1540 Cornwall Road
Oakville, Ontario L6J 7W5
Email: peter@welshlaw.ca

Tel: (905) 337-3121
Fax: (905) 337-3272

- (iii) all notices shall also be sent to:

KSV RESTRUCTURING INC.
150 King Street West, Suite 2308
Toronto, Ontario M5H 1J9

Attention: Robert D. Kofman
Email: bkofman@ksvadvisory.com

with a copy to:

AIRD & BERLIS LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

Attention: Kyle Plunkett
Email: kplunkett@airdberlis.com

- (2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (3) Any Party may from time to time change its address under this Section 7.5 by notice to the other Party given in the manner provided by this Section.

7.6 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

7.7 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

7.8 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

7.9 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

7.10 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7.11 **Language.**

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language.

7.12 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as a Ontario contract.

7.13 **Successors and Assigns.**

No party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld. The Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser, provided that the Purchaser remains liable, jointly, with such affiliate for all the obligations of the Purchaser hereunder. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.14 **No Third Party Beneficiaries.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

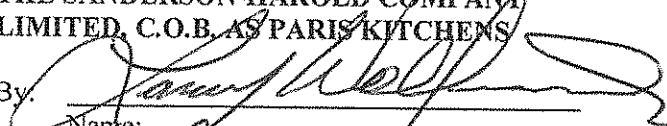
7.15 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or emailed.

[remainder of page intentionally left blank]


IN WITNESS WHEREOF the parties have executed this Agreement.

THE SANDERSON-HAROLD COMPANY
LIMITED, C.O.B. AS PARIS KITCHENS

By: 
Name:
Title:

I have authority to bind the corporation.

2486666 ONTARIO INC.

By: 
Name: Derek McGeachie
Title: President

I have authority to bind the corporation

SCHEDULE 1.1(1)

Acquired Contracts

SCHEDULE 1.1(2)

Acquired Personal Property Leases

SCHEDULE 1.1(28)

Permitted Liens

SCHEDULE 1.1(35)

REAL PROPERTY

| | |
|-------------|--|
| PIN | 32024 – 0739 LT |
| DESCRIPTION | PT LT 24, BLK 21, PL 492 PARIS; PT LT 32, CON 1, SOUTH DUMFRIES, AS IN A224350 (SECONDLY) EXCEPT PT 1, 2R7375; COUNTY OF BRANT |

| | |
|-------------|--|
| PIN | 32024 – 0741 LT |
| DESCRIPTION | PT BLK 6, PL 492 & PT LT 32, CON 1, TOWN OF PARIS, PT 1, 2R4155 EXCEPT PT 2, 2R7375; T/W A418033; COUNTY OF BRANT |

SCHEDULE 2.2

Allocation of Purchase Price

[REDACTED]

[REDACTED]

Appendix “F”

File History/Link Tracking Report

| Action By Username | Date | Action | File Name | File Size | IP Address | File Path | Comments | Email |
|--------------------|----------------------|----------|---|-----------|---------------|---|----------------------------------|-------|
| GENERALLINK | 8-9-2022 12:14:27 PM | Download | Paris Kitchens - CIM (June 2022).pdf | 1.2 MB | 99.239.12.128 | \\EBRENNER\Paris Kitchens\7.0 Confidential Information Memorandum\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-9-2022 12:13:07 PM | Download | 10.7 Paris Kitchens - Service List as at June 6, 2022.pdf | 473.1 KB | 99.239.12.128 | \\EBRENNER\Paris Kitchens\10.0 Court Materials\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-9-2022 12:11:48 PM | Download | 1.6 The Sanderson-Harold Company FS Jan to April 2022.pdf | 169.3 KB | 99.239.12.128 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-9-2022 12:08:01 PM | Download | 1.5.1 The Sanderson-Harold Company FS Dec 21.pdf | 220.5 KB | 99.239.12.128 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-9-2022 12:04:07 PM | Download | 1.1 The Sanderson-Harold Company FS Dec 17.pdf | 130 KB | 99.239.12.128 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-9-2022 11:28:24 AM | Download | 11.1 Template Asset Purchase Agreement(10280797.3).docx | 65.2 KB | 70.30.142.234 | \\EBRENNER\Paris Kitchens\11.0 Form of APA and Sale Process Letter\ | FileShare Link FileShare ID: 325 | |
| GENERALLINK | 8-8-2022 6:03:44 PM | Download | Paris Kitchens | 49 MB | 64.64.174.111 | \\EBRENNER\Paris Kitchens\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-8-2022 5:56:29 PM | Download | 1.1 The Sanderson-Harold Company FS Dec 17.pdf | 130 KB | 64.64.174.111 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-8-2022 5:51:50 PM | Download | 1.2 The Sanderson Harold Company FS Dec 18.pdf | 123 KB | 64.64.174.111 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-8-2022 5:50:51 PM | Download | 1.4 The Sanderson-Harold Company FS Dec 20.pdf | 181.3 KB | 64.64.174.111 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-8-2022 5:01:12 PM | Download | 1.5.1 The Sanderson-Harold Company FS Dec 21.pdf | 220.5 KB | 64.64.174.111 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |
| GENERALLINK | 8-8-2022 4:57:09 PM | Download | 1.6 The Sanderson-Harold Company FS Jan to April 2022.pdf | 169.3 KB | 64.64.174.111 | \\EBRENNER\Paris Kitchens\1.0 Financial Statements\ | FileShare Link FileShare ID: 329 | |

Appendix “G”

From: Bobby Kofman
Sent: October 24, 2022 11:31 AM
To: Derek McGeachie <derek@mi5print.com>; George Benchetrit <George@chaitons.com>
Cc: carolyn@pariskitchens.ca; Kyle Plunkett <kplunkett@airdberlis.com>; Sam Chehab <sam.chehab22@gmail.com>
Subject: RE: Paris
Importance: High

Derek,

We need to close before you are on site.

We need to have a discussion before there is a townhall.

Please do not plan anything prior to closing and our discussion.

Bobby



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: Derek McGeachie <derek@mi5print.com>
Sent: October 24, 2022 11:17 AM
To: Bobby Kofman <bkofman@ksvadvisory.com>; George Benchetrit <George@chaitons.com>
Cc: carolyn@pariskitchens.ca; Kyle Plunkett <kplunkett@airdberlis.com>; Sam Chehab <sam.chehab22@gmail.com>
Subject: RE: Paris

I understand your concern and am happy to have alignment on the message. Goal is to keep existing staff engaged and in the loop so they know what the new Paris Kitchens intentions are, which is to successfully operate at as full an employment level as possible, dependent on what sales volumes can be acquired in the short, medium and long term. Our expectation is to be at the same size or bigger than the former Paris Kitchens within the next 3 years. There will be a re-start and ramp up period with some short term pain as we rebuild sales and operations so we have a strong platform to successfully compete.

I will be onsite tomorrow arranging for quotes for a new dust collection system, space planning, and meeting more staff with a goal make some employment offers sooner than later. It would be good to have a town hall as well if possible.

Derek McGeachie | President
Mi5 Print & Digital www.mi5print.com m: 416-728-7551

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: October 24, 2022 9:28 AM
To: George Benchetrit <George@chaitons.com>; Derek McGeachie <derek@mi5print.com>
Cc: carolyn@pariskitchens.ca; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: RE: Paris
Importance: High

I'd like to understand the message before there is an agreement to have a plant meeting. This could affect the ability of Paris to continue to operate if the message is not well received. Please do not schedule this until this is addressed.



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: George Benchetrit <George@chaitons.com>
Sent: October 24, 2022 8:50 AM
To: Derek McGeachie <derek@mi5print.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Cc: carolyn@pariskitchens.ca; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: Re: Paris

Derek,

Is this request conditioned on the transaction being completed today?

George Benchetrit | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1141

From: Derek McGeachie <derek@mi5print.com>
Sent: Monday, October 24, 2022 8:38:06 AM
To: Bobby Kofman <bkofman@ksvadvisory.com>
Cc: George Benchetrit <George@chaitons.com>; carolyn@pariskitchens.ca <carolyn@pariskitchens.ca>; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: RE: Paris

CAUTION: [External]

Hi all

We'd like to have a town hall meeting with the plant staff tomorrow, ideally at 11am. Happy to discuss beforehand

Derek McGeachie | President
Mi5 Print & Digital www.mi5print.com m: 416-728-7551

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: October 21, 2022 4:46 PM
To: Derek McGeachie <derek@mi5print.com>
Cc: George Benchetrit (george@chaitons.com) <george@chaitons.com>; carolyn@pariskitchens.ca; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: Paris

Derek,

Our counsel (not George) and I just had a call with the Union rep and the Union's counsel. Can you please tell us if you have an intention to meet with the Railway employees and if so, when. That should be coordinated with Carolyn and PK, if it is going to happen.

Bobby



Bobby Kofman
President

| | |
|---|--|
| T | 416.932.6228 |
| M | 647.282.6228 |
| E | bkofman@ksvadvisory.com |

KSV Advisory Inc.
150 King Street West
Suite 2308, Box 42
Toronto, Ontario, M5H 1J9
T 416.932.6262 | F 416.932.6266 | www.ksvadvisory.com

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Appendix “H”

From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: October 30, 2022 12:30 PM

To: George Benchetrit <George@chaitons.com>

Cc: Bobby Kofman <bkofman@ksvadvisory.com>

Subject: Summary of Events Tuesday October 25 2022 at 245 West Beaver Creek Road Unit 2

Tuesday October 25th approximately 2pm

- Reception notified me that Derek McGeachie was downstairs in the showroom (main ground level).
- My office and Larry's office are located on the upper/second level).
- I notified Larry verbally and the proposal trustee, Bobby Kofman via email for direction
- Bobby indicated it was permissible to speak with Derek although he had made no formal appointment or meeting with Larry or myself.
- Larry went downstairs to greet Derek and he brought him up to the second level into Larry's dad's office where Larry and I had a cordial conversation with Derek.
- Derek expressed that now that the sale had closed, he now owned all contents in the West Beaver Creek building, including and down to the "mug on the desk" and pointed to a mug with the Paris logo on it. He also noted he owned everything in the showroom, quote "all the kitchen-y stuff".
- I noted to Derek that I could not verify this statement as I was not involved in the sale transaction, nor it's conditions. He seemed to accept this statement.
- Larry noted he had left this to his lawyer and the trustee and he was also uncertain about the specifications on these points in the agreement of purchase.
- Derek seemed to accept this and asked if he could "park his butt in an office" and do some work. At no time did Derek indicate he had a moving crew outside waiting to come in.
- Larry agreed and showed Derek downstairs to an office.
- Larry came back up to my office on the second level and we convened on a call with George (company legal counsel for the proceedings).
- George advised that Derek had no legal right to be on the premises and was trespassing. Bobby joined the call and advised of same.
- Larry noted and I was in agreement that it did not bother us that Derek was using an office.
- We went back to our work.
- About half an hour later, our receptionist noted to me that Derek was removing items. She was unsure if he was supposed to be doing this.
- Larry and I immediately went down to the main level, through the front foyer, which was now stripped of all the historical Paris artifacts.

- We ventured further into the showroom and Derek, along with a crew of approximately 5 people, were emptying out the back of the showroom, pulling cabinets off walls, taking samples and other items, along with an appliance.
- There was a moving truck at our loading dock.
- I informed Derek he was trespassing and he needed to leave. He refused. Larry got George on the phone who re-iterated this message.
- I intervened with the crew as the appliances in the showroom are not owned by Paris they are on consignment.
- A drawn-out, intense conversation with Derek, George and Bobby (by phone) and Derek's counsel (by phone) ensued. We were encouraged by George and Bobby to call the police; Derek's lawyer also encouraged us to call police, as he (Derek's lawyer) asserted that Derek had "every legal right to be there" pulling out items.
- Larry worked hard to diffuse the situation with calm and eventually Derek did calm down and the crew brought the stove back off the truck. No other items were brought back in.
- Larry had further discussion with Derek about other items that were of great significance to him and his family
- and Derek seemed to acknowledge this.
I did not participate in this discussion but stayed present, and our Director of Project Management, Steve Mascioli was also nearby ensuring that things were under control.
- Larry and Derek then continued talking and went upstairs to discuss the boardroom table, another antique item.
- I stayed downstairs and calmed down our staff, namely our receptionist Sandra Riccardi, who was very upset, and our staff in the main level offices who did not know what or why this was happening. Everyone was very distressed, myself included.
- I then went back upstairs, it was now around 3:30pm.
- Larry concluded with Derek and came back upstairs.

Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 

**for faster response time, please email rather than call*

Appendix “I”

From: George Benchetrit <George@chaitons.com>
Sent: October 26, 2022 6:51 PM
To: 'Peter Welsh' <peter@welshlaw.ca>
Cc: Bobby Kofman <bkofman@ksvadvisory.com>; 'Tory Millar' <tory.millar@mi5sprint.com>; Derek McGeachie <derek@mi5sprint.com>
Subject: FW: Important
Importance: High

Peter,

As you can see below, your communications with HUB have caused a serious issue that I urge you to address immediately. Attached for your information is a communication from Derek to Bobby yesterday in which he accepts the terms in Lisa Cook's email of yesterday at 4:05 PM.

