



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

September 16, 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

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

September 16, 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 (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 *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").
2. On June 8, 2022, the Ontario Superior Court of Justice (Commercial List) (the "Court") granted an order (the "[June 8th Order](#)"), among other things: (a) extending the time for the Company to file a proposal to August 15, 2022; (b) approving a key employee retention plan ("KERP") for two employees and a charge in the amount of \$120,000 to secure amounts payable under the KERP (the "KERP Charge"); (c) approving an interim lending agreement (the "Interim Lending Agreement") between the Company and Bank of Montreal ("BMO"), the Company's operating loan lender; and (d) approving an administrative charge for the Proposal Trustee and its counsel.
3. On August 11, 2022, the Court granted an order (the "[August 11th Order](#)"), among other things: (a) extending the time for the Company to file a proposal to September 29, 2022; (b) approving a \$60,000 increase to the KERP and a corresponding increase in the KERP Charge; (c) confirming that the Company meets the criteria pursuant to section 3.2 of the regulations of the *Wage Earner Protection Program Act* so that employees terminated during these proceedings are eligible to receive benefits under the Wage Earner Protection Program; (d) providing the Proposal Trustee with the authority to communicate with customers directly regarding the Customer Agreements (as defined below) and to collect amounts owing by customers to the Company; and (e) providing the Proposal Trustee with the authority to accept an offer for the Company's real property.

4. The principal purpose of these proceedings is to create a stabilized environment to provide the Company the opportunity to continue a sale process for its business and assets that was commenced prior to this proceeding, or to restructure its business, so that it can present a proposal to its creditors.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) summarize the Company's activities since the Filing Date;
 - c) discuss the results of the sale and refinancing process, including the following recommended transactions:
 - i. the Railway transaction (the "Railway Transaction"), being a sale of the Company's real property located at 23 Railway Street, Paris, Ontario and legally described in PIN 32024-0739 LT and PIN 32024-0741 LT (a 103,610 square foot manufacturing facility) (the "Railway Property") and the equipment located at the Railway Property to 2486666 Ontario Inc. ("248 Ontario") pursuant to an asset purchase agreement signed by representatives of the Purchaser and the Company on August 26, 2022¹ (the "Railway APA"); and
 - ii. the Spruce transaction (the "Spruce Transaction" and with the Railway Transaction, the "Transactions"), being a sale of the Company's real property located at 38 Spruce Street, Paris, Ontario and legally described in PIN 32024-0169 LT and PIN 32024-0521 LT (a 9,888 square foot aged storage facility) (the "Spruce Property" and with the Railway Property, the "Paris Properties") to Joseph Rancourt, in trust for a company to be incorporated ("Rancourt"), pursuant to an agreement of purchase and sale dated August 16, 2022 (the "Spruce APS"). Rancourt subsequently assigned the Spruce APS to 2737747 Ontario Inc. ("273 Ontario")²;
 - d) discuss the Company's request for a further increase in the KERP Charge to include additional employees in the KERP, whose retention is intended to provide substantial assistance to the ongoing operations of the Company during these proceedings;
 - e) discuss proposed distributions to Bank of Montreal ("BMO") and Pillar Capital Corp. ("Pillar"), the Company's two senior ranking secured creditors, and to the Company's subordinated secured creditor, Diazo Investments Limited ("Diazo");

¹ The executed Railway APA is not dated.

² Pursuant to the Spruce APS, Rancourt remains personally liable for 273 Ontario's obligations in respect of the Spruce Transaction.

- f) report on the Company's updated weekly cash flow projections for the period September 19, 2022 to November 13, 2022 (the "Cash Flow Forecast");
- g) summarize the Proposal Trustee's activities since the Filing Date; and
- h) recommend that this Court issue orders:
 - i. extending the deadline for the Company to file a proposal from September 29, 2022 to November 13, 2022 (the "Extension");
 - ii. increasing the KERP and the amount of the KERP Charge from \$180,000 to \$245,000;
 - iii. pursuant to an Approval and Vesting Order (the "Railway AVO"),
 - approving the Railway APA and authorizing and directing the Company to complete the Railway Transaction; and
 - vesting the Purchased Assets (as defined in the Railway APA) in 248 Ontario, free and clear of all claims and other obligations, except those specifically contemplated by the Railway APA;
 - iv. pursuant to an Approval and Vesting Order (the "Spruce AVO"),
 - approving the Spruce APS and authorizing and directing the Company to complete the Spruce Transaction; and
 - vesting the Spruce Property in 273 Ontario, free and clear of all claims and encumbrances save for any permitted encumbrances (as described in the Spruce APS);
 - v. authorizing and directing that the repayment from the Company's proceeds of realization in these proceedings, including the sale proceeds from the Transactions, be paid to BMO, Pillar and Diazo in accordance with their respective security on the Company's business and assets;
 - vi. sealing the Confidential Appendices to this Report until the business day following the closing of the Transactions; and
 - vii. approving the Proposal Trustee's actions and activities, as described in this Report.

1.2 Currency

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

1.3 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.

1.4 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. Morrie Wolfman was the President from that time until his retirement in 2019, when he appointed his son, Larry, as 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, a related party. The head office is 12,600 square feet and includes a showroom.
5. At the commencement of the NOI proceedings, the Company had approximately 150 full-time employees, approximately half of which are unionized and work at the Railway Property. Since the filing date, head count has reduced as a result of terminations and resignations.
6. The 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 does not provide or administer a pension plan for its employees.
8. The Company's secured creditors include:
 - a) BMO, which was owed approximately \$3 million as of the Filing Date and has a general security interest over the Company's assets and a collateral mortgage on the Paris Properties. BMO's mortgage on the Paris Properties is subordinate to Pillar;
 - b) Pillar, which has a senior ranking mortgage registered against title to the Paris Properties and was owed approximately \$2 million as of the Filing Date. Pillar also has security over the Company's other assets, which ranks subordinate to BMO; and
 - c) Diazo, which was owed approximately \$921,000 as of the date of this Filing Date.³
9. Additional information about the Company and its background is included in the [Affidavit of Larry Wolfman](#) sworn May 31, 2022.

3.0 The Company's Activities

1. The Company's activities since the Filing Date have included:
 - carrying on its business in the ordinary course;
 - dealing extensively with suppliers to secure the ongoing supply of goods and services;
 - dealing extensively with customers to establish the terms on which the Company is prepared to supply to them during these proceedings, including payment terms, price increases and setoff limitations, which terms were formalized in letter agreements (the "Customer Agreements");
 - corresponding with customers regarding the delivery of kitchens and collection of receivables;
 - addressing production and scheduling issues for kitchens and cabinets to be manufactured during these proceedings;
 - attending meetings with interested purchasers in the context of the sale process and responding to the information requests from these parties;
 - working with the Proposal Trustee to facilitate due diligence by interested parties in the sale process;

³ Excluding any amounts owed for unpaid rent and accrued interest thereon, which may also be secured.

- preparing, with the assistance of the Proposal Trustee, financial projections and corresponding extensively with the Proposal Trustee regarding same;
- dealing with employee-related matters; and
- reporting to BMO.

4.0 The Sale Process

1. As summarized in the Proposal Trustee's [First Report to Court](#) dated June 3, 2022 (the "First Report"), KSV Advisory Inc. ("KSVA"), an affiliate of the Proposal Trustee, was retained by the Company as its financial advisor on July 22, 2021 to provide corporate finance services, including developing and conducting a process to sell or refinance the business (the "Financial Advisory Mandate").
2. In the context of its Financial Advisory Mandate, KSVA prepared marketing materials concerning the Company, including an interest solicitation letter (the "Teaser"), a confidential information memorandum (the "CIM") and virtual data room (the "VDR"), which contained information regarding the Company, including current and historical financial information. Interested parties were provided access to the VDR upon executing a confidentiality agreement (the "CA").
3. The initial stage of the sale and refinancing process launched on October 14, 2021 and focused on selling the business. The Company required that KSVA focus on parties which were not direct competitors of the Company. KSVA contacted 11 parties, including 8 financial parties and 3 strategic parties/competitors, during this initial stage. The bid deadline in this process was November 12, 2021. Two offers were submitted, but neither were acceptable, as they were estimated to be less than the liquidation value of the Company.
4. As a result of the unacceptable offers received, and the Company's then declining liquidity, KSVA focused on identifying a capital provider that would provide funding to support the Company's business and operations.
5. As part of the refinancing process, the Company retained Colliers International ("Colliers"), a national realtor, to appraise the Paris Properties (the "Colliers' Appraisal"), which were mortgage-free at the time, and which could provide security for a new financing facility. Infinity Asset Solutions Inc. ("Infinity") was contacted to provide a desktop appraisal of the Company's fixed assets at the Railway Property⁴ (the "Infinity Appraisal"). The Company's fixed assets are aged and near fully depreciated, and according to the Infinity Appraisal, have limited realizable value. Copies of the Colliers' Appraisal and the Infinity Appraisal are provided in Confidential Appendices "1" and "2", respectively.

⁴ There is no equipment at the Spruce Property and the fixed assets at the head office is furniture and fixtures.

6. The refinancing process resulted in a loan from Pillar in December 2021 of up to \$2 million, secured by a senior ranking mortgage against the Paris Properties and a charge ranking subordinate to BMO on the Company's personal property. KSVa's initial mandate terminated at that time.
7. Following completion of the Pillar financing, the Company worked to turn around its business, including retaining an operational consultant. The Company's results, however, continued to underperform versus its budget, due, in part, to shutdowns caused by another wave of the Covid-19 pandemic and strikes in the construction sector. As a result, the Company re-engaged KSVa to conduct a further sale process and authorized KSVa to expand the list of potential bidders to include additional strategic parties and direct competitors. KSVa updated the Teaser, CIM and VDR to reflect the Company's current financial performance. KSVa contacted 21 parties in this stage of the sale process, including three parties that participated in the first phase. The parties contacted in this phase included nine financial parties and 12 strategic parties/competitors.
8. As the Company's liquidity continued to tighten, the Company determined it was necessary to commence these proceedings, which it did on May 31, 2022. The Proposal Trustee continued the sale process during these proceedings. As set out in the First Report, a bid deadline was not established at that time as the Proposal Trustee and the Company intended to consider offers, if any, as received, largely due to the Company's rapidly declining liquidity.
9. The Proposal Trustee significantly expanded the scope of the parties contacted, including additional direct competitors. Direct competitors also became aware of the opportunity due to the commencement of these proceedings. A total of 22 new parties participated in this process, including 6 financial parties and 16 strategic parties/competitors.
10. The Proposal Trustee facilitated due diligence by all parties that signed a CA, including coordinating management meetings, site tours, and providing financial and other information. As the number of parties expressing an interest increased significantly, it became appropriate to establish a formal bid date.
11. On June 21, 2022, KSVa sent a letter to interested parties advising of a bid deadline of June 30, 2022, which was subsequently extended to July 20, 2022, at the request of several interested parties. Once again, and despite the increased level of interest, no acceptable bids were received at the bid deadline; however, several parties advised the Proposal Trustee that they remained interested in the opportunity. Additionally, new interested parties had recently emerged. There was no urgency at the time to discontinue the sale process, as the Company expected to continue to operate for several months to complete orders for customers, and the Company was projected to have sufficient liquidity during that period as a result of efforts taken during the proceedings to stabilize cash flow.
15. With no acceptable going-concern offers being received, the Company retained Colliers to list the Paris Properties for sale, while the Proposal Trustee contemporaneously continued to try to sell the business on a going-concern basis.

16. Working with the Proposal Trustee, Colliers prepared marketing materials and set up its own virtual data room (the “Colliers VDR”), which included information regarding the Paris Properties and a standardized form of asset purchase agreement (“APA”). Colliers, on behalf of the Company, recommended that interested parties submit offers in the form of the APA, with any changes blacklined.
17. Prior to listing the Paris Properties on the Multiple Listing Service (“MLS”), Colliers pre-marketed the Paris Properties among approximately 20 parties within its client-base. Those efforts resulted in significant interest in the Paris Properties, including three offers. On July 26, 2022, Colliers listed the Paris Properties for sale on both the Kitchener Waterloo and Toronto Real Estate Board MLS with an asking price of \$4.5 million for the Railway Property and \$350,000 for the Spruce Property. In addition to listing the Paris Properties on MLS, Colliers contacted several buyers directly. Certain of the parties interested in the Paris Properties expressed an interest in continuing the Company’s business.
18. By August 12, 2022, several offers had been received for the Paris Properties, with many being of near identical value. The table below summarizes the number of bids received for the Paris Properties by August 12, 2022.

Railway Property	1
Spruce Property	6
For both properties	5

19. One party, Consortia N.A. Limited (“Consortia”), expressed an ongoing interest during these proceedings to the Company and the Proposal Trustee in acquiring the Company and continuing its business. It first submitted a conditional letter of intent on July 27, 2022.
20. As set out in the Proposal Trustee’s [Supplement](#) to its [Second Report](#), as a result of the significant level of interest in the purchase of the Paris Properties, the Proposal Trustee requested that bidders, including going-concern bidders (if any), and bidders interested in the Paris Properties, submit bids by August 17, 2022.
21. On August 17, 2022, the Proposal Trustee received three improved bids for the Railway Property, one improved bid for the Spruce Property and one new bid for each of the Paris Properties, all of which were effectively unconditional. In addition, the Proposal Trustee received a conditional offer from Consortia in the form of the asset purchase agreement provided in the VDR.
22. The best offers for the Railway Property continued to be of similar value. Accordingly, the Proposal Trustee requested that bidders submit their best and final offers by August 23, 2022 on the basis of a standardized bidding form drafted by the Proposal Trustee, which was intended to make the bids easily comparable. A copy of the bidding form is attached as Appendix “A”. The Proposal Trustee received four improved bids for the Railway Property by the August 23, 2022 deadline.

23. 248 Ontario submitted the highest combined bid for the Paris Properties (including the equipment at the Railway Property) but advised that it was prepared to remove the Spruce Property from its bid, which allowed the offer from Rancourt to be accepted. The purchase price of the Rancourt offer exceeded the value allocated by 248 Ontario to the Spruce Property in its offer.
24. After much negotiation and discussion with Consortia, it submitted a revised unconditional offer⁵ on August 24, 2022⁶ in the form of the asset purchase agreement provided in the VDR. The value of the offer was inferior to the value of the Transactions. The offer had several unacceptable terms, including provisions related to the collection of accounts receivable and the sale of inventory. Based on dealings with Consortia during these proceedings, its ability to complete a transaction was also unclear.
25. A summary of Colliers' marketing efforts and a summary of all offers received for the Paris Properties, by round of bidding, is provided in Confidential Appendix "3" (the "Paris Properties Offer Summary").
26. Throughout the sale process, the Proposal Trustee advised all interested parties that one of its key considerations in its selection process, in addition to the purchase price, was the opportunity for future employment for the Company's employees. 248 Ontario has advised the Proposal Trustee that it intends to operate a non-cabinet manufacturing business from the Railway Facility that may provide the opportunity for future employment for the Company's employees. Additionally, as of the date of this Report, 248 Ontario is continuing to perform due diligence to determine whether it can profitably manufacture cabinets from the Railway Facility, which could result in additional employment opportunities for the Company's employees.

4.1 Railway Transaction

1. A summary of the Railway APA is as follows⁷:
 - a) Purchaser: 248 Ontario, which is arm's length to the Company.
 - b) Purchased Assets: The Company's right, title and interest in the Railway Property, Personal Property, Intellectual Property, Books and Records, Acquired Personal Property Leases and Acquired Contracts.
 - c) Purchase Price: The Proposal Trustee recommends that the purchase price of the Railway Transaction (the "Railway Purchase Price") be sealed until the day following closing. The Railway Purchase Price is provided in Confidential Appendix "4".
 - d) Deposit: 248 Ontario paid a deposit in the amount of \$700,000.

⁵ The offer was submitted by 1983880 Ontario Inc. in trust for a new company to be formed, which is to be an affiliate of Consortia.

⁶ The offer was dated August 19, 2022 but was submitted to the Proposal Trustee on August 24, 2022.

⁷ Capitalized terms not otherwise defined are defined in the Railway APA.

- e) Closing Date: Three days following the granting of the Railway AVO or such other date as may be agreed by the Proposal Trustee and 248 Ontario, provided that the Closing Date does not occur prior to October 31, 2022 or after November 30, 2022;
 - f) Option to Lease: The Company has the option to occupy the Railway Property for up to 60 days after closing for a total payment to 248 Ontario of \$50,000 based on occupation for a full 60-day period, plus payment for all charges for utilities consumed during such occupancy and real property taxes during that period;
 - g) Material Conditions:
 - i. there shall be no litigation or proceedings pending against any of the Parties, 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; and
 - ii. the Court shall have issued the Railway AVO and the Railway AVO shall not have been stayed, varied or set aside.
2. A redacted version of the Railway APA is attached as Appendix “B”. The only redaction is the Railway Purchase Price.

4.2 Recommendation – The Railway Transaction

1. The Proposal Trustee recommends that the Court approve the Railway Transaction for the following reasons:
- a) in the Proposal Trustee’s view, the sale process was commercially reasonable;
 - b) the sale process, as discussed herein, was conducted over several months (including prior to these proceedings) to a large number of financial and strategic buyers, including competitors;
 - c) Colliers has extensive experience selling industrial properties in Southwestern Ontario and widely canvassed the market for prospective purchasers;
 - d) the Railway Purchase Price is well in excess of the combined value of Collier’s appraised value for that property and Infinity’s appraised value of the equipment located at that property;
 - e) Colliers is of the view the Railway Transaction is the best available in the circumstances;
 - f) the Proposal Trustee does not believe that further time spent marketing the Railway Property will result in a superior transaction;
 - g) the transaction is scheduled to close no later than November 30, 2022;
 - h) 248 Ontario paid a deposit of \$700,000 and the transaction is unconditional except for Court approval;

- i) the Railway Transaction is sufficient to fully repay Pillar and BMO, the registered mortgagees on title to the Railway Property, and, together with the Spruce Transaction, to provide an opportunity for material distributions to subordinate ranking creditors, including Diazo and unsecured creditors, if remaining inventory is sold and accounts receivable collected;
- j) the Railway Transaction will result in a continuing operating business from the Railway Property that provides the opportunity for employment for certain of the Company's employees; and
- k) BMO and Pillar support Court approval of the Railway transaction;

4.3 Spruce Transaction

1. A summary of the Spruce APS is as follows⁸:
 - a) Purchaser: 273 Ontario, which is arm's length to the Company.
 - b) Purchased Assets: The Company's right, title and interest in the Spruce Property.
 - c) Purchase Price: The Proposal Trustee recommends that the purchase price of the Spruce Property (the "Spruce Purchase Price" and with the Railway Purchase Price, the "Purchase Prices") be sealed until the business day following the respective closing date of each of the Transactions. The Spruce Purchase Price is to be adjusted on closing for adjustments standard for a real estate transaction, including property taxes. The Spruce Purchase Price is provided in Confidential Appendix "4".
 - d) Deposit: Rancourt paid a deposit in the amount of \$60,000.
 - e) Closing Date: No later than October 31, 2022.
 - f) Material Conditions: The Court shall have issued the Spruce AVO, vesting the title to 273 Ontario free and clear of all claims and encumbrances against the Spruce Property, save for any permitted encumbrances, as set out in the Spruce APS.
2. A redacted version of the Spruce APS is attached as Appendix "C". The only redaction is to the amount of the Spruce Purchase Price.

⁸ Capitalized terms not otherwise defined are defined in the Spruce APS.

4.4 Recommendation – The Spruce Transaction

1. The Proposal Trustee recommends that the Court approve the Spruce Transaction for the reasons listed in Section 4.2 above, each of which applies to the Spruce Property, except for:
 - a) the discussion concerning the equipment, as there is no equipment at the Spruce Property;
 - b) the deposit paid by Rancourt is \$60,000; and
 - c) the transaction is to close by October 31, 2022.

5.0 KERP

1. The KERP approved by the Court earlier in these proceedings is for ten employees (the “Additional KERP Employees”), none of whom are related to the principals of the Company.
2. The Company has identified up to nine additional employees (the “Additional KERP Employees”) that it believes are providing significant assistance to the Company during these proceedings and should be included in the KERP. In this regard, the Company is seeking both an expansion to the KERP and a further \$65,000 increase in the KERP Charge to \$245,000. The Additional KERP Employees have extensive knowledge of the business and would be difficult to replace if they resigned. None of the Additional KERP Employees are related to the principals of the Company.
3. The expanded KERP is intended to incentivize the Additional KERP Employees to assist the Company to continue to operate in the ordinary course of business to complete orders for customers, which is integral to maximizing recoveries for creditors.
4. There is no proposed change in the ranking of the KERP Charge.
5. The Additional KERP Employees are to be paid their entitlement under the KERP on the earlier of: (i) December 31, 2022; and (ii) the last day of the Additional KERP Employees’ employment with the Company, provided the employee does not resign prior to the relevant last day of work.
6. The Proposal Trustee consulted with BMO regarding the proposed increase in the KERP as the KERP Charge ranks in priority to BMO. The KERP Charge does not rank in priority to Pillar. BMO has advised the Proposal Trustee that it consents to the increase in the KERP.
7. The Proposal Trustee supports the revision to expand both the KERP and the KERP Charge for the following reasons:
 - a) the Company believes that the continued involvement and cooperation of the Additional KERP Employees is integral to completing customer orders so that creditor recoveries can be maximized;

- b) the Proposal Trustee believes that the revised KERP will assist the Company to retain the Additional KERP Employees;
- c) the amounts payable under the KERP are reasonable in the circumstances; and
- d) BMO has been advised of the proposed revised KERP and is supportive of the relief sought.

6.0 Distributions to Secured Creditors

1. Aird & Berlis LLP (“A&B”) has provided opinions, which, subject to the standard assumptions and qualifications contained therein, conclude that the security granted by the Company to each of BMO, Pillar and Diazo is valid and enforceable, including that the real property mortgages were registered on title by BMO and Pillar on the Paris Properties.⁹
2. The Proposal Trustee recommends that the proceeds of sale from the Transactions be used first to repay Pillar and BMO. As the Spruce Transaction is scheduled to close prior to the Railway Transaction, the proceeds from the sale of the Spruce Transaction would be repaid to Pillar, which has the senior ranking mortgage on the Spruce Property.
3. The Proposal Trustee is not aware of any obligations that rank in priority to BMO and Pillar on the Paris Properties that will not be repaid from the closing proceeds (such as realtor commissions and potentially realty taxes). The Administrative Charge ranks in priority to the BMO and Pillar security interests, but there are projected to be sufficient proceeds of realization remaining to fund the costs covered by the Administrative Charge, and to continue to fund the Company’s operations.
4. Distributions to Diazo would be made in due course, net of amounts required to fund these proceedings, including the Company’s ongoing operations and professional costs.

7.0 Sealing

1. The Confidential Appendices contain the Purchase Prices, the Colliers’ Appraisal, the Infinity Appraisal and the Paris Properties Offer Summary. These materials have been filed on a confidential basis as making this information publicly available may affect future offers submitted if the Railway Transaction and/or Spruce Transaction do not close.

⁹ A copy of these opinion can be provided to the Court on request.

2. Temporarily sealing this information until the Transactions close is necessary to maximize recoveries in these proceedings and maintain the integrity and confidentiality of key information in the sale process. The salutary effects of sealing such information from the public record greatly outweigh any deleterious effects of doing so. The Proposal Trustee believes the proposed sealing of the Confidential Appendices is appropriate in these circumstances.

8.0 Cash Flow

1. Pursuant to the BIA, the Company is required to prepare a cash flow forecast for the Extension. The Cash Flow Forecast is for the period ending November 13, 2022 (the “Period”), together with Management’s Report on the Cash-Flow Statement, as required by subsection 50.4(2)(c) of the BIA, is provided in Appendix “D”.
2. The Cash Flow Forecast was prepared by the Company with the assistance of the Proposal Trustee. The Company’s receipts during the Period are projected to be from accounts receivable collections. The proceeds from the closing of the Transactions are not included in the Cash Flow Forecast. Projected disbursements during the Period are primarily for payroll and benefits, raw material purchases to complete kitchens and cabinets, installation costs and professional fees.
3. The Company’s financial projection reflects that it will be able to operate within the terms of the Interim Lending Agreement.
4. The Cash Flow Forecast assumes that the Company’s customers continue to pay in accordance with the Customer Agreements. During these proceedings, the Proposal Trustee has been working closely with the Company and its customers to facilitate the Company’s continued operations. If customers do not pay in accordance with terms of the Customer Agreements, the Company’s ability to continue to operate will be uncertain.
5. Based on the Proposal Trustee’s review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee’s Report on the Company’s Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as Appendix “E”.

9.0 Company’s Request for an Extension

1. The Company is seeking the Extension from September 29, 2022 to and including November 13, 2022 so that it has additional time to file a proposal.
2. The Proposal Trustee supports the extension request for the following reasons:
 - the Company is acting in good faith and with due diligence;
 - the Company has indicated that it would be able to make a viable proposal to its creditors if the Extension is granted and it operates in accordance with its projections, including closing the Transactions and collecting its receivables;

- the Extension should not adversely affect or prejudice any group of creditors as the Company is projected to have funding to pay post-filing services and supplies in the amounts contemplated by the Cash Flow Forecast; and
- it would provide the Company the additional time it requires to complete production of cabinets for customers, collect receivables, sell inventory, complete the Transactions, and draft a proposal to creditors.

10.0 Overview of the Proposal Trustee's Activities

1. In addition to the activities discussed above, the Proposal Trustee's activities since the Second Report have included, among other things, the following:
 - attending at Court on August 11, 2022 in connection with the Company's request for the relief granted in the August 11th Order;
 - corresponding extensively with the Company during these proceedings regarding, among other things, customer orders, accounts receivable collections, supplier issues, production scheduling, employees, financial forecasts, the sale process and discussions with BMO;
 - corresponding with Chaitons LLP ("Chaitons"), the Company's legal counsel, and A&B regarding various matters in these proceedings, including the Sale Process, employee issues, customer issues and vendor issues;
 - assisting the Company's management to deal with its employees;
 - monitoring the Company's sales, receipts and disbursements on a daily basis;
 - assisting the Company to finalize and negotiate the Customer Agreements;
 - corresponding and attending meetings with several of the Company's key customers regarding the Customer Agreements and the collection of receivables;
 - responding to questions from the Company's vendors;
 - carrying out the sale process, as discussed herein;
 - facilitating due diligence by interested parties, including arranging and attending site visits and management meetings;
 - corresponding with Colliers regarding the sale of the Paris Properties;
 - reviewing offers submitted in the sale process;
 - negotiating the Railway APA with 248 Ontario;
 - negotiating the Spruce APS with Rancourt;

- reviewing the Cash Flow Forecast and corresponding with the Company regarding same;
- providing updates to creditors, including BMO and Pillar;
- drafting this Report; and
- dealing with all other matters in these proceedings not specifically addressed above.

11.0 Conclusion and Recommendation

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

* * *

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”

The Sanderson-Harold Company Limited (cob as Paris Kitchen) (the “Company”)

Third Round Offer Submission Form

Introduction

KSV Restructuring Inc. is the trustee (the “Proposal Trustee”) in the proceedings commenced by the Company under the proposal provisions of the *Bankruptcy and Insolvency Act*. The Proposal Trustee is conducting a sale process on behalf of the Company and has retained Colliers to assist this process. You have previously submitted an offer to purchase certain or all of the Company’s business and assets. The Proposal Trustee is requesting that a select group of bidders provide firm and final offers for any or all of the Company’s business and assets. This request is being made as the highest offers received to date are substantially similar in value and the Proposal Trustee has the responsibility to obtain the highest and best price in the circumstances. The Proposal Trustee has provided this standard form document so that it can easily compare offers.

Third round offers are to be submitted by 4pm on August 23, 2022. Kindly complete the form below and return to Victor Cotic at Colliers by the offer deadline at the following email address: victor.cotic@colliers.com.

* * *

- A. Purchase price: \$ _____
 - B. Deposit: \$ _____ (minimum of 10% of the purchase price)
 - C. Closing date: ● [please note any flexibility as to Closing Date]
 - D. For parties who submitted in the form of the template Asset Purchase Agreement (the “Standard Form APA”) provided in the Company’s data room, confirmation that their form of offer remains unchanged:
 - ☐ Confirmed
 - ☐ Not confirmed. See changes on attached APA.¹
- Parties who did not submit their offers using the Standard APA are strongly encouraged to do so. Parties who submitted an offer using the Standard APA are not required to submit a new agreement, unless their changes go beyond those noted in this Third Round Offer Submission Form. Such changes should be blacklined so that they are clearly identifiable.**
- E. Please confirm that your offer for the Railway property includes the fixed assets and equipment.

¹ Any changes to APA other than those noted in this Third Round Term Sheet should be provided in a new APA that should be attached hereto.

- F. Is inclusion of the Spruce Street property a requirement of your transaction, i.e., can that property (if included) be removed from the transaction with a corresponding reduction of the purchase price in the amount allocated to that property?

☐ Yes

☐ No. The amount of my offer allocated to the Spruce Street property is \$_____

- G. Please advise if you intend to offer employment to any of the Company's employees if you are the successful bidder.

- H. Please advise of any other considerations relevant to your offer.

Appendix “B”

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]

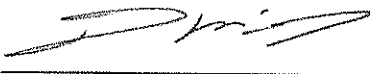
IN WITNESS WHEREOF the parties have executed this Agreement.

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 “C”



Form 500
for use in the Province of Ontario

Agreement of Purchase and Sale Commercial



This Agreement of Purchase and Sale dated this 16 day of August, 2022
BUYER, Joseph Rancourt, In Trust for a Company to be Incorporated, agrees to purchase from
(Full legal names of all Buyers)
SELLER, THE SANDERSON-HAROLD COMPANY LIMITED, the following
(Full legal names of all Sellers)

REAL PROPERTY:

Address 38 Spruce Street
fronting on the As Per Schedule "B" side of As Per Schedule "B"
in the Town of Paris
and having a frontage of As Per Schedule "B" more or less by a depth of As Per Schedule "B" more or less
and legally described as As Per Schedule "B"
Approximately 9,888 Sq. Ft. Building on 0.311 Acres (the "property")
(Legal description of land including easements not described elsewhere)

PURCHASE PRICE: [Redacted] Dollars (CDN\$) [Redacted] Dollars

DEPOSIT: Buyer submits Upon Acceptance
(Herein/Upon Acceptance/as otherwise described in this Agreement)
Sixty Thousand Dollars (CDN\$) 60,000.00

by negotiable cheque payable to COLLIERS MACAULAY NICOLLS INC. "Deposit Holder"
to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes
of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance
of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place
the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

Buyer agrees to pay the balance as more particularly set out in Schedule A attached.

SCHEDULE(S) A [Redacted] attached hereto form(s) part of this Agreement.

1. **IRREVOCABILITY:** This offer shall be irrevocable by Buyer until 5 p.m. on
(Seller/Buyer)
the 31st day of August, 2022, after which time, if not accepted, this
offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

2. **COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the 31st day of October,
2022. Upon completion, vacant possession of the property shall be given to the Buyer
unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S): [Redacted]

INITIALS OF SELLER(S): [Redacted]



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3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.:
(For delivery of Documents to Seller)

FAX No.:
(For delivery of Documents to Buyer)

Email Address: christopher.thoms@colliers.com
(For delivery of Documents to Seller)

Email Address: phillip.cheung@cbr.com
(For delivery of Documents to Buyer)

4. **CHATELS INCLUDED:**

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5. **FIXTURES EXCLUDED:**

6. **RENTAL ITEMS (Including Lease, Lease to Own):** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:

Hot Water Tank (if applicable)

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

7. **HST:** If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be in addition to the Purchase Price. The Seller will not collect HST if the Buyer provides to the Seller a warranty that the Buyer is registered under the Excise Tax Act ("ETA"), together with a copy of the Buyer's ETA registration, a warranty that the Buyer shall self-assess and remit the HST payable and file the prescribed form and shall indemnify the Seller in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the transaction. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the transaction is not subject to HST. Any HST on chattels, if applicable, is not included in the Purchase Price.

INITIALS OF BUYER(S):



INITIALS OF SELLER(S):



8. ~~TITLE SEARCH~~ Buyer shall be allowed until 0.00 prior to the ~~fourteenth~~ day of ~~March~~ prior to completion (Requisition Date) to examine the title to the property at his own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy himself that there are no outstanding work orders or deficiency notices affecting the property, that its present use ~~may~~ ^{M3} be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver all further authorizations in this regard as Buyer may reasonably require.

9. **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

10. **TITLE:** ~~Provided that the title to the property is good and free from all registered restrictions, charges, liens and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.~~

11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.

12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller.

14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.

INITIALS OF BUYER(S):



INITIALS OF SELLERS(S):



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15. **PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at his expense to obtain any necessary consent by completion.
16. **DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.
17. **RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada;
(b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate.
18. **ADJUSTMENTS:** Any rent, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.
19. **TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.
20. **PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.
21. **TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.
22. **FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O. 1990 unless the spouse of the Seller has executed the consent hereinafter provided.
23. ~~WELL: Seller represents and warrants to Buyer that during the time Seller has owned the property Seller has not assessed any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is purchased multiple times this warranty shall only apply to that part of the building which is the subject of this transaction.~~
24. **LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.
25. **CONSUMER REPORTS:** The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.
26. **AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.
27. **TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S):



INITIALS OF SELLER(S):

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2B. SUCCESSORS AND ASSIGNS: The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

Joseph Kancourt, In Trust for a Company to be Incorporated
 (Seal)
 Joseph Kancourt, In Trust for a Company to be Incorporated
 (Seal)
 DATE 8/16/2022
 DATE
 (Seal)
 (Seal)

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

THE SANDERSON-HAROLD COMPANY LIMITED
 (Seal)
 THE SANDERSON-HAROLD COMPANY LIMITED
 (Seal)
 DATE August 26/2022
 DATE
 (Seal)
 (Seal)

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O. 1990, and hereby agrees to execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

(Witness) (Spouse) (Seal) DATE

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at 6:56 p.m. a.m./p.m. this 26th day of August, 2022.

PLEASE SIGN HERE

(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage **COLLIERS MACAULAY NICOLLS INC.** Tel. No. 519-570-1330
CHRISTOPHER R.R. THOMS
 (Salesperson / Broker Name)
 Co-op/Buyer Brokerage **CBRE LIMITED** Tel. No. (416) 674-7900
PHILLIP CHEUNG
 (Salesperson / Broker Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and authorize the Brokerage to forward a copy to my lawyer. I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

DATE 2022 DATE
 (Seller) (Buyer)
 (Seal) (Seal)
 Address for Service Address for Service
 Tel. No. Tel. No.
 Seller's Lawyer Buyer's Lawyer
 Address Address
 Email Email
 Tel. No. FAX No. Tel. No. FAX No.

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

For Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale: In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale. Acknowledged by:

(Authorized to bind the Listing Brokerage)

(Authorized to bind the Co-operating Brokerage)

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Schedule "A" to Agreement of Purchase and Sale

1. In the event of any conflict or inconsistency between any provision of this Schedule "A" and any provision of the Agreement of Purchase and Sale, the provisions of this Schedule "A" shall govern and prevail.
2. The Buyer agrees to pay the balance of the purchase price by cash or certified cheque to the Seller on closing, subject to the usual adjustments.
3. If the transaction is not completed as a result of the Buyer's failure to perform any of its obligations under this Agreement, then the Deposit shall be forfeited to the Seller which shall also retain all of its other rights and remedies against the Buyer available at law or in equity.
4. The Property is being sold and shall be accepted by the Buyer on an "as is, where is" and "without recourse" basis with no representations, warranties or condition, express or implied, statutory or otherwise, of any nature and kind whatsoever as to title, encumbrances, description, present or future use, fitness for use, environmental condition including the existence of hazardous substances, merchantability, quantity, defect (latent or patent), condition, location of structures, zoning or lawful use of the property, rights over adjoining properties and any easements, rights-of-way, rights of re-entry, restrictions and/or covenants which run with or affecting the land, ingress and egress to the property, the condition or state of repair of any chattels, encroachments on the property by adjoining properties or encroachments by the property on adjoining properties, if any, any outstanding work orders, orders to comply, deficiency notices, municipal or other governmental agreements or requirements (including site plan agreements, development agreements, subdivision agreements, building or fire codes, building and zoning by-laws and regulations, development fees, imposts, lot levies and sewer charges) or any other matter or thing whatsoever, either stated or implied. The Buyer acknowledges having reviewed the state of title to the Property and agrees to accept title subject to all of the foregoing.
5. The Seller's obligations contained in this Agreement shall be conditional upon the Seller receiving an order of the Ontario Superior Court of Justice in a form satisfactory to the Seller, acting reasonably, approving the sale of the Property and vesting title thereto in the Buyer, free and clear of all claims and encumbrances against the Property, save for any permitted encumbrances described in paragraph 8 below (the "Court Approval").
6. The Seller covenants and agrees to use reasonable commercial efforts to attempt to obtain the Court Approval. If the sale of the Property is not approved by the Court, this Agreement shall be terminated without any penalty or liability whatsoever to the Seller or the Buyer, other than the return by the Seller to the Buyer of the Deposit, but without cost or other compensation, and each of the Seller and the Buyer shall be released from all other obligations hereunder except for the obligations of the Buyer that are specifically stated herein to survive Closing or other termination of this Agreement.
7. The description of the Property contained in this Agreement is for the purposes of identification only and no representation, warranty or condition has or will be given by the Seller concerning the existence or accuracy of such description.



8. The Buyer shall accept title to the Property subject to, and whether complied with or not, any and all registered restrictions, agreements or covenants which run with the land, registered easements for the supply of utilities and services to the Property or through the Property to adjoining/adjacent properties or other easements, registered leases, rights-of-way, rights of re-entry by-laws, standard subdivision or site plan agreements (including any levies or charges payable thereunder) with the Municipality and/or Public Utility, and any encroachments.
9. The Seller shall not be required to deliver a discharge, release or reassignment of any charge/mortgage of land, assignment, lien or other encumbrance registered against the title to the Property which would be extinguished by an order of the Court referred to in paragraph 5 above.
10. The Seller does not guarantee title to the chattels and does not warrant the condition or state of repair of the chattels. The Buyer must satisfy itself in this regard, and accept the fixtures and chattels on an "as-is, where-is" basis. The Seller shall not provide a bill of sale for any chattels or fixtures, and shall make no further adjustments or abatement in the purchase price with respect thereto. The Seller will not remove and shall not be responsible for the removal of any chattels found on the Property prior to or on the date of closing.
11. The Buyer shall have the right at any time prior to closing to assign this Agreement to a corporation and/or person, and when such assignment shall have been made and written notice thereof shall have been given to the Seller or its solicitors, the assignee shall assume all of the Buyer's rights and obligations hereunder to the same extent and in the same manner as if such assignee had executed this Agreement as Buyer, however Joseph Rancourt shall have personal liability for the Buyer's obligations under this Agreement and shall not be released from his obligations notwithstanding any assignment thereof.
12. Prior to completion, the Seller shall: (a) remove any garbage around and inside the Property and deliver the Property in a broom-swept condition; and (b) provide vacant possession.
13. The Buyer covenants and agrees not to register Notices of this Agreement, assignment thereof, Caution, Certificate of Pending Litigation, or any other instrument or reference to this Agreement or to his/her/its interest in the Property. If any such registration occurs, the Seller may, at its option, terminate this Agreement and all deposit monies shall be forfeited as liquidated damages and not as a penalty. The Buyer hereby irrevocably consents to a court order removing any such registrations and agrees to bear all costs in obtaining such order.

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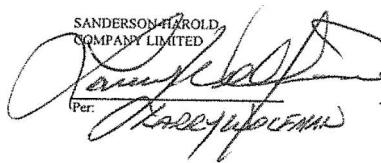
Appendix “D”

Sanderson-Harold Company Limited (o/a Paris Kitchens)
Projected Cash Flow Statement
For the Period Ending November 13, 2022
(Unaudited; \$CAD in 000's)

		Week Ending								
	Note	23-Sep	30-Sep	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	13-Nov	Total
Receipts										
Accounts receivable collections	2	438	388	473	435	347	346	465	291	3,183
Prepaid sale deposit collections	3	82	70	55	46	24	23	11	-	311
Total Receipts		<u>520</u>	<u>458</u>	<u>528</u>	<u>480</u>	<u>370</u>	<u>369</u>	<u>476</u>	<u>291</u>	<u>3,493</u>
Disbursements										
Operating Disbursements										
Payroll	4	60	203	60	194	60	192	60	168	997
Materials	5	82	75	68	71	64	62	30	30	482
Installation	6	-	140	-	140	-	107	-	125	512
Other	7	54	211	87	112	55	205	104	30	853
Debt Service	8	-	7	-	-	-	7	-	-	14
		<u>196</u>	<u>636</u>	<u>216</u>	<u>516</u>	<u>179</u>	<u>573</u>	<u>194</u>	<u>353</u>	<u>2,862</u>
Other Disbursements										
Professional fees	9	122	-	-	-	150	-	-	-	272
Total Disbursements		<u>318</u>	<u>636</u>	<u>216</u>	<u>516</u>	<u>329</u>	<u>573</u>	<u>194</u>	<u>353</u>	<u>3,134</u>
Net Cash Flow		<u>202</u>	<u>(178)</u>	<u>313</u>	<u>(36)</u>	<u>41</u>	<u>(204)</u>	<u>282</u>	<u>(61)</u>	<u>359</u>
Operating facility, beginning										
Add: Net cash flow		(1,839)	(1,637)	(1,815)	(1,502)	(1,538)	(1,497)	(1,701)	(1,419)	(1,839)
Less: BMO DIP advance		202	(178)	313	(36)	41	(204)	282	(61)	359
Operating facility, ending		<u>(1,637)</u>	<u>(1,815)</u>	<u>(1,502)</u>	<u>(1,538)</u>	<u>(1,497)</u>	<u>(1,701)</u>	<u>(1,419)</u>	<u>(1,480)</u>	<u>(1,480)</u>
DIP facility, beginning										
BMO DIP advance		(134)	(134)	(134)	(134)	(134)	(134)	(134)	(134)	(134)
DIP facility, ending		<u>(134)</u>	<u>(134)</u>	<u>(134)</u>	<u>(134)</u>	<u>(134)</u>	<u>(134)</u>	<u>(134)</u>	<u>(134)</u>	<u>(134)</u>
Operating and DIP facility, ending										
		<u>(1,771)</u>	<u>(1,949)</u>	<u>(1,636)</u>	<u>(1,672)</u>	<u>(1,631)</u>	<u>(1,834)</u>	<u>(1,553)</u>	<u>(1,614)</u>	<u>(1,614)</u>

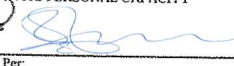
The above financial projections are based on management's assumptions detailed in Appendix "1-1".
The note references correspond to the assumption numbers shown in Appendix "1-1".

SANDERSON-HAROLD
COMPANY LIMITED

Per: 

Date: September 15, 2022

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

Per: 

Date: September 15, 2022

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of Sanderson-Harold Company Limited (o/a Paris Kitchens) (the "Company") for the period ending November 13, 2022 (the "Period").

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

Hypothetical

2. Represents projected collections of sales and accounts receivables. Excludes proceeds from the projected October 31, 2022 closing of the sale of the property located at 38 Spruce Street.
3. Represents prepaid deposits collected from customers in advance of sales to these customers.

Most Probable

4. Reflects payment of gross payroll and vacation pay.
5. Reflects payments to vendors in respect of materials required to complete sales.
6. Reflects payment of labour to install cabinets.
7. Reflects payment of operating costs, including utilities, trucking, waste removal and insurance.
8. Reflects interest on the operating facility.
9. Reflects estimated professional costs of the Proposal Trustee, its counsel and the Company's counsel.

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

The management of The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending November 13, 2022.

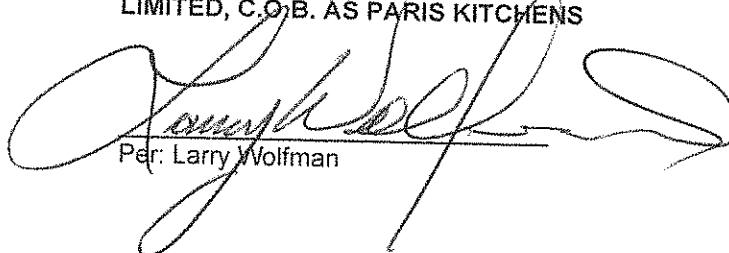
The hypothetical and probable assumptions are suitably supported and consistent with the purpose of the projection and the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2 to 9.

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

The projection has been prepared solely for the purpose described in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 9. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, this 15th day of September, 2022.

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



Per: Larry Wolfman

Appendix “E”

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

The attached statement of projected cash-flow of The Sanderson-Harold Company Limited, c.o.b. as Paris Kitchens (the "Company"), as of the 15th day of September, 2022, consisting of a weekly cash flow statement for the period September 17, 2022 to November 13, 2022, has been prepared by the management of the insolvent person for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-9.

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

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

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

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

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

Dated this 15th day of September, 2022.

**KSV RESTRUCTURING INC.
TRUSTEE**



Per: Robert Kofman