

**Court File No. 31-2675583
Estate File No. 31-2675583**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

**FOURTH REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

May 14, 2021

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ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

FOURTH REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

May 14, 2021

I. INTRODUCTION

1. This report (the “**Fourth Report**”) is filed by Crowe Soberman Inc. (“**Crowe**”) in its capacity as proposal trustee (the “**Proposal Trustee**”), in connection with the Notice of Intention to Make a Proposal (“**NOI**”) proceedings by Conforti Holdings Limited (“**Conforti**” or the “**Company**”).
2. Conforti is a privately held Ontario corporation that, as at the date of the NOI filing, operated 51 beauty salons under 10 different trade names in Southern Ontario. All of the Company’s salons are located in rental units in shopping malls and commercial office buildings across Southern Ontario with the exception of one salon that is located in an outdoor shopping plaza in Collingwood, Ontario.
3. The Proposal Trustee understands that the business was started by Mr. Antonio Conforti (“**Mr. Conforti**”) in 1977 and has been a family-owned operated business for more than 44 years. The directors of the Company are Mr. Conforti and Ms. Sylvia Conforti.
4. The Company’s head office is located at 7755 Warden Avenue, Unit 2, Markham, Ontario and is owned by the Company (the “**Real Property**”).
5. On September 28th, 2020 (the “**Filing Date**”), the Company filed an NOI and Crowe was appointed as Proposal Trustee.

6. On October 26, 2020, the Ontario Superior Court of Justice (Commercial List) (the **Court**) issued a court order (the **“October 26 Order”**) which, among other things:
 - a. approved a first-ranking Administration Charge against the assets of the Company to a maximum of \$250,000, to secure payment of the fees and expenses of the Proposal Trustee and its counsel, as well as counsel to the Company;
 - b. approved a second-ranking charge against the assets of the Company in favor of Mr. Conforti (the DIP lender) to a maximum amount of \$500,000;
 - c. approved a third-ranking charge against the assets of the Company to a maximum of \$100,000, to indemnify the Company’s Directors and Officers against obligations and liabilities that they may incur as directors or officers of Conforti after the commencement of the Proposal Proceedings; and
 - d. granted an extension of time within which a Proposal must be filed to December 14, 2020 (the **“First Stay Extension”**).
7. On December 14, 2020, the Court issued a court order (the **“December 14 Order”**) granting a further extension of time within which a Proposal(s) must be filed to January 28, 2021 (the **“Second Stay Extension”**). A copy of the December 14 Order is attached hereto as **Appendix “A”**.
8. The Proposal Trustee filed its Second Report dated December 9, 2020 (the **“Second Report”**) with the Court in support of the December 14 Order. A copy of the Second Report, without appendices is attached hereto as **Appendix “B”**.
9. The Proposal Trustee filed a supplementary report to its Second Report dated December 14, 2020 (the **“Supplementary Report”**) with the Court. The purpose of the Supplementary Report was to provide information regarding the effects to the Company from further lockdown restrictions and store closures that were imposed by the Ontario Government as a result of the COVID-19 Pandemic. A copy of the Supplementary Report is attached hereto as **Appendix “C”**.

10. On January 27, 2021 the Court issued a further order extending the time within which a Proposal must be filed to March 15, 2021 (the “**Third Stay Extension**”), a copy of which is attached as **Appendix “D”**. The Proposal Trustee’s Third Report dated January 25, 2021 filed in connection with that hearing is attached as **Appendix “E”** without appendices.
11. On March 13, 2021, Conforti filed its proposal to creditors (the “**Proposal**”). A copy of the Proposal and the package that was sent by the Proposal Trustee to the creditors is attached as **Appendix “F”**.
12. The Proposal was a holding proposal because in the view of the Company and of the Proposal Trustee the ongoing pandemic restrictions imposed by the Province of Ontario make it difficult for Conforti to know when it will be able to resume operations and, when it does, what the scope of those operations will be as customers consider returning to salons.
13. At a meeting of creditors on April 1, 2021, the creditors attending voted in favour of an adjournment of the meeting to October 29, 2021 at 2:00pm, but with approval for the Proposal Trustee to reconvene the meeting on an earlier date if, in the Proposal Trustee’s opinion, the circumstances of Conforti’s business have changed such that it is in a position to make a substantive proposal to its creditors.
14. The purpose of this Third Report is to provide the Court with information pertaining to the following:
 - a. the activities of the Company and the Proposal Trustee since the filing of the Proposal;
 - b. further financial challenges experienced by the Company since the Proposal, as a result of the ongoing COVID-19 Pandemic;
 - c. various matters concerning the ongoing business and affairs of the Company;

- d. an overview of the Company's cash flow projections for the remainder of 2021 (the "**Cash Flow Projections**"), which are attached as **Appendix G**"; and
- e. the Company's request for approval of a stalking horse asset purchase agreement (the "**Stalking Horse APA**") with Cicaplus Ltd. (the "**Purchaser**") to be used in connection with a stalking horse sale process in respect of the Real Property.

II. TERMS OF REFERENCE

- 15. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.
- 16. In preparing this Fourth Report, the Proposal Trustee has relied upon certain unaudited internal financial information prepared by the Company's representatives, the Company's books and records and discussions with their management and employees (collectively, the "**Information**"). The Proposal Trustee has not performed an audit or other verification of the Information in a manner that would comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant of Canada Handbook (the "**CPA Handbook**") and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

III. THE NOI AND PROPOSAL PROCEEDINGS

Overview of Conforti's Activities

- 17. Since the Third Stay Extension was granted on January 27, 2021, Conforti has been engaged in, among other things:
 - a. communicating with the Proposal Trustee and the Company's legal counsel on various matters in connection with the NOI proceedings;

- b. negotiating with its landlords in respect of lease payments during the NOI proceedings;
- c. negotiating with the Company's trade suppliers to ensure the timely and ongoing supply of goods and services to the Company;
- d. attending to numerous inquiries of creditors, landlords, and other stakeholders;
- e. applying for the Government of Canada's commercial rent subsidy program;
- f. operating Conforti's remaining 42 salons prior to the Lockdown (defined below);
- g. formulating the Proposal with the assistance of the Proposal Trustee;
- h. working with the Proposal Trustee to prepare the Cash Flow Projections; and
- i. reviewing the ongoing operations of the Company including whether there are any expenses that can be reduced in order to preserve the Company's cash flow as much as possible during the pandemic restrictions, which has led to the Stalking Horse APA as discussed further below.

Overview of the Proposal Trustee's Activities

18. In addition to assisting Conforti and its legal counsel in connection with the above, the Proposal Trustee has been engaged in, among other things:

- i. monitoring the Company's bank balance, and considering whether it approximated the Company's cash flow projections filed as part of the Second Report;
- ii. communicating with the Company and Mr. Conforti and their respective counsel, regarding a potential sale of the Real Property;

- iii. maintaining the Proposal Trustee's website for these proceedings;
- iv. mailing the Proposal and creditor package to Conforti's creditors on March 17, 2021;
- v. holding the meeting of creditors on April 1, 2021;
- vi. assisting the Company in the preparation of the Cash Flow Projections and reviewing the information and support provided therein; and
- vii. preparing this Fourth Report.

Further Financial Challenges due to the COVID-19 Pandemic

- 19. The Stay At Home Order made by the Province of Ontario on December 21, 2020, to take effect on December 26, 2020, as previously discussed in the Third Report, was followed by further restrictions announced by the Province. The municipalities where Conforti's salons are located remained in the grey colour designation following the expiry of that Order on February 11, 2021, which required Conforti's salons to remain closed. The further provincial restrictions announced on April 8, have continued that state of affairs and are by their terms in effect until June 2, 2021.
- 20. The complete closure of all of Conforti's salons as a result of these restrictions has further compounded Conforti's financial difficulties by significantly reducing the Company's cash flow. Moreover, as a result of these restrictions, most of Conforti's 500 employees who worked at the Company's head office and salons as stylists, estheticians, and front desk personnel remain on layoff.
- 21. These restrictions and the expected persistence of the pandemic for the foreseeable future have also complicated Conforti's efforts to develop a substantive proposal to its creditors. They have not only constrained the Company's current cash flows but have also made it difficult to predict future cash flows because of the uncertainty associated with when salon operations will be permitted to resume, what limitations there may be on such operations, and what

the customer reaction to returning to salons, and the indoor malls in which most of Conforti's salons are located, both when restrictions are eased and also on a longer-term basis thereafter.

22. Conforti has, with the Proposal Trustee's assistance, developed projections of the Company's expected revenue, expenses and resulting cash flow for the remainder of 2021, which are the Cash Flow Projections noted above and attached as Appendix "G".

IV. THE STALKING HORSE APA

Background to the agreement

23. As noted in the Third Report, the Company had previously begun discussions with the Proposal Trustee about the possible disposition of the Real Property.

24. The ongoing restrictions on salon operations accelerated those discussions with a view to attempting to streamline Conforti's expenses in order to hopefully weather the pandemic restrictions and be in a position to resume operations when permitted.

25. Conforti has determined that a sale of the Real Property will reduce its ongoing cash expenditures. The Purchaser is related to Conforti and Mr. Conforti and, as is further discussed below, making an offer to purchase the Real Property on the basis of assumption of all of the secured debt owing by Conforti. This benefit of reducing Conforti's debt load thereby advantages the remaining creditors.

The terms of the Stalking Horse APA and sale process

26. A copy of the Stalking Horse APA is attached as **Appendix "H"**.

27. The following is a summary of the salient terms of the Stalking Horse APA:

- a. the purchase price consists of a combination of a \$100,000 cash deposit, and an assumption of \$3,431,350 of debt owing by Conforti to its certain of its secured creditors, who are related parties (discussed further below);

- b. the purchase is on an “as is, where is” basis;
- c. the Proposal Trustee will administer the sale process;
- d. the sale process will involve:
 - i) the Proposal Trustee engaging a broker to list the Real Property on the MLS system by June 1, 2021;
 - ii) the Proposal Trustee publishing an advertisement of the sale opportunity in the National Post on or before June 1, 2021;
 - iii) the Proposal Trustee sending a teaser package to target entities by June 4, 2021;
 - iv) the Proposal Trustee operating a data room that interested potential purchasers will have access to upon signing a non-disclosure agreement;
 - v) competing bids being due by 5:00pm on July 9, 2021;
 - vi) competing bids will need to: (a) exceed the purchase price of the Stalking Horse APA by \$150,000; (b) be all-cash (unless consent from Conforti’s secured creditors to an assumption of the debt owing to them has been provided); (c) be accompanied by a 10% deposit; and (d) remain open for acceptance for five days after June 25, 2021;
 - vii) if there are any competing bids, the Proposal Trustee will hold an auction on terms in its discretion; and
 - viii) if there are no competing bids, then the Proposal Trustee will bring a motion for approval of the sale of the Real Property to the Purchaser.

28. The Proposal Trustee has requested that the overbid amount be \$150,000 as noted in paragraph 27(vi)(a) in order to ensure that the estate of Conforti will still

see a higher recovery on any competing bids where a commission will then be payable to a broker.

The credit portions of the price in the Stalking Horse APA

29. The secured debt that is part of the purchase price under the Stalking Horse APA is owed to two creditors that are both related to Conforti. The first is Antonio Conforti who, along with his wife, is the owner of Conforti and is also the assignee of the loan and security previously held by Royal Bank of Canada. The second is Beauty Experts Inc. (“**BEI**”), which is a company also owned by Mr. Conforti.
30. The loan and security previously held by Royal Bank of Canada and assigned to Mr. Conforti is evidenced by the documentation attached as **Appendix “I”**. Counsel to the Proposal Trustee has reviewed this documentation and has provided the Proposal Trustee with an opinion that, subject to usual assumptions and qualifications, this security is valid and enforceable against Conforti and has been validly assigned to Mr. Conforti.
31. The Proposal Trustee has been advised by Conforti that the documents evidencing the amounts owing to BEI and the security that it holds are attached as **Appendix “J”**. These documents indicate that BEI took security in 2010, but Conforti advises that this security interest was not registered until February 2021. The Proposal Trustee has been advised by the Company that the non-registration of the 2010 security was due to an oversight by the Company’s counsel at the time in 2010.
32. The amounts owing to BEI are fees for the management services of Mr. Conforti-- who currently receives no salary from Conforti--that were unpaid for the period from April 1, 2018 to September 30, 2020. Those fees have been paid since September 30, 2020 as has been disclosed in the cash flow statements prepared by the Company and filed in this proceeding.
33. Counsel to the Proposal Trustee has reviewed the BEI documentation and has provided the Proposal Trustee with an opinion that, subject to usual assumptions and qualifications, this security is valid and enforceable against Conforti.

The value of the Real Property

34. The Proposal Trustee has obtained an independent appraisal of the value of the Real Property in order to consider the appropriateness of the Stalking Horse APA. A copy of that appraisal is attached as **Confidential Appendix “1”**. The Proposal Trustee asks that this confidential appendix be sealed pending the conclusion of a transaction to sell the Real Property as evidenced by a certificate from the Proposal Trustee.

35. Having regard to the appraisal, the Proposal Trustee believes that the purchase price in the Stalking Horse APA is reasonable and would represent an appropriate result for the creditors of Conforti. The Proposal Trustee also believes that the market exposure of the Real Property will determine whether or not a higher price can be achieved.

Benefit to the creditors of Conforti

36. The Proposal Trustee has reviewed with Conforti the economic basis and benefits of selling the Real Property on the basis of the Stalking Horse APA.

37. If no competing bid is received, the principal benefits to the creditors of Conforti will be as follows:

- a. prior ranking secured indebtedness will be effectively repaid, thereby improving the position of subordinate creditors in any proposal or liquidation; and
- b. the operating costs of Conforti will be lowered by approximately \$25,389 per month as follows:

	Monthly	Annual
Building Costs:		
Insurance	776	9,312
Condo fees	1,400	16,800
Taxes	3,313	39,756
Utilities	3,500	42,000
Repairs and Maintenance	2,100	25,200
Warehouse staff	4,300	51,600
	<u>15,389</u>	<u>184,668</u>
Interest Payable:		
Mortgage Interest RBC	7,500	90,000
Accrued interest (BE) at 6%	<u>7,500</u>	<u>90,000</u>
	<u>15,000</u>	<u>180,000</u>
Current Cost	<u>30,389</u>	<u>364,668</u>
Estimated rent for office / warehouse		
Office Area	2,500	
Warehouse	2,500	
	<u>5,000</u>	<u>60,000</u>
Estimated net savings	25,389	<u>304,668</u>

The savings are the result of the elimination of monthly carrying costs and interest owing under the secured loans assumed by the Purchaser. The Company will then rent only a portion of the office space and warehouse at the Real Property.

- c. Further analysis of the financial impact of the sale of the Real Property is detailed in the 7 Month Cash Flow Projections attached as Appendix "G". For Cash Flow Projection, the Company used its sales and expense data from 2020 when the stores were allowed to reopen after the first lockdown due to the Covid-19 pandemic in June of 2020. The following is a summary of the cash flow:

7 Month Cash Flow	Total
Total Cash-in	11,052,149
Total Cash-out	11,407,682
Net Cash inflow (outflow)	(355,532)
Opening cash balance	655,483
Net Cash (Deficit)	(355,532)
Closing cash	299,950

Based on this analysis, the net savings from the sale of the Real Property over seven months totals \$177,723. The savings will be a significant factor in keeping the Company cash flow positive when the salons are re-opened after the lockdown.

- d. The Company believes that bringing customers back to the salons will take longer than expected, as the customers are loyal to specific hairstylists. The ability of the Company to re-hire the hairstylists that have been laid-off since the lockdowns will take much longer than expected, as many of the hairstylists had to find alternative employment. The savings from the sale of the Real Property will help the Company through what is expected to be a prolonged time frame of bringing back the hairstylists and customers to the salons.

V. CONCLUSION AND RECOMMENDATIONS

- 38. The Proposal Trustee is of the view that the Stalking Horse APA is reasonable in the circumstances and would benefit Conforti and its stakeholders if allowed to form the basis of a stalking horse sale process in accordance with the sale process defined therein.
- 39. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honorable Court grant the Orders sought by the Company:

- a. approving the Fourth Report and the conduct and activities of the Proposal Trustee described herein; and
- b. approving the Stalking Horse APA to act as a stalking horse bid and approving the sale process described therein.

All of which is respectfully submitted this 14th day of May 2021.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal of
Conforti Holdings Limited

A handwritten signature in blue ink, appearing to be the initials 'B' or a stylized 'Z'.

APPENDIX

‘A’

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

ORDER (Stay Extension)

THIS MOTION, made by Conforti Holdings Limited (“**Conforti**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) for an order, among other things, (i) approving the second report of Crowe Soberman Inc., in its capacity as proposal trustee in these proceedings (the “**Proposal Trustee**”), dated December 9, 2020 (the “**Second Report**”), and the conduct and activities of the Proposal Trustee as described therein; and (ii) extending the time for Conforti to file a proposal from December 14, 2020 to January 28, 2021, was heard this day by videoconference due to the COVID-19 pandemic.

ON READING Conforti's notice of motion, the affidavit of Antonio Conforti, sworn December 8, 2020, and the Second Report, and on hearing the submissions of counsel for Conforti and counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record (including service of the Second Report) be and is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF SECOND REPORT

2. **THIS COURT ORDERS** that the Second Report, together with the conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

EXTENSION OF TIME TO MAKE A PROPOSAL

3. **THIS COURT ORDERS** that the time to make a proposal is delayed and extended to January 28, 2021.

OTHER

4. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

5. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

ORDER
(Stay Extension)

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APPENDIX

‘B’

**Court File No. 31-2675583
Estate File No. 31-2675583**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

**SECOND REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

December 9, 2020

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APPENDIX "B"- FIRST REPORT OF PROPOSAL TRUSTEE – OCTOBER 23, 2020

APPENDIX "C"- MATERIAL ADVERSE CHANGE REPORT – DECEMBER 7, 2020

APPENDIX "D"- CASH FLOW PROJECTIONS

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

SECOND REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

December 9, 2020

I. INTRODUCTION

1. This report (the “**Second Report**”) is filed by Crowe Soberman Inc. (“**Crowe**”) in its capacity as proposal trustee (the “**Proposal Trustee**”), in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed by Conforti Holdings Limited (“**Conforti**” or the “**Company**”).
2. Conforti is a privately held Ontario Corporation that, as at the date of the NOI filing, operated 51 beauty salons under 10 different trade names in Southern Ontario. All of the Company’s salons are located in rental units in shopping malls and commercial office buildings across Southern Ontario with the exception of one salon that is located in an outdoor shopping plaza in Collingwood, Ontario.
3. The Proposal Trustee understands that the business was started by Antonio Conforti in 1977 and has been a family-owned operated business for more than 44 years. The directors of the Company are Antonio Conforti and Sylvia Conforti.
4. The Proposal Trustee understands that Conforti currently has approximately 500 employees and 300 independent contractors. The Company’s head office is located at 7755 Warden Avenue, Unit 2, Markham, Ontario (the “**Head Office**”). The Head Office is owned by the Company
5. On September 28th, 2020 (the “**Filing Date**”), the Company filed an NOI and Crowe was appointed as Proposal Trustee.

6. On October 26, 2020, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued a court order (the "**October 26 Order**") which, among other things:
 - a. approved a first ranking Administration Charge against the assets of the Company to a maximum of \$250,000, to secure payment of the fees and expenses of the Proposal Trustee and its counsel, as well as counsel to the Company;
 - b. approved a second ranking charge against the assets of the Company in favor of Mr. Conforti (the DIP lender) to a maximum amount of \$500,000;
 - c. approved a third ranking charge against the assets of the Company to a maximum of \$100,000, to indemnify the Company's Directors and Officers against obligations and liabilities that they may incur as directors or officers of Conforti after the commencement of the Proposal Proceedings; and
 - d. granted an extension of time within which a Proposal must be filed to December 14, 2020 (the "**First Stay Extension**").

A copy of the October 26 Order is attached hereto as **Appendix "A"**.

7. The Proposal Trustee filed its First Report dated October 23, 2020 (the "**First Report**") with the Court in support of the Initial Order. A copy of the First Report, without appendices is attached hereto as **Appendix "B"**.
8. The purpose of this Second Report is to provide the Court with information pertaining to the following:
 - a. the activities of the Company and the Proposal Trustee since the First Stay Extension was granted;
 - b. further financial challenges experienced by the Company since the First Stay Extension was granted, as a result of the ongoing COVID-19 Pandemic;

- c. various matters concerning the ongoing business and affairs of the Company;
- d. an overview of the Company's cash flow projections for the period from the week of December 5, 2020 to the week of March 6, 2021 (the "**Cash Flow Projections**"); and
- e. the Company's request for a further extension of time, within which to file a Proposal, to the stay initiated on the Filing Date (the "**Stay Period**") to January 28, 2021.