My client reserves all of its rights against you and your client to the extent of any damages caused or to be caused by your conduct.

George Benchetrit | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1141**

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>
Sent: Wednesday, October 26, 2022 6:09 PM
To: Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>
Cc: Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Subject: RE: Important

CAUTION: [External]

Good afternoon,

Please be advised that our client The Sanderson-Harold Company Limited, o/a Paris Kitchens as of Oct 24, 2022, has no insurable interested in the property at 23 Railway Street Paris Ontario nor the contents located at 245 West Beaver Creek Road Richmond Hill Ontario L4B 1L1

Without a legal document i.e., lease or signed addendum our clients Insurers AIG and its subscribers/participants have advised there is no longer any insurance in place given our client has no Insurable interest.

I have attached the Asset Purchase Agreement and am referencing - Short Term Lease or Real Property page 14 section 6.2 (b) which stated:

b) the Purchaser may begin to move into the Real Property provided that it does **not interfere** with the Vendor's operations.

However, in the below response from the Purchasers Lawyer Peter Welsh, yesterday he advised

3. Cannot assert that the new Owner's "move-in" won't impede the Proposal Trustee.. we simply have no way to assert that and possibly, at the extreme, even moving items in could be claimed to "impede"..so far that has not occurred..(possibly because nothing has been moved in) but this is an almost impossible commitment to be asked for...anything being delivered ..even on a loading dock.. could be claimed to "impede"

In the Asset Purchase Agreement, the number company appears as 2486666 ONTARIO INC. below we have been asked to add 1000296348 Ontario Inc. is, as of yesterday, who is now the Owner of 23 Railway Street Property.

Our current Insurer AIG has made every effort to work with Paris Kitchens to ensure a smooth transition but as pointed out above without legal documentation provided by the Purchaser outlining the contractual obligations with respects to the insurance there is then no insurance interest.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP

Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: Cook, Lisa J.

Sent: Tuesday, October 25, 2022 4:05 PM

To: Peter Welsh <peter@welshlaw.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: RE: Insurance Addendum Revision

Hi Peter,

Please be advised that the sellers insurance company is under no obligation to extend coverage, as such they imposed some conditions on the extension to be endorse on the policy. These conditions are :

1. Not to interfere with normal operations of Paris Kitchens
2. Not to install any equipment

If the buyer cannot abide by these conditions, then the extension will not be available.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: Peter Welsh <peter@welshlaw.ca>

Sent: Tuesday, October 25, 2022 3:17 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: [EXTERNAL] RE: Insurance Addendum Revision

Lisa you so much for your effort.

However, some subtle issues to address>

1. 1000296348 Ontario Inc. is, as of yesterday, the Owner of the 23 railway Street Property...and should be recorded as that ownership capacity
2. The new Owner, 1000296348 will be moving some of its equipment into the Plant....but not operating any equipment that it moves into the Plant
3. Cannot assert that the new Owner's "move-in" won't impede the Proposal Trustee..we simply have no way to assert that and possibly, at the extreme, even moving items in could be claimed to "impede"...so far that has not occurred..(possibly because nothing has been moved in) but

this is an almost impossible commitment to be asked for...anything being delivered ..even on a loading dock..could be claimed to "impede

4. Cannot have as prohibition against "Install said equipment".... issue is that the intention is to move a rather lengthy Printing press..not operate it..just install...and one cannot simply dump it off at the loading dock...and then sometime in the future bring it inside and align in..

No..the Press will be taken from its current location..brought to Paris..and the same engineers who disassembled it..will re-assemble..high tech stuff..but cannot simply be left outside til some time in Dec..still not to be used...but protected for the weather

I can amend if you like..or do you wish that I amend?

Peter R. Welsh
Peter R. Welsh Professional Corporation
Barrister and Solicitor
Suite 203, 1540 Cornwall Road
Oakville, Ont.,
L6J 7W5
Tel: (905) 337-3121
Cell: (416) 526-3121
Fax: (905) 337-3272
www.welshlaw.ca

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From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: October 25, 2022 2:48 PM

To: Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>; Peter Welsh <peter@welshlaw.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: RE: Insurance Addendum Revision

Good afternoon,

As per my conversation with AIG (lead Insurer) they have agreed to add the new owners name & #1000296348 Ontario Inc. with respects to the building. Please revised the attached addendum to include the above under # 3 . AIG will issue an endorsement for the existing policy with respects to the above.

However please indicate in the addendum that Paris Kitchens is also responsible for the insurance for the equipment at 23 Railway and the contents at 245 West Beaver Creek which they are currently now leasing back from Mi5 until Dec 1, 2022

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

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From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: Monday, October 24, 2022 10:54 AM

To: George Benchetrit <George@chaitons.com>; Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: [EXTERNAL] RE: Insurance Addendum

Hi there,

Please see attached, with the language our insurer has communicated to our broker, whom I just spoke with.

Thank you,
Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 

**for faster response time, please email rather than call*

From: George Benchetrit <George@chaitons.com>

Sent: October 24, 2022 10:19 AM

To: 'Cook, Lisa J.' <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: RE: Insurance Addendum

Thanks Lisa. KSV has proposed the attached revisions. Please use this version when communicating with AIG.

George Benchetrit | **Partner***

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Monday, October 24, 2022 10:15 AM

To: George Benchetrit <George@chaitons.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer

<carolyn@pariskitchens.ca>

Subject: RE: Insurance Addendum

CAUTION: [External]

Hi George,

I will have to go back to our Lead Insurer AIG with respects to the changes in the letter.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: George Benchetrit <George@chaitons.com>

Sent: Monday, October 24, 2022 9:55 AM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: [EXTERNAL] RE: Insurance Addendum

Lisa,

The buyer has come back with these requested changes to the letter. Please let me know whether they are acceptable.

George Benchetrit | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1141**

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>
Sent: Friday, October 21, 2022 2:27 PM
To: George Benchetrit <George@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>
Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>
Subject: RE: Insurance Addendum

CAUTION: [External]

Hi George,

I just spoke with AIG and forward a copy of the draft AIG has given a green light to move forward. .

Have a great weekend.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower

Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

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Email: lisa.cook@hubinternational.com

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From: George Benchetrit <George@chaitons.com>

Sent: Friday, October 21, 2022 1:46 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: [EXTERNAL] RE: Insurance Addendum

Thanks Lisa. Please let me know if the wording in the attached draft letter will suffice to add the loss payee.

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Friday, October 21, 2022 10:46 AM

To: Bobby Kofman <bkofman@ksvadvisory.com>; George Benchetrit <George@chaitons.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: RE: Insurance Addendum

CAUTION: [External]

Good morning,

AIG our Lead Insurer for Pairs Kitchens has reviewed the below and advised the following be included.

Subject: [EXTERNAL] RE: Paris Kitchens Sale Agreement Addendum

- The closing date will be [to be inserted].
- The purchaser will not commence printing operations on the premises before December 1 prior to their binding insurance coverage on the building, at which point the tenant will no longer be responsible for the insurance on the building.
- The mortgage holder will be BMO at [insert address].

Maurice Vialette

Vice-President Underwriting / Vice-Président Souscription



Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

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Email: lisa.cook@hubinternational.com

hubinternational.com



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From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: Thursday, October 20, 2022 3:16 PM
To: George Benchetrit <George@chaitons.com>; Carolyn Iyer <carolyn@pariskitchens.ca>
Cc: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>
Subject: [EXTERNAL] RE: Insurance Questions

See below



From: George Benchetrit <George@chaitons.com>
Sent: October 20, 2022 3:15 PM
To: Carolyn Iyer <carolyn@pariskitchens.ca>
Cc: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Subject: Re: Insurance Questions

We don't intend to amend our agreement with Mi5 but can ask them for a letter confirming these points, being that:

- The closing date will be [to be inserted].
- They will not move equipment onto the premises before December 1. [unless they source their own insurance, which would void AIG's coverage]
- The mortgage holder will be BMO at [insert address].

Does this work and should anything be added to the letter?

George Benchetrit | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1141

From: Carolyn Iyer <carolyn@pariskitchens.ca>
Sent: Thursday, October 20, 2022 2:58 PM
To: George Benchetrit <George@chaitons.com>
Cc: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Subject: Re: Insurance Questions

CAUTION: [External]

Hi there

The main gist here is that Mi5 cannot move equipment in while our insurance is in place.

There needs to be some sort of addendum or appendix noting this.

Our insurer would consider this a change to the material risk and could cause our policy to lapse.

Lisa also still requires the address of the BMO branch for the loss payee.

This is technically a clarification as Lisa noted that there is no mention of insurance. Jocelyn and I did not have yet opportunity to review the agreement at the time or now so I could not comment because I would have raised this issue.

Please advise.

The addendum needs to note the closing date and the Dec 1st end date.

This will also clear the way for Mi5 as they do not have to get insurance right now—they can get this ready while we complete our time in the building.

Thanks

Carolyn

Sent from my iPhone

On Oct 20, 2022, at 2:46 PM, George Benchetrit <George@chaitons.com> wrote:

Thanks Lisa. Your comments about coverage are noted. Again, there is no lease, only the occupancy provision of the asset purchase agreement, which can't be amended. I have already confirmed that Paris Kitchens will continue to be responsible for payment of policy premiums - if you need a statutory declaration to that effect, we can provide it.

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>
Sent: Thursday, October 20, 2022 2:24:17 PM
To: George Benchetrit <George@chaitons.com>
Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>
Subject: RE: Insurance Questions

CAUTION: [External]

Hi George,

Can you please provide the address for the mortgage – The Bank of Montreal? With respect to the purchase agreement, I have reviewed section 6.2 however there is no mention of insurance coverage . As previously mentioned in my below e-mail “AIG our lead Insurer has advised we would require a copy of the lease between Paris Kitchens and the new owner. If the lease indicates Paris Kitchens is responsible for the insurance until expiry of Dec 1, 2022, then AIG would only need to endorse the policy and add the loss payee to the policy with respects the building. It is our understanding that Paris Kitchens will lease the building and continuing business as the only operation in the plant until their expiry date of Dec 1, 2022. If there is to be different date, please advise us as soon as possible as we will need to reapproach AIG to discuss.

Please note AIG’s policy which is on a program called the WoodSure Program only covers operations for the manufacturing of cabinetry not another other type of operations. If the new owner moves in or begin setting up shop for operating as a printing facility while Paris Kitchens is still on premises this would be a material change in risk in which case neither AIG nor the subscribers currently on risk would continue to insure.

By adding the loss payee to the policy while Paris Kitchens winds down operations and solely occupying the premises this then will allow the new

owner to purchase and put in place their own insurance for their operations come Dec 1, 2022.

I wait the revised copy of the purchase agreement indicating the date of closing and who is responsible for the insurance.

Best Regards



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Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

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After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

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From: George Benchetrit <George@chaitons.com>

Sent: Thursday, October 20, 2022 12:08 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer

<carolyn@pariskitchens.ca>

Subject: [EXTERNAL] Re: Response To Questions For Hub International

Hi Lisa. The Purchaser is 1000296348 Ontario Inc. It will be granting a mortgage to Bank of Montreal.

George Benchetrit | **Partner***
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>
Sent: Wednesday, October 19, 2022 3:05:25 PM
To: George Benchetrit <George@chaitons.com>
Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>
Subject: RE: Response To Questions For Hub International

CAUTION: [External]

Hi George,

Can you confirm who the loss payee will be ? is there a mortgage on the property that is being purchased by the new company ?



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Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
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Mobile: [416-554-1347](tel:416-554-1347)
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Email: lisa.cook@hubinternational.com

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From: George Benchetrit <George@chaitons.com>

Sent: Wednesday, October 19, 2022 3:00 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: [EXTERNAL] RE: Response To Questions For Hub International

Lisa,

Referencing your requirements below for adding Derek's company as a loss payee as of the transaction closing date, please note that there isn't a lease in place for Sanderson-Harold's occupation of the premises post-closing. The occupancy terms are set out in section 6.2 of the attached agreement. Sanderson-Harold will remain responsible for the insurance until the policy expiry on Dec 1, 2022.

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Wednesday, October 19, 2022 11:34 AM

To: Carolyn Iyer <carolyn@pariskitchens.ca>; Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: RE: Response To Questions For Hub International

CAUTION: [External]

Good morning, Carolyn,

As per our telephone conversation this morning I have spoken with Derek McGeachie President of Mi5 Print & Digital earlier today. I advised that Paris Kitchens Bldg. & property is currently Insured on a subscription policy comprised of the following Insurers

- AIG (As Lead Insurer) 40%
- Price Forbes (subscriber) 40%
- Strategic Underwriting Management (subscriber) 20% with respects to the building insurance.

I explained we have a subscription policy in place due to lack of capacity within the industry during the past two years.

I also advised that the lablity portion is written solely by AIG and is part of their WoodSure Program. This is an exclusive program for manufactures of wood products and only available to select brokerages. I have suggested Mi5 Print & Digital check back with their current broker regarding insurance markets that have already been approached, as their current Insurer has now expressed concerns with leasing the building back to Paris Kitchen to continue cabinet manufacturing until December 1, 2022.

With respects to your question regarding 23 Railway Street and how this would work, AIG our lead Insurer has advised we would require a copy of the lease between Paris Kitchens and the new owner. If the lease indicates Paris Kitchens is responsible for the insurance until expiry of Dec 1, 2022, then AIG would only need to endorse the policy and add the loss payee to the policy for the building.

On December 1, 2022, when the lease ends and the policies lapse the new owner would then be responsible to have insurance in place for the new operations of Mi5 Print Digital. AIG has confirmed this morning they would not be able to act as the Insurer (lead) for the new business owner because of the printing operations and AIG WoodSure program only write coverage for wood products.

I will circle back with Derek later today to advise that AIG would not be able to assist in writing this risk past Dec 1, 2022, due to the change in operations

from 100% manufacture of wood products to a printing facility within minimal manufacturing of wood products.

Should you have any additional questions please do not hesitate to contact me directly.

Best Regards



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Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: Tuesday, October 18, 2022 8:54 AM

To: Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; George Benchetrit (<george@chaitons.com>); Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Subject: [EXTERNAL] RE: INSURANCE Hub Int'l

Hi there,

Our insurer is HUB International, and our broker is Lisa J. Cook. I've looped her in here. However, a quote will take some time.

Lisa, Mi5, per below, is asking the question here; we are still waiting for the transaction to close, and I am unsure as to how it works at the 23 Railway St property as the original Paris

will be leasing the space from Mi5 until Dec 2nd.

Thank you,
Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 

**for faster response time, please email rather than call*

From: Bobby Kofman <bkofman@ksvadvisory.com>

Sent: October 18, 2022 8:29 AM

To: Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Derek Knoke <dknoke@litigate.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; George Benchetrit <george@chaitons.com> <george@chaitons.com>

Subject: Fwd: INSURANCE

Carolyn and Jocelyn, please see below.

Bobby Kofman

President and Managing Director

KSV Advisory Inc.

(o) 416.932.6228

(c) 647.282.6228

bkofman@ksvadvisory.com

From: Derek McGeachie <derek@mi5print.com>

Sent: Tuesday, October 18, 2022 8:22 AM

To: Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Carolyn Iyer <carolyn@pariskitchens.ca>; Tory Millar <tory.millar@mi5print.com>

Subject: INSURANCE

Good morning Bobby,

Can you or Carolyn share the name of your existing insurance co please. We have the building insured but our carrier is concerned about a wood working company that they deem as relatively high risk. It would be helpful to get a quote from the existing insurance co, that may be easier for continuing insurance for the operation since they have history.

Derek McGeachie | President
Mi5 Print & Digital www.mi5print.com office: 905-848-1550 m: 416-728-7551

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From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: October 25, 2022 8:58 PM
To: George Benchetrit <George@chaitons.com>; Carolyn Iyer <carolyn@pariskitchens.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>
Subject: Fwd: Insurance Addendum Revision

CAUTION: [External]

Bobby Kofman
President and Managing Director
KSV Advisory Inc.
(o) 416.932.6228
(c) 647.282.6228
bkofman@ksvadvisory.com

From: Derek McGeachie <derek@mi5print.com>
Sent: Tuesday, October 25, 2022 6:46:05 PM
To: Bobby Kofman <bkofman@ksvadvisory.com>
Subject: Re: Insurance Addendum Revision
This is ok with me

Derek McGeachie
Mi5 Print & Digital
416-728-7551

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: Tuesday, October 25, 2022 4:12 PM
To: Derek McGeachie <derek@mi5print.com>
Subject: FW: Insurance Addendum Revision



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>
Sent: October 25, 2022 4:05 PM
To: Peter Welsh <peter@welshlaw.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>
Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Subject: RE: Insurance Addendum Revision
Hi Peter,

Please be advised that the sellers insurance company is under no obligation to extend coverage, as such they imposed some conditions on the extension to be endorse on the policy. These conditions are :

1. Not to interfere with normal operations of Paris Kitchens
2. Not to install any equipment

If the buyer cannot abide by these conditions, then the extension will not be available.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
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Email: lisa.cook@hubinternational.com

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From: Peter Welsh <peter@welshlaw.ca>

Sent: Tuesday, October 25, 2022 3:17 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: [EXTERNAL] RE: Insurance Addendum Revision

Lisa you so much for your effort.

However, some subtle issues to address>

1. 1000296348 Ontario Inc. is, as of yesterday, the Owner of the 23 railway Street Property...and should be recorded as that ownership capacity

2. The new Owner, 1000296348 will be moving some of its equipment into the Plant....but not operating any equipment that it moves into the Plant
3. Cannot assert that the new Owner's "move-in" won't impede the Proposal Trustee..we simply have no way to assert that and possibly, at the extreme, even moving items in could be claimed to "impede"...so far that has not occurred..(possibly because nothing has been moved in) but this is an almost impossible commitment to be asked for...anything being delivered ..even on a loading dock..could be claimed to "impede"
4. Cannot have as prohibition against "Install said equipment".... issue is that the intention is to move a rather lengthy Printing press..not operate it..just install...and one cannot simply dump it off at the loading dock...and then sometime in the future bring it inside and align in..

No..the Press will be taken from its current location..brought to Paris..and the same engineers who disassembled it..will re-assemble..high tech stuff..but cannot simply be left outside til some time in Dec..still not to be used...but protected for the weather

I can amend if you like..or do you wish that I amend?

Peter R. Welsh

Peter R. Welsh Professional Corporation

Barrister and Solicitor

Suite 203, 1540 Cornwall Road

Oakville, Ont.,

L6J 7W5

Tel: (905) 337-3121

Cell: (416) 526-3121

Fax: (905) 337-3272

www.welshlaw.ca

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From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: October 25, 2022 2:48 PM

To: Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>; Peter Welsh <peter@welshlaw.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: RE: Insurance Addendum Revision

Good afternoon,

As per my conversation with AIG (lead Insurer) they have agreed to add the new owners name & #1000296348 Ontario Inc. with respects to the building. Please revised the attached addendum to include the above under # 3 . AIG will issue an endorsement for the existing policy with respects to the above. However please indicate in the addendum that Paris Kitchens is also responsible for the insurance for the equipment at 23 Railway and the

contents at 245 West Beaver Creek which they are currently now leasing back from Mi5 until Dec 1, 2022

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: Monday, October 24, 2022 10:54 AM

To: George Benchetrit <George@chaitons.com>; Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: [EXTERNAL] RE: Insurance Addendum

Hi there,

Please see attached, with the language our insurer has communicated to our broker, whom I just spoke with.

Thank you,
Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 

**for faster response time, please email rather than call*

From: George Benchetrit <George@chaitons.com>

Sent: October 24, 2022 10:19 AM

To: 'Cook, Lisa J.' <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: RE: Insurance Addendum

Thanks Lisa. KSV has proposed the attached revisions. Please use this version when communicating with AIG.

George Benchetrit | **Partner***

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Monday, October 24, 2022 10:15 AM

To: George Benchetrit <George@chaitons.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: RE: Insurance Addendum

CAUTION: [External]

Hi George,

I will have to go back to our Lead Insurer AIG with respects to the changes in the letter.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP

Account Director

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675 Cochrane Dr. Suite 200 East Tower

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After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: George Benchetrit <George@chaitons.com>

Sent: Monday, October 24, 2022 9:55 AM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: [EXTERNAL] RE: Insurance Addendum

Lisa,

The buyer has come back with these requested changes to the letter. Please let me know whether they are acceptable.

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Friday, October 21, 2022 2:27 PM

To: George Benchetrit <George@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: RE: Insurance Addendum

CAUTION: [External]

Hi George,

I just spoke with AIG and forward a copy of the draft AIG has given a green light to move forward. .

Have a great weekend.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

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675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

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Mobile: [416-554-1347](tel:416-554-1347)

After Hours Claims: [1-855-588-7612](tel:1-855-588-7612)

Email: lisa.cook@hubinternational.com

hubinternational.com



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From: George Benchetrit <George@chaitons.com>

Sent: Friday, October 21, 2022 1:46 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: [EXTERNAL] RE: Insurance Addendum

Thanks Lisa. Please let me know if the wording in the attached draft letter will suffice to add the loss payee.

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Friday, October 21, 2022 10:46 AM

To: Bobby Kofman <bkofman@ksvadvisory.com>; George Benchetrit <George@chaitons.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: RE: Insurance Addendum

CAUTION: [External]

Good morning,

AIG our Lead Insurer for Pairs Kitchens has reviewed the below and advised the following be included.

Subject: [EXTERNAL] RE: Paris Kitchens Sale Agreement Addendum

- The closing date will be [to be inserted].
- The purchaser will not commence printing operations on the premises before December 1 prior to their binding insurance coverage on the building, at which point the tenant will no longer be responsible for the insurance on the building.
- The mortgage holder will be BMO at [insert address].

Maurice Vialette

Vice-President Underwriting / Vice-Président Souscription



Best Regards



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Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

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675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

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Email: lisa.cook@hubinternational.com

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From: Bobby Kofman <bkofman@ksvadvisory.com>

Sent: Thursday, October 20, 2022 3:16 PM

To: George Benchetrit <George@chaitons.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: [EXTERNAL] RE: Insurance Questions

See below



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: George Benchetrit <George@chaitons.com>

Sent: October 20, 2022 3:15 PM

To: Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: Re: Insurance Questions

We don't intend to amend our agreement with Mi5 but can ask them for a letter confirming these points, being that:

- The closing date will be [to be inserted].
- They will not move equipment onto the premises before December 1. **[unless they source their own insurance, which would void AIG's coverage]**
- The mortgage holder will be BMO at [insert address].

Does this work and should anything be added to the letter?

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: Thursday, October 20, 2022 2:58 PM

To: George Benchetrit <George@chaitons.com>

Cc: Cook, Lisa J. <Lisa.Cook@hubinternational.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: Re: Insurance Questions

CAUTION: [External]

Hi there

The main gist here is that Mi5 cannot move equipment in while our insurance is in place.

There needs to be some sort of addendum or appendix noting this.

Our insurer would consider this a change to the material risk and could cause our policy to lapse.

Lisa also still requires the address of the BMO branch for the loss payee.

This is technically a clarification as Lisa noted that there is no mention of insurance. Jocelyn and I did not have yet opportunity to review the agreement at the time or now so I could not comment because I would have raised this issue.

Please advise.

The addendum needs to note the closing date and the Dec 1st end date.

This will also clear the way for Mi5 as they do not have to get insurance right now—they can get this ready while we complete our time in the building.

Thanks

Carolyn

Sent from my iPhone

On Oct 20, 2022, at 2:46 PM, George Benchetrit <George@chaitons.com> wrote:

Thanks Lisa. Your comments about coverage are noted. Again, there is no lease, only the occupancy provision of the asset purchase agreement, which can't be amended. I have already confirmed that Paris Kitchens will continue to be responsible for payment of policy premiums - if you need a statutory declaration to that effect, we can provide it.

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Thursday, October 20, 2022 2:24:17 PM

To: George Benchetrit <George@chaitons.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah

<sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: RE: Insurance Questions

CAUTION: [External]

Hi George,

Can you please provide the address for the mortgage – The Bank of Montreal? With respect to the purchase agreement, I have reviewed section 6.2 however there is no mention of insurance coverage . As previously mentioned in my below e-mail “AIG our lead Insurer has advised we would require a copy of the lease between Paris Kitchens and the new owner. If the lease indicates Paris Kitchens is responsible for the insurance until expiry of Dec 1, 2022, then AIG would only need to endorse the policy and add the loss payee to the policy with respects the building. It is our understanding that Paris Kitchens will lease the building and continuing business as the only operation in the plant until their expiry date of Dec 1, 2022. If there is to be different date, please advise us as soon as possible as we will need to reapproach AIG to discuss. Please note AIG’s policy which is on a program called the WoodSure Program only covers operations for the manufacturing of cabinetry not another other type of operations. If the new owner moves in or begin setting up shop for

operating as a printing facility while Paris Kitchens is still on premises this would be a material change in risk in which case neither AIG nor the subscribers currently on risk would continue to insure.

By adding the loss payee to the policy while Paris Kitchens winds down operations and solely occupying the premises this then will allow the new owner to purchase and put in place their own insurance for their operations come Dec 1, 2022.

I wait the revised copy of the purchase agreement indicating the date of closing and who is responsible for the insurance.

Best Regards



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Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

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Email: lisa.cook@hubinternational.com

hubinternational.com



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From: George Benchetrit <George@chaitons.com>

Sent: Thursday, October 20, 2022 12:08 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: [EXTERNAL] Re: Response To Questions For Hub International

Hi Lisa. The Purchaser is 1000296348 Ontario Inc. It will be granting a mortgage to Bank of Montreal.

George Benchetrit | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>
Sent: Wednesday, October 19, 2022 3:05:25 PM
To: George Benchetrit <George@chaitons.com>
Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>
Subject: RE: Response To Questions For Hub International

CAUTION: [External]

Hi George,

Can you confirm who the loss payee will be ? is there a mortgage on the property that is being purchased by the new company ?



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Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)
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Email: lisa.cook@hubinternational.com

hubinternational.com



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From: George Benchetrit <George@chaitons.com>
Sent: Wednesday, October 19, 2022 3:00 PM

To: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; Benevides, Sarah <sarah.benevides@hubinternational.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: [EXTERNAL] RE: Response To Questions For Hub International
Lisa,

Referencing your requirements below for adding Derek's company as a loss payee as of the transaction closing date, please note that there isn't a lease in place for Sanderson-Harold's occupation of the premises post-closing. The occupancy terms are set out in section 6.2 of the attached agreement. Sanderson-Harold will remain responsible for the insurance until the policy expiry on Dec 1, 2022.

George Benchetrit | Partner*

*Denotes Professional Corporation

Chaitons LLP | T: 416.218.1141

From: Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Sent: Wednesday, October 19, 2022 11:34 AM

To: Carolyn Iyer <carolyn@pariskitchens.ca>; Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>; Benevides, Sarah <sarah.benevides@hubinternational.com>

Subject: RE: Response To Questions For Hub International

CAUTION: [External]

Good morning, Carolyn,

As per our telephone conversation this morning I have spoken with Derek McGeachie President of Mi5 Print & Digital earlier today. I advised that Paris Kitchens Bldg. & property is currently Insured on a subscription policy comprised of the following Insurers

- AIG (As Lead Insurer) 40%
- Price Forbes (subscriber) 40%
- Strategic Underwriting Management (subscriber) 20% with respects to the building insurance.

I explained we have a subscription policy in place due to lack of capacity within the industry during the past two years.

I also advised that the liability portion is written solely by AIG and is part of their WoodSure Program. This is an exclusive program for manufactures of wood products and only available to select brokerages. I have suggested Mi5 Print & Digital check back with their current broker regarding insurance markets that have already been approached, as their current Insurer has now expressed concerns with leasing the building back to Paris Kitchen to continue cabinet manufacturing until December 1, 2022.

With respects to your question regarding 23 Railway Street and how this would work, AIG our lead Insurer has advised we would require a copy of the

lease between Paris Kitchens and the new owner. If the lease indicates Paris Kitchens is responsible for the insurance until expiry of Dec 1, 2022, then AIG would only need to endorse the policy and add the loss payee to the policy for the building.

On December 1, 2022, when the lease ends and the policies lapse the new owner would then be responsible to have insurance in place for the new operations of Mi5 Print Digital. AIG has confirmed this morning they would not be able to act as the Insurer (lead) for the new business owner because of the printing operations and AIG WoodSure program only write coverage for wood products.

I will circle back with Derek later today to advise that AIG would not be able to assist in writing this risk past Dec 1, 2022, due to the change in operations from 100% manufacture of wood products to a printing facility within minimal manufacturing of wood products.

Should you have any additional questions please do not hesitate to contact me directly.

Best Regards



Risk & Insurance | Employee Benefits | Retirement & Private Wealth
Ready for tomorrow.

Lisa J. Cook (She/her) BA, CAIB, CIP
Account Director

HUB International Sinclair Cockburn Limited
675 Cochrane Dr. Suite 200 East Tower
Markham, ON L3R 0B8

Office: [905-948-2405](tel:905-948-2405)

Mobile: [416-554-1347](tel:416-554-1347)

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Email: lisa.cook@hubinternational.com

hubinternational.com



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From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: Tuesday, October 18, 2022 8:54 AM

To: Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Jocelyn Hu <jocelyn@pariskitchens.ca>; George Benchetrit (<george@chaitons.com>); Cook, Lisa J. <Lisa.Cook@hubinternational.com>

Subject: [EXTERNAL] RE: INSURANCE Hub Int'l

Hi there,

Our insurer is HUB International, and our broker is Lisa J. Cook. I've looped her in here. However, a quote will take some time.

Lisa, Mi5, per below, is asking the question here; we are still waiting for the transaction to close, and I am unsure as to how it works at the 23 Railway St property as the original Paris

will be leasing the space from Mi5 until Dec 2nd.

Thank you,
Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 

**for faster response time, please email rather than call*

From: Bobby Kofman <bkofman@ksvadvisory.com>

Sent: October 18, 2022 8:29 AM

To: Carolyn Iyer <carolyn@pariskitchens.ca>

Cc: Derek Knoke <dknoke@litigate.com>; Jocelyn Hu <jocelyn@pariskitchens.ca>; George Benchetrit (<george@chaitons.com>); <george@chaitons.com>

Subject: Fwd: INSURANCE

Carolyn and Jocelyn, please see below.

Bobby Kofman

President and Managing Director

KSV Advisory Inc.

(o) 416.932.6228

(c) 647.282.6228

bkofman@ksvadvisory.com

From: Derek McGeachie <derek@mi5print.com>

Sent: Tuesday, October 18, 2022 8:22 AM

To: Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Carolyn Iyer <carolyn@pariskitchens.ca>; Tory Millar <tory.millar@mi5print.com>

Subject: INSURANCE

Good morning Bobby,

Can you or Carolyn share the name of your existing insurance co please. We have the building insured but our carrier is concerned about a wood working company that they deem as relatively high risk. It would be helpful to get a quote from the existing insurance co, that may be easier for continuing insurance for the operation since they have history.

Derek McGeachie | President

Mi5 Print & Digital www.mi5print.com office: 905-848-1550 m: 416-728-7551

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Appendix “J”

From: George Benchetrit <George@chaitons.com>
Sent: October 26, 2022 7:04 PM
To: 'Tory Millar' <tory.millar@mi5print.com>; Derek McGeachie <derek@mi5print.com>; 'Peter Welsh' <peter@welshlaw.ca>
Cc: Carolyn Iyer <carolyn@pariskitchens.ca>; Bobby Kofman <bkofman@ksvadvisory.com>; 'Larry Wolfman' <larrywolfman@pariskitchens.ca>
Subject: RE: 300pm meeting today

Gentlemen,

Attached is a draft summary of our call today intended to further the discussion to resolve all transition issues. It does not reflect legally binding commitments on either side. Please feel free to add any comments, revisions or additions and include on your response the additional individuals I have copied on this email message.

Given the emails exchanged a few minutes ago on insurance issues, I suggest that priority attention be given to a call among the brokers first thing tomorrow.

George Benchetrit | Partner*
*Denotes Professional Corporation
Chaitons LLP | T: 416.218.1141

From: Tory Millar <tory.millar@mi5print.com>
Sent: Wednesday, October 26, 2022 1:06 PM
To: Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>
Cc: Derek McGeachie <derek@mi5print.com>
Subject: 300pm meeting today

CAUTION: [External]

Bobby, George, Carolyn – Kindly share the meeting details with me. Thank you.

Best regards,

Tory Millar
M: 647-822-5426
E: tory.millar@Mi5print.com

Tory Millar | Vice President, Finance
Mi5 Print & Digital www.mi5print.com
Toronto | New York | Vancouver

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: October 26, 2022 12:05 PM
To: Derek McGeachie <derek@mi5print.com>; Carolyn Iyer <carolyn@pariskitchens.ca>; Tory Millar <tory.millar@mi5print.com>
Cc: George Benchetrit <george@chaitons.com>
Subject: RE: PK - Transition of servers, software, books / records

Derek,

Please deal with George on these issues. As you know, there is a call at 3pm today that I will not be attending. I sent you a text at 4am or so asking if you wanted a call to address transitional issues. I received no response.

Thank you,

Bobby



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: Derek McGeachie <derek@mi5print.com>
Sent: October 26, 2022 11:53 AM
To: Carolyn Iyer <carolyn@pariskitchens.ca>; Bobby Kofman <bkofman@ksvadvisory.com>; Tory Millar <tory.millar@mi5print.com>
Cc: George Benchetrit <george@chaitons.com>
Subject: RE: PK - Transition of servers, software, books / records

Bobby and Carolyn, please send us the up to date supplier list you have today as a start. Also send us full admin access to the servers, software and electronic books / records of Paris Kitchens. This is already 2 days after closing and all these records, books, passwords, etc should have been delivered and accessible at closing as you well know. You should have had yourselves and your team prepared for this hand over or you should not have closed the purchase if you will not deliver what you sold. These hand over delays of our assets are seriously jeopardizing quoting, future sales, customer and supplier relations, which directly affect what revenues we have for staff planning and hiring. Time is of the essence, people's livelihoods are at stake and we're respectfully asking you to immediately release your continued controls on our assets so we can use them to their fullest. Right now you have our hands tied with expensive delays and meeting requests. Not giving us fulsome access to what is ours is an existential threat to Paris Kitchens continuance and it is unnecessarily expensive to us and the staff of Paris Kitchens.

From: Carolyn Iyer <carolyn@pariskitchens.ca>
Sent: October 26, 2022 10:52 AM
To: Bobby Kofman <bkofman@ksvadvisory.com>; Tory Millar <tory.millar@mi5print.com>
Cc: Derek McGeachie <derek@mi5print.com>; George Benchetrit (george@chaitons.com)
<george@chaitons.com>
Subject: RE: PK - Transition of servers, software, books / records


Also, Newco will need to set up their own accounts with our vendors (they have all the information available to them).

Our purchasing staff is not available for their use unless, see my other email, an employment agreement is in place that starts Dec 2.

Regards
Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.
245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1
T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 
**for faster response time, please email rather than call*

From: Carolyn Iyer
Sent: October 26, 2022 10:47 AM
To: Bobby Kofman <bkofman@ksvadvisory.com>; Tory Millar <tory.millar@mi5print.com>
Cc: Derek McGeachie <derek@mi5print.com>; George Benchetrit (george@chaitons.com)
<george@chaitons.com>
Subject: RE: PK - Transition of servers, software, books / records

Thanks Bobby.

As noted in my email this morning,
I am home today recovering from the trauma of yesterday. I want you to know I have detailed what happened yesterday to my own legal counsel and I appreciate your and George's support on this.

I have taken our staff off this email as I have advised them, as you have, innumerable times, that Mi5 is to go through KSV, the message seems to not being received.

I have told our staff that any request NewCo makes is to go through me, as they do not work for NewCo, no employment agreements are in place and on the plant side, our staff are working until Dec 1 for the Sanderson-Harold Co. Ltd and we are paying their salary.

Regards
Carolyn



Carolyn Iyer | Chief Operating Officer

PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com 

**for faster response time, please email rather than call*

From: Bobby Kofman <bkofman@ksvadvisory.com>

Sent: October 26, 2022 10:39 AM

To: Tory Millar <tory.millar@mi5print.com>; Gene He <gene@pariskitchens.ca>; Ivica Soldo <ivica@pariskitchens.ca>

Cc: Derek McGeachie <derek@mi5print.com>; Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit (george@chaitons.com) <george@chaitons.com>

Subject: Re: PK - Transition of servers, software, books / records

There is a meeting today at 3pm where this issue will be discussed.

Bobby Kofman
President and Managing Director
KSV Advisory Inc.
(o) 416.932.6228
(c) 647.282.6228
bkofman@ksvadvisory.com

From: Tory Millar <tory.millar@mi5print.com>

Sent: Wednesday, October 26, 2022 10:29:06 AM

To: Gene He <gene@pariskitchens.ca>; Ivica Soldo <ivica@pariskitchens.ca>

Cc: Derek McGeachie <derek@mi5print.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Carolyn

Iyer <carolyn@pariskitchens.ca>

Subject: PK - Transition of servers, software, books / records

Gene, Ivica,

I hope this note finds you well. As you may be aware, the Paris Kitchens transaction closed earlier this week.

Today I am reaching out on behalf of the new owners to make arrangements for access to the servers, software and electronic books / records of Paris Kitchens.

I suggest a virtual meeting of 15 to 30 minutes whereby where we can discuss how best to accomplish this transfer. Kindly let me know if any of the following times work for you:

- Wed Oct 26 @ 300pm or 330pm
- Thu Oct 27 @ Noon or 100pm

Thank you.

Best regards,

Tory Millar

M: 647-822-5426

E: tory.millar@Mi5print.com

Tory Millar | Vice President, Finance

Mi5 Print & Digital www.mi5print.com

Toronto | New York | Vancouver

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Paris Kitchens – Transition Issues and Arrangements

West Beaver Creek

- Mi5 to provide list of items it wishes to remove and timeline for removal
- Larry has requested the return of all samples (door, colour chips, etc.) and foyer items removed on October 25
- Larry to facilitate discussions between owners of samples and Mi5

Employees

- Mi5 to provide list of PK¹ employees it is considering offering employment effective no earlier than December 2. PK to allow meetings between these people and Mi5 for presentation of offers.
- Mi5 to also provide list of PK employees that it is requesting access to for transition purposes, on access terms to be settled between PK and Mi5.

Email

- Mi5 is requesting access so that it can start using @pariskitchens.com email addresses immediately, while restricting access to email communications of PK employees.
- Transition arrangements to be discussed on a priority basis between the appropriate Mi5 and PK personnel.
- All new customer requests to PK are to be forwarded to MI5.

Website

- Contents of existing website to be re-worded temporarily to avoid confusion during wind-down of PK.

Third Party Contracts

- Mi5 is requesting immediate access to software and systems (20/20, Foxpro, accounting, other systems) to start ramping up.
- PK must be allowed to continue using systems to wind down operations.

¹ PK refers to The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens

Leasing and Licence Contracts

- PK to provide details for leased equipment and licences.
- Mi5 to determine which leases and licences they may be interested in acquiring and to make their own arrangements for those leases.

Equipment

- Mi5 to indicate whether it is seeking compensation for the use of equipment until the end of November, and if so, how much.
- PK not agreeing at this stage that such compensation is payable.

Insurance

- Mi5 to provide contact details for its brokers (David Blow and Danny Scrow) to facilitate a discussion between them and Lisa Cook to resolve any insurance issues for both the building and equipment.

Appendix “K”

From: Tory Millar <tory.millar@mi5print.com>
Sent: Friday, October 28, 2022 12:35:11 PM
To: George Benchetrit <George@chaitons.com>; bkofman@ksvadvisory.com
<bkofman@ksvadvisory.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>
Subject: RE: Paris Kitchens

CAUTION: [External]

Bobby, George – We need this lease signed back to allow continued access to the equipment and other assets purchased as part of the transaction.

Best regards,

Tory Millar
M: 647-822-5426
E: tory.millar@Mi5print.com
Tory Millar | Vice President, Finance
Mi5 Print & Digital www.mi5print.com
Toronto | New York | Vancouver

From: Peter Welsh <peter@welshlaw.ca>
Sent: October 27, 2022 5:14 PM
To: george@chaitons.com; bkofman@ksvadvisory.com; Derek McGeachie <derek@mi5print.com>; Tory Millar <tory.millar@mi5print.com>
Subject: Paris Kitchens

Gentlemen:

I believe we are scheduled to re-convene tomorrow afternoon at 3pm (thank you George for booking).

In the interests of achieving an amicable and cooperative resolution to all matters of importance between the Parties, I choose not to respond to messages I have received last evening and defer responding to those for the time being.

However, of importance are both the Leasing of the Purchaser's Equipment by Paris Kitchens and the access and retention by the Purchaser of its purchased Intellectual Property and protection and preservation of its business interests.

To those ends, is attached the Purchaser's (Lessor's) required Equipment Lease, as once addressed before the Closing of this matter and at that time not fully addressed and rejected by then then Vendor.

This document is provided with the express condition of its review and confirmation by my Client as Lessor and provided in advance of our discussion tomorrow at 3pm

Respectfully

Peter R. Welsh
Peter R. Welsh Professional Corporation
Barrister and Solicitor
Suite 203, 1540 Cornwall Road
Oakville, Ont.,
L6J 7W5
Tel: (905) 337-3121
Cell: (416) 526-3121
Fax: (905) 337-3272
www.welshlaw.ca

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upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error please contact the sender and destroy any copies of this information.

EQUIPMENT LEASE

This Equipment Lease made this 27th day of October, 2022

BETWEEN 1000296348 ONTARIO INC.

(Hereinafter referred to as the “Lessor”)

AND THE SANDERSON-HAROLD COMPANY LIMITED,
C.O.B. “Paris Kitchens”

(Hereinafter referred to as the “Lessee”)

WHEREAS pursuant to an Asset Purchase Agreement dated as of August 26, 2022 (the “APA”), the Lessor (as “Purchaser” as defined in the APA) purchased from the Lessee (as defined in the APA as “Vendor”) all of the right, title and interest of the Lessee (as Vendor under the APA) of the Lessee’s Personal Property and its Intellectual Property as defined in the APA;

AND WHEREAS the Lessee herein seeks to lease from the Lessor herein use and employment for its own use of all of such Personal Property for a period of time as set out herein as the “Term” upon the terms, covenants and conditions hereinafter contained;

AND WHEREAS during such Term the Lessee shall pay to the Lessor the Rent herein reserved, in advance and shall be fully responsible for and shall undertake all necessary maintenance and repairs to the Personal Property as would a prudent owner thereof;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of \$1.00 and the terms, covenants and conditions hereinafter contained agree with each other as follows:

1. The foregoing recitals are true in fact and substance and shall form a part hereof.
2. All words and phrases defined in the APA shall have the same meanings herein as set out in the APA unless otherwise noted.
3. The Lessee shall lease from the Lessor the Personal Property of the Lessor located at 23 Railway Street, Paris, Ontario N3L 3E5 (the “Premises”) and such of the Lessor’s Personal Property as necessary for the Lessee’s operation of Paris Kitchens, EXCLUDING, except as heerein set out, all Intellectual Property of the Lessor AND

access to the Books and Records of the Lessor (formerly, the Lessee), each as defined in the APA, and in respect to such Books and Records and Intellectual Property, the Lessee shall have access and use of as determined by the Lessor but only as the Lessor shall permit from time to time and only for the exclusive use for the purpose of assisting the Lessee in the operations of Paris Kitchens during the Term.

4. The term of this Equipment Lease (the "Term") shall commence on October 25, 2022 and shall be fully completed and ended on December 1, 2022. 5. The Rent for the Term of this Equipment Lease shall be Three Thousand Two Hundred Fifty (\$3250.00) CDN Dollars per day (plus applicable taxes) throughout the Term, payable in full in advance, on or before 5PM, Toronto time, October 28, 2022. (\$120,250.00). Should the Lessee overhold the Term, the Rent shall double (to \$6,500.00 per day) for every day of the Lessee's occupation following December 1, 2022. Should the Lessee decide to terminate the Term, the Lessee shall provide no less than 10 Business days notice in writing to the Lessor, as is provided in the APA.

6. Should the Lessee determine to overhold the Term, the Lessee shall provide to the Lessor no less than 5 Business days notice of such intention and such notice shall set out the determination of the Lessee as to the number of days the Lessee seeks to overhold and such Notice shall be accompanied by payment for the Rent due for such overholding at \$6,500.00 per day of overholding, failing which the Lessee shall vacate the Premises upon the expiry of the Term. Notwithstanding any notice from the Lessee of its desire to overhold the Term, nothing herein shall waive the Lessor's right to require the Lessee to vacate upon the expiry of the Term and this Paragraph regarding potential overholding is not and shall not be interpreted as any right or option of the Lessee to overhold or the consent of the Lessor to do so.

7. The Lessee shall be fully responsible for all required maintenance and repairs to all Personal Property as and at the standard of a prudent owner thereof and upon expiry of the Term, all such Personal Property and the Lessee's use thereof, shall be surrendered to the Lessor and such Personal Property shall be in the condition the Lessee received such Personal Property save only for such reasonable wear and tear as would reasonably be expected for the Term of utilization by the Lessee, all without any shrinkage or missing parts.

8. The Lessee shall forthwith deliver to the Lessor all Intellectual Property and all Website, e-mails addresses, codes, and all electronic information as the Lessor requires immediately upon request therefor with the Lessor's intention and purpose to protect and control the Intellectual Property.

9. The Parties agree that Sections 7.5 to 7.15 of the APA shall apply to and be incorporated into this Equipment Lease as though part hereof with only necessary changes as to make those provisions part hereof including the names of the Parties as defined therein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written

THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS
KITCHENS

By _____

Name,title

I have authority to bind the Corporation

1000296348 ONTARIO INC.

By _____

Derek McGeachie, President

I have authority to bind the Corporation

From: Tory Millar <tory.millar@mi5print.com>
Sent: October 28, 2022 12:35 PM
To: george@chaitons.com; Bobby Kofman <bkofman@ksvadvisory.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>
Subject: RE: Paris Kitchens

Bobby, George – We need this lease signed back to allow continued access to the equipment and other assets purchased as part of the transaction.

Best regards,

Tory Millar
M: 647-822-5426
E: tory.millar@Mi5print.com

Tory Millar | Vice President, Finance
Mi5 Print & Digital www.mi5print.com
Toronto | New York | Vancouver

From: Peter Welsh <peter@welshlaw.ca>
Sent: October 27, 2022 5:14 PM
To: george@chaitons.com; bkofman@ksvadvisory.com; Derek McGeachie <derek@mi5print.com>; Tory Millar <tory.millar@mi5print.com>
Subject: Paris Kitchens

Gentlemen:

I believe we are scheduled to re-convene tomorrow afternoon at 3pm (thank you George for booking).

In the interests of achieving an amicable and cooperative resolution to all matters of importance between the Parties, I choose not to respond to messages I have received last evening and defer responding to those for the time being.

However, of importance are both the Leasing of the Purchaser's Equipment by Paris Kitchens and the access and retention by the Purchaser of its purchased Intellectual Property and protection and preservation of its business interests.

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This document is provided with the express condition of its review and confirmation by my Client as Lessor and provided in advance of our discussion tomorrow at 3pm

Respectfully

Peter R. Welsh
Peter R. Welsh Professional Corporation
Barrister and Solicitor
Suite 203, 1540 Cornwall Road
Oakville, Ont.,
L6J 7W5
Tel: (905) 337-3121
Cell: (416) 526-3121
Fax: (905) 337-3272
www.welshlaw.ca

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From: Peter Welsh <peter@welshlaw.ca>

Sent: October 27, 2022 5:14 PM

To: george@chaitons.com; Bobby Kofman <bkofman@ksvadvisory.com>; Derek McGeachie <derek@mi5sprint.com>; Tory Millar <tory.millar@mi5sprint.com>

Subject: Paris Kitchens

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This document is provided with the express condition of its review and confirmation by my Client as Lessor and provided in advance of our discussion tomorrow at 3pm

Respectfully

Peter R. Welsh
Peter R. Welsh Professional Corporation
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Appendix “L”

From: George Benchetrit <George@chaitons.com>
Sent: October 28, 2022 4:13 PM
To: Bobby Kofman <bkofman@ksvadvisory.com>; Tory Millar <tory.millar@mi5print.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com> <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: Re: Paris Kitchens

Tory,

In view of your response below, we are seeking an appointment before a Commercial List judge next week to deal with your threats to take unilateral actions, which as stated below, we view to be a breach of the court-ordered stay of proceedings.

Also given your response, and given that you and Derek have not confirmed participation for the call this afternoon, we are cancelling the Teams appointment.

We will be in touch with you once we have confirmed court time.

George Benchetrit | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1141**

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: Friday, October 28, 2022 2:57:12 PM
To: Tory Millar <tory.millar@mi5print.com>; George Benchetrit <George@chaitons.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com> <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: RE: Paris Kitchens

CAUTION: [External]

Adding the Proposal Trustee's legal counsel to this chain.



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: Tory Millar <tory.millar@mi5print.com>

Sent: October 28, 2022 2:55 PM

To: George Benchetrit <George@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>

Subject: RE: Paris Kitchens

George,

Overall your client is not moving fast enough to transfer the assets purchased. We need help and cooperation. Providing this information is the right thing to do, AND, it will help us to hire more team members sooner.

The equipment has been purchased. Details around the operation of the equipment by the tenant (OldCo) are not addressed in the APA. NewCo requires a lease to be in place for OldCo to use the equipment (incl. other purchased assets). After Sat Oct 29th, NewCo cannot allow the use of the equipment without the lease in place.

I have only seen two e-mails today with information. I have also received a bag of thumb drives (keys?). A few comments about the information:

- represents a small subset of what was requested
- provided in a sub-optimal manner – disorganized, some very old information (>20 years old!), no documentation, shortcuts that are not useful

Key information is missing includes:

- administrator access
- network / server access
- e-mail server access
- ability to create and access @pariskitchens.com and/or @pariskitchens.ca email addresses
- software
- client information
- vendor information
- profiles, passwords, etc.

If these items are not remedied by Sat Oct 29th, we feel we will need to be onsite in Paris, ON and Richmond Hill, ON to ensure appropriate access to the purchased assets.

Best regards,

Tory Millar
M: 647-822-5426

E: tory.millar@Mi5print.com

Tory Millar | Vice President, Finance

Mi5 Print & Digital www.mi5print.com

Toronto | New York | Vancouver

From: George Benchetrit <George@chaitons.com>

Sent: October 28, 2022 1:35 PM

To: Tory Millar <tory.millar@mi5print.com>

Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>;
bkofman@ksvadvisory.com

Subject: Re: Paris Kitchens

Importance: High

Tory,

We can discuss this on our call this afternoon. In the meantime, I note as follows:

- As already explained, Derek and Peter asked for this type of compensation during the negotiation of the APA and the request was rejected. The APA was signed without the Purchaser having any entitlement to this compensation. We have reviewed the email correspondence from August and can provide copies to you if you wish. It is very clear on this point.
- **Any attempt by you to take unilateral steps with respect to the property or equipment would be a direct breach of the court orders in the pending BIA proceeding. Peter has copies of the relevant court orders. My client would seek punitive remedies arising from this contempt of court.**
- **Such conduct would also cause damages to my client, its employees and other stakeholders for which the Purchaser would be held liable.**
- We have sent several emails today with links to information you have requested. We will continue to send this information as it compiled. By the end of the day today, you should have access to all or virtually all of the pricing, spec book and other data and related software.
- We have engaged a third-party service provider to deal with the IT transition issues. We will provide you with a draft protocol for your comments as soon as possible.
- We are still waiting for the information you said you would provide during the call on Wednesday, including the employees lists. We are also asking again for the return of items removed from the WBC premises by Derek on Tuesday, including the property belonging to third parties.
- My client has demonstrated its good faith by addressing the issues discussed on our call Wednesday and is committed to continue doing so in the mutual best interests of my

client and the Purchaser. These issues can all be addressed by continued dialogue, and if necessary, any unresolved issues (including your request for compensation) can be submitted to the Court for a determination.

Also, as indicated this morning, we are asking that the call this afternoon be rescheduled to 4:30 pm. I will change the calendar invitation. If that doesn't work for you, we can discuss alternative times.

George Benchetrit | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1141**

From: Tory Millar <tory.millar@mi5print.com>
Sent: Friday, October 28, 2022 12:35:11 PM
To: George Benchetrit <George@chaitons.com>; bkofman@ksvadisory.com
<bkofman@ksvadisory.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>
Subject: RE: Paris Kitchens

CAUTION: [External]

Bobby, George – We need this lease signed back to allow continued access to the equipment and other assets purchased as part of the transaction.

Best regards,

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E: tory.millar@Mi5print.com
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Mi5 Print & Digital www.mi5print.com
Toronto | New York | Vancouver

From: Peter Welsh <peter@welshlaw.ca>
Sent: October 27, 2022 5:14 PM
To: george@chaitons.com; bkofman@ksvadisory.com; Derek McGeachie <derek@mi5print.com>; Tory Millar <tory.millar@mi5print.com>
Subject: Paris Kitchens

Gentlemen:

I believe we are scheduled to re-convene tomorrow afternoon at 3pm (thank you George for booking).

In the interests of achieving an amicable and cooperative resolution to all matters of importance between the Parties, I choose not to respond to messages I have received last evening and defer responding to those for the time being.

However, of importance are both the Leasing of the Purchaser's Equipment by Paris Kitchens and the access and retention by the Purchaser of its purchased Intellectual Property and protection and preservation of its business interests.

To those ends, is attached the Purchaser's (Lessor's) required Equipment Lease, as once addressed before the Closing of this matter and at that time not fully addressed and rejected by then then Vendor.

This document is provided with the express condition of its review and confirmation by my Client as Lessor and provided in advance of our discussion tomorrow at 3pm

Respectfully

Peter R. Welsh
Peter R. Welsh Professional Corporation
Barrister and Solicitor
Suite 203, 1540 Cornwall Road
Oakville, Ont.,
L6J 7W5
Tel: (905) 337-3121
Cell: (416) 526-3121
Fax: (905) 337-3272
www.welshlaw.ca

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Appendix “M”

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: October 28, 2022 7:46 PM
To: Tory Millar <tory.millar@mi5print.com>; George Benchetrit <George@chaitons.com>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Stephen M Turk <sturk@stephenturklaw.com>
Subject: Re: Follow-up - Paris Kitchens

The Proposal Trustee's view is that these issues and recent events must be addressed in court.

Bobby Kofman
President and Managing Director
KSV Advisory Inc.
(o) 416.932.6228
(c) 647.282.6228
bkofman@ksvadvisory.com

From: Tory Millar <tory.millar@mi5print.com>
Sent: Friday, October 28, 2022 7:42:30 PM
To: Bobby Kofman <bkofman@ksvadvisory.com>; George Benchetrit <George@chaitons.com>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Stephen M Turk <sturk@stephenturklaw.com>
Subject: RE: Follow-up - Paris Kitchens

With regards to the purchased assets at the head office in Richmond Hill, instead of attending the site on Monday during business hours, if you prefer we are willing to make arrangements to remove them this weekend or after business hours on Monday.

We can also request for police to be present during the process.

Kindly let us know.

Once the assets are removed we will set them up at the head office of NewCo, as quickly as possible, and provide unfettered physical or remote access to the team members designated by OldCo.

Best regards,

Tory Millar
M: 647-822-5426
E: tory.millar@Mi5print.com
Tory Millar | Vice President, Finance
Mi5 Print & Digital www.mi5print.com
Toronto | New York | Vancouver

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: October 28, 2022 6:45 PM
To: Tory Millar <tory.millar@mi5print.com>; George Benchetrit <George@chaitons.com>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Stephen M Turk <sturk@stephenturklaw.com>
Subject: RE: Follow-up - Paris Kitchens

Please read the attached email.

These requests were made at closing and rejected.

George is booking court time for next week.



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: Tory Millar <tory.millar@mi5print.com>
Sent: October 28, 2022 6:29 PM
To: George Benchetrit <George@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Stephen M Turk <sturk@stephenturklaw.com>
Subject: Follow-up - Paris Kitchens

The cancellation of this afternoon's meeting was very disappointing. We remain interested in finding an amicable solution for appropriate access to assets purchased by NewCo.

On behalf of NewCo, we need to:

- Be able to use purchased IT, IP, books and records to re-launch NewCo during the wind down of OldCo
- Ensure NewCo is fairly compensated by OldCo for the use of purchased assets (e.g., equipment, IT, etc.)
- Recover costs incurred by NewCo while OldCo is operating in its property (e.g., utilities, taxes, etc.)
- Ensure amounts owed are paid up front and not part of any ongoing bankruptcy or legal proceedings

We have tried to find an amicable solution. We have remained patient in the face of delays caused by OldCo. We have waited nearly a week for access to the purchased assets. We cannot wait any longer to

resolve these issues. Livelihoods are at stake. We are being forced to take actions to protect the assets and future employees of NewCo and ensure appropriate access to the purchased assets.

By 12:00pm (EST) on Monday October 31, 2022, we are seeking:

- Administrator rights to e-mail server / system for correspondence with clients and vendors (e.g., derek@pariskitchens.com)
- Administrator rights to estimating software and associated data and catalogue
- A plan, agreeable to both sides, to complete the transfer of all other purchased assets (e.g., IT, IP, books and records) to NewCo by 5:00pm (EST) on Wednesday November 2, 2022
- A signed lease (draft attached ... as previously distributed by P. Welsh)
- An upfront payment to cover costs for the 37 day period (i.e., Oct 25th to Dec 1st) that OldCo is operating at 23 Railway St.:
 - Lease of purchased assets = \$120,250.00
 - Taxes and utilities = \$54,740.00
 - Total = \$174,990.00 (plus applicable taxes)

If NewCo is forced to lock out the equipment at 12:01pm (EST) on Monday October 31, 2022 due to the choices or inactivity of OldCo, to avoid disruption to the operations of OldCo, NewCo is willing to enter into a contractual arrangement to operate the machinery on behalf of OldCo.

Best regards,

Tory Millar

M: 647-822-5426

E: tory.millar@Mi5print.com

Tory Millar | Vice President, Finance

Mi5 Print & Digital www.mi5print.com

Toronto | New York | Vancouver

From: George Benchetrit <George@chaitons.com>

Sent: October 28, 2022 4:13 PM

To: Bobby Kofman <bkofman@ksvadvisory.com>; Tory Millar <tory.millar@mi5print.com>

Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com> <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>

Subject: Re: Paris Kitchens

Tory,

In view of your response below, we are seeking an appointment before a Commercial List judge next week to deal with your threats to take unilateral actions, which as stated below, we view to be a breach of the court-ordered stay of proceedings.

Also given your response, and given that you and Derek have not confirmed participation for the call this afternoon, we are cancelling the Teams appointment.

We will be in touch with you once we have confirmed court time.

George Benchetrit | **Partner***
*Denotes Professional Corporation
Chaitons LLP | **T: 416.218.1141**

From: Bobby Kofman <bkofman@ksvadvisory.com>
Sent: Friday, October 28, 2022 2:57:12 PM
To: Tory Millar <tory.millar@mi5print.com>; George Benchetrit <George@chaitons.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>; Steven Graff <sgraff@airdberlis.com> <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>
Subject: RE: Paris Kitchens

CAUTION: [External]

Adding the Proposal Trustee's legal counsel to this chain.



Bobby Kofman
President and Managing Director

T 416.932.6228
M 647.282.6228
W www.ksvadvisory.com

From: Tory Millar <tory.millar@mi5print.com>
Sent: October 28, 2022 2:55 PM
To: George Benchetrit <George@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; Larry Wolfman <larrywolfman@pariskitchens.ca>; Carolyn Iyer <carolyn@pariskitchens.ca>
Subject: RE: Paris Kitchens

George,

Overall your client is not moving fast enough to transfer the assets purchased. We need help and cooperation. Providing this information is the right thing to do, AND, it will help us to hire more team members sooner.

The equipment has been purchased. Details around the operation of the equipment by the tenant (OldCo) are not addressed in the APA. NewCo requires a lease to be in place for OldCo to use the

equipment (incl. other purchased assets). After Sat Oct 29th, NewCo cannot allow the use of the equipment without the lease in place.

I have only seen two e-mails today with information. I have also received a bag of thumb drives (keys?). A few comments about the information:

- represents a small subset of what was requested
- provided in a sub-optimal manner – disorganized, some very old information (>20 years old!), no documentation, shortcuts that are not useful

Key information is missing includes:

- administrator access
- network / server access
- e-mail server access
- ability to create and access @pariskitchens.com and/or @pariskitchens.ca email addresses
- software
- client information
- vendor information
- profiles, passwords, etc.

If these items are not remedied by Sat Oct 29th, we feel we will need to be onsite in Paris, ON and Richmond Hill, ON to ensure appropriate access to the purchased assets.

Best regards,

Tory Millar

M: 647-822-5426

E: tory.millar@Mi5print.com

Tory Millar | Vice President, Finance

Mi5 Print & Digital www.mi5print.com

Toronto | New York | Vancouver

From: George Benchetrit <George@chaitons.com>

Sent: October 28, 2022 1:35 PM

To: Tory Millar <tory.millar@mi5print.com>

Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>; bkofman@ksvadvisory.com

Subject: Re: Paris Kitchens

Importance: High

Tory,

We can discuss this on our call this afternoon. In the meantime, I note as follows:

- As already explained, Derek and Peter asked for this type of compensation during the negotiation of the APA and the request was rejected. The APA was signed without the Purchaser having any entitlement to this compensation. We have reviewed the email

correspondence from August and can provide copies to you if you wish. It is very clear on this point.

- **Any attempt by you to take unilateral steps with respect to the property or equipment would be a direct breach of the court orders in the pending BIA proceeding. Peter has copies of the relevant court orders. My client would seek punitive remedies arising from this contempt of court.**
- **Such conduct would also cause damages to my client, its employees and other stakeholders for which the Purchaser would be held liable.**
- We have sent several emails today with links to information you have requested. We will continue to send this information as it compiled. By the end of the day today, you should have access to all or virtually all of the pricing, spec book and other data and related software.
- We have engaged a third-party service provider to deal with the IT transition issues. We will provide you with a draft protocol for your comments as soon as possible.
- We are still waiting for the information you said you would provide during the call on Wednesday, including the employees lists. We are also asking again for the return of items removed from the WBC premises by Derek on Tuesday, including the property belonging to third parties.
- My client has demonstrated its good faith by addressing the issues discussed on our call Wednesday and is committed to continue doing so in the mutual best interests of my client and the Purchaser. These issues can all be addressed by continued dialogue, and if necessary, any unresolved issues (including your request for compensation) can be submitted to the Court for a determination.

Also, as indicated this morning, we are asking that the call this afternoon be rescheduled to 4:30 pm. I will change the calendar invitation. If that doesn't work for you, we can discuss alternative times.

From: Tory Millar <tory.millar@mi5print.com>
Sent: Friday, October 28, 2022 12:35:11 PM
To: George Benchetrit <George@chaitons.com>; bkofman@ksvadvisory.com
<bkofman@ksvadvisory.com>
Cc: Derek McGeachie <derek@mi5print.com>; Peter Welsh <peter@welshlaw.ca>
Subject: RE: Paris Kitchens

CAUTION: [External]

Bobby, George – We need this lease signed back to allow continued access to the equipment and other assets purchased as part of the transaction.

Best regards,

Tory Millar
M: 647-822-5426
E: tory.millar@mi5print.com
Tory Millar | Vice President, Finance
Mi5 Print & Digital www.mi5print.com
Toronto | New York | Vancouver

From: Peter Welsh <peter@welshlaw.ca>
Sent: October 27, 2022 5:14 PM
To: george@chaitons.com; bkofman@ksvadvisory.com; Derek McGeachie <derek@mi5print.com>; Tory Millar <tory.millar@mi5print.com>
Subject: Paris Kitchens

Gentlemen:

I believe we are scheduled to re-convene tomorrow afternoon at 3pm (thank you George for booking).

In the interests of achieving an amicable and cooperative resolution to all matters of importance between the Parties, I choose not to respond to messages I have received last evening and defer responding to those for the time being.

However, of importance are both the Leasing of the Purchaser's Equipment by Paris Kitchens and the access and retention by the Purchaser of its purchased Intellectual Property and protection and preservation of its business interests.

To those ends, is attached the Purchaser's (Lessor's) required Equipment Lease, as once addressed before the Closing of this matter and at that time not fully addressed and rejected by then then Vendor.

This document is provided with the express condition of its review and confirmation by my Client as Lessor and provided in advance of our discussion tomorrow at 3pm

Respectfully

Peter R. Welsh
Peter R. Welsh Professional Corporation
Barrister and Solicitor
Suite 203, 1540 Cornwall Road
Oakville, Ont.,
L6J 7W5
Tel: (905) 337-3121
Cell: (416) 526-3121
Fax: (905) 337-3272
www.welshlaw.ca

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Appendix “N”

From: Bobby Kofman

Sent: October 29, 2022 1:02 PM

To: Derek McGeachie <derek@mi5print.com>; George Benchetrit <George@chaitons.com>; Tory Millar <tory.millar@mi5print.com>

Cc: Steven Graff (sgraff@airdberlis.com) <sgraff@airdberlis.com>; Kyle Plunkett <kplunkett@airdberlis.com>

Subject: RE: PK Information

Derek,

I will ask the Company this weekend to send you a vendor list with contact information on Monday.

The Company intends to advise Phantom of the circumstances that resulted in your taking possession of their assets from West Beaver Creek ("WBC"). This will also be addressed in our court materials at the hearing being scheduled for next week.

WBC is owned, as you know, by an entity that is not subject to Paris Kitchen's insolvency proceedings. At the time you and your team unconsensually removed assets from WBC you were advised of that, again. You continued to remove assets for which there is no evidence of ownership by Paris Kitchens. Paris Kitchen acknowledges that some of the property at WBC is property of Paris Kitchen; however, until an orderly transition can be organized to sort out what entity or whom owns the property at WBC, all property that you removed from WBC should immediately be returned. Please advise when that will happen.

Bobby



Bobby Kofman
President and Managing Director

T 416.932.6228

M 647.282.6228

W www.ksvadvisory.com

From: Derek McGeachie <derek@mi5print.com>

Sent: October 29, 2022 12:01 PM

To: George Benchetrit <George@chaitons.com>; Tory Millar <tory.millar@mi5print.com>

Cc: Bobby Kofman <bkofman@ksvadvisory.com>

Subject: RE: PK Information

George and Bobby,

Please give us the contact info for all Paris Kitchens suppliers including those like Phantom Developments who have items that they own at West Beaver Creek. We will contact them right away to introduce ourselves and see what they wish to do. It is a good way for us to start relations with them and sooner is better given the situation with Oldco winding down and newco starting up.

Derek

From: George Benchetrit <George@chaitons.com>
Sent: October 28, 2022 9:38 AM
To: Derek McGeachie <derek@mi5print.com>; 'Tory Millar' <tory.millar@mi5print.com>
Cc: Bobby Kofman (bkofman@ksvadvisory.com) <bkofman@ksvadvisory.com>
Subject: PK Information

Gents,

See below links to folders containing all of PK's spec book and catalogue information.

<https://we.tl/t-BdzJzgGetz>

<https://we.tl/t-oMSCglKboz>

<https://we.tl/t-mCaAZTCbYM>

<https://we.tl/t-lweWRjSJFS>

Keys to the 20/20 software will be sent to your office in Mississauga.

We are again asking that the items removed on Monday be returned to the WBC property as soon as possible. The boards and plumbing fixtures are property of Phantom Developments Ltd. and it will not be in anyone's interest if we have to tell them that they were taken off site without our client's permission.

Can we please move our call today to 4:30 pm?



George Benchetrit | Partner*

*Denotes Professional Corporation

T: 416.218.1141 E: George@chaitons.com

5000 Yonge St, 10th Floor, Toronto, ON, M2N 7E9

chaitons.com

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Appendix “O”

From: Bobby Kofman

Sent: October 31, 2022 11:07 AM

To: Carolyn Iyer <carolyn@pariskitchens.ca>; George Benchetrit <George@chaitons.com>

Cc: Larry Wolfman <larrywolfman@pariskitchens.ca>; Jocelyn Hu <jocelyn@pariskitchens.ca>

Subject: RE: Mi5 is on site at 23 Railway

Yes. They cannot disrupt operations.



Bobby Kofman

President and Managing Director

T 416.932.6228

M 647.282.6228

W www.ksvadvisory.com

From: Carolyn Iyer <carolyn@pariskitchens.ca>

Sent: October 31, 2022 11:01 AM

To: George Benchetrit <George@chaitons.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Cc: Larry Wolfman <larrywolfman@pariskitchens.ca>; Jocelyn Hu <jocelyn@pariskitchens.ca>

Subject: Mi5 is on site at 23 Railway

Hi there,

Joe Corrado from Mi5 is on site at 23 Railway.

He is outside with Kevin, and the security detail.

Do we let him in?

Carolyn



Carolyn Iyer | Chief Operating Officer

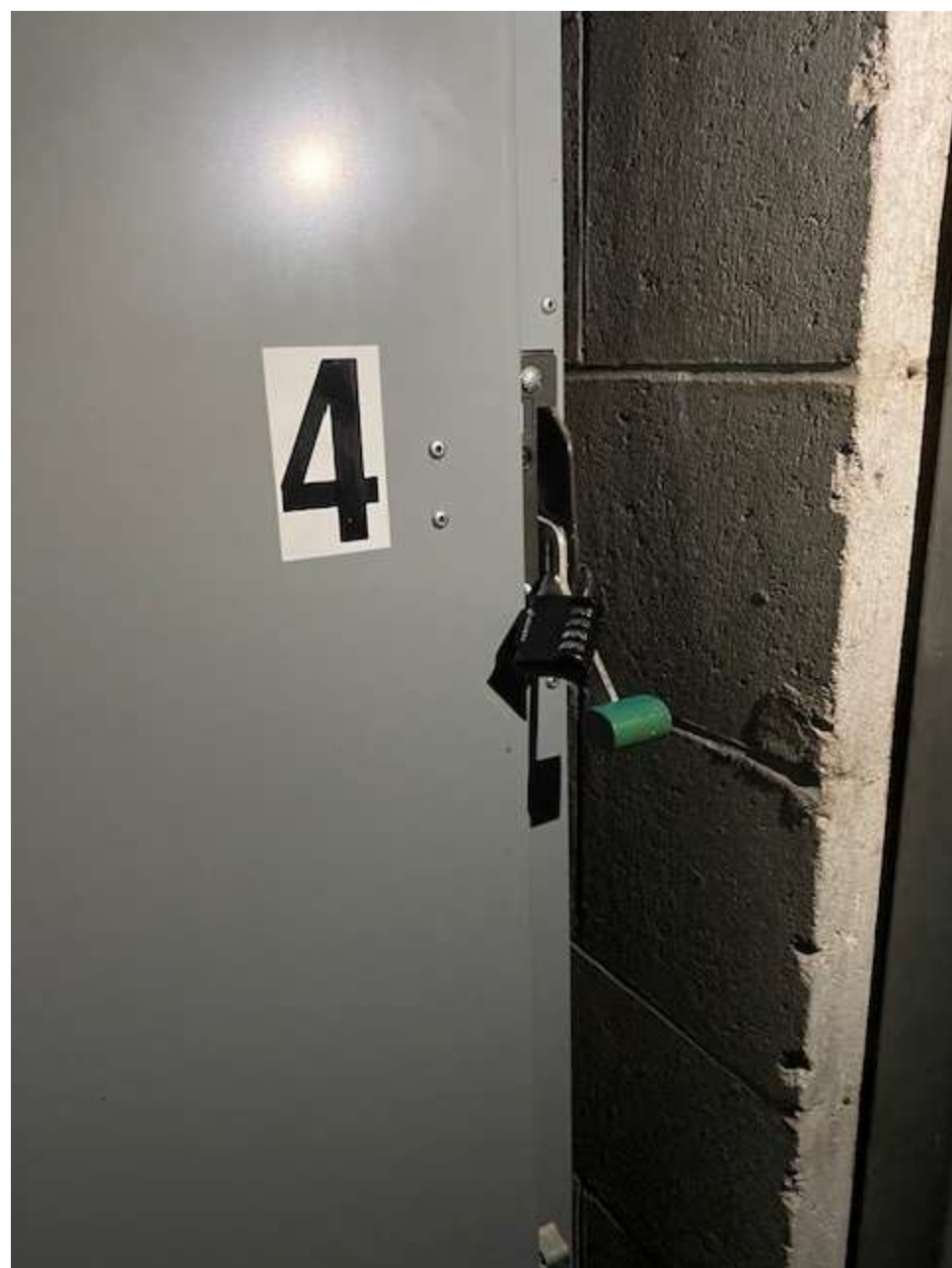
PARIS KITCHENS Est. 1902 The Sanderson-Harold Co. LTD.

245 West Beaver Creek Rd, Unit #2, Richmond Hill, ON L4B 1L1

T: 905.886.5751 x 307 F: 905.886.3075 www.pariskitchens.com A small green recycling symbol consisting of three chasing arrows forming a triangle.

**for faster response time, please email rather than call*

Appendix “P”







Appendix “Q”

From: Derek McGeachie <derek@mi5print.com>

Date: October 31, 2022 at 11:34:00 PM EDT

To: Kevin Schmidt <kevin@pariskitchens.ca>, Tom Lacey <tlacey@pariskitchens.ca>, Rich May <rmay@pariskitchens.com>

Subject: power still out

Gents, I'm sorry to say that power went out today due to non payment of utilities. The new Paris Kitchens company is responsible for all utility costs as of a week ago despite not having control of the operation and the former Paris Kitchens co is supposed to pay in advance for utilities and taxes while they control the operation due to their bankruptcy situation. They have not yet paid despite multiple warnings. Once payment and/or a court order is made power can be restored. A court date has been set for tomorrow (Tuesday) to hopefully figure this out. In the meantime please do not attempt to turn the power on as it would be illegal and there's no need for anyone to get in trouble. The equipment is owned by the new Paris Kitchens company and for obvious reasons the old PK cannot use our utilities without paying.

<image001.jpg>

Derek McGeachie | President

PARIS KITCHENS Est. 1902

23 Railway St. Paris, ON

T: 905.886.5751 M: 416.728.7551 www.pariskitchens.com

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**Supplement to the Fourth Report to
Court of KSV Restructuring Inc. as
Proposal Trustee of The Sanderson-
Harold Company Limited c.o.b. as
Paris Kitchens**

November 3, 2022

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Court File No.: 31-2835198

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

COMMERCIAL LIST

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
IN THE CITY OF VAUGHAN, IN THE PROVINCE OF ONTARIO**

**SUPPLEMENT TO THE FOURTH REPORT OF
KSV RESTRUCTURING INC., AS PROPOSAL TRUSTEE OF
THE SANDERSON-HAROLD COMPANY LIMITED**

November 3, 2022

1.0 Introduction

1. This supplemental report (the “Supplemental Report”) is filed by the Proposal Trustee appointed in the Company’s NOI proceedings.

1.1 Purposes of this Report

1. The purpose of this Supplemental Report is to provide an update on events since the case conference that was heard urgently by the Court on November 1, 2022 (the “Case Conference”).

1.2 Court Materials

1. Defined terms have the meaning provided to them in the Proposal Trustee’s Fourth Report dated November 1, 2022 (the “Fourth Report”), unless otherwise defined herein.
2. This Supplemental Report is subject to the restrictions and qualifications in the Fourth Report.

2.0 Update

1. The Proposal Trustee provides the following update concerning events since the Case Conference:
 - a. The power to the Railway Property was restored by the Purchaser at approximately 6:30 p.m. on November 1, 2022. The power disruption lasted over 24 hours. No business was conducted on November 1, 2022. Employees showed for work on the morning of November 1st but were sent home. The shutdown resulted in significant manufacturing and delivery delays. The extent of the economic loss caused by the power disruption is not yet fully known. The professional fees dealing with this matter have been significant.

- b. The Company's representatives have been advised to coordinate access to the Railway Property through the Proposal Trustee. As of the date of this Supplemental Report, one visit has been scheduled for November 3rd and possibly another for November 4th. Provided cooperation continues, and the Company's operations are not disrupted, and pending further order of the Court, the Company intends to continue to provide the Purchaser's representatives access via pre-approved site visits arranged through the Proposal Trustee.
- c. In the Fourth Report, the Proposal Trustee advised that the Purchaser removed property from the WBC head office. An orderly process is required to determine which of the removed property and the remaining property belongs to the Company and was therefore purchased by the Purchaser. The Company does not dispute that a large portion of the assets at WBC are property of the Company. Until ownership of the property at WBC can be resolved, including the removed property, the Proposal Trustee is of the view that the Purchaser should forthwith return all removed property to the WBC property. For ease of reference, the relevant extract from the Fourth Report concerning this issue is reproduced below.

Unlawful Removal of Property from WBC

On October 25, 2022, the day following closing, the Purchaser attended at WBC unannounced, and occupied one of the offices at WBC. Wolfman and Carolyn Iyer ("Iyer"), the Company's Chief Operating Officer, had a discussion with McGeachie shortly following his arrival. McGeachie told Wolfman and Iyer that, paraphrasing, "everything in this place is mine, including the coffee mug" on Wolfman's desk. Notwithstanding the conversation with Wolfman and Iyer, McGeachie did not advise them that he planned to have a team of people imminently start removing property from WBC. As that was happening, there was a heated phone discussion with McGeachie, his lawyer, Company management, Chaitons and the Proposal Trustee. McGeachie's team removed consigned appliances (subsequently returned), third-party owned customer property (still in the Purchaser's possession) and other furniture and fixtures for which there is no clear record reflecting ownership by the Company¹ (still in the Purchaser's possession). These events left the Company's staff agitated and concerned for their physical safety. A summary of these events is provided in an email from Iyer dated October 29, 2022 found in Appendix "H"².

- d. The Proposal Trustee has requested that the Purchaser return the removed property to WBC, including in an email dated October 29, 2022 found in Appendix "N" of the Fourth Report. To date, such property has not been returned by the Purchaser.

¹ As stated above, there is no fixed asset listing for the Company's property at WBC.

² Of the Fourth Report.

- e. The Company is committed to continue to work with the Purchaser to transition the purchased assets to the Purchaser on an orderly basis. To date, the Company has, among other things, provided the Purchaser with information on the Company's customers and a complete vendor list with addresses and contact information, facilitated discussions with its employees (although the Purchaser has not hired any of the employees) and has provided the Purchaser with electronic files pertaining to products and pricing, including:
- Project Specific Upgrade Program - this includes files with all mark up to sell to clients, in both PDF and Excel formats.
 - Samples - sample tracking folder for various clients.
 - Sales - Showroom pictures (tool used to build upgrade booklets for clients).
 - pk_19 - link to install the 2020 catalogue (used for all quotes) and the USB keys to work with this catalogue. This enables pricing directly from a drawing.
 - Spec Book Global – the Company's overall catalogue, with various updates.
 - Specials - these are products used for orders outside the realm of the catalogue, organized into folders via product type.
- f. Prior to the Case Conference, the Proposal Trustee's counsel sent to the Purchaser's counsel a draft protocol to deal with the transfer of electronic records, the Company's website and a solution for email accounts, a copy of which is attached as Appendix "A". Counsel for the Purchaser responded today at 11:45 am with the document attached at Appendix "B". The Proposal Trustee and the Company are reviewing the Purchaser's comments, and remain ready and willing to continue to finalize the protocol and resolve such other transition issues as may arise together with the Purchaser and/or its counsel.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE IN THE PROPOSAL OF
THE SANDERSON-HAROLD COMPANY LIMITED, C.O.B. AS PARIS KITCHENS,
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

PROPOSED PROTOCOL FOR TRANSFER OF PARIS KITCHENS DATA TO Mi5

This document has been prepared for discussion purposes and is subject to further consultation among The Sanderson-Harold Company Limited (SHCL), Mi5, and KSV and/or their technical advisors

Accounting Information

- The accounting system used by SHCL is comprised of virtual machines running on a physical server (the “Accounting Server”) at the Paris, Ontario location.
- The Accounting Server can be provided to Mi5 after SHCL makes a copy of the virtual machines onto an old desktop computer to be transferred to the Richmond Hill location (the “Copied Accounting Server”).
 - The old desktop computer is currently stored at the Paris, Ontario location - it is outdated in terms of current computer performance and hardware.
 - If Mi5 objects to the use of the old desktop computer for this purpose, SHCL can purchase new hardware for this task.
- This solution would provide Mi5 with a fully working copy of the Accounting Server while still allowing SHCL to complete its wind-down operations using the Copied Accounting Server.

File Server Information

- SHCL hosts a company file server (the “File Server”) at the Richmond Hill location with approximately 2 to 3 Terabytes of information on it.
- SHCL is prepared to provide a copy of the information stored on the File Server, excluding information related to individual employee payroll, benefits information, or anything else that can be considered personally identifiable information.
- SHCL will perform a review to identify such information ahead of time and exclude IT from the copy of the File Server that is to be sent to Mi5.

Paris Kitchens Domains and Email

- SHCL currently controls and pays for the “pariskitchens.ca” and “pariskitchens.com” domains.
- Email for “pariskitchens.ca” is hosted by Microsoft Office 365 and is used to service emails to mobile/remote employees.
- Email for “pariskitchens.com” is hosted by a third-party provider and is used to service emails to employees who work using on-site desktop computers at the Richmond Hill location.
 - This email uses the POP email protocol, meaning that email is not retained on any servers after they have been downloaded onto the on-site desktops.
 - The company website, “http://pariskitchens.com/” is also associated with this domain.
- Potential solutions include:
 1. Mi5 to set up a new “pariskitchenscanada.com” (or similar) domain. SHCL will retain control of the “.ca” and “.com” email accounts currently in use for the duration of the wind-down operations and can work to transfer the website to Mi5.
 2. SHCL can transfer control of the “pariskitchens.com” domain to Mi5 while retaining control of the “pariskitchens.ca” domain until its wind-down operations are

completed. This solution would allow Mi5 to move the “pariskitchen.com” emails to Microsoft O365 or any other email service of its preference. It would also give Mi5 control of the “http://pariskitchens.com/” website. Mi5 would be unable to get historical access to “pariskitchens.com” emails, as those are only stored locally on certain on-site desktops.

Appendix “B”

PROPOSED PROTOCOL FOR TRANSFER OF PURCHASED ASSETS (incl. DATA)

Accounting Information

- The accounting system used by SHCL is comprised of virtual machines running on a physical server (the "Accounting Server") at the Paris, Ontario location.
- The Accounting Server can be provided to Mi5 after SHCL makes a copy of the virtual machines onto an old desktop computer to be transferred to the Richmond Hill location (the "Copied Accounting Server").
 - The old desktop computer is currently stored at the Paris, Ontario location - it is outdated in terms of current computer performance and hardware.
 - If Mi5 objects to the use of the old desktop computer for this purpose, SHCL can purchase new hardware for this task.
- This solution would provide Mi5 with a fully working copy of the Accounting Server while still allowing SHCL to complete its wind-down operations using the Copied Accounting Server.

Mi5 Comments

- SHCL to purchase a new computer to create the copy of the accounting server.
- Once the wind-down is complete, SHCL to (A) return the copy of the accounting server to Mi5, or (B) allow Mi5 to back-up the copy of the accounting server, and observe the destruction of the copy of the accounting server.
- SHCL to provide Mi5 with Administrator rights and remote access to the physical server on which the virtual machines reside at the earlier of: (i) [end of day on Nov 4th]; and, (ii) when the copy of the accounting server has been created.
- To facilitate the wind-down of SHCL, Mi5 can provide role-based access to the physical server if/as required.
- SHCL to provide all existing reference material on the physical servers and their contents (incl. manuals, policies, procedures and any other relevant documentation) as part of the Purchased Assets.

File Server Information

- SHCL hosts a company file server (the "File Server") at the Richmond Hill location with approximately 2 to 3 Terabytes of information on it.
- SHCL is prepared to provide a copy of the information stored on the File Server, excluding information related to individual employee payroll, benefits information, or anything else that can be considered personally identifiable information ("PII").
- SHCL will perform a review to identify such information ahead of time and exclude IT from the copy of the File Server that is to be sent to Mi5.

Mi5 Comments

- Mi5 views the file server as part of the Purchased Assets. It is appropriate for SHCL to provide the file server to Mi5 as soon as possible.
- To facilitate the wind-down of SHCL, Mi5 proposes the following:
 - SHCL provides Mi5 with Administrator rights and remote access to the file server by [end of day on Nov 4th]. Once Administrator rights and remote access are in place

for Mi5, SHCL can retain the file server at the Richmond Hill location until the wind-down is complete.

- Mi5 has some concerns regarding the PII-related review, including:
 - It is important for Mi5 to access the Purchased Assets as soon as possible. Undertaking the PII-related review could result in unreasonable delays in the transfer of Purchased Assets.
 - Mi5 aspires to re-hire many of the past and current employees of SHCL. Having this information available for use by NewCo (i.e. the post-bankruptcy Paris Kitchens) would be helpful for all parties involved.
- SHCL to provide all existing reference material on the file servers and their contents (incl. manuals, policies, procedures and any other relevant documentation) as part of the Purchased Assets.

Paris Kitchens Domains and Email

- SHCL currently controls and pays for the “pariskitchens.ca” and “pariskitchens.com” domains.
- Email for “pariskitchens.ca” is hosted by Microsoft Office 365 and is used to service emails to mobile/remote employees.
- Email for “pariskitchens.com” is hosted by a third-party provider and is used to service emails to employees who work using on-site desktop computers at the Richmond Hill location.
 - This email uses the POP email protocol, meaning that email is not retained on any servers after they have been downloaded onto the on-site desktops.
 - The company website, “http://pariskitchens.com/” is also associated with this domain.
- Potential solutions include:
 1. Mi5 to set up a new “pariskitchenscanada.com” (or similar) domain. SHCL will retain control of the “.ca” and “.com” email accounts currently in use for the duration of the wind-down operations and can work to transfer the website to Mi5.
 2. SHCL can transfer control of the “pariskitchens.com” domain to Mi5 while retaining control of the “pariskitchens.ca” domain until its wind-down operations are completed. This solution would allow Mi5 to move the “pariskitchen.com” emails to Microsoft O365 or any other email service of its preference. It would also give Mi5 control of the “http://pariskitchens.com/” website. Mi5 would be unable to get historical access to “pariskitchens.com” emails, as those are only stored locally on certain on-site desktops.

Mi5 Comments

- The domains are part of the Purchased Assets. Mi5 does not agree to set up different domains.
- SHCL to transfer Administrator rights to all domains, websites and associated servers, including but not limited to pariskitchens.com and pariskitchens.ca by [end of day on Nov 4th].
- To facilitate the wind-down of SHCL, Mi5 can provide role-based access to SHCL to these domains and servers.

General Comments from Mi5

- To facilitate the transfer of the data and Purchased Assets referenced in this document (e.g., physical server in Paris, ON, virtual machines, accounting server, file server in Richmond Hill, ON, the software and systems included on the servers, etc.), Mi5 is seeking access to the relevant SHCL employees with knowledge of these Purchased Assets. Mi5 would like to be able to speak with, meet and direct these employees for an average of [one hour] per day during a [three week period] following the transfer of the Purchased Assets.
- The Purchased Assets are well defined in the Asset Purchase Agreement (APA). Mi5 wants to abide by the APA and receive all the Purchased Assets in a timely manner, including:
 - Acquired Contracts
 - Acquired Personal Property Leases
 - Books and Records
 - Intellectual Property
 - Personal Property
 - Real Property
- In terms of Purchased Assets at the Paris, ON location, Mi5 assumes this constitutes everything at the 23 Railway Street property as of closing. Mi5 is seeking assurances that no Purchased Assets have been, or will be, removed from the property without prior knowledge and written consent from Mi5.
- Overall, Mi5 wants to ensure that it receives all the Purchased Assets currently at the Richmond Hill, ON location, including but not limited to:
 - Books, records, files and papers
 - Computer programs (incl. source and object code) – incl. manuals and data
 - Software programs (incl. source and object code) – incl. manuals and data
 - Sales and advertising materials
 - Lists of present and former customers and suppliers
 - All of the intellectual property as defined in the APA
 - Furniture
 - Computer hardware
- With regards to the Purchased Assets at the Richmond Hill, ON location:
 - Mi5 requests dialogue with SHCL on these items and a walk through of the building to establish a common understanding of what does and does not constitute the Purchased Assets.
 - With certain exclusions, Mi5 agrees to remove the Purchased Assets in an orderly manner once the wind-down of SHCL is complete, assuming all parties agree that these Purchased Assets are not part of any bankruptcy proceedings, processes or claims.
 - Mi5 requests that this walk through occur by [end of day on Nov 9th]. If there is disagreement on what constitutes a Purchased Asset Mi5 is willing to discuss a resolution with SHCL. The Purchased Assets are to be agreed and documented by all parties in a mutually satisfactory manner by [end of day on Nov 14th].
 - Until the Purchased Assets are documented, Mi5 is seeking assurances that no Purchased Assets have been, or will be, removed from the building without prior knowledge and written consent from Mi5.
- If there are Purchased Assets, at either location, that are of interest to employees of SHCL for personal, sentimental or other reasons, Mi5 is willing to discuss arrangements for these items.