II. TERMS OF REFERENCE

- 9. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
- 10. In preparing this Second Report, the Proposal Trustee has relied upon certain unaudited internal financial information prepared by the Company's representatives, the Company's books and records and discussions with their management and employees (collectively, the "**Information**"). The Proposal Trustee has not performed an audit or other verification of the Information in a manner that would comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant of Canada Handbook (the "**CPA Handbook**") and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

III. THE NOI PROCEEDINGS

Overview of Conforti's Activities

- 11. Since the First Stay Extension was granted, Conforti has been engaged in, among other things:
 - a. communicating with the Proposal Trustee and the Company's legal counsel on various matters in connection with the NOI Proceedings;

- b. negotiating with its landlords in respect of lease payments during the Proposal Proceedings;
- c. negotiating with the Company's trade suppliers to ensure the timely and ongoing supply of goods and services to the Company;
- d. attending to numerous inquiries of creditors, landlords, and other stakeholders;
- e. applying for the government of Canada's commercial rent subsidy program;
- f. vacating those salons where the leases were terminated by Conforti's landlords or disclaimed by the Company;
- g. managing logistics associated with the Government of Ontario's increased COVID-19 restrictions that were placed on the Toronto and Peel regions effective November 23, 2020 forcing Conforti to close its stores located in those regions for a minimum of 28 days;
- h. operating Conforti's remaining 42 salons; and
- i. working with the Proposal Trustee to prepare the Cash Flow Projections.

Overview of the Proposal Trustee's Activities

12. In addition to assisting Conforti and its legal counsel in connection with the above, the Proposal Trustee has been engaged in, among other things:

- i. monitoring the Company's bank balance, and considering whether it approximated the Company's cash flow projections filed as part of the First Report;
- ii. ensuring there were sufficient funds available in the bank with which to pay rent to various landlords for the months of October and November, as agreed upon, prior to the October 26 court hearing;

- iii. ensuring that various landlords were actually paid the rent that was due for the months of October and November, as agreed upon, prior to the October 26 court hearing;
- iv. preparing and sending out a Material Adverse Change Report, dated December 7, 2020 (“**MAC Report**”) which has been attached hereto as **Appendix “C”**; and
- v. assisting the Company in the preparation of the Cash Flow Projections and reviewing the information and support provided therein.

Further Financial Challenges due to the COVID-19 Pandemic

- 13. On November 20, 2020, the Government of Ontario announced that Toronto and Peel regions would be moved into lockdown on November 23, 2020, for a minimum of 28 days, until December 21, 2020 (the “**Lockdown**”). As a result, Conforti was required to close 15 of its salons in Toronto and Peel effective November 23, 2020. This has further compounded Conforti’s financial difficulties by significantly reducing the Company’s cash flow.
- 14. The Lockdown has also complicated Conforti’s efforts to develop a proposal to its creditors. It has not only constrained the Company’s current cash flows but has also made it difficult to predict future cash flows because of the uncertainty associated with the Lockdown and whether it will be extended.
- 15. The Proposal Trustee is of the opinion that the impact to the Company from the Lockdown represents a material adverse change in Conforti’s financial circumstances, and accordingly prepared and sent out the MAC Report. A copy of the MAC Report is attached hereto as **Appendix “C”**.

IV. EXTENSION OF THE STAY PERIOD TO JANUARY 28, 2021

16. The current stay of proceedings will expire on December 14, 2020. Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* to January 28, 2021 (the “**Stay Extension**”).

17. The Company with the assistance of the Proposal Trustee has prepared Cash Flow Projections. A copy of the Cash Flow Projections is attached hereto as **Appendix “D”** and is summarized below.

Conforti Holdings Limited
Cash flow Projections
For the Period December 5, 2020 to March 6, 2021

	\$
Cash-in	
Salons Revenue	3,287,754
CEWS	708,000
CERS	288,000
A	4,283,754
Cash-out	
Rent	697,055
Payroll	1,972,652
Head Office Payroll	105,000
CRA Source Deductions	394,933
Accounts payable (salons)	723,306
Accounts payable (Corp)	164,388
Supplies	756,183
Management Fee	226,000
Mortgage Interest	30,000
Payments to Mr. Conforti	20,000
Professional Fees	140,000
EHT	60,000
Merchant Fees & Bank Charges	65,755
B	5,355,272
Net Cash inflow (outflow)	C=A-B <u>(1,071,518)</u>
Opening cash balance (per the Cash Flow Projections)	D <u>(305,675)</u>
Net Cash (above)	C <u>(1,071,518)</u>
Closing cash before DIP	E=D+C <u>(1,377,193)</u>
DIP loan	F <u>1,377,193</u>
Closing cash balance	E+F <u>-</u>
<i>Proposal Trustee's analysis re actual cash on hand</i>	
Revised Opening cash balance	G <u>1,694,325</u>
Net Cash (above)	C <u>(1,071,518)</u>
Revised Closing cash balance	G+C <u>622,807</u>

18. The Proposal Trustee notes that the Cash Flow Projections reflect the ongoing bank balance minus \$2,000,000. This amount represents \$2,000,000 in cash being hypothecated out of the Company's bank to Mr. Conforti in order to secure repayment of the amount that he advanced to take out RBC prior to the NOI filing.
19. It is the opinion of the Proposal Trustee that the Company's actual cash balance is sufficient to fund both operating costs and the costs of these Proposal proceedings, for the duration of the Stay Extension, if granted and accordingly, a further DIP Loan is likely not required.
20. In addition, the Company expects to receive ongoing relief from the federal government, specifically from the COVID Emergency Wage Subsidy ("CEWS") and the COVID Emergency Rent Subsidy ("CERS") all of which have been reflected in the above cash flow projections.
21. The Proposal Trustee has been advised that CERS subsidies are expected to cover approximately 35% of Conforti's total rent commitments each month. The Company expects to receive these payments throughout the duration of the Stay Extension (beginning the week of December 12), if granted.
22. The Proposal Trustee supports the Company's request for the Stay Extension for the following reasons:
 - a. It will afford the necessary time for the Company to continue to negotiate with its landlords and develop a viable proposal to its creditors;
 - b. The Company is acting in good faith and with due diligence;
 - c. It is the Proposal Trustee's view that the Stay Extension will not materially prejudice any creditors; and
 - d. The Company will likely be able to make a viable proposal to their creditors if their request for an extension is granted.

CONCLUSION AND RECOMMENDATIONS

23. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honorable Court grant the Orders sought by the Company:

- a. approving the Second Report and the conduct and activities of the Proposal Trustee described herein; and
- b. approving the extension of the Stay Period to January 28, 2021.

All of which is respectfully submitted this 9th day of December 2020.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal of
Conforti Holdings Limited

APPENDIX

‘C’

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CONFORTI HOLDINGS LIMITED

SUPPLEMENTARY REPORT TO THE
SECOND REPORT OF THE PROPOSAL TRUSTEE

DECEMBER 14, 2020

Further to the Proposal Trustee's Second Report dated December 9th, 2020, which has been filed with the Court, the Proposal Trustee now reports as follows:

1. That on December 11, 2020 the Government of Ontario announced The Regional Municipality of York ("**York Region**") will move to the GREY-Lockdown Zone of the Keeping Ontario Safe and Open Framework effective 12:01 a.m. on Monday, December 14, 2020 (the "**Lockdown**").
2. The Lockdown is forcing Conforti Holdings Ltd. ("**Conforti**") to close its stores located in the York Region for a minimum of 28 days.
3. The Proposal Trustee has been advised by management of Conforti ("**Management**") that as a result of the most recent Lockdown, eight (8) of its stores (located in the York Region) are shutting down and approximately 150 employees are being laid off.
4. The cash flow projections filed as Appendix D to the Proposal Trustee's Second Report dated December 9, 2020 need to be revised to reflect the negative effects of the Lockdown. Specifically, the Proposal Trustee has been advised by Management that the Lockdown is expected to result in a loss of gross revenue (cash receipts) in the amount of approximately \$460,000 and an overall loss of net cash-flow in the amount of approximately \$100,000.

5. Further, Management believes that the store closures will have a mid to long term erosion of its client base, as Management believes the clients will find services through other means and may not return to the company. The actual amount of client losses is unknown at this time.
6. Management is of the opinion that these client losses and its negative impact on revenues can potentially continue to be in effect, even after the end of the Lockdown and the COVID-19 Pandemic.
7. The Proposal Trustee continues to monitor the effects of the store closures and will provide updated reports to the creditors and/or court accordingly.

All of which is respectfully submitted this 14th day of December 2020.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal of
Conforti Holdings Limited

Court File No. 31-2675583

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CONFORTI HOLDINGS LIMITED

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

**SUPPLEMENTARY REPORT
TO THE SECOND REPORT OF
THE PROPOSAL TRUSTEE**

DECEMBER 14, 2020

Crowe Soberman Inc.
Licensed Insolvency Trustee
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APPENDIX

‘D’

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

THE HONOURABLE MR

)

WEDNESDAY, THE 27TH

JUSTICE HAINES

)

DAY OF JANUARY, 2021

)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED



ORDER
(Stay Extension)

THIS MOTION, made by Conforti Holdings Limited ("Conforti"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") for an order, among other things, (i) approving the third report of Crowe Soberman Inc., in its capacity as proposal trustee in these proceedings (the "Proposal Trustee"), dated January 25, 2021 (the "Third Report"), and the conduct and activities of the Proposal Trustee as described therein; and (ii) extending the time for Conforti to file a proposal from January 28, 2021, to March 15, 2021, was heard this day by videoconference due to the COVID-19 pandemic.

ON READING Conforti's notice of motion, the affidavit of Antonio Conforti, sworn January 21, 2021, and the Third Report, and on hearing the submissions of counsel for Conforti and counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record (including service of the Third Report) be and is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF THIRD REPORT

2. **THIS COURT ORDERS** that the Third Report, together with the conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

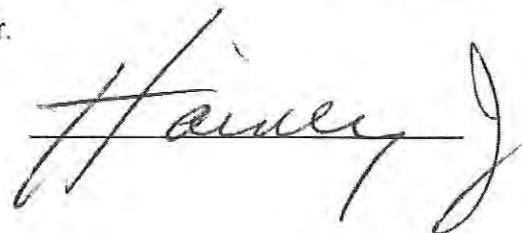
EXTENSION OF TIME TO MAKE A PROPOSAL

3. **THIS COURT ORDERS** that the time to make a proposal is delayed and extended to March 15, 2021.

OTHER

4. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

5. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

A handwritten signature in black ink, appearing to read "Hainey J".

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

ORDER
(Stay Extension)

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Lawyers for Conforti Holdings Limited

APPENDIX

‘E’

**Court File No. 31-2675583
Estate File No. 31-2675583**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

**THIRD REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

January 25, 2021

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APPENDICES

APPENDIX "A"- COURT ORDER - DECEMBER 14, 2020

APPENDIX "B"- SECOND REPORT OF PROPOSAL TRUSTEE - DECEMBER 9, 2020

APPENDIX "C"- SUPPLEMENTARY REPORT TO THE SECOND REPORT OF THE
PROPOSAL TRUSTEE - DECEMBER 14, 2020

APPENDIX "D"- CASH FLOW PROJECTIONS

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

THIRD REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

January 25, 2021

I. INTRODUCTION

1. This report (the “**Third Report**”) is filed by Crowe Soberman Inc. (“**Crowe**”) in its capacity as proposal trustee (the “**Proposal Trustee**”), in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed by Conforti Holdings Limited (“**Conforti**” or the “**Company**”).
2. Conforti is a privately held Ontario Corporation that, as at the date of the NOI filing, operated 51 beauty salons under 10 different trade names in Southern Ontario. All of the Company’s salons are located in rental units in shopping malls and commercial office buildings across Southern Ontario with the exception of one salon that is located in an outdoor shopping plaza in Collingwood, Ontario.
3. The Proposal Trustee understands that the business was started by Mr. Antonio Conforti (“**Mr. Conforti**”) in 1977 and has been a family-owned operated business for more than 44 years. The directors of the Company are Mr. Conforti and Ms. Sylvia Conforti.
4. The Company’s head office is located at 7755 Warden Avenue, Unit 2, Markham, Ontario and is owned by the Company (the “**Real Property**”).
5. On September 28th, 2020 (the “**Filing Date**”), the Company filed an NOI and Crowe was appointed as Proposal Trustee.

6. On October 26, 2020, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued a court order (the “**October 26 Order**”) which, among other things:
 - a. approved a first ranking Administration Charge against the assets of the Company to a maximum of \$250,000, to secure payment of the fees and expenses of the Proposal Trustee and its counsel, as well as counsel to the Company;
 - b. approved a second ranking charge against the assets of the Company in favor of Mr. Conforti (the DIP lender) to a maximum amount of \$500,000;
 - c. approved a third ranking charge against the assets of the Company to a maximum of \$100,000, to indemnify the Company’s Directors and Officers against obligations and liabilities that they may incur as directors or officers of Conforti after the commencement of the Proposal Proceedings; and
 - d. granted an extension of time within which a Proposal must be filed to December 14, 2020 (the “**First Stay Extension**”).
7. On December 14, 2020, the Court issued a court order (the “**December 14 Order**”) granting a further extension of time within which a Proposal(s) must be filed to January 28, 2021 (the “**Second Stay Extension**”). A copy of the December 14 Order is attached hereto as **Appendix “A”**.
8. The Proposal Trustee filed its Second Report dated December 9, 2020 (the “**Second Report**”) with the Court in support of the December 14 Order. A copy of the Second Report, without appendices is attached hereto as **Appendix “B”**.
9. The Proposal Trustee filed a supplementary report to its Second Report dated December 14, 2020 (the “**Supplementary Report**”) with the Court. The purpose of the Supplementary Report was to provide information regarding the effects to the Company from further lockdown restrictions and store closures that were imposed by the Ontario Government as a result of the COVID-19 Pandemic. A copy of the Supplementary Report is attached hereto as **Appendix “C”**.

10. The purpose of this Third Report is to provide the Court with information pertaining to the following:

- a. the activities of the Company and the Proposal Trustee since the Second Stay Extension was granted;
- b. further financial challenges experienced by the Company since the Second Stay Extension was granted, as a result of the ongoing COVID-19 Pandemic;
- c. various matters concerning the ongoing business and affairs of the Company;
- d. an overview of the Company's cash flow projections for the period from the week of January 21, 2021 to the week of April 15, 2021 (the "**Cash Flow Projections**"); and
- e. the Company's request for a further extension of time, within which to file a Proposal, to the stay initiated on the Filing Date (the "**Stay Period**") to March 15, 2021.

II. TERMS OF REFERENCE

11. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

12. In preparing this Third Report, the Proposal Trustee has relied upon certain unaudited internal financial information prepared by the Company's representatives, the Company's books and records and discussions with their management and employees (collectively, the "**Information**"). The Proposal Trustee has not performed an audit or other verification of the Information in a manner that would comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant of Canada Handbook (the "**CPA Handbook**") and, as such, the Proposal Trustee expresses

no opinion or other form of assurance contemplated under GAAS in respect of the Information.

III. THE NOI PROCEEDINGS

Overview of Conforti's Activities

13. Since the Second Stay Extension was granted, Conforti has been engaged in, among other things:

- a. communicating with the Proposal Trustee and the Company's legal counsel on various matters in connection with the NOI Proceedings;
- b. negotiating with its landlords in respect of lease payments during the Proposal Proceedings;
- c. negotiating with the Company's trade suppliers to ensure the timely and ongoing supply of goods and services to the Company;
- d. attending to numerous inquiries of creditors, landlords, and other stakeholders;
- e. applying for the government of Canada's commercial rent subsidy program;
- f. operating Conforti's remaining 42 salons prior to the Lockdown (defined below); and
- g. working with the Proposal Trustee to prepare the Cash Flow Projections.

Overview of the Proposal Trustee's Activities

14. In addition to assisting Conforti and its legal counsel in connection with the above, the Proposal Trustee has been engaged in, among other things:

- i. monitoring the Company's bank balance, and considering whether it approximated the Company's cash flow projections filed as part of the Second Report;
- ii. communicating with the Company and its counsel, Mr. Conforti and his counsel, regarding a potential sale of the Real Property;
- iii. maintaining the Proposal Trustee's website for these proceedings;
- iv. assisting the Company in the preparation of the Cash Flow Projections and reviewing the information and support provided therein; and
- v. preparing this Third Report.

Further Financial Challenges due to the COVID-19 Pandemic

15. On December 21, 2020, the Government of Ontario announced that it was imposing a Province wide lockdown effective December 26, 2020 (the "**Lockdown**"). The Lockdown was effective for all of Southern Ontario until January 23, 2021. Before the Lockdown expired, on January 12, 2021, the Government of Ontario announced that it was declaring a second provincial emergency and issuing a "stay at home order" effective January 14, 2021 (the "**Stay At Home Order**"). The Stay At Home Order requires all Ontario residents to stay home unless traveling for an essential purpose. The Stay At Home Order will remain in effect until at least February 11, 2021.

16. The complete closure of all of Conforti's salons as a result of the Lockdown further compounded Conforti's financial difficulties by significantly reducing the Company's cash flow. Moreover, as a result of the Lockdown, Conforti has had to lay off most of its 500 employees who worked at the Company's head office and salons as stylists, estheticians, and front desk personnel.
17. The Lockdown and Stay At Home Order have also complicated Conforti's efforts to develop a proposal to its creditors. They have not only constrained the Company's current cash flows but have also made it difficult to predict future cash flows because of the uncertainty associated with the Stay At Home Order and whether it will be extended.

Sale of Real Property

18. The Proposal Trustee has had discussions with the Company and its counsel regarding a court approved sales process of the Real Property at 7755 Warden Avenue, Unit 2, Markham Ontario. The Proposal Trustee has been advised that the Company intends to bring a court approved stalking horse sales process as soon as possible.
19. Moreover, a Notice of Power of Sale was issued by the mortgagee to the Company in connection with the Real Property. Counsel to the Proposal Trustee responded on behalf of the Company that any enforcement process in connection with the Notice of Power of Sale is stayed.

IV. EXTENSION OF THE STAY PERIOD TO MARCH 15, 2021

20. The current stay of proceedings will expire on January 28, 2021. Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* to March 15, 2021 (the "**Stay Extension**").
21. The Company with the assistance of the Proposal Trustee has prepared Cash Flow Projections. A copy of the Cash Flow Projections is attached hereto as **Appendix "D"** and is summarized below.

Conforti Holdings Limited
Cash flow Projections
For the Period January 21, 2021 to April 15, 2021

	\$
Cash-in	
Salons Revenue	3,533,627
CEWS	400,000
CERS	265,000
	<u>A</u>
	4,198,627
Cash-out	
Rent	807,589
Payroll	1,837,486
Head Office Payroll	97,500
CRA Source Deductions	447,372
Accounts payable (salons)	446,000
Accounts payable (Corp)	121,500
Supplies	943,214
Management Fee	169,500
Mortgage Interest	22,500
Professional Fees	130,000
EHT	36,000
Merchant Fees & Bank Charges	70,673
	<u>B</u>
	5,129,333
Net Cash inflow (outflow)	C=A-B
	(930,706)

Opening cash balance (per the Cash Flow Projections)	D	(511,266)
Net Cash (above)	C	<u>(930,706)</u>
Closing cash before DIP	E=D+C	(1,441,972)
DIP loan	F	<u>1,441,972</u>
Closing cash balance	E+F	-

Proposal Trustee's analysis re actual cash on hand

Revised Opening cash balance	G	1,488,734
Net Cash (above)	C	<u>(930,706)</u>
Revised Closing cash balance	G+C	<u>558,028</u>

22. As noted in the Second Report, the Proposal Trustee notes that the Cash Flow Projections reflect the ongoing bank balance minus \$2,000,000. This amount represents \$2,000,000 in cash being hypothecated out of the Company's bank to Mr. Conforti in order to secure repayment of the amount that he advanced to take out RBC prior to the NOI filing.

23. It is the opinion of the Proposal Trustee that the Company's actual cash balance is sufficient to fund both operating costs and the costs of these Proposal proceedings, for the duration of the Stay Extension, if granted and accordingly, a further DIP Loan is likely not required.
24. In addition, the Company expects to continue to receive ongoing relief from the federal government, specifically from the COVID Emergency Wage Subsidy ("CEWS") and the COVID Emergency Rent Subsidy ("CERS") all of which have been reflected in the above cash flow projections.
25. The Proposal Trustee has been advised that CERS subsidies are expected to cover approximately 35% of Conforti's total rent commitments each month. To date, Conforti has received \$343,830 under the CERS program and intends to apply for a further \$60,000 the week of January 25, 2021.
26. The Proposal Trustee supports the Company's request for the Stay Extension for the following reasons:
 - a. It will afford the necessary time for the Company to continue to negotiate with its landlords and develop a viable proposal to its creditors;
 - b. The Company is acting in good faith and with due diligence;
 - c. It is the Proposal Trustee's view that the Stay Extension will not materially prejudice any creditors; and
 - d. The Company will likely be able to make a viable proposal to their creditors if their request for an extension is granted.

CONCLUSION AND RECOMMENDATIONS

27. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honorable Court grant the Orders sought by the Company:

- a. approving the Second Report and the conduct and activities of the Proposal Trustee described herein; and
- b. approving the extension of the Stay Period to March 15, 2021.

All of which is respectfully submitted this 25th day of January 2021.

CROWE SOBERMAN INC.

Trustee acting under a Notice of Intention to Make a Proposal of
Conforti Holdings Limited



APPENDIX

‘F’



Crowe Soberman Inc.

Crowe Soberman Inc.
Licensed Insolvency Trustee
Member Crowe Global

2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5
416 929 2500
416 929 2555 Fax
1 877 929 2501 Toll Free
www.crowesobermaninc.com

March 17, 2021

Estate File #: 31-675583

TO THE CREDITORS OF CONFORTI HOLDINGS LIMITED:

Please be advised that the above mentioned has filed a Proposal under Part III Division 1 of the ***Bankruptcy and Insolvency Act***, with the Official Receiver on . To assist creditors in determining their position on the Proposal and to provide them with the information required in accordance with the ***Bankruptcy and Insolvency Act***, the following is enclosed:

1. A Notice to Creditors of Proposal and of the First Meeting of Creditors to be held:

Date: **April 1, 2021**

Time: **2:00 PM**

Place: **Via Telephone Conference**

Call In #: **437-703-4645**

Conference ID: **924 688 156#**

2. Trustees Cover Letter to Creditors on the Holding Proposal
3. The Holding Proposal
4. Statement of Affairs
5. Statement of Projected Cash Flow
6. Proof of Claim
7. General Proxy
8. Voting Letter
9. Stay of Proceedings

If there are any questions regarding this Proposal or the procedures to be followed, please feel free to contact our office at (416) 929-2500

CROWE SOBERMAN INC.,
Licensed Insolvency Trustee
acting in re: the Proposal of
CONFORTI HOLDINGS LIMITED:



Crowe Soberman Inc.

Crowe Soberman Inc.
Licensed Insolvency Trustee
Member Crowe Global

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Estate File #: 31-2675583

FORM 92

**Notice of Proposal to Creditors
(Section 51 of the Act)**

In the matter of the proposal of

**CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional
Municipality of York in the Province of Ontario**

Take notice that CONFORTI HOLDINGS LIMITED of the City of Markham in the Province of Ontario has lodged with me a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed.

A general meeting of the creditors will be held on the 1st day of April 2021 at 2:00 PM, via telephone conference 437-703-4645; Conference Id: 924688156#.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim must be lodged with me prior to the commencement of the meeting. Proxies and voting letters intended to be used at the meeting may be filed at any time up until the moment a vote is called. Dated at the City of Toronto in the Province of Ontario, this 17th day of March 2021.

**Crowe Soberman Inc., LIT
Licensed Insolvency Trustee**



Crowe Soberman Inc.

Crowe Soberman Inc.
Licensed Insolvency Trustee
Member Crowe Global

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Estate File #: 31-2675583

TO THE CREDITORS OF CONFORTI HOLDINGS LIMITED
(hereinafter referred to as the “Company” or “Debtor”)

Purpose of the First Meeting of Creditors

As noted in the attached documents, on March 12, 2021, the Company filed a proposal to their creditors. However, unlike a traditional proposal which provides details of how the Debtor will attempt to settle their pre-filing obligations, which will then be voted upon at a meeting of creditors, this is a holding proposal (“Holding Proposal”) which seeks to permit the Debtor and its creditors to reach an agreement that will allow the Debtor to file a viable proposal (hereinafter referred to as the “Ultimate Proposal”). The dividends payable to the unsecured creditors will be as set out in the Ultimate Proposal.

The Debtor had originally intended to make a proposal to its creditors on or before December 14, 2020. However, the various lockdown orders and subsequent stay-at-home orders implemented by the Government of Ontario have meant that many of the Company’s salons have been closed since November 23, 2020, during which what is their busiest month, the December holiday season. Subsequently, all of the Company’s salons were closed from December 26, 2020 to February 11, 2021 as a result of the Province-wide lockdown and stay-at-home orders.

As of the date of filing this Proposal, fifteen (15) of the Company’s salons remain closed in Peel and Toronto Regions as a result of lockdown Provincial orders.

The lockdown and stay-at-home orders have complicated the Company’s efforts to develop a proposal to its creditors.

At the present time, it appears the realization of assets of the Debtor would be insufficient to pay the first ranking secured creditor in full and accordingly, there would no funds available for unsecured creditors. Consequently, the Debtor determined that the filing of a Holding Proposal is the only course of action available to them to permit them to attempt to make a viable proposal to their creditors, the alternative being a bankruptcy which would result in no recovery for the unsecured creditors.

Pursuant to the Certificate of Filing from the Superintendent of Bankruptcy, the Trustee will be calling a meeting of creditors to be held on April 1, 2021 at 2:00 p.m. (the “Creditors’ Meeting”).

The Trustee will recommend that the meeting be adjourned until the Ultimate Proposal is filed by the Debtor. The timing of the filing of the Ultimate Proposal is, in large part, dependent on the timing of the easing of the restrictions from the lock-down and stay-at-home- orders.

Attached is a copy of the Holding Proposal, the notice, statement of affairs, proof of claim and voting letter.

The Debtor and the Trustee realize that further delay is not ideal, but as noted above, if a bankruptcy were to occur immediately, there will be no prospect for any distribution to unsecured creditors. Accordingly, the Trustee recommends to the creditors to vote in favour of adjourning the Creditors' Meeting until the Ultimate Proposal can be filed.

Should you have any questions in advance of the meeting, please contact:

Linda Stern at 416-644-4692 or by email at linda.stern@crowesoberman.com.

Dated at Toronto, Ontario, this 16th day of March, 2021.

CROWE SOBERMAN INC.
Licensed Insolvency Trustee
Acting in re: the Proposal of
Conforti Holdings Limited, a debtor

Per: Hans Rizarri, LIT, CIRP

District of Ontario
Division No. 9- Toronto
Estate No. 31-2675583
Court File No. 31-2675583

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE **BANKRUPTCY AND INSOLVENCY ACT**,
R.S.C. 1985, c. B-3, as amended

-and-

IN THE MATTER OF THE PROPOSAL OF
CONFORTI HOLDINGS LIMITED

PROPOSAL

Conforti Holdings Limited, (the "Debtor"), hereby submits the following Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

ARTICLE 1
DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms shall have the meanings set out in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended, save and except for the terms and definitions set out below:

- (a) "Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (b) "Administrative Fees and Expenses" means:
 - (i) the proper fees and expenses of the Proposal Trustee including its legal fees and disbursements; and
 - (ii) The legal and consulting fees and disbursements of the Proposal Trustee incurred on or incidental to negotiations in connection with the preparation of the Proposal and the transactions and agreements contemplated hereby, including advice given to the Debtor, its officers, directors and principals;
- (c) "Approval order" means an Order of the Court approving the Proposal in form and substance satisfactory to the Debtor;

- (d) **“Business Day”** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (e) **“Canada Pension Plan”** means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) **“Certificate of Full Performance”** shall have the meaning given to it in Article 9.2 of this Proposal;
- (g) **“Claim”** means, collectively, any of the following:
 - (i) any right or claim of any Person against the Debtor that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Debtor, which indebtedness, liability or obligation is in existence at the Filing Date or which is based on an event, act or omission which occurred in whole or in part prior to the Filing Date, and any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory or anticipatory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date and includes any other claims that would have been claims provable in bankruptcy had the Debtor become bankrupt on the Filing Date; and
 - (ii) any right or claim of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtor to such Person arising out of the restructuring, repudiation, disclaimer, resiliation, termination, amendment or breach after the Filing Date of any contract, lease, employment agreement or other agreement or obligation whether written or oral and whether such restructuring, disclaimer, resiliation, termination, amendment or breach took place or takes place before or after the Filing Date;
- (h) **“Claims Bar Date”** shall have the meaning given to it in Article 4.3 of this Proposal;
- (i) **“Court”** means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);

- (j) **“Creditor”** means any Person, having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (k) **“Creditors’ Meeting”** means any meeting of the Unsecured Creditor called for the purpose of considering and voting on the Proposal;
- (l) **“Creditors’ Meeting Date”** means such date and time as may be called by the Trustee, but in any event shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;
- (m) **“Court Approval Date”** means the date on which the Court finally and conclusively approves this Proposal;
- (n) **“Debtor”** means Conforti Holdings Limited;
- (o) **“Director”** and **“Officer”**) means any person or persons who are, have previously been, or in future may be directors or officers of the Debtor, including but not limited to those persons who, in the past, present or future:
 - (i) have or will act in the capacity of director or officer of the Debtor, with or without being so named, or
 - (ii) have or will perform the functions of a director or officer of the Debtor, with or without being so named; or
 - (iii) have been, are or may in future be deemed, de facto, acting, substitute or effective directors or officers of the Debtor; or
 - (iv) have been, are or will be persons subject to statutory liabilities of directors or officers arising from any statute, act or regulation of Canada;
- (p) **“Effective Date”** means the date on which the transactions and agreements provided for in this Proposal become effective, which date shall be 30 days after the Court Approval Date;
- (q) **“Employment Insurance Act”** means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- (r) **“Filing Date”** means the date on which the Debtor filed its Notice of Intention to make a Proposal, which date is September 28, 2020;
- (s) **“Implementation Date”** means the date upon which the conditions set forth in Article 10.4 of this Proposal have been satisfied;
- (t) **“Income Tax Act”** means the *Income Tax Act*, R.S.C. 1985, c.1(5th Supp), as amended;

- (u) **“Inspectors”** means one or more inspectors appointed pursuant to the Act, as provided for in the Proposal;
- (v) **“Official Receiver”** shall have the meaning ascribed thereto in the Act;
- (w) **“Person”** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (x) **“Preferred Creditors”** means Creditors with Proven Unsecured Claims which are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
 - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's business during the same period, for greater certainty amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination pay and any compensation in lieu of notice of termination;
 - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under,
 - I subsection 224(1.2) of the Income Tax Act;
 - II any provisions of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or
 - III any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
 - (1) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

(2) is of the same nature as a contribution under the Canada Pension Plan if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

(y) **“Post Filing Goods and Services”** means in respect of the Proposal, the goods supplied, services rendered and other consideration given to the Debtor subsequent to the Filing Date;

(z) **“Proof of Claim”** shall mean the proof of claim required by the Act to be mailed to each known Creditor prior to the Creditors’ Meeting;

(aa) **“Proposal”** means this Proposal dated March 11, 2021 made pursuant to the Act, as further amended or supplemented from time to time;

(bb) **“Proposal Trustee”** or **“Trustee”** means Crowe Soberman Inc.;

(cc) **“Proven Unsecured Claim”** of a Creditor means the amount of the Claim of such Creditor (other than a Secured Creditor) finally determined in accordance with the provisions of the Act;

(dd) **“Secured Creditor”** means any Person or Persons holding a valid mortgage, hypothec, pledge, charge, lien or privilege on or against any property of any Person or Persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security upon which the Debtor is only indirectly or secondarily liable;

(ee) **“Ultimate Proposal”** means the amended Proposal to be filed by the Debtor, which is expected to be filed after all of the Debtor’s existing salons are allowed to re-open under the Government of Ontario’s COVID-19 orders;

(ff) **“Unsecured Creditors”** means, collectively, the Creditors who are not Secured Creditors; and

(gg) **“Voting Letter”** shall mean the voting letter required by section 51(1) of the Act to be mailed to each known Creditor prior to the Creditors’ Meeting.

1.2 Articles of Reference

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

1.3 Interpretation Not Affected by Headings

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

1.4 Date for Any Action

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

1.5 Time

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

1.6 Numbers

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

1.7 Currency

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

1.8 Statutory References

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

1.9 Successor and Assigns

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

ARTICLE 2
GENERAL INTENT

2.1 Purpose of Proposal

The purpose of this Proposal is to affect a compromise of the Claims of the Creditors of the Debtor, including statutory claims against Directors, strictly in accordance with subsections 50(13) to 50(15) of the Act, in the expectation that all Creditors will derive a greater benefit from a Proposal to Creditors than would result from a bankruptcy.

Notwithstanding the terms and conditions of all arrangements or other arrangements with creditors entered into before the Filing Date, for so long as an event of default in the Proposal has not occurred, or if it has occurred, has been waived or cured, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern.

2.2 Persons Affected

This Proposal will, as of the Court Approval Date, be binding on the Debtor and on all Creditors, including the Crown, to whom this Proposal is made.

2.3 Post-Proposal Goods and Services

All debts incurred subsequent to the Filing Date shall be paid in the ordinary course of business by the Debtor. The Debtor shall, to the fullest extent possible, carry on its normal business operations and shall not dispose of any assets other than is contemplated by this Proposal, or other than is in the normal and regular course of its ongoing business.

The Debtor agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made to all those persons supplying goods and services for any period subsequent to the Filing Date. All Creditors hereby release and forever discharge the Proposal Trustee from any and all liability relating to the Debtor's non-payment of any liabilities under this paragraph.

2.4 Assets Remain Vested in Debtor

The assets of the Debtor, if any, shall not vest in the Proposal Trustee, but shall remain vested in the Debtor, and the Trustee shall have no liability whatsoever for the Claims of Creditors arising before, on or after the Filing Date.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CREDITORS

3.1 Secured Creditors

This Proposal is not being made to Secured Creditors and if this Proposal is passed by the Courts, it will not affect the amounts and rights of Secured Creditors. Secured Creditors may vote and participate as Unsecured Creditors to the extent that they surrender the value of their security.

Secured Creditors acknowledge that their security is subordinate to the trust claims of Her Majesty in Right of Canada or a Province in this Proposal and in any ensuing bankruptcy, unless it is supported by a mortgage on real property or otherwise entitled to be classified as a *prescribed security instrument* in accordance with the Income Tax Act.

3.2 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one (1) class of Unsecured Creditors.

3.3 Preferred Creditors

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Debtor in full in priority to all Proven Unsecured Claims in accordance with the scheme of distribution set forth in the Act. For greater certainty, the amounts referred to in Article 1.1(x) (i) shall be paid immediately after the Court Approval Date and the amount referred to in Article 1.1(x) (ii) shall be paid within six (6) months of the Court Approval Date or as otherwise agreed.

3.4 Unsecured Creditors

The Proven Unsecured Claims will be satisfied in accordance with Article 7 herein.

3.5 Different Capacities

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

ARTICLE 4
PROCEDURE FOR VALIDATION OF CLAIMS

4.1 Filing of Proofs of Claim

Each Unsecured Creditor must file a Proof of Claim in accordance with the Act to vote on, or to receive a distribution under, the Proposal. Proofs of claim must be filed at, or prior to, the meeting of creditors to be considered valid. Only valid claims filed at, or prior to the meeting of creditors, either by proxy, or upon attendance at the meeting of creditors, shall be considered at the Proposal vote.

4.2 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the Act. The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in the Act. The Debtor and/or Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Creditor under the Proposal, as the case may be.

4.3 Claims Bar Process

Forthwith after the Implementation Date, the Proposal Trustee shall give notice pursuant to section 149 of the Act by registered mail to every Person with a Claim (other than Secured Claims) of which the Trustee has notice or knowledge, but whose Claim has not been filed or proved that if such Person does not prove its Claim within a period of thirty (30) after the mailing of the notice (the "Claims Bar Date"), the Trustee will proceed to declare a final distribution without regard to such Person's Claim.

Subject to any exceptions set out in sections 149(2), (3) and (4) of the Act, any Creditor that does not prove its Claim (other than Secured Claims) by the Claims Bar Date shall be barred from making a Claim in the Proposal or sharing in any distribution hereunder, and such Claim shall be forever barred, extinguished and released.

ARTICLE 5
MEETING OF CREDITORS

5.1 Creditors' Meeting

On the Creditors' Meeting Date, the Debtor shall hold the Creditors' meeting in order for the Unsecured Creditors to consider and vote upon the Proposal.

5.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Proposal Trustee's notice of meeting to be mailed pursuant to the Act.

5.3 Conduct of Meetings

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

5.4 Adjournment of Meetings

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

5.5 Voting by Creditors

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to that Creditor's Proven Unsecured Claim.

5.6 Approval by Creditors

In order that the Proposal be binding on all of the Unsecured Creditors of the Debtor, in accordance with the Act, it must first be accepted by the Unsecured Creditors by a majority in number of the Unsecured Creditors who vote upon the Proposal (in person or by proxy) pursuant to Article 5.5 of this Proposal at the Creditors' Meeting or by a Voting Letter, representing two-third in value of the Proven Unsecured Claims of the Unsecured Creditors who voted on the Proposal pursuant to Article 5.5 of this Proposal whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

5.7 Appointment of Inspectors

At the Meeting of Creditors the Creditors may appoint up to five (5) Inspector(s) whose powers will be limited to:

- (a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and

- (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

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

The authority and term of office of the Inspector(s) will terminate upon the discharge of the Trustee.

ARTICLE 6 PAYMENT OF ADMINISTRATIVE FEES AND EXPENSES

6.1 Priority of Administrative Fees and Expenses

The Trustee's Administrative Fees and Expenses shall rank in priority to all other creditors, except as may be set out in the Act and will be paid pursuant to sections 60(1) and 60(2) of the Act. If the Debtor should default on his payment thereof, the Trustee may, in absolute priority, call upon all funds accumulated in the Proposal to satisfy its proper Administrative Fees and Expenses. In such case, the Proposal shall be considered in default, subject to waiver of same by the Inspectors.

6.2 Payment of Administrative Fees and Expenses

The Trustee shall be at liberty from time to time to apply reasonable amounts, out of the Proposal proceeds against its Administrative Fees and Expenses, and such amounts shall constitute advances against the Administrative Fees and Expenses when and as approved by the Court.

ARTICLE 7 PROPOSAL

7.1 Implementation of Proposal

The Debtor had originally intended to make a proposal to its creditors on or before December 14, 2020. However, the various lockdown orders and subsequent stay-at-home orders implemented by the Government of Ontario have meant that many of Conforti's most profitable salons have been closed since November 23, 2020, during what is their busiest month—the December holiday season. Further, all of Conforti's salons were closed from December 26, 2020 to February 11, 2021 as a result of the Province-wide lockdown and stay-at-home orders.

As of the date of filing this Proposal, thirteen of Conforti's salons remain closed in Peel and Toronto Regions as a result of lockdown provincial orders.

The lockdown and stay-at-home orders have complicated Conforti's efforts to develop a proposal to its creditors.

Accordingly, Conforti is filing this Proposal as a holding proposal. The general intent of this holding Proposal is to provide the Debtor and the Proposal Trustee with sufficient time to permit the Debtor and its creditors to reach an agreement that will allow the Debtor to file a viable proposal.

The dividends payable to Unsecured Creditors will be as set out in the Ultimate Proposal.

ARTICLE 8
PROPOSAL TRUSTEE

8.1 Proposal Trustee

Crowe Soberman Inc., corporate trustee of the City of Toronto, in the Province of Ontario, and not in its personal capacity, shall be the Proposal Trustee under this Proposal and all monies payable under this proposal shall be paid over to the Proposal Trustee who shall make payment of all distributions in accordance with the terms of this Proposal.

8.2 Superintendent Levy

Any payments made by the Proposal Trustee to creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.

8.3 No Liability

The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of the Debtor.

8.4 Discharge of Proposal Trustee

Upon distribution of the amounts payable under Article 7.1 of this Proposal, and payment of the Administrative Fees and Expenses, the Proposal Trustee shall have discharged its duties as Proposal Trustee and shall be entitled to apply for its discharge as Proposal Trustee hereunder. For greater certainty, the Proposal Trustee will not be responsible or liable for any obligations of the Debtor before, on or after the Filing Date and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

ARTICLE 9
FULL PERFORMANCE OF PROPOSAL

9.1 Obligations of the Debtor

All obligations of the Debtor under this Proposal will commence as of the Court Approval Date. This Proposal will be fully performed upon the payment to the Proposal Trustee of the amounts referred to in Article 7 and when all other obligations of the Debtor set out herein have been satisfied.

9.2 Certificate of Full Performance

When the Proposal has been fully performed by the Debtor, the Proposal Trustee will issue to the Debtor and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the Act (the "Certificate of Full Performance").

9.3 Status of the Debtor

During the currency of this Proposal and until the Certificate of Full Performance is issued by the Proposal Trustee, the Debtor shall not merge, amalgamate, rollover or otherwise change or reorganize its corporate structure, without the prior approval of the Inspectors and unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

ARTICLE 10
MISCELLANEOUS

10.1 Compromise Effective for all Purposes

On the Implementation Date, all Claims (other than Claims of Secured Creditors) shall be forever discharged, extinguished and released, excepting only the obligations of the Debtor to make distributions in respect of Article 7 of this Proposal in the manner and to the extent provided for in this proposal. The distributions contemplated hereunder will be binding upon each Creditor, its heirs, executors, administrators, successors and assigns, for all purposes.

10.2 Modification of Proposal Prior to Approval by Unsecured Creditors

Prior to the vote on the proposal, the Debtor or any Unsecured Creditor may propose an alteration or modification of the Proposal. If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the final meeting of the Creditors held to consider the Proposal that the Proposal Trustee determines are for the general benefit of Creditors, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements.

10.3 Consents, Waivers and Agreements

As at 12:01 a.m. on the day the Certificate of Full Performance is issued by the Proposal Trustee, each Creditor (other than Secured Creditors) shall be deemed:

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

10.4 Conditions to Proposal Implementation

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

- (a) acceptance of the Proposal by the Unsecured Creditors in accordance with Article 5 of this Proposal;
- (b) granting by the Court of the Approval order which shall not have been varied, amended, stayed, suspended or appealed as of the Implementation Date except with the consent of the Debtor; and

- (c) the expiry of all appeal periods in respect of the Approval Order.

10.5 Release

Upon the issuance of the Certificate of Full Performance by the Trustee, each and every Director and Officer shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action that arose on or before the Filing Date and that relate to the obligation of the Debtor where the Director and Officer is by law liable in their capacity as Director and Officer for the payment of such obligations, and provided nothing herein shall release or discharge a Director and Officer from claims that:

- (a) relate to contractual rights of one or more Creditors arising from contracts with the Director and Officer;
- (b) are based on allegations of misrepresentation made by the Director and Officer to Creditors or wrongful or oppressive conduct by the Director and Officer; or
- (c) which may be asserted by Secured Creditors.

This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

10.6 Effect of Proposal Generally

As at 12:01 a.m. on the date the Certificate of Full Performance is issued by the Proposal Trustee, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors (other than Secured Creditors), along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns, and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of Creditors (other than in respect of Secured Creditors); and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of all Claims (other than Secured Claims).

10.7 Sections 95 to 101 of the BIA

Sections 95 to 101 of the BIA and any other laws relating to preferences, fraudulent conveyances or transfers at undervalue shall not apply to the Proposal or to any payments or distributions made in connection with this Proposal or with the restructuring of the Debtor, whether made before or after the Date of Filing.

10.9 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, prepaid mail, or fax/email to the respective parties as follows:

(a) if to the Debtor:
Conforti Holdings Limited
7755 Warden Avenue
Markham, ON L3R 0N3

Attention: Floriana Ottaviani
Email: floriana@yourspacesalons.ca

with a copy to:

Miller Thomson LLP
5800 Scotia Plaza, 40 King Street West
P.O. Box 1011
Toronto, ON M5H 3S1

Attention: Bobby Sachdeva
Email: bsachdeva@millerthomson.com

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

(c) if to the Proposal Trustee:

Crowe Soberman Inc.
2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5

Attention: Hans Rizari
Email: Hans.Rizari@CroweSoberman.com

with a copy to:

Goldman Sloan Nash & Haber LLP
Suite 1600, 480 University Avenue
Toronto, ON M5G 1V2

Attention: Brendan Bissell
Email: bissell@gsnh.com

or to such other address, email or fax number as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts

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

10.9 Foreign Currency Obligations

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

10.10 Applicable Law

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

10.11 Non Severability

It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatsoever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

10.12 Deeming Provisions

In this Proposal the deeming provisions are not rebuttable, are conclusive and irrevocable.

DATED at the City of Toronto, in the Province of Ontario, this 11th day of March 2021.

CONFORTI HOLDINGS LIMITED

Per:

Name:

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

Original

Amended

-- Form 78 --

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

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 28th day of September 2020. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES

(as stated and estimated by the officer)

1. Unsecured creditors as per list "A"
Balance of secured claims as per list "B"
Total unsecured creditors
2. Secured creditors as per list "B"
3. Preferred creditors as per list "C"
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for
Total liabilities
Surplus

ASSETS

(as stated and estimated by the officer)

5,717,994.25	1. Inventory	149,000.00
1,291,000.00	2. Trade fixtures, etc.....	55,000.00
7,008,994.25	3. Accounts receivable and other receivables, as per list "E"	
2,140,333.68	Good	0.00
0.00	Doubtful	0.00
	Bad	0.00
	Estimated to produce.....	0.00
0.00	4. Bills of exchange, promissory note, etc., as per list "F"	0.00
9,149,327.93	5. Deposits in financial institutions	0.00
NIL	6. Cash	0.00
	7. Livestock.....	0.00
	8. Machinery, equipment and plant.....	0.00
	9. Real property or immovable as per list "G"	2,558,089.00
	10. Furniture	5,000.00
	11. RRSPs, RRIFs, life insurance, etc.	0.00
	12. Securities (shares, bonds, debentures, etc.)	0.00
	13. Interests under wills	0.00
	14. Vehicles	0.00
	15. Other property, as per list "H"	0.00

If debtor is a corporation, add:

Amount of subscribed capital	0.00
Amount paid on capital	0.00
Balance subscribed and unpaid.....	0.00
Estimated to produce	0.00
 Total assets	2,767,089.00
Deficiency	6,382,238.93

I, Antonio Conforti, of the City of Markham in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 12th day of March 2021 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
before me at the City of Toronto in the Province of Ontario, on this 12th day of March 2021.

A. Frances Doria, Commissioner of Oaths
For the Province of Ontario
Crowe Soberman Inc., LIT

Expires May 4, 2021

Alfonsina Frances Doria, a Commissioner, etc.,
Province of Ontario, for Crowe Soberman Inc.,
and its affiliates.
Expires May 4, 2021.

 Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 - Continued

List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Alectra Utilities (formerly Enersource Hydro)	55 John St North Hamilton ON L8R 3M8	1,086.10	0.00	1,086.10
2	All In One	227 Bunting Road, Unit C ST. CATHERINES ON L2M 3Y2	318.17	0.00	318.17
3	Beauty Experts Inc. General Security Agreement	7755 Warden Ave., Unit 2 Markham ON L3R 0N3	0.00	1,291,000.00	1,291,000.00
4	Bell Canada F-88 - Business Attn: Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3	4,394.15	0.00	4,394.15
5	Brookfield Properties Canada Management LP Brookfield Place store location	PO Box 3920, Commerce Court Postal Station, Toronto ON M5L 1K1	64,299.00	0.00	64,299.00
6	Canadian Linen & Uniform Service - Etobicoke, ON	24 Atomic Avenue Etobicoke ON M8Z 5L2	288.54	0.00	288.54
7	Canadian Springs	PO BOX 4514, STN A TORONTO ON M5W 4L7	252.66	0.00	252.66
8	Carmelino Galessiere LLP Attn: Linda Galessiere	Linda Galessiere 6 Adelaide St. East, Suite 220, Toronto ON M5C 1H6	0.00	0.00	0.00
9	Classique Nails Beauty Supply	3615 Weston Road, UNIT 3 TORONTO ON M9L 1V8	20,650.66	0.00	20,650.66
10	Cosmic Computer	20 Royal Shamrock Court, STOUFFVILLE ON L4A 0C9	552.57	0.00	552.57
11	Cushman & Wakefield Assess Services ULC Erin Mills Town Centre location	5100 Erin Mills Parkway, Mississauga ON L5M 4Z5	345,507.00	0.00	345,507.00
12	Cushman & Wakefield Asset Services ULC Pen Centre location	221 Glendale Ave, St. Catharines ON L2T 2K9	155,736.00	0.00	155,736.00
13	Cushman & Wakefield Asset Services ULC Pickering location	Admin Office 1355 Kingston Road, Pickering ON L1V 1B8	188,045.00	0.00	188,045.00
14	Darling Insurance	144 Queen St, Unit 4, P.O.BOX 1392, Lakefield ON K0L 2H0	525.96	0.00	525.96
15	Dermalogica Canada	70 University Ave, Suite 300 TORONTO ON M5J 2M4	3,875.91	0.00	3,875.91
16	Edge Mechanical	100 Sanford Road, UNIT 48 STOUFFVILLE ON L4A 7X5	429.40	0.00	429.40
17	Ellectra	xxxxxxxx Toronto ON	664.26	0.00	664.26
18	Energy + Inc.	PO BOX 1060 CAMBRIDGE ON N1R 5X6	900.02	0.00	900.02
19	Ericco	xxxxxx Toronto ON	471.89	0.00	471.89
20	Gardiner Roberts LLP Attn: Michael Citak	Bay Adelaide Centre-East Tower, 22 Adelaide St W, Suite 3600 Toronto ON M5H 4E3	0.00	0.00	0.00
21	Good Linen Rental	145 Claireport Crest, ETOBIKOKE ON M9W 6R6	46,859.15	0.00	46,859.15
22	Hillcrest Mall Management Office Hillcrest Mall location	9350 Yonge St, Suite205 Richmond Hill ON L4C 5G2	131,480.00	0.00	131,480.00
23	Hunter Amenities International Limited. Attn: Louis Vasconcelos	1205 Corporate Drive, Burlington ON L7L 5V5	727,591.60	0.00	727,591.60

12-Mar-2021

Date

Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
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FORM 78 -- Continued

List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
24	ITB International Inc.	1233 Merriville HWY RR2 WELLAND ON L3B 5N5	119.80	0.00	119.80
25	Ivanhoe Cambridge Inc. Conestoga Mall location	550 King Street North, Waterloo ON N2L 5W6	137,297.00	0.00	137,297.00
26	Ivanhoe Cambridge Inc. Oshawa Centre location	Administration Office 419 King Street West, Oshawa ON L1J 2K5	392,042.00	0.00	392,042.00
27	Ize Body Art	99-384 Yonge St, TORONTO ON M6B 1S8	455.51	0.00	455.51
28	Joe's Mechanical	80 Baywood Crt, THORNHILL ON L3T 5W3	678.00	0.00	678.00
29	KS SP Limited Partnership Scotia Plaza location	Scotia Plaza Property Mngmt Office, 40 King Street West, P1 Level, PO Box 101 Toronto ON M5H 3Y2	46,362.00	0.00	46,362.00
30	Master Signs	1A-25 Mcintyre Pl, KITCHENER ON N2R 1H1	326.57	0.00	326.57
31	MesaLabs	500 Avenue Lepine, DORVAL QC H9P 2V6	270.07	0.00	270.07
32	MIL ITF Bramalea City Centre c/o Morguard Investment Limited Bramalea City Centre location	Attention: Bramalea City Centre Admin Office 25 Peel Centre Dr, UNIT 395B Brampton ON L6T 3R5	43,892.00	0.00	43,892.00
33	Miller Thomson LLP - Toronto Attn: Kevin D. Sherkin	Kevin D. Sherkin 40 King St. W., Suite 5800 Toronto ON M5H 4A9	0.00	0.00	0.00
34	Miller Thomson LLP - Vaughan Attn: Bobby H. Sachdeva	Bobby H. Sachdeva 100 New Park Place, Suite 700 Vaughan ON L4K 0H9	0.00	0.00	0.00
35	Morguard REIT c/o Morguard Investment Limited Cambridge Centre location	Attention: Cambridge Centre Admin Office 355 Hespeler Road, Cambridge ON N1R 6B3	86,785.00	0.00	86,785.00
36	Natalil Products	1181 FINCH AVE WEST #8 TORONTO ON M3J 2V8	90.85	0.00	90.85
37	Newmarket Hydro	590 Steven Court Newmarket ON L3Y 6Z2	1,204.08	0.00	1,204.08
38	Nice, Jody Attn: Jason Schmidt SC20000005750000	26 Ontario St, Port Hope ON L1A 2T6	16,000.00	0.00	16,000.00
39	Nutak Holdings Ltd.	74 Wellington Street East, Aurora ON L4G 1H8	11,337.45	0.00	11,337.45
40	Ontrea Inc. Eaton Centre location	220 Yonge Street PO Box 511, Suite 110, Toronto ON M5B 2H1	562,643.00	0.00	562,643.00
41	Ontrea Inc. Fairview Park location	Administration Office 2960 Kingsway Dr, Kitchener ON N2C 1X1	224,928.00	0.00	224,928.00
42	Ontrea Inc. Markville Mall location	Administration Office 5000 Highway 7, Markham ON L3R 4M9	229,134.00	0.00	229,134.00
43	Ontrea Inc. Sherway Gardens location	25 The West Mall PO Box 101, ETOBIKOKE ON M9C 1B8	323,616.00	0.00	323,616.00

12-Mar-2021

Date

Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
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 Estate No. 31-2675583

FORM 78 – Continued

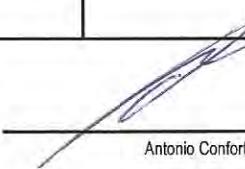
List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
44	OPGI Magement LP o/a Oxford ITF Square One Square One location	Mangement Office 100 City Centre Drive, Mississauga ON L5B 2C9	164,893.00	0.00	164,893.00
45	Oshawa PUC Networks Inc. Attn: Suzanne Neal	100 Simcoe Street South Oshawa ON L1H 7M7	1,094.68	0.00	1,094.68
46	Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051023-02	100 Simcoe Street South Oshawa ON L1H 7M7	0.00	0.00	0.00
47	Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051818-03	100 Simcoe Street South Oshawa ON L1H 7M7	0.00	0.00	0.00
48	Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051907-09	100 Simcoe Street South Oshawa ON L1H 7M7	0.00	0.00	0.00
49	Oxford Properties Group Upper Canada Mall location	Box 256, 17600 Yonge St Newmarket ON L3Y 4Z1	182,602.00	0.00	182,602.00
50	Phytoderm	68 Stinson St, ST-LAURENT QC H4N 2E7	15,976.37	0.00	15,976.37
51	Precision Property Management & Maintenance Inc. Attn: Enza Figueira Invoice 046	346 Wendron Crescent Mississaua ON L5R 3H3	1,163.90	0.00	1,163.90
52	Premium Fire Protection	18 Huntington Cres, COURTICE ON L1E 3C7	212.14	0.00	212.14
53	Primaris Magagement Inc. Stone Road location	435 Stone Road West, Guelph ON N1G 2X6	151,249.00	0.00	151,249.00
54	Promenade Limited Partnership Promenade Mall location	Admin Office, 1 Promenade Circle Thornhill ON L4J 4P8	234,517.00	0.00	234,517.00
55	Rio-Can Georgian Mall Attn: Susanne Gill Georgian Mall location	509 Bayfield St Barrie ON L4M 4Z8	219,850.00	0.00	219,850.00
56	S & K Beauty Supplies Attn: Rafaat Sanam	615 Ave Josaphat-Demers Laval QC H7X3R3	27,493.51	0.00	27,493.51
57	SafeGuard Security	1520 Lesperance Road Windsor ON N8N 1Y1	317.01	0.00	317.01
58	Scarborough Town Centre Holdings Inc. Scaborough Town Centre location	300 Borough Dr, Suite 230 Scarborough ON M1P 4P5	407,658.00	0.00	407,658.00
59	Select Plumbing & Heating Inc.	PO BOX 10011 RPO Watline, MISSISSAUGA ON L4Z 4G5	1,104.58	0.00	1,104.58
60	Spavaro Inc.	5496 Corvan Dr, MISSISSAUGA ON L4W 3E8	251.88	0.00	251.88
61	TD Canada Trust C/O FCT Default Solutions 1025-400842	PO Box 2514, Station B London ON N6A 4G9	0.00	0.00	0.00
62	Tex Euro Industrial Sales	530 Keele St, UNIT 307 TORONTO ON M6N 3C9	7,152.44	0.00	7,152.44
63	The Cadillac Fairview Corporation Limited Attn: Ellen Williamson T0002302/T0002405/T0002000/T0002	20 Queen St W, 5th floor Toronto ON M5H 3R3	0.00	0.00	0.00
64	The Cadillac Fairview Corporation Limited TD Centre location	Toronto-Dominion Centre, 66 Wellington St West, Suite3800, PO BOX 2, Toronto ON M2J 5A7	105,163.00	0.00	105,163.00

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 - Continued

List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
65	The Cadillac Fairview Corporation Limited T0002405/Fairview Mall location	1800 Sheppard Ave, East, SUITE 330, PO BOX 53 Toronto ON M2J 5A7	404,962.00	0.00	404,962.00
66	The Printing House Ltd. Attn: Marynna 602644	1403 Bathurst Street Toronto ON M5R 3H8	5,263.67	0.00	5,263.67
67	Torys LLP Attn: Mr. David Bish	79 Wellington St. W, 30th Floor, Box 270, TD South Tower Toronto ON M5K 1N2	0.00	0.00	0.00
68	Venus Beauty Supplies	7400 Pacific Circles, MISSISSAUGA ON L5T 2A4	235.03	0.00	235.03
69	V-P Conveyancing	19 Hoddle Cres, KITCHENER ON N2N 2N2	898.35	0.00	898.35
70	Wahl Canada Inc.	165 Riviera Dr Markham ON L3R 5J6	33.76	0.00	33.76
71	Waterlogic Canada	87 Sharer Road, Woodbridge ON L4L 8Z3	14,374.37	0.00	14,374.37
72	Waterloo North Hydro Inc. - Credit Services Attn: Jim Forler 490707-3000818	PO Box 640 526 Country Squire Rd Waterloo ON N2J 4A3	419.19	0.00	419.19
			Total:	5,717,994.25	1,291,000.00
					7,008,994.25

12-Mar-2021

Date

Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
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FORM 78 -- Continued

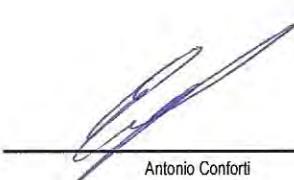
List "B"
Secured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	Beauty Experts Inc. General Security Agreement	7755 Warden Ave., Unit 2 Markham ON L3R 0N3	1,500,000.00	Business Assets - Stock In Trade - Salon Inventory and Hand Sanitizers Business Assets - Trade Fixtures - Trade Fixtures (Approximately \$1,500 per salon) Furniture - Office Furniture & Computer Equipment		149,000.00 55,000.00 5,000.00		1,291,000.00
2	Conforti, Antonio Mortgage Holder	7755 Warden Avenue, Unit 2 Markham ON L3N 0N3	1,931,333.68	Real Property or Immovable - Building - Markham - 7755 Warden Avenue, Unit 2		1,931,333.68	626,755.32	
Total:			3,431,333.68			2,140,333.68	626,755.32	1,291,000.00

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
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FORM 78 – Continued

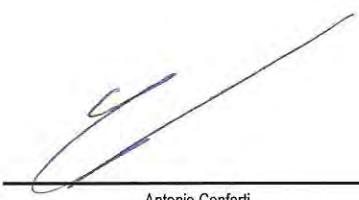
List "C"
Preferred Creditors for Wages, Rent, etc.

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
				Total:	0.00	0.00	0.00

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
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FORM 78 - Continued

List "D"
Contingent or Other Liabilities

CONFORTI HOLDINGS LIMITED

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
			Total: 0.00	0.00		

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "E"
Debts Due to the Debtor

CONFORTI HOLDINGS LIMITED

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
			Total:	0.00 0.00 0.00			0.00	

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "F"

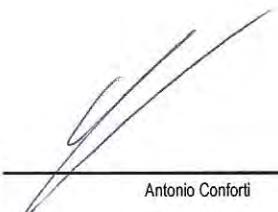
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

CONFORTI HOLDINGS LIMITED

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
				Total: 0.00		0.00	

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Debtor

CONFORTI HOLDINGS LIMITED

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Building - Markham - 7755 Warden Avenue, Unit 2 - 7755 Warden Ave, Unit 2, Markham, Ontario	100%	Conforti Holdings Limited	2,558,089.00	Conforti, Antonio 7755 Warden Avenue, Unit 2 Markham ON L3N 0N3 1,931,333.68	626,755.32
		Total:	2,558,089.00		626,755.32

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Concluded

List "H"
Property

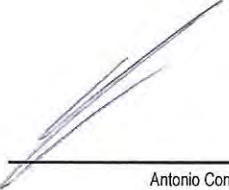
CONFORTI HOLDINGS LIMITED

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade	Possession of bankrupt	Salon Inventory and Hand Sanitizers	0.00	149,000.00
(b) Trade fixtures, etc.	Possession of bankrupt	Trade Fixtures (Approximately \$1,500 per salon)	0.00	55,000.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture		Office Furniture & Computer Equipment	0.00	5,000.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other			0.00	0.00
Total:				209,000.00

12-Mar-2021

Date


Antonio Conforti

Conforti Holdings Limited
Cash flow Projections

For the Week Beginning:	08-Mar	15-Mar	22-Mar	29-Mar	05-Apr	12-Apr	19-Apr	26-Apr	03-May	10-May	17-May	24-May	31-May	TOTAL
Cash-in	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salons Revenue	271,874	306,249	400,664	440,730	440,730	440,730	440,730	440,730	460,763	460,763	460,763	460,763	480,796	5,506,284
CEWS (Note 1)	12,751				125,000				150,000				175,000	462,751
CERS (Note 1)		76,156			100,000				100,000				100,000	375,156
Total Cash-in	284,625	382,405	400,664	440,730	665,730	440,730	440,730	440,730	710,763	460,763	460,763	460,763	755,796	6,345,191
Cash-out														
Rent				360,750					337,876					348,682
Payroll	141,375	159,249	208,345	229,180	229,180	229,180	229,180	229,180	239,597	239,597	239,597	239,597	239,597	1,047,308
Head Office Payroll	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	97,500
CRA Source Deductions	33,930	38,220	50,003	55,003	55,003	55,003	55,003	55,003	57,503	57,503	57,503	57,503	60,003	687,184
Account payable (salons)	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	338,000
Accounts payable (Corp)	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	136,500
Supplies	57,094	64,312	84,139	92,553	92,553	92,553	92,553	92,553	96,760	96,760	96,760	96,760	100,967	1,156,320
Management Fee				56,500					56,500					56,500
Mortgage Interest				7,500					7,500					7,500
Professional Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000
EHT		15,000			20,000					20,000				55,000
Merchant Fees & Bank Charges	5,437	6,125	8,013	8,815	8,815	8,815	8,815	8,815	9,215	9,215	9,215	9,215	9,616	110,126
Total Cash-out	291,836	336,907	404,500	864,300	439,550	459,550	439,550	841,427	457,076	477,076	457,076	457,076	887,282	6,813,205
Net Cash inflow (outflow)	(7,210)	45,498	(3,837)	(423,570)	226,179	(18,821)	1,179	(400,697)	253,688	(16,312)	3,688	3,688	(131,486)	(468,014)
Opening cash balance (Note 2)	(772,493)	-	45,498	41,661	-	226,179	207,359	208,538	-	253,688	237,375	241,063	244,750	(772,493)
Net Cash (above)	(7,210)	45,498	(3,837)	(423,570)	226,179	(18,821)	1,179	(400,697)	253,688	(16,312)	3,688	3,688	(131,486)	(468,014)
Closing cash before DIP	(779,703)	45,498	41,661	(381,909)	226,179	207,359	208,538	(192,159)	253,688	237,375	241,063	244,750	113,264	(1,240,506)
DIP loan (Note 3)	779,703			381,909				192,159					(113,264)	1,240,506
Closing cash	-	45,498	41,661	-	226,179	207,359	208,538	-	253,688	237,375	241,063	244,750	-	-

Notes:

1. Canada Emergency Rent Subsidy (CERS) & Canada Wage Subsidy (CERS) receipts are based on management's best estimates.

2. Opening cash balance consists of the following: **\$**

Actual bank balance on March 8, 2021 **1,568,872**
Outstanding cheques **(407,365)**
Cash balance after outstanding items **1,161,507**

Remove: Hypothecate/Security to Tony Conforti*** **1,934,000** ***We have reflected this amount as already paid out to Tony Conforti, for repayment of the funds he advanced to take out RBC.

Opening cash balance **(772,493)**

3 Mr. Conforti has agreed to fund any potential ongoing deficit by way of a DIP Financing loan.

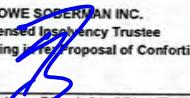
CERTIFICATION

THE PURPOSE of this Statement of Projected Cash flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of Conforti Holdings Limited's financial affairs. This Statement of Projected Cash flow is prepared pursuant to the requirements of sections 50.4(2)(a) and 50(6)(a) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 12th day of March, 2021.


Per: Antonio Conforti - authorized representative

CROWE SOBERAN INC.
Licensed Insolvency Trustee
Acting in re: Proposal of Conforti Holdings Limited

Per:  Mans Rizami, CA, CPA, LIT, CIRP

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 31

Proof of Claim

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

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

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

In the matter of the proposal of CONFORTI HOLDINGS LIMITED of the City of Markham in the Province of Ontario and the claim of _____, creditor.

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

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 28th day of September 2020, and still is, indebted to the creditor in the sum of \$_____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$_____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description.)

Regarding the amount of \$_____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$_____, I do not claim a right to a priority.

(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$_____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$_____

That in respect of this debt, I hold assets of the debtor valued at \$_____ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$_____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$_____

(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$_____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$_____.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$_____.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$_____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$_____.
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$_____.
- G. CLAIM AGAINST DIRECTOR \$_____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$_____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____.

Witness

Creditor

Phone Number: _____

Fax Number : _____

E-mail Address : _____

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

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

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

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Crowe Soberman Inc., LIT - Licensed Insolvency Trustee

2 St. Clair Ave East, Suite 1100
Toronto ON M4T 2T5
Phone: (416) 929-2500 Fax: (416) 929-2555
E-mail: Frances.Doria@CroweSoberman.com

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
CONFORTI HOLDINGS LIMITED, to record my vote _____ (for or against) the acceptance of the
proposal as made on the _____ day of _____, _____.

Dated at _____, this _____ day of _____.

Individual Creditor

Witness

Name of Corporate Creditor

Witness

Per _____
Name and Title of Signing Officer

Return To:

Crowe Soberman Inc., LIT - Licensed Insolvency Trustee
Per:

Hans Rizarri, LIT, CIRP - Licensed Insolvency Trustee
2 St. Clair Ave East, Suite 1100
Toronto ON M4T 2T5
Phone: (416) 929-2500 Fax: (416) 929-2555
E-mail: Frances.Doria@CroweSoberman.com

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

Notice of stay of proceeding

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

Date of Proposal: September 28, 2020.

Notice is hereby given that the above debtor filed a proposal.

Every proposal made in pursuance of this Act takes precedence over all judicial or other attachments, garnishments, certificates of judgment, judgments operation as hypothecs, executions or other process against the property of the debtor, except such as have been completely executed by payment to the creditor or his agent, and except also the rights of a secured creditor.

Upon the filing of a proposal made by an insolvent person or upon the bankruptcy of any debtor, no creditor with a claim provable in the proposal shall have any remedy against the debtor or his/her property or shall commence or continue any action, execution or other proceedings, for the recovery of a claim provable in bankruptcy until the consumer proposal or the amended consumer proposal as the case may be, has been withdrawn, refused, annulled, or deemed annulled or the administrator has been discharged.

Where a proposal has been made, the Sheriff or other officer of any Court or any person having seized property of the debtor under execution of attachment or any other process shall, upon receiving a copy of the proposal certified by the Estate Administrator as a true copy thereof, forthwith deliver to the Estate Administrator all the property of the debtor in his hands.

Where the Sheriff has sold the property of the debtor or any part thereof, he/she shall deliver to the Estate Administrator the money so realized by him/her less fees and the costs referred to in subsection 70 (2).

Any property of the debtor under seizure for rent or taxes shall on production of a copy of the proposal certified by the Estate Administrator as a true copy thereof be delivered forthwith to the Estate Administrator, but the costs of distress are a first charge thereon, and if such property or any part thereof has been sold, the money realized therefrom, less the costs of distress and sale shall be paid to the Estate Administrator.

Dated at the City of Toronto in the Province of Ontario, this 17th day of March 2021.

Crowe Soberman Inc., LIT - Licensed Insolvency Trustee

2 St. Clair Ave East, Suite 1100
Toronto ON M4T 2T5
Phone: (416) 929-2500 Fax: (416) 929-2555

APPENDIX

‘G’

Conforti Holdings Limited
Cash flow Projections

Month beginning after sale of building	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	TOTAL
Cash-in	\$	\$	\$	\$	\$	\$	\$	\$
Salons Revenue	-	339,404	1,863,085	2,040,522	1,951,804	1,774,367	1,685,649	9,654,831
Misc Revenue	10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000
CEWS (Note 1)	5,000	21,250	200,000	150,000	150,000	125,000	125,000	776,250
CERS (Note 1)	71,474	71,474	68,120	100,000	80,000	80,000	80,000	551,069
Total Cash-in	86,474	442,128	2,141,205	2,300,522	2,191,804	1,989,367	1,900,649	11,052,149
Cash-out								
Rent	89,343	136,240	327,689	349,301	338,495	305,459	306,077	1,852,604
Payroll	35,000	176,490	968,804	1,061,071	1,014,938	922,671	876,537	5,055,512
Head Office Payroll	7,500	7,500	7,500	7,500	7,500	7,500	7,500	52,500
CRA Source Deductions	8,400	42,358	232,513	254,657	243,585	221,441	210,369	1,213,323
Accounts payable (salons)	50,000	75,000	75,000	75,000	75,000	75,000	75,000	500,000
Accounts payable (Corp)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	175,000
Savings from sale of building	(30,389)	(30,389)	(30,389)	(30,389)	(30,389)	(30,389)	(30,389)	(212,723)
Supplies	-	61,093	335,355	367,294	351,325	319,386	303,417	1,737,870
Management Fee	56,500	56,500	56,500	56,500	56,500	56,500	56,500	395,500
Rent for Head Office	5,000	5,000	5,000	5,000	5,000	5,000	5,000	35,000
Professional Fees	40,000	40,000	40,000	40,000	40,000	40,000	40,000	280,000
EHT	15,000	15,000	20,000	20,000	20,000	20,000	20,000	130,000
Merchant Fees & Bank Charges	-	6,788	37,262	40,810	39,036	35,487	33,713	193,097
Total Cash-out	301,354	616,579	2,100,235	2,271,745	2,185,990	2,003,055	1,928,725	11,407,682
Net Cash inflow (outflow)	(214,879)	(174,452)	40,971	28,777	5,814	(13,688)	(28,076)	(355,532)
Opening cash balance (Note 2)	655,483	440,603	266,152	307,123	335,900	341,714	328,026	655,483
Net Cash (Deficit)	(214,879)	(174,452)	40,971	28,777	5,814	(13,688)	(28,076)	(355,532)
Closing cash	440,603	266,152	307,123	335,900	341,714	328,026	299,950	299,950
DIP loan								-
Closing cash	440,603	266,152	307,123	335,900	341,714	328,026	299,950	299,950

Notes:

1. Canada Emergency Rent Subsidy (CERS) & Canada Wage Subsidy (CEWS) receipts are based on management's best estimates. These amounts will be revised based on Federal Government's plan to reduce the subsidies in the coming months

2. Opening cash balance consists of the following:

	\$
Actual bank balance on April 20, 2021	855,483
Outstanding cheques	
Cash balance after outstanding items	855,483
Less estimated net cash outflow to post lockdown	(200,000)
Estimated opening cash balance	655,483

Conforti Holdings Inc.
Estimated annual cost savings from sale of building
at 7755 Warden Avenue

	Monthly	Annual
Building Costs:		
Insurance	776	9,312
Condo fees	1,400	16,800
Taxes	3,313	39,756
Utilities	3,500	42,000
Repairs and Maintenance	2,100	25,200
Warehouse staff	4,300	51,600
	<u>15,389</u>	<u>184,668</u>

Interest Payable:

Mortgage Interest RBC	7,500	90,000
Accrued interest (BE) at 6%	7,500	90,000
	<u>15,000</u>	<u>180,000</u>

Current Annual Cost	<u>30,389</u>	<u>364,668</u>
----------------------------	----------------------	-----------------------

Estimated Rent payable for office / warehouse space

Office Area	2,500	
Warehouse	2,500	
	<u>5,000</u>	60,000

Estimated net annual savings	<u>304,668</u>
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APPENDIX

‘H’

STALKING HORSE ASSET PURCHASE AGREEMENT

This Agreement is made as of the 5th day of May, 2021

BETWEEN:

CONFORTI HOLDINGS LIMITED

(The “**Vendor**”)

-and-

CICAPLUS LTD.

(the “**Purchaser**”)

RECITALS

A. On September 28, 2020, the Vendor filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) and appointed Crowe Soberman Inc. as proposal trustee (the “**Proposal Trustee**”);

B. In connection with the Vendor’s proposal proceedings, the Vendor will seek the approval of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for a “stalking horse” sale process as set out herein (the “**Sale Process**”) whereby this Agreement will serve as the stalking horse bid for the Purchased Assets (as defined herein).

C. In the event that this Agreement is selected as the Successful Bid (as defined herein) in the Sale Process, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, all of the Vendor’s rights, title and interest in and to the Purchased Assets on the terms and subject to the conditions set forth in this Agreement.

In consideration of the mutual covenants and agreements set forth in this Agreement and the sum of Two Dollars (\$2.00) paid by the Vendor and the Purchaser to the other and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby agree and declare as follows:

SECTION 1– INTERPRETATION

1.1 Definitions

The terms defined herein shall have the following meanings, unless the context expressly or by necessary implication otherwise requires:

(1) **Agreement** means this agreement including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time in accordance with the terms hereof; provided that this agreement shall constitute an offer, as set out in Section 2.1, until accepted by the Vendor;

(2) **Applicable Law** means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event;

(3) **Approval and Vesting Order** means an Order of the Court, substantially in the form attached as Schedule "B" hereto, providing for, among other things, the vesting in and to the Purchaser of all of the right, title and interest, if any, of the Vendor in and to the Purchased Assets, free and clear of all liens, charges and encumbrances, except Permitted Encumbrances;

(4) **Auction** has the meaning set out in the Bidding Procedures;

(5) **BIA** has the meaning set forth in Recital A;

(6) **Bid Deadline** has the meaning set out in the Bidding Procedures;

(7) **Bid Deposit** has the meaning set out in the Bidding Procedures;

(8) **Bidding Procedures** means the bidding procedures, substantially in the form attached hereto as Schedule "D", with milestone dates therein to be settled on or before the date of the Sale Process Order;

(9) **Business Day** means any day of the year, other than a Saturday, Sunday, or any day on which Canadian chartered banks are closed in Toronto, Ontario, Canada;

(10) **Court** has the meaning set forth in Recital B;

(11) **Closing** means the completion of the Transaction;

(12) **Closing Date** means the date that is ten (10) Business Day following the date on which the Approval and Vesting Order is granted or such later or earlier date as agreed to by the Parties;

(13) **Deposit** has the meaning set forth in Section 2.2(a);

(14) **Encumbrances** means all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging or creating a security interest in the Purchased Assets or any part thereof or interest therein, and any agreements, leases, options, easements, rights-of-way, restrictions, executions or other encumbrances, including notices or other registrations in respect of any of the foregoing, affecting title to the Purchased Assets or any part thereof or interest therein.;

(15) **ETA** means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended;

(16) **Governmental Authority** means any Canadian federal, provincial, state, municipal or local, or other government, governmental, regulatory, or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body, or any comparable body to the foregoing in the United States of America, having jurisdiction over the Purchased Assets;

(17) **GST/HST** means taxes, interest, penalties, and fines imposed under Part IX of the ETA;

(18) **Income Tax Act** means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

- (19) **Incremental Amount** has the meaning set out in the Bidding Procedures;
- (20) **Known Potential Bidders** has the meaning set out in the Bidding Procedures;
- (21) **NDA** has the meaning set out in the Bidding Procedures;
- (22) **Party** means the Purchaser and the Vendor;
- (23) **Permitted Encumbrances** means those Encumbrances set forth in Schedule "E";
- (24) **Person** means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority, and pronouns have a similarly extended meaning;
- (25) **Proposal Trustee** has the meaning set forth in Recital A;
- (26) **Proposal Trustee's Certificate** means the certificate of the Proposal Trustee contemplated by the Approval and Vesting Order as attached hereto as Schedule "C", certifying that the Proposal Trustee has received written confirmation in form and substance satisfactory to the Proposal Trustee from the Parties that all conditions of Closing have been satisfied or waived by the applicable Parties;
- (27) **Prospective Purchaser** has the meaning set forth in the Bidding Procedures;
- (28) **Purchased Assets** means 7755 Warden Avenue, unit 2, level 1, Markham, Ontario L3R 0N3;
- (29) **Purchase Price** has the meaning set forth in Section 2.2;
- (30) **Qualified Bidder** has the meaning set forth in the Bidding Procedures;
- (31) **Qualified Bids** has the meaning set forth in the Bidding Procedures;
- (32) **Representative** means, in respect of a Party, each director, officer, employee, agent, affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party's affiliates;
- (33) **Sale Process** has the meaning set forth in Recital B;
- (34) **Sale Process Order** means the order of the Court to be sought approving (i) the Sale Process, and (ii) this Agreement for purposes of acting as stalking horse bidder;
- (35) **Secured Debt** has the meaning set out in Section 2.2(b);
- (36) **Successful Bid** has the meaning set out in the Bidding Procedures;
- (37) **Successful Bidder** has the meaning set out in the Bidding Procedures;
- (38) **Stalking Horse APA** has the meaning set out in the Bidding Procedures;
- (39) **Stalking Horse Bid** has the meaning set out in Section 4.1(2);
- (40) **Stalking Horse Bidder** has the meaning set out in the Bidding Procedures;

(41) **Teaser** has the meaning set out in the Bidding Procedures;

(42) **Time of Closing or Closing Time** means 2:00 p.m. Toronto time on the Closing Date or as otherwise determined by mutual agreement of the Parties in writing;

(43) **Transaction** means the transaction of purchase and sale contemplated by this Agreement; and

(44) **Transfer Taxes** means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including sales taxes but excluding any taxes imposed or payable under the Income Tax Act and any other applicable income tax legislation.

1.2 Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement,” “hereof,” “hereunder” and similar expressions refer to this Agreement and not to any particular section, subsection, or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to “Sections” are to sections, subsections, and further subdivisions of sections of this Agreement.

1.3 Extended Meanings

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including without limitation.”

1.4 Statutory References

Each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended, or re-enacted from time to time.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Schedules

The following are the Schedules to this Agreement:

Schedule “A” – Draft Sale Process Order

Schedule “B” – Draft Approval and Vesting Order

Schedule “C” – Proposal Trustee’s Certificate

Schedule “D” – Bidding Procedures

Schedule “E” – Permitted Encumbrances

SECTION 2– OFFER

2.1 Offer

Subject to satisfaction of the conditions set out in Sections 5.1, 5.2 and 5.3 hereof, this Agreement, once executed by the Purchaser, shall constitute a valid and binding offer to purchase by the Purchaser.

2.2 Purchase Price

The consideration payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be the sum of \$3,531,350.00, comprised of:

- (a) \$100,000.00 deposit to be paid to the Proposal Trustee upon acceptance of this Agreement by the Vendor (the “**Deposit**”); and
- (b) assumption of:
 - (i) the \$1,931,350.00 owing to Antonio Conforti pursuant to the Assignment of Debt and Security Agreement, dated with effect as of October 15, 2020, between the Vendor, Royal Bank of Canada, and Antonio Conforti; and
 - (ii) the \$1,500,000.00 owing to Beauty Experts Inc. pursuant to the General Security Agreement, dated March 2, 2010, between the Vendor and Beauty Experts Inc.

(together, the “**Secured Debt**”).

2.3 Deposit

Subject to Section 2.4 below, the Vendor’s obligation to repay the Deposit shall arise if the Purchaser is not the Successful Bidder, unless the Deposit is forfeited in accordance with this Agreement. For greater certainty, no further notice or demand shall be required to be delivered by the Purchaser to the Vendor to trigger the Vendor’s repayment obligations under this Section 2.3.

2.4 Failure to Close

If the Purchaser is the Successful Bidder and the Transaction does not close as a result of a breach of this Agreement by the Purchaser, the Purchaser shall be deemed to have immediately forfeited the Deposit.

2.5 Payment of Purchase Price

Provided that all conditions precedent to Closing have been satisfied or waived in accordance with Article 5, the Purchase Price shall be paid and satisfied on Closing by the Purchaser’s assumption of the Secured Debt, and the waiver, release and discharge of the security provided by the Vendor in connection with the Secured Debt.

2.6 Legal Fees and Costs

The Purchaser shall pay its own legal costs and fees payable in connection with the Transaction, if any.

2.7 Transfer Taxes

The Parties agree that:

- (a) the Purchase Price is exclusive of all Transfer Taxes and the Purchaser shall be liable for and shall pay any and all applicable Transfer Taxes pertaining to the Purchaser's acquisition of the Purchased Assets; and
- (b) the Purchaser shall pay any applicable Transfer Taxes on the Purchaser's acquisition of the Purchased Assets in addition to the Purchase Price, either to the Proposal Trustee on behalf of the Vendor, or directly to the appropriate Governmental Authority, as required by Applicable Law.

SECTION 3– REPRESENTATIONS AND WARRANTIES

3.1 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor is not aware of any action or proceeding pending or threatened against it which may affect its right to convey any of the Purchased Assets or in any way restrain or prohibit the completion of the Transaction;
- (b) the Vendor is not, and at the time of Closing will not be, a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada);
- (c) subject to the approval of the Court, the Vendor has right, power and authority to market any or all of the Purchased Assets for sale and to sell, convey, transfer, lease or assign the Purchased Assets in accordance with and subject to the terms and conditions of this Agreement;
- (d) the Vendor is a corporation incorporated and validly existing under the Provincial laws of Ontario and has not been discontinued or dissolved under such law. Vendor has the corporate power and capacity to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Vendor. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by the Vendor, and (assuming due authorization, execution, and delivery by Purchaser), this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms;

- (e) the Vendor is registered under Part IX of the ETA and the Vendor's HST number is 126597194 RT0001; and
- (f) Spousal consent is not necessary to this transaction under the provisions of the *Family Law Act*, R.S.O. 1990, c. F.3, as amended.

3.2 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation existing under the laws of the Province of Ontario, and has full corporate power and authority to enter into and carry out this Agreement and the Transaction;
- (b) the entering into of this Agreement and all other documents contemplated hereunder to which the Purchaser is a party and the consummation of the Transaction have been duly authorized by all requisite corporate action;
- (c) other than the Approval and Vesting Order, no consent, approval, waiver or authorization is required to be obtained by the Purchaser from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated hereby.
- (d) this Agreement and all other documents contemplated hereunder to which the Purchaser is a party have been or will be, as at the Closing Time, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (e) the Purchaser has entered into this Agreement and will be completing the Transaction on its own account, not as an agent;
- (f) on, or prior to, the Closing Date, the Purchaser shall be registered under Part IX of the ETA and the Purchaser shall provide the Vendor with its HST number; and
- (g) the Purchaser has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any application for a bankruptcy order filed against it, has not taken any proceeding and no proceeding has been taken to have a receiver appointed over any of its assets, has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property.

3.3 "As is, Where is"

- (1) The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as the Purchased Assets shall exist on the Closing Date and no adjustments shall be made for any changes in the condition of the Purchased Assets, unless otherwise agreed to herein. The Purchaser further acknowledges that it has entered into this Agreement on the basis 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 any particular use or purpose, merchantability, condition, assignability, value or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell same. Without limiting the generality of the foregoing: no representation or warranty is made with respect to the accuracy or completeness of any information provided by the Vendor and its Representatives to the Purchaser in connection with this Transaction.

- (2) The Purchaser shall have reasonable access to the Purchased Assets on reasonable notice to the Vendor for the purposes of conducting inspections prior to the Closing Date.
- (3) The Vendor agrees to provide any authorization required to allow the Purchaser's solicitor to perform searches for the purposes of conducting reviews prior to the Closing Date.

3.4 Limitations

With the exception of the Vendor's representations and warranties in Section 3.1 and the Purchaser's representations and warranties in Section 3.2, none of the Vendor or the Purchaser, or their respective Representatives make, have made, or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity in respect of the Vendor, the Purchaser or the Purchased Assets or the sale and purchase of the Purchased Assets pursuant to this Agreement.

SECTION 4– SALE PROCESS

4.1 Bidding Procedures

- (1) The Vendor and the Purchaser acknowledge that this Agreement and the Transaction contemplated hereby are subject to Court approval.
- (2) The Vendor and the Purchaser acknowledge and agree that the Vendor shall apply to the Court by no later than May 25, 2021 or such other date as may be mutually agreed upon, for the Sale Process Order, inter alia, recognizing this Agreement and, in particular, the Purchase Price, as a baseline or “stalking horse bid” (the “**Stalking Horse Bid**”) and approving the Bidding Procedures in accordance with the terms of this Agreement.
- (3) The Parties will use commercially reasonable efforts to have the Sale Process Order issued. The Purchaser acknowledges that the Bidding Procedures are in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.

4.2 Court-Specified Time Periods

Where any of the time periods specified in Schedule “D” hereof are subject to be established by Court order, and in the event that the Court establishes a date different than the date set out in this Agreement, then the corresponding date established by such provisions of this Agreement shall be deemed to be amended to accord with the Court established date.

SECTION 5– CONDITIONS TO CLOSING

5.1 Conditions Precedent in Favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Closing Date shall have been complied with or performed in all material respects;
- (b) the Vendor shall have delivered or caused to be delivered to the Purchaser each of the items listed in Section 6.2; and
- (c) all representations and warranties of the Vendor contained in this Agreement shall be true in all material respects as of the Closing Date with the same effect as though made on and as of that date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 5.1 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 5.1 is not satisfied or performed on or prior to the Closing Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

5.2 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made as of that time and the Purchaser shall deliver to the Vendor a certificate signed by a representative of the Purchaser to that effect (provided that acceptance of such evidence and the completion of the Transaction contemplated hereunder shall not be a waiver of such representations and warranties);
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) the Purchaser shall have delivered or caused to be delivered to the Vendor each of the items listed in Section 6.3.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 5.2 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set out in Section 5.2 is not satisfied or performed on or prior to the Closing Date, the Vendor may elect on written notice to the Purchaser to terminate this Agreement.

5.3 Conditions Precedent in favour of both the Purchaser and the Vendor

- (1) Neither party shall be obligated to complete the transactions contemplated by this Agreement unless the following conditions have been fulfilled:
 - (a) the Sale Process Order shall have been granted on terms satisfactory to the Purchaser and Vendor, each acting reasonably, and the Purchaser shall have been selected as the Successful Bidder;
 - (b) the Approval and Vesting Order shall have been obtained and shall not have been stayed, varied or vacated;
 - (c) no order shall have been issued by a Governmental Authority which restrains or prohibits the completion of the Transaction; and
 - (d) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser. If the conditions set out in this Section 5.3 are not satisfactorily performed or mutually waived on or before the Closing Date, any Party shall have the option to terminate this Agreement upon written notice to the other Party.

- (2) The Purchaser acknowledges and agrees that the Sale Process is in contemplation of determining whether one or more qualified bids can be obtained for the Purchased Assets.
- (3) The Vendor covenants that it will use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Section 5.1 and Section 5.3 hereof and the Purchaser covenants to use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Sections 5.2 and 5.3 hereof prior to the times specified therefor.

SECTION 6– CLOSING

6.1 Closing

Subject to the conditions set out in this Agreement, the completion of the Transaction shall take place at the Closing Time at the offices of Scalzi Professional Corporation, solicitors for the Purchaser, at the Time of Closing or at such other location(s) as are agreed upon by the Parties and the Parties shall exercise commercially reasonable efforts to cause Closing to occur at the Closing Time.

6.2 Vendor's Deliveries on Closing

At or before the Closing Time, upon fulfilment by the Purchaser of all the conditions herein in favour of the Vendor which have not been waived in writing by the Vendor, the Vendor shall deliver the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a copy of the issued and entered Approval and Vesting Order;

- (b) a copy of the Proposal Trustee's Certificate;
- (c) all documents and instruments, executed by the Vendor as may be necessary or desirable to convey and transfer title to any of the Purchased Assets to the Purchaser; and
- (d) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement and convey title to the Purchased Assets to the Purchaser.

6.3 Purchaser's Deliveries on Closing

At or before the Closing Time, upon fulfilment by the Vendor of all the conditions herein in favour of the Purchaser which have not been waived by the Purchaser, the Purchaser shall execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) agreements reflecting the assumption of the Secured Debt by the Purchaser contemplated by Section 2.5;
- (b) waiver, release and discharge of the security contemplated in respect of the Vendor by Section 2.5;
- (c) payment of Transfer Taxes required by Applicable Law to be collected by any Vendor;
- (d) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all respects the covenants to be performed by it prior to the Closing Time;
- (e) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

6.4 Risk

Until completion of this Agreement on the Closing Date, the Purchased Assets shall be and remain at the risk of the Vendor, except as otherwise provided in this Section 6.4. In the event of any damage to the Purchased Assets on or before the Closing Date, the Purchaser may elect (i) to require the Vendor to repair the Purchased Assets to the same state and condition as it was in at the time this Agreement was entered into in which event the Purchaser will complete the Transaction without an abatement in the Purchase Price; or (ii) to reduce the Purchase Price by an amount equal to the cost required to complete the repair as estimated by an independent qualified architect or engineer retained by the Vendor in which event the Purchaser will complete the Transaction and accept the price reduction equal to such cost; or (iii) if such damage is in excess of \$50,000, to terminate this Agreement and neither party shall have any further rights or obligations under this Agreement.

6.5 Possession of Purchased Assets

On Closing, the Purchaser shall take possession of the Purchased Assets wherever situate at Closing. The Purchaser acknowledges that the Vendor has no obligation to deliver

physical possession of the Purchased Assets to the Purchaser. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied or waived by the Purchaser or Vendor, as applicable, and the Purchaser has satisfied all delivery requirements outlined in Section 6.3.

6.6 Tender

Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors on the Closing Date.

6.7 Adjustments

Any rents, 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 Closing Date, the Closing Date itself to be apportioned to the Purchaser.

6.8 Property Assessment

The Purchaser and the Vendor hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Purchaser and Vendor agree that no claim will be made against the Purchaser or Vendor, or any brokerage, broker or salesperson, for any changes in property tax as a result of a re-assessment of the Purchased Assets, save and except any property taxes that accrued prior to completion of the Transaction.

6.9 Dispute Resolution

If any dispute arises with respect to any matter related to the Transaction or the interpretation or enforcement of this Agreement such dispute will be determined by the Court, or by such other Person or in such other manner as the Court may direct or as mutually agreed upon by the Vendor and the Purchaser.

6.10 Termination

- (1) This Agreement may be terminated at any time prior to the Closing Time by mutual written agreement of the Vendor and the Purchaser and on consent of the Proposal Trustee.
- (2) This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:
 - (a) a condition precedent has not been satisfied or waived pursuant to and in accordance with Section 5 and a Party entitled to terminate this Agreement as a result thereof has delivered written notice of termination pursuant to Section 5 (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement); or
 - (b) Closing shall not have occurred on or prior to the Closing Time and the Purchaser shall have delivered written notice of termination to the other Parties terminating this Agreement as a result thereof (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement).

6.11 Effects of Termination and Closing

- (1) If this Agreement is terminated pursuant to Section 6.10, all further obligations of the parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of this Section 6.11, each of which will survive termination.
- (2) If the Transaction is not completed by the Closing Time solely as a result of the Vendor's failure to perform any of their obligations under this Agreement, then the Deposit shall become due and payable to the Purchaser in accordance with the terms of this Agreement.
- (3) Under no circumstance shall either of the Parties, or their Representatives be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein

SECTION 7– GENERAL

7.1 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the recipients as follows:

in the case of the Purchaser:

CicaPlus Ltd.
Attention: Floriana Ottaviani
Email: floriana@yourspacesalons.ca

with a copy to:

Scalzi Professional Corporation
868A Eglinton Avenue West
Toronto, Ontario
M6C 2B6

Attention: Carmine Scalzi
Email: cscalzi@scalzilaw.com

in the case of the Vendor:

Conforti Holdings Limited
Attention: Floriana Ottaviani
Email: floriana@yourspacesalons.ca

with copies to:

Crowe Soberman Inc.
Licensed Insolvency Trustee
2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5

Attention: Hans Rizarri
Email: hans.rizarri@crowesoberman.com

And

Goldman Sloan Nash & Haber LLP
Suite 1600, 480 University Avenue
Toronto, ON M5G 1V2

Attention: Brendan Bissell
Email: bissell@gsnh.com

And

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1

Attention : Kevin Sherkin & Bobby Sachdeva
Email: ksherkin@millerthomson.com
Email: bsachdeva@millerthomson.com

or to such other address, individual or electronic communication number as may be designated by notice given by either Party to the other. Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

7.2 Time of Essence

Time shall, in all respects, be of the essence hereof provided that the time for doing or completing any matter provided herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser.

7.3 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing and the covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

7.4 Expenses

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses, subject to any rights either Party may have to have any such fees included in any security held by that Party against the assets of the Vendor.

7.5 Third Party Beneficiaries

Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto and their successors and permitted assigns, and no person, other than the Parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

7.6 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

7.7 Entire Agreement

This Agreement constitutes the only agreement between the Parties with respect to the subject matter hereof and supersedes any and all prior negotiations, provisions, covenants, agreements, understandings and representations on that subject, all of which have become merged and finally integrated into this Agreement.

7.8 Amendments

This Agreement may only be amended, modified or supplemented by a written agreement signed by the Parties.

7.9 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the Party to be bound thereby.

7.10 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

7.11 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 therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

7.12 Planning Act

This Agreement shall be effective to create an interest in the Purchased Assets only if the Vendor complies with the subdivision control provisions of the *Planning Act*, R.S.O. 1990, c. P. 13, as amended, by completion and the Vendor covenants to proceed diligently at its expense to obtain any necessary consent by completion.

7.13 Benefit of Agreement

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

7.14 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

7.15 Counterparts

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original and all of which taken together constitute one and the same instrument. Transmission by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

7.16 Assignment and Enurement

This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, without the prior written consent of the Vendor or the Proposal Trustee, provided that such assignee is a related party of the Purchaser and (i) the Purchaser shall provide prior notice of such assignment to the Vendor prior to the grant of the Approval and Vesting Order, and (ii) such assignee shall agree to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.

7.17 Proposal Trustee's Certificate

The Parties acknowledge and agree that the Proposal Trustee shall be entitled to deliver to the Purchaser, and file with the Court, the executed Proposal Trustee's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Proposal Trustee shall have no liability to the Parties in connection therewith. The Parties further acknowledge and agree that (i) upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Proposal

Trustee may deliver the executed Proposal Trustee's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Proposal Trustee's written confirmation that all such funds have been received, the Proposal Trustee's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

[signature page follows]

IN WITNESS WHEREOF the Vendor and the Purchaser have executed this Agreement as of the day and year first above written

Purchaser:

CICAPLUS LTD.

By: 

Name: **ANTONIO CONFORTI**

Title: **PRESIDENT**

I have authority to bind the corporation

Vendor:

CONFORTI HOLDINGS LIMITED

By: 

Name: **ANTONIO CONFORTI**

Title: **PRESIDENT**

I have authority to bind the corporation

SCHEDULE “A”
DRAFT SALE PROCESS ORDER

District: Ontario
Division No. 09-Toronto
Court No.: 31-2675583
Estate No. 31-2675583

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

ORDER

(Approval of Stalking Horse Sales Process and Stalking Horse APA)

THIS MOTION, made by Conforti Holdings Limited (“**Conforti**”) for an order approving the stalking horse sales process substantially in the form attached as Schedule “A” hereto (the “**Stalking Horse Sales Process**”) and (ii) approving the Stalking Horse APA (defined below), was heard this day by videoconference due to the COVID-19 pandemic.

ON READING the Affidavit of Antonio Conforti, sworn May 7, 2021, the Report of Crowe Soberman Inc., in its capacity as Proposal Trustee of Conforti (the “**Proposal Trustee**”), dated May ●, 2021 (the “**Fourth Report**”), and on hearing the submissions of counsel for the Proposal Trustee, counsel for Conforti, and counsel for those other

parties appearing as indicated by the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

DEFINED TERMS

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Stalking Horse APA, and the Stalking Horse Sales Process.

SERVICE

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

STALKING HORSE SALES PROCESS

3. **THIS COURT ORDERS** that the Stalking Horse Sales Process (subject to any amendments thereto that may be made in accordance therewith and as may be agreed to by the Proposal Trustee) is hereby approved.

4. **THIS COURT ORDERS** that the Proposal Trustee and its advisors are hereby authorized and directed to carry out the Stalking Horse Sales Process and to take such steps and execute such documentation as may be necessary or incidental to the Stalking Horse Sales Process, subject to the terms of the Stalking Horse Sales Process and prior approval of this Court being obtained before completion of any transactions under the Stalking Horse Sales Process.

5. **THIS COURT ORDERS** that the Proposal Trustee and Conforti, and their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the Stalking Horse Sales Process, except to the extent of such losses, claims, damages, or liabilities arising or resulting from the gross negligence or wilful misconduct of the Proposal Trustee or Conforti, as applicable, as determined by this Court.

STALKING HORSE APA

6. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by Conforti of the Stalking Horse Asset Purchase Agreement, dated as of May 5, 2021 (the “**Stalking Horse APA**”) between Conforti, as Vendor, and Cicaplus Ltd., as Stalking Horse Bidder, substantially in the form attached as Appendix ● to the Fourth Report is hereby ratified, authorized and approved, provided, however, that nothing herein approves the sale or the vesting of the Purchased Assets to the Stalking Horse Bidder pursuant to the Stalking Horse APA, and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion to this Court following completion of the sale process pursuant to the terms of the Stalking Horse Sales Process if the Stalking Horse Bidder is the Successful Bidder.

7. **THIS COURT ORDERS** that the Stalking Horse APA is hereby approved and accepted solely for the purposes of being the Stalking Horse Bid under the Stalking Horse Sales Process and subject to the further Order of the Court referred to in paragraph 6 above.

APPROVAL OF REPORT

8. **THIS COURT ORDERS** that the Fourth Report, together with the conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

GENERAL

9. **THIS COURT ORDERS** that the Proposal Trustee or Conforti may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their power and duties under this Order or under the Stalking Horse Sales Process

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this order and to assist the Proposal Trustee, Conforti and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Conforti and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist Conforti and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

SCHEDULE “A”

STALKING HORSE SALES PROCESS

Schedule “A”

STALKING HORSE SALES PROCESS

Bidding Procedures

On September 28, 2020, Conforti Holdings Limited (the “**Vendor**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3, as amended and Crowe Soberman Inc. was appointed proposal trustee (the “**Proposal Trustee**”).

Set forth below are the bidding procedures (the “**Bidding Procedures**”) to be employed with respect to the solicitation of any sale of the property municipally known as 7755 Warden Avenue, unit 2, level 1, Markham, Ontario L3R 0N3 (the “**Purchased Assets**”) pursuant to a Court approved sale process in the Vendor’s proposal proceedings.

On May ●, 2021, the Court issued an order (the “**Sale Process Order**”), among other things, (i) authorizing the Proposal Trustee to commence a sale process (the “**Sale Process**”) to market and sell the Purchased Assets in accordance with these Bidding Procedures, and (ii) approving the asset purchase agreement dated May 5, 2021 (the “**Stalking Horse APA**”) between the Vendor and Cicaplus Ltd. (the “**Stalking Horse Bidder**”) as a “stalking horse” bid in the Sales Process (the “**Stalking Horse Bid**”).

Subject to Court availability and the terms hereof, within ten (10) business days following the selection of the Successful Bidder (as defined herein), the Vendor shall bring a motion seeking the granting of an order by the Court (the “**Approval and Vesting Order**”) authorizing the Vendor to proceed with the sale of the Purchased Assets to the Qualified Bidder (as defined herein) making the highest or otherwise best bid (the “**Successful Bid**”) pursuant to these Bidding Procedures (the “**Successful Bidder**”).

Opportunity

1. The Sale Process is intended to solicit offers for the Purchased Assets that are superior to the Stalking Horse Bid. The Proposal Trustee will be responsible for conducting the Sale Process and an auction (the “**Auction**”), if applicable.
2. Any sale of the Purchased Assets will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Vendor, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Vendor in and to the Purchased Assets to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.
3. Except as otherwise provided in the Stalking Horse APA or another Successful Bidder’s ultimate definitive purchase agreement, and subject to any permitted encumbrances therein, all of the Vendor’s right, title and interest in and to the Purchased Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order.

Solicitation of Interest: Notice of Sale Process

4. As soon as is reasonably practicable and, in any event, by no later than June 1, 2021:
 - (a) the Proposal Trustee will cause the Purchased Assets to be listed for sale on the Multiple Listing Service with a real estate broker;
 - (b) the Proposal Trustee will prepare a list of potential bidders, including: (i) parties that have approached the Vendor or the Proposal Trustee indicating an interest in the Purchased Assets; and (ii) strategic and financial parties who the Proposal Trustee believes may be interested in purchasing the Purchased Assets (the “Known Potential Bidders”);
 - (c) the Proposal Trustee shall advertise for sale the Purchased Assets in **The National Post (National Edition)**;
 - (d) the Proposal Trustee will prepare a summary (the “**Teaser**”) describing the Purchased Assets, outlining the Sale Process and inviting recipients of the Teaser to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee (“**NDA**”).
5. The Proposal Trustee will send the Teaser to all Known Potential Bidders by no later than June 4, 2021 and to any other party who requests a copy of the Teaser, or who is identified to the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Due Diligence

6. Any party who wishes to participate in the Sale Process (a “**Prospective Purchaser**”) must provide the Proposal Trustee with an executed NDA and written confirmation of the identity of the Prospective Purchaser, and the contact information for such Prospective Purchaser.
7. The Proposal Trustee shall make available to those Prospective Purchasers who have signed an NDA and provided the requisite written confirmation and contact information access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers, unless the Proposal Trustee determines such person is unlikely, based on the availability of financing, experience and other considerations, to be able to consummate a sale pursuant to the Sale Process. The Stalking Horse Bidder may have access to the data room.
8. Prospective Purchasers must rely solely on their own independent review, investigation and/or inspection of all information and of the Purchased Assets in connection with their participation in the Sale Process and any transaction they enter into with the Vendor.

Qualified Bids

9. Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite

1100 Toronto, ON M4T 2T5, Attention: Hans Rizarri, or by email at hans.rizarri@crowesoberman.com, by 5:00 p.m. (Toronto time) on July 9, 2021 (the “**Bid Deadline**”)

10. The Proposal Trustee in its sole discretion shall determine whether any offers are “**Qualified Bids**”. A Qualified Bid shall mean an offer to purchase the Purchased Assets that is substantially the same or better than the Stalking Horse APA, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - (a) the offer is submitted on or before the Bid Deadline by a Prospective Purchaser;
 - (b) the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror’s chief officer or other appropriate senior executive’s approval of the contemplated transaction must be submitted with the offer;
 - (c) the offer must be submitted in writing and include a blackline of the offer to the Stalking Horse APA, reflecting the Prospective Purchaser’s proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - (d) the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer (“**Bid Deposit**”) which shall be held in trust by the Proposal Trustee’s solicitors and disbursed only as follows: (i) if the Prospective Purchaser becomes the Successful Bidder, its Bid Deposit will be applied without interest on Closing to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Prospective Purchaser is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the determination by the Proposal Trustee that its offer was not selected as the Successful Bid;
 - (e) the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;
 - (f) the offer must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse APA, in the opinion of the Proposal Trustee, and shall not contain any provisions for a break fee or expense reimbursement;
 - (g) the offer must contemplate purchase of the Purchased Assets on an “as is, where is” basis;
 - (h) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror’s obligation to complete the transaction that are not otherwise contained in the Stalking Horse APA;
 - (i) the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources;
 - (j) the offer must contain a target closing date that, in the opinion of the Proposal Trustee, is likely to be achieved;

- (k) the offer must be for a price equal to or greater than the sum of the Purchase Price, and **\$150,000**;
- (l) unless the written consent of a secured creditor of the Vendor had been obtained for the assumption of the debt owing to such secured creditor and has been provided to the Proposal Trustee, the price of an offer must be comprised solely of cash payable at closing.

11. The Proposal Trustee may waive compliance with any one or more of these requirements and deem such non-compliant bid to be a Qualified Bid.
12. Following the Bid Deadline, the Proposal Trustee will assess the Qualified Bids. If no Qualified Bids are received or, in the opinion of the Proposal Trustee, no bids constitute Qualified Bids, the Proposal Trustee may determine that an Auction is not required and may select the Stalking Horse Bidder as the Successful Bidder and proceed to bring a motion for an Approval and Vesting Order in respect of the transaction contemplated by the Stalking Horse APA.
13. If one or more Qualified Bids are received, each bidder who submitted a Qualified Bid will be deemed a **“Qualified Bidder”**. The Proposal Trustee shall invite all Qualified Bidders to attend the Auction.
14. Notwithstanding these bid requirements, the Stalking Horse APA is deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder.

Auction

15. If the Proposal Trustee receives one or more Qualified Bids by the Bid Deadline, the Proposal Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Stalking Horse Bidder to attend an auction (the **“Auction”**). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Proposal Trustee or virtually by videoconference facility established by the Proposal Trustee.
16. The Proposal Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$100,000, or such other amount as the Proposal Trustee determines to facilitate the Auction (the **“Incremental Amount”**). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Proposal Trustee in its sole discretion.

Successful Bid

17. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Proposal Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the **“Successful Bid”**), subject to Court approval. The presentation

of the Successful Bid to the Court for approval does not obligate the Vendor to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Vendor will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing of the motion for the Approval and Vesting Order.

18. Subject to Court availability, the Proposal Trustee shall make a motion to the Court to obtain approval of the Successful Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.
19. The deposits submitted with all Qualified Bids (except the Successful Bid), shall be held in escrow by the Proposal Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Successful Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Successful Bid, the Proposal Trustee shall return the deposit submitted with such bid to the bidder that submitted the Successful Bid (the "**Successful Bidder**") forthwith. If the Successful Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Successful Bid, the Proposal Trustee shall not have any obligation to return the deposit submitted with the Successful Bid and such deposit shall be retained by the Proposal Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Proposal Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
20. Subject to the Sale Process Order, the Proposal Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

Miscellaneous

21. The Sale Process and these Bidding Procedures are solely for the benefit of the Proposal Trustee and the Vendor and nothing contained in the Sale Process Order or these Bidding Procedures shall create any rights in any other person (including, without limitation, any bidder in the Sale Process and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Sale Process Order. The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.
22. Except as otherwise provided in an order of the Court, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order, the Sale Process and the Bidding Procedures

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

SALE PROCESS APPROVAL ORDER

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Bobby Sachdeva LSO #: 34454C
Tel: 905.532.6670
bsachdeva@millerthomson.com

Erin Craddock LSO #: 622828J
Tel: 416.595.8631
ecraddock@millerthomson.com

Lawyers for Conforti Holdings Inc.

SCHEDULE “B”
DRAFT APPROVAL AND VESTING ORDER

District: Ontario
Division No. 09-Toronto
Court No.: 31-2675583
Estate No. 31-2675583

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) , THE
JUSTICE) DAY OF , 2021
)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CONFORTI HOLDINGS LIMITED

APPROVAL AND VESTING ORDER

THIS MOTION, made by Crowe Soberman Inc. in its capacity as the proposal trustee (the “**Proposal Trustee**”) of Conforti Holdings Limited (“**Conforti**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an stalking horse asset purchase agreement (the “**Sale Agreement**”) between Conforti and Cicaplus Ltd. (the “**Purchaser**”) dated May 5, 2021 and appended to the Report of the Proposal Trustee dated ● (the “● Report”), and vesting in the Purchaser Conforti’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day by videoconference due to the COVID-19 pandemic.

ON READING the ● Report and on hearing the submissions of counsel for the Proposal Trustee, counsel for Conforti and counsel for the Purchaser, no one appearing for any other

person on the service list, although properly served as appears from the affidavit of service, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement is hereby authorized and approved, with such minor amendments as Conforti and the Purchaser may deem necessary. Conforti is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Proposal Trustee's Certificate**"), all of Conforti's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Conway dated October 26, 2020; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, R.S.O. 1990, c. P. 10, as amended, or any other personal property registry system; and (iii) those Claims listed on Schedule B hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for York Region of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, R.S.O. 1990, c. L. 5, as amended, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule A hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule B hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”) in respect of Conforti and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Conforti;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Conforti and shall not be void or voidable by creditors of Conforti, nor shall it constitute nor be deemed to be a fraudulent

preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

Schedule A – Form of Proposal Trustee’s Certificate

District: Ontario
Division No. 09-Toronto
Court No.: 31-2675583
Estate No. 31-2675583

ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CONFORTI HOLDINGS LIMITED

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

A. On September 28, 2020, Conforti Holdings Limited (“**Conforti**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and Crowe Soberman Inc. was appointed proposal trustee (“**Proposal Trustee**”).

B. Pursuant to an Order of the Court dated ●, 2021, the Court approved the stalking horse purchase agreement made as of May 5, 2021 (the “**Sale Agreement**”) between Conforti and Cicaplus Ltd. (the “**Purchaser**”) and provided for the vesting in the Purchaser of Conforti’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Section 5 of the Sale Agreement have been satisfied or waived by Conforti and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and Conforti has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Section 5 of the Sale Agreement have been satisfied or waived by Conforti and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at ● on ●. 2021.

**Crowe Soberman Inc., in its capacity as
Proposal Trustee of Conforti Holdings
Limited, and not in its personal capacity**

Per: _____

Name: _____

Title: _____

Schedule A – Real Property

Property Description: UNIT 2, LEVEL 1, YORK REGION STANDARD CONDOMINIUM PLAN NO. 1092 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : PT BLK 17 PL M1915, PTS 1 & 2 65R29659, MARKHAM; S/T & T/W AS SET OUT IN SCHEDULE 'A' OF DECLARATION YR1022011

Schedule B – Claims to be deleted and expunged from title to Real Property

Reg. Num.	Date	Instrument Type	Parties From	Parties To
YR2371395	2015/10/14	CHARGE	CONFORTI HOLDINGS LIMITED	ROYAL BANK OF CANADA

**Schedule C – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

Reg. Num.	Date	Instrument Type	Parties From	Parties To
LA803357	1979/10/02	NO SUB AGREEMENT		THE CORPORATION OF THE TOWN OF MARKHAM
YR157161	2002/06/12	NOTICE	THE CORPORATION OF THE TOWN OF MARKHAM	TALISKER (100 GOUGH) GP INC.
YR159402	2002/06/17	APL ANNEX REST COV	TALISKER (100 GOUGH) GP INC.	
YR780308	2006/02/22	NOTICE	THE CORPORATION OF THE TOWN OF MARKHAM	2067043 ONTARIO INC.
YR987438	2007/05/18	TRANSFER EASEMENT	2067043 ONTARIO INC.	THE CORPORATION OF THE TOWN OF MARKHAM
YRCP1092	2007/07/23	PLAN CONDOMINIUM		
YR1022011	2007/07/23	DECLARATION CONDO	2067043 ONTARIO INC.	
YR1031658	2007/08/07	CONDO BYLAW/98	YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1092	

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CONFORTI
HOLDINGS LIMITED**

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue Suite 1600
Toronto, ON M5G 1V2

Brendan Bissell LSO #: 40354V
Tel: 416.597.6489
Email: bissell@gsmnh.com

Lawyer for the Proposal Trustee

SCHEDULE “C”
PROPOSAL TRUSTEE’S CERTIFICATE

Schedule A – Form of Proposal Trustee’s Certificate

District: Ontario
Division No. 09-Toronto
Court No.: 31-2675583
Estate No. 31-2675583

ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF CONFORTI HOLDINGS LIMITED

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

A. On September 28, 2020, Conforti Holdings Limited (“**Conforti**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and Crowe Soberman Inc. was appointed proposal trustee (“**Proposal Trustee**”).

B. Pursuant to an Order of the Court dated ●, 2021, the Court approved the stalking horse purchase agreement made as of May 5, 2021 (the “**Sale Agreement**”) between Conforti and Cicaplus Ltd. (the “**Purchaser**”) and provided for the vesting in the Purchaser of Conforti’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Section 5 of the Sale Agreement have been satisfied or waived by Conforti and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and Conforti has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Section 5 of the Sale Agreement have been satisfied or waived by Conforti and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at ● on ●. 2021.

**Crowe Soberman Inc., in its capacity as
Proposal Trustee of Conforti Holdings
Limited, and not in its personal capacity**

Per: _____

Name: _____

Title: _____

SCHEDULE “D”
BIDDING PROCEDURES

Schedule “A”

STALKING HORSE SALES PROCESS

Bidding Procedures

On September 28, 2020, Conforti Holdings Limited (the “**Vendor**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3, as amended and Crowe Soberman Inc. was appointed proposal trustee (the “**Proposal Trustee**”).

Set forth below are the bidding procedures (the “**Bidding Procedures**”) to be employed with respect to the solicitation of any sale of the property municipally known as 7755 Warden Avenue, unit 2, level 1, Markham, Ontario L3R 0N3 (the “**Purchased Assets**”) pursuant to a Court approved sale process in the Vendor’s proposal proceedings.

On May ●, 2021, the Court issued an order (the “**Sale Process Order**”), among other things, (i) authorizing the Proposal Trustee to commence a sale process (the “**Sale Process**”) to market and sell the Purchased Assets in accordance with these Bidding Procedures, and (ii) approving the asset purchase agreement dated May 5, 2021 (the “**Stalking Horse APA**”) between the Vendor and Cicaplus Ltd. (the “**Stalking Horse Bidder**”) as a “stalking horse” bid in the Sales Process (the “**Stalking Horse Bid**”).

Subject to Court availability and the terms hereof, within ten (10) business days following the selection of the Successful Bidder (as defined herein), the Vendor shall bring a motion seeking the granting of an order by the Court (the “**Approval and Vesting Order**”) authorizing the Vendor to proceed with the sale of the Purchased Assets to the Qualified Bidder (as defined herein) making the highest or otherwise best bid (the “**Successful Bid**”) pursuant to these Bidding Procedures (the “**Successful Bidder**”).

Opportunity

1. The Sale Process is intended to solicit offers for the Purchased Assets that are superior to the Stalking Horse Bid. The Proposal Trustee will be responsible for conducting the Sale Process and an auction (the “**Auction**”), if applicable.
2. Any sale of the Purchased Assets will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Vendor, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Vendor in and to the Purchased Assets to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.
3. Except as otherwise provided in the Stalking Horse APA or another Successful Bidder’s ultimate definitive purchase agreement, and subject to any permitted encumbrances therein, all of the Vendor’s right, title and interest in and to the Purchased Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order.

Solicitation of Interest: Notice of Sale Process

4. As soon as is reasonably practicable and, in any event, by no later than June 1, 2021:
 - (a) the Proposal Trustee will cause the Purchased Assets to be listed for sale on the Multiple Listing Service with a real estate broker;
 - (b) the Proposal Trustee will prepare a list of potential bidders, including: (i) parties that have approached the Vendor or the Proposal Trustee indicating an interest in the Purchased Assets; and (ii) strategic and financial parties who the Proposal Trustee believes may be interested in purchasing the Purchased Assets (the “Known Potential Bidders”);
 - (c) the Proposal Trustee shall advertise for sale the Purchased Assets in **The National Post (National Edition)**;
 - (d) the Proposal Trustee will prepare a summary (the “**Teaser**”) describing the Purchased Assets, outlining the Sale Process and inviting recipients of the Teaser to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee (“**NDA**”).
5. The Proposal Trustee will send the Teaser to all Known Potential Bidders by no later than June 4, 2021 and to any other party who requests a copy of the Teaser, or who is identified to the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Due Diligence

6. Any party who wishes to participate in the Sale Process (a “**Prospective Purchaser**”) must provide the Proposal Trustee with an executed NDA and written confirmation of the identity of the Prospective Purchaser, and the contact information for such Prospective Purchaser.
7. The Proposal Trustee shall make available to those Prospective Purchasers who have signed an NDA and provided the requisite written confirmation and contact information access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers, unless the Proposal Trustee determines such person is unlikely, based on the availability of financing, experience and other considerations, to be able to consummate a sale pursuant to the Sale Process. The Stalking Horse Bidder may have access to the data room.
8. Prospective Purchasers must rely solely on their own independent review, investigation and/or inspection of all information and of the Purchased Assets in connection with their participation in the Sale Process and any transaction they enter into with the Vendor.

Qualified Bids

9. Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite

1100 Toronto, ON M4T 2T5, Attention: Hans Rizarri, or by email at hans.rizarri@crowesoberman.com, by 5:00 p.m. (Toronto time) on July 9, 2021 (the “**Bid Deadline**”)

10. The Proposal Trustee in its sole discretion shall determine whether any offers are “**Qualified Bids**”. A Qualified Bid shall mean an offer to purchase the Purchased Assets that is substantially the same or better than the Stalking Horse APA, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - (a) the offer is submitted on or before the Bid Deadline by a Prospective Purchaser;
 - (b) the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror’s chief officer or other appropriate senior executive’s approval of the contemplated transaction must be submitted with the offer;
 - (c) the offer must be submitted in writing and include a blackline of the offer to the Stalking Horse APA, reflecting the Prospective Purchaser’s proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - (d) the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer (“**Bid Deposit**”) which shall be held in trust by the Proposal Trustee’s solicitors and disbursed only as follows: (i) if the Prospective Purchaser becomes the Successful Bidder, its Bid Deposit will be applied without interest on Closing to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Prospective Purchaser is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the determination by the Proposal Trustee that its offer was not selected as the Successful Bid;
 - (e) the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;
 - (f) the offer must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse APA, in the opinion of the Proposal Trustee, and shall not contain any provisions for a break fee or expense reimbursement;
 - (g) the offer must contemplate purchase of the Purchased Assets on an “as is, where is” basis;
 - (h) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror’s obligation to complete the transaction that are not otherwise contained in the Stalking Horse APA;
 - (i) the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources;
 - (j) the offer must contain a target closing date that, in the opinion of the Proposal Trustee, is likely to be achieved;

- (k) the offer must be for a price equal to or greater than the sum of the Purchase Price, and **\$150,000**;
- (l) unless the written consent of a secured creditor of the Vendor had been obtained for the assumption of the debt owing to such secured creditor and has been provided to the Proposal Trustee, the price of an offer must be comprised solely of cash payable at closing.

11. The Proposal Trustee may waive compliance with any one or more of these requirements and deem such non-compliant bid to be a Qualified Bid.
12. Following the Bid Deadline, the Proposal Trustee will assess the Qualified Bids. If no Qualified Bids are received or, in the opinion of the Proposal Trustee, no bids constitute Qualified Bids, the Proposal Trustee may determine that an Auction is not required and may select the Stalking Horse Bidder as the Successful Bidder and proceed to bring a motion for an Approval and Vesting Order in respect of the transaction contemplated by the Stalking Horse APA.
13. If one or more Qualified Bids are received, each bidder who submitted a Qualified Bid will be deemed a “**Qualified Bidder**”. The Proposal Trustee shall invite all Qualified Bidders to attend the Auction.
14. Notwithstanding these bid requirements, the Stalking Horse APA is deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder.

Auction

15. If the Proposal Trustee receives one or more Qualified Bids by the Bid Deadline, the Proposal Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Stalking Horse Bidder to attend an auction (the “**Auction**”). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Proposal Trustee or virtually by videoconference facility established by the Proposal Trustee.
16. The Proposal Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$100,000, or such other amount as the Proposal Trustee determines to facilitate the Auction (the “**Incremental Amount**”). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Proposal Trustee in its sole discretion.

Successful Bid

17. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Proposal Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the “**Successful Bid**”), subject to Court approval. The presentation

of the Successful Bid to the Court for approval does not obligate the Vendor to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Vendor will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing of the motion for the Approval and Vesting Order.

18. Subject to Court availability, the Proposal Trustee shall make a motion to the Court to obtain approval of the Successful Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.
19. The deposits submitted with all Qualified Bids (except the Successful Bid), shall be held in escrow by the Proposal Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Successful Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Successful Bid, the Proposal Trustee shall return the deposit submitted with such bid to the bidder that submitted the Successful Bid (the "**Successful Bidder**") forthwith. If the Successful Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Successful Bid, the Proposal Trustee shall not have any obligation to return the deposit submitted with the Successful Bid and such deposit shall be retained by the Proposal Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Proposal Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
20. Subject to the Sale Process Order, the Proposal Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

Miscellaneous

21. The Sale Process and these Bidding Procedures are solely for the benefit of the Proposal Trustee and the Vendor and nothing contained in the Sale Process Order or these Bidding Procedures shall create any rights in any other person (including, without limitation, any bidder in the Sale Process and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Sale Process Order. The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.
22. Except as otherwise provided in an order of the Court, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order, the Sale Process and the Bidding Procedures

SCHEDULE "E"
PERMITTED ENCUMBRANCES

Schedule “E”

Permitted Encumbrances

Reg. Num.	Date	Instrument Type	Parties From	Parties To
LA803357	1979/10/02	NO SUB AGREEMENT		THE CORPORATION OF THE TOWN OF MARKHAM
YR157161	2002/06/12	NOTICE	THE CORPORATION OF THE TOWN OF MARKHAM	TALISKER (100 GOUGH) GP INC.
YR159402	2002/06/17	APL ANNEX REST COV	TALISKER (100 GOUGH) GP INC.	
YR780308	2006/02/22	NOTICE	THE CORPORATION OF THE TOWN OF MARKHAM	2067043 ONTARIO INC.
YR987438	2007/05/18	TRANSFER EASEMENT	2067043 ONTARIO INC.	THE CORPORATION OF THE TOWN OF MARKHAM
YRCP1092	2007/07/23	PLAN CONDOMINIUM		
YR1022011	2007/07/23	DECLARATION CONDO	2067043 ONTARIO INC.	
YR1031658	2007/08/07	CONDO BYLAW/98	YORK REGION STANDARD CONDOMINIUM CORPORATION NO. 1092	

APPENDIX

‘I’

GENERAL SECURITY AGREEMENT

E-FORM 924 (03/2008)

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;
- (ii) the details of any significant acquisition of Collateral;
- (iii) the details of any claims or litigation affecting Debtor or Collateral;
- (iv) any loss or damage to Collateral;
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;

h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to,

perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
 (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR

CONFORTI HOLDINGS LIMITED

ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE
36 LIMCOMBE DRIVE	THORNHILL	ON	L3T 2V5

TRADE NAME (IF APPLICABLE)

TRADE NAME OF DEBTOR

PRINCIPAL ADDRESS (IF DIFFERENT FROM ABOVE)	CITY	PROVINCE	POSTAL CODE
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IN WITNESS WHEREOF Debtor has executed this Security Agreement this 5 day of August, 2015

CONFORTI HOLDINGS LIMITED

WITNESS

Seal

WITNESS

Seal

BRANCH ADDRESS

YORK COMM-SUPPLY CHAIN
1181 DAVIS DR. 2ND FLR
NEWMARKET ON
L3Y 8R1

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

36 LIMCOMBE DRIVE THORNHILL ONTARIO L3T2V5

2. Locations of Records relating to Collateral (if different from 1. above)

SAME AS ABOVE

3. Locations of Collateral (if different from 1. above)

SAME AS ABOVE

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

January 6th, 2021

JAN 12 2021

Sent by Registered Mail

Hans Rizzari
C/O Crowe Soberman LLP
2 St Clair Ave East, Suite 1100
Toronto, ON
M4T 2T5

Re: Royal Bank of Canada's first mortgage assignment Antonio Conforti
7755 Warden Avenue, Markham, ON
Our File No: 2021-01-01407
ATTN: Hans Rizzari

Please consider this letter as official notice under the *Conveyancing and Law of Property Act* of the assignment of the first mortgage on 7755 Warden Avenue in Markham, ON as follows:

- A first mortgage in favor of Royal Bank of Canada, registered on October 14th, 2015 as Instrument No. YR2371395 and assigned on October 16th, 2020 with the assignment being registered as Instrument YR3156106 with Antonio Conforti listed as the Assignee.

I have enclosed a copy of the Assignment for the mortgage referenced above.

Yours very truly,



Carmine Scalzi
CS/ik
Encl.

Properties

PIN 29623-0002 LT
Description UNIT 2, LEVEL 1, YORK REGION STANDARD CONDOMINIUM PLAN NO. 1092 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS : PT BLK 17 PL M1915, PTS 1 & 2 65R29659, MARKHAM; S/T & T/W AS SET OUT IN SCHEDULE 'A' OF DECLARATION YR1022011
Address 7755 WARDEN AVENUE
 MARKHAM

Source Instruments

Registration No.	Date	Type of Instrument
YR2371395	2015 10 14	Charge/Mortgage

Transferor(s)

This transfer of charge affects all lands that the charge is against which are outstanding.

Name ROYAL BANK OF CANADA
Address for Service Tor-Business Service Centre
 36 York Mills Road, 4th Floor
 Toronto, Ontario, M2P 0A4

I, Jason Lukez, Senior Manager, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Transferee(s)**Capacity****Share**

Name CONFORTI, ANTONIO
Address for Service Attention: Carmine Scalzi
 868A Eglinton Avenue West,
 Toronto, ON, M4G 2L1

Statements

The chargee transfers the selected charge for \$2.00 and other good and valuable consideration, the sufficiency of which is confirmed by the parties.

The chargee transfers 100% of the selected charge.

Signed By

Pirpal Singh Khera	7941 Jane St. Suite 200 Concord L4K4L6	acting for Transferor(s)	Signed	2020 10 16
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Tel 416-548-7989

Fax 416-548-7969

I have the authority to sign and register the document on behalf of all parties to the document.

Pirpal Singh Khera	7941 Jane St. Suite 200 Concord L4K4L6	acting for Transferee(s)	Signed	2020 10 16
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Tel 416-548-7989

Fax 416-548-7969

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

SCALZI PROFESSIONAL CORPORATION	7941 Jane St. Suite 200 Concord L4K4L6	2020 10 16
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Tel 416-548-7989

Fax 416-548-7969

Fees/Taxes/Payment

Statutory Registration Fee	\$65.05
Total Paid	\$65.05

File Number

Transferee Client File Number : 2020-10-01265

ASSIGNMENT OF DEBT & SECURITY

THIS ASSIGNMENT AGREEMENT dated with effect as of October 15, 2020.

BETWEEN:

ROYAL BANK OF CANADA
(hereinafter referred to as the "Assignor")

- and -

CONFORTI HOLDINGS LIMITED
(hereinafter referred to as the "Company")

- and -

ANTONIO CONFORTI
(hereinafter referred to as the "Assignee")

RECITALS:

- A. The Assignor is party to a loan facility letter dated May 6, 2015, as amended by a letter amending agreement dated November 18, 2015, which collectively amended and restated without novation the existing agreement dated February 11, 2013 between a predecessor of the Company, Salon Distribution Inc., as borrower, and the Assignor (as amended, restated, supplemented and replaced from time to time, the "Company Loan Agreement") pursuant to which the Assignor provided certain credit facilities to the Company.
- B. To secure the obligations of the Company to the Assignor, including, without limitation, those arising under the Company Loan Agreement, the Company executed and delivered (i) a general security agreement in favour of the Assignor dated August 5, 2015, and (ii) a collateral charge/mortgage in respect of the real property known municipally as 7755 Warden Avenue, Unit 2, Markham, Ontario as legally described in PIN No. 29623-0002 (LT), copies of which are attached hereto as **Schedule "A"** (collectively, the "Company Security").
- C. The Assignee has guaranteed the obligation of the Company to the Assignor.
- D. As at October 15, 2020, the Company is indebted to the Assignor for the sums more particularly described in **Schedule "B"** hereto (the "Company Indebtedness").
- E. The Assignee has agreed to purchase from the Assignor the Company Indebtedness and the Company Security in accordance with the agreement set out below which transactions have been consented to by the Company.

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NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the receipt by the Assignor of the payment of the Company Indebtedness, by no later than 4:00 p.m. Toronto time on October 15, 2020, by wire transfer pursuant to the wire transfer details set out in **Schedule "C" hereto**, and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each party to the other, the parties hereto agree as follows:

1. The Assignor hereby assigns absolutely and transfers to the Assignee the Company Indebtedness under the Company Loan Agreement and all of the Assignor's right, title and interest in and to the Company Security without any representations or warranties and without any recourse to the Assignor for any matter or thing whatsoever.
2. The Assignee hereby acknowledges and agrees that it has conducted such searches and made such inquiries as it considers necessary prior to the execution hereof, and that it is accepting the Company Indebtedness, and the Company Security on an "as is, where is" basis without recourse to the Assignor and without any other or further representations and warranties of any nature or kind, including, without limitation, the quantum, validity or collectability of the Company Indebtedness, the priority of the Company Security in relation to other creditors of the Company or otherwise, any deficiency in the Company Security or the assets charged thereby, the location of the assets charged by the Company Security, any failure on the part of the Assignor to appropriately draft, have executed, or register or perfect all or any portion of the Company Security, the existence or nature of any claims, charges, liens or interests against the assets charged by the Company Security, or whether any of the assets charged by the Company Security constitute fixtures on the premises where they are or may be situate.
3. The Assignee hereby: (i) undertakes and agrees, at its own expense, to register such documents, file such statements, and give such notices as may be required as a result of this assignment transaction; (ii) acknowledges and agrees that the Assignor will not be attending to any of the same; and (iii) the Assignor consents to such registrations by the Assignee.
4. The Assignee acknowledges that the Assignor has delivered executed and/or registered copies of the Company Security to the Assignee, and that the Assignor is in no other way obligated or required to deliver or provide possession of any other documents, records, books, chattels, property, collateral, chose in action or any other thing of any kind whatsoever relating to the Company Security or the Company Indebtedness.
5. The Assignor and the Assignee hereby agree and undertake, at the expense and reasonable request of the requesting party, to execute such further and other documents or assurances and do such further acts as may be necessary to give effect to the transaction completed hereby.
6. The Company and Assignee acknowledge and consent to: (i) the assignment of the Company Indebtedness and of the Company Security; (ii) the truth of the recitals; (iii) the terms, conditions and covenants contained herein; and, (iv) all credit facilities issued by the Assignor to either the Company or the Assignee shall be cancelled on receipt by the Assignor of the monetary consideration described herein.
7. Any and all guarantees of the Company's obligations which have been given by the

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Assignee and/or Sylvia Conforti, as the case may be, to the Assignor prior to the date hereof are hereby cancelled and the Assignor agrees that the same shall not be relied on by the Assignor. Any security given by the Assignee to the Assignor is hereby discharged, and the Assignee agrees to forthwith register discharges of any financing statements registered under the PPSA.

8. The Company covenants and agrees, contemporaneously with the consummation of this Agreement, to:

- (a) provide evidence to the Assignor's satisfaction that the Company has no outstanding liabilities that would rank in priority to any of the Company's obligations to the Assignor (including, without limitation, any and all obligations to Canada Revenue Agency as of the date hereof in respect of employee source deductions and Harmonized Sales Tax, such that, for greater certainty, such evidence provided to the Assignor shall therefore include, without limitation, updated RP, RT and RC reports from Canada Revenue Agency in respect of the Company, to the Assignor's satisfaction; and
- (b) provide the Assignor with \$100,000 to be held by the Assignor as cash collateral (the "**Cash Collateral**") to secure repayment of any Chargebacks (as such term is defined below) and any other amounts owed by the Company to the Assignee under this Agreement, which Cash Collateral shall be held by the Assignor subject to the terms of this Agreement, and the Company shall also deliver to the Assignor on execution of this Agreement a cash collateral agreement in a form satisfactory to the Assignor in its sole discretion.

9. Notwithstanding any other provision of this Agreement, no assignment of the Company Security shall be made under this Agreement of registration no. 20150323 1946 1531 4623 and file number 704464623 under the *Personal Property Security Act* (Ontario), RSO 1990, c P.10, as amended (the "**PPSA**") which registration shall be amended to restrict the collateral classifications to include only Accounts and Other, and to insert a general collateral description which reads "Cash Collateral held by Royal Bank of Canada". The Assignor shall hold the Cash Collateral in a new account in the name of the Company until 60 days after the date hereof, and if any amount of the Cash Collateral remains after such date, the remainder shall be released to the Company in accordance with its instructions and at the Company's sole expense. The account holding the Cash Collateral shall be closed upon release of any remaining Cash Collateral. The Assignor and Assignee acknowledge and agree that amounts owed by the Company to the Assignee shall be subordinated and postponed to amounts owed by the Company to the Assignor.

10. Each of the Company and the Assignee hereby agree to jointly and severally indemnify the Assignor and hold it harmless for:

- (a) any claim or complaint advanced against the Assignor arising from its assignment of the Indebtedness and Company Security to the Assignee; and,
- (b) all fees (including, but not limited to, legal fees), bank account charges, obligations under this Agreement, service charges, account overdrafts and

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chargebacks for any cheques, drafts and other payment items dishonoured or otherwise returned to or incurred by the Assignor with respect to the administration and/or closing of the Company's credit facilities and accounts (all such fees, overdrafts, service charges and chargebacks being hereinafter referred to, collectively, as "**Chargebacks**") and promises to pay to the Assignor the amount of any Chargebacks incurred, in full, immediately after the Assignor notifies the Company and the Assignee of the same.

11. Each of the Company and the Assignee, on their own behalf and on behalf of their respective successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges the Assignor and each of its successors and assigns, participants, affiliates, subsidiaries, branches, divisions, predecessors, directors, officers, attorneys, employees, lenders and other representatives and advisors (the Assignor and all such other persons being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both arising at law and in equity, which any of the Company or the Assignee or any of their successors, assigns or other legal representatives may now own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the date hereof, including, without limitation, for or on account of, or in relation to, or in any way in connection with, any of the Company Loan Agreement, the Company Security and any documents or transactions related thereto.

12. Notwithstanding any other term or condition provided in this Agreement, including, without limitation, any discharge of the Company Security, any release and/or discharge granted by the Assignor is made on the basis that any and all claims that may rank in priority to the amounts owing to the Assignor under the Company Loan Agreement (the "**Potential Prior-Ranking Claims**") have been paid in full. To the extent that the Assignor suffers a loss or is required to pay any amounts in respect of any Potential Prior-Ranking Claims as a result of the failure of any of Company or the Assignee to meet any of their obligations, the Company and the Assignee shall pay the Assignor on demand, jointly and severally, the full amount of any loss or payment required to be made in respect of any Potential Prior-Ranking Claims, and the discharges shall not operate as a release of the Company or the Assignor to such extent.

13. 30 days following the date hereof, all bank accounts held with the Assignor in the name of the Company(including all accounts in the names of its registered business names) other than the account holding the Cash Collateral shall be closed. For greater certainty no deposits will be accepted by the Assignor and no cheques or payment requests presented to the Assignor in the accounts of the Company will be honoured following their closure.

14. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and may not be amended or modified in any respect except by written instrument signed by all of the parties.

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15. Each of the Assignee and the Company acknowledges, covenants and agrees that it has been provided with a reasonable opportunity to seek legal advice with respect to the execution and delivery of this Agreement and has either done so or decided to execute and deliver same while waiving the requirement for such legal advice.
16. This Agreement may be executed in one or more 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 agreement.
17. A facsimile or other electronic transmission received by each party of the other parties signature(s) shall serve to confirm the execution thereof by each such party.
18. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their successors, assigns and agents.
19. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

All of which is agreed and evidenced by the signatures of the parties below or their duly authorized signing officers.

[Signature Page Follows]

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C12*

IN WITNESS WHEREOF each of the parties hereto have caused this Agreement to be executed under seal by its duly authorized signing officer as of the date indicated on the first page hereof.

ROYAL BANK OF CANADA

By: _____

Name: Jason Lukez
Authorized signing officer.

c/s

CONFORTI HOLDINGS LIMITED

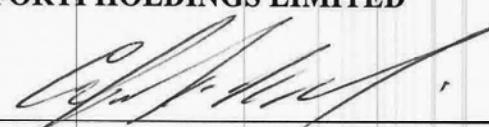
By: _____

Name:
Authorized signing officer.

c/s

Witness Name: _____




ANTONIO CONFORTI



Schedule A
Company Security

See attached.

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SCHEDULE "B"
COMPANY INDEBTEDNESS

Principal and interest (as at October 15, 2020)	\$1,818,422.46	
Cash Collateral	\$100,000.00	
Legal Fees	\$12,911.22	
TOTAL	\$1,931,333.68	

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SCHEDULE "C"
WIRE INSTRUCTIONS

CANADIAN DOLLAR TRUST ACCOUNT

Account Name: Aird & Berlis LLP
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

Account No.: 5221548

Bank: TD Canada Trust
55 King Street West
Toronto, Ontario M5K 1A2

Bank No.: 004

Transit No: 10202

Swift Code: TDOMCATTOR

RE: M# 159484 Attention: Sanj Mitra / Nathan Gates

Wire Verification Contact: Shannon Morris
Phone: 416-865-4726
Email: smorris@airdberlis.com

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(USE WHEN DEPOSIT IS LOCATED IN CANADA, EXCEPT THE PROVINCE OF QUEBEC)

CASH COLLATERAL AGREEMENT

TO: ROYAL BANK OF CANADA ("Bank")
ROYAL BANK MORTGAGE CORPORATION ("RBMC")
ROYAL TRUST CORPORATION OF CANADA ("RTCC")
THE ROYAL TRUST COMPANY ("RTC")

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned (the "Customer") hereby agrees with the Bank and with the Deposit Holder (defined below), with respect to all amounts ("Amounts") now or hereafter standing to the credit of the Customer as a result of any deposits or other credits made before, on or after the date of this agreement to any accounts described in Schedule "A" to this agreement and in any additional Schedule from time to time added to this agreement and all renewals thereof, substitutions therefore, accretions thereto and proceeds thereof (the "Collateral Accounts") maintained in the name of the Customer at the branch of the Deposit Holder referred to below that:

1. (a) In this agreement, "Liabilities" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, of the Customer to the Bank whether arising within or outside Canada and whether arising from any agreement or dealings between the Bank and the Customer or from any agreement or dealings with any third person by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise incurred or arising, and whether the Customer be bound alone or with another or others and whether as principal or surety, including without in any way limiting or restricting the generality of the foregoing, all debts, liabilities and obligations of the Customer to the Bank arising out of or in respect of (i) any loans or advances heretofore or hereafter made by the Bank, (ii) any letter of credit heretofore or hereafter issued by the Bank, and (iii) any agreement or instrument or any endorsement thereon (a "Guarantee") heretofore or hereafter entered into by the Customer whereby the Customer guarantees the payment of fulfillment of debts or obligations of any other party (each and every such other party a "Third Party") to the Bank.

(b) In this agreement, "Deposit Holder" is the Bank, RBMC, RTCC or RTC, as the case may be, shown on any Schedule A to this agreement as the party with which one or more Collateral Accounts are maintained.

2. In this agreement, a "Default" will occur if the Customer fails to pay or satisfy all or any part of the Liabilities when due, or if the Customer assigns, transfers, grants a security interest in or otherwise deals with any Amounts, or if a writ of execution or garnishment or any similar or analogous writ, process or proceeding is issued against or in respect of the Customer, or if the Customer commits or threatens to commit any act of bankruptcy or becomes insolvent, or if any bankruptcy, receivership, liquidation, debt restructuring, corporate reorganization or similar proceedings involving the Customer are commenced or applied for by or against the Customer, or if a receiver or other person with like powers is appointed in respect of the Customer or if any encumbrancer takes possession of any of the properties or assets of the Customer or if the Customer dies or is declared incompetent.

3. Whenever and so long as any Liabilities exist:

(a) the Deposit Holder will not be indebted or liable to the Customer in respect of any Amounts, which Amounts shall not be due or payable; and

(b) the Customer shall have no right to withdraw any moneys from the Collateral Accounts or to draw any cheques or drafts or other orders for the payment of money to be charged against the Collateral Accounts, or to assign, transfer, grant a security interest in or otherwise deal with any Amounts, or any part thereof.

On or after a Default, the Bank may by written declaration permanently extinguish any obligation the Deposit Holder may have to ever repay all or any part of the Amounts. If such a declaration is given an equal amount of the Liabilities (which part shall be designated by the Bank) shall be deemed to have been satisfied.

4. On or after Default the Bank may apply all or any of the Amounts by way of co-mingling of accounts or set off, against and in reduction or extinction of all or any part of the Liabilities, all as the Bank may see fit, whether or not those amounts are due and payable.

5. The Customer hereby assigns, transfers and sets over and grants a security interest to and in favour of the Bank in the Amounts, as general and continuing collateral security for the payment and fulfillment of the Liabilities. On or after Default, the Bank may apply the Amounts or any part thereof against and in reduction or extinction of all or any part of the Liabilities, all as the Bank may see fit.

6. Upon Default:

- (a) all the Liabilities shall, immediately prior to the happening of the Default, be and become immediately due and payable;
- (b) the Customer shall immediately be and become directly indebted and liable to the Bank as a principal debtor in respect of all liabilities and obligations then existing or thereafter arising under or by virtue of each and every Guarantee; and
- (c) the Bank shall be entitled as and when it sees fit and without prior notice to the Customer or demand for payment of the Liabilities (except as may be required by any applicable statute), and is hereby irrevocably authorized and empowered, to immediately exercise any or all of its rights and remedies under this agreement.

7. The Bank and the Deposit Holder are authorized and shall be entitled to make such debits, credits, correcting entries, and other entries to the Customer's accounts and the Bank's and the Deposit Holder's records relating to the Customer as they regard as desirable in order to give effect to the Bank's rights hereunder and in particular its rights under paragraphs (3), (4) and (5), and the Customer agrees to be bound by such entries absent manifest error. Without limiting the foregoing, Amounts standing to the credit of any Collateral Accounts with the Deposit Holder may be transferred to the Bank.

8. The Customer shall remain liable for any part of the Liabilities remaining unsatisfied following any exercise of any of the Bank's rights under this agreement.

9. As further evidence of its rights, the Bank may require the Customer to lodge with the Bank any certificates or other written evidence of the Amounts issued by the Deposit Holder, but any failure of the Bank to require such documents to be lodged shall not prejudice or diminish the Bank's rights under this agreement.

10. The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used includes guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from or from perfecting securities of, cease or refrain from giving credit or making loans or advances to, accept compositions from and otherwise deal with any Third Party or other party and with all securities as the Bank may see fit, and may apply all moneys at any time received from any Third Party or other party or from securities upon such part of the debts or liabilities of such Third Party or other party to the Bank as the Bank may see fit and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the rights and powers of the Bank to hold and deal with those Amounts now and hereafter on deposit in the Collateral Accounts in the manner provided for in this agreement.

11. No loss of or in respect of any securities received by the Bank from any Third Party or other party, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the rights and powers of the Bank to hold and deal with the Amounts now and hereafter on deposit in the Collateral Accounts in the manner provided for in this agreement.

12. The Bank shall not be bound to exercise any of its rights or remedies against any Third Party or other party or in respect of any securities that it may at any time hold before being entitled to appropriate and apply all or any portion of the Amounts for the purpose and in the manner provided for in this agreement.

13. In the event that at any time or from time to time the moneys on deposit in any Collateral Account are in a currency ("Deposit Currency") different from the currency ("Liabilities Currency") of any of the Liabilities, then for the purposes of this agreement the rate of exchange between the currencies shall be the Bank's current rate of exchange for converting the Deposit Currency to the Liabilities Currency.

14. For greater certainty, "Amounts" includes without limitation all interest on deposits and all other accretions and additions to those deposits, and all term deposits, renewals of term deposits, replacements or substitutions therefor and other certificates or evidence of debt.

15. The Bank's rights and remedies under this agreement are in addition to, not in substitution for, any other rights and remedies the Bank may have at any time, including without limitation any rights and remedies arising at common law, in equity, under statute, or pursuant to any contract with or security granted by the Customer. In the case of any conflict between this agreement and the terms of any agreement governing the operation of any of the Collateral Accounts, the terms of this agreement shall prevail

16. The provisions of paragraphs (3), (4) and (5) are intended to operate independently, and in the event that any of those provisions or any other provisions of this agreement shall be held invalid or void, the remaining terms and provisions hereof shall remain in full force and effect.

17. This agreement shall be a continuing agreement and shall have effect whenever and so often as any Liabilities exist.

18. This agreement shall be governed by and construed in accordance with the laws of the Province in which the branch of the Bank referred to in this agreement is located.

19. If the Customer is a corporation and it at any time amalgamates with another corporation or corporations, the term "Customer" shall thereafter include each of the amalgamating corporations and the amalgamated corporation, such that "Amounts" shall include without limitation amounts standing to the credit of the original Customer or the amalgamated corporation in any account(s) described in Schedule "A" to this agreement or any additional Schedule from time to time added hereto, and "Liabilities" shall include without limitation all the "Liabilities" of each of the amalgamating corporations at the time of the amalgamation and of the amalgamated corporation thereafter arising.

20. This agreement shall extend to and be binding on and enure to the benefit of the Bank, the Deposit Holder and the Customer and their heirs, executors, administrators, legal representatives, successors and assigns and each of them. If there is more than one Customer, the obligations of each Customer under this agreement shall be joint and several.

21. The Customer acknowledges receipt of a copy of this agreement.

22. The Customer represents and warrants that the following information is accurate:

BUSINESS DEBTOR			
NAME OF BUSINESS DEBTOR			
CONFORTI HOLDINGS LIMITED			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE
7755 Warden Avenue, Unit 2	Markham	ON	L3R 0N3

23. The Customer waives the Customer's right to receive a copy of any financing statement or financing change statement registered by the Bank, or of any verification statement with respect to any financing statement registered by the Bank.

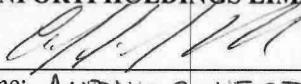
24. The Customer agrees to pay all costs for searches and filings in connection with this agreement..

IN WITNESS WHEREOF this agreement has been executed at Markham, Ontario this October
15, 2020.

CONFORTI HOLDINGS LIMITED

By:

c/s



Name: ANTONIO CONFORTI
Title: PRESIDENT

Name:
Title:

BRANCH ADDRESS:	20 King Street West, 2 nd Floor Toronto, Ontario M5H 1C4		
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**SCHEDULE "A"
(COLLATERAL ACCOUNTS)**

1. TYPE OF ACCOUNT:	<u><*></u>
ACCOUNT NUMBER:	<u><*></u>
DEPOSIT HOLDER (RB FINANCIAL GROUP MEMBER – RBC, RBMC, RTCC, RTC):	<u>ROYAL BANK OF CANADA</u>

41838505.2

APPENDIX

‘J’

GENERAL SECURITY AGREEMENT

BETWEEN:

CONFORTI HOLDINGS LTD.,
a corporation incorporated under the laws of the Province of Ontario

Address: 7755 Warden Avenue, Suite 2
Markham, Ontario L3R 0N3

(the "Corporation")

- and -

BEAUTY EXPERTS INC.,
a corporation incorporated under the laws of the Province of Ontario

Address: 7755 Warden Avenue, Suite 2
Markham, Ontario L3R 0N3

("BEI")

WHEREAS the Corporation has requested BEI to provide management services to it and BEI has agreed to do so subject to certain conditions including, without limitation, that the Corporation execute and deliver this Agreement to it, and in consideration of such agreement the Corporation has agreed to execute and deliver this Agreement.

AND WHEREAS to secure the due payment and performance by the Corporation of all of its obligations to BEI the Corporation has agreed to grant to BEI a security interest in and to the Collateral (defined below) in accordance with the terms of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Corporation and BEI, the parties hereby covenant and agree as follows:

1. **Creation of Security Interests.** As general and continuing collateral security for the due payment and performance of the Liabilities, the Corporation mortgages, charges and assigns to BEI, and grants to BEI a security interest in the Collateral (defined below).
2. **Description of Collateral.** The following undertaking, property and assets of the Corporation shall be subject to the security interest in favour of BEI created by this agreement:
 - (a) all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Corporation; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Corporation, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "Accounts";

- (b) all goods or chattels now or hereafter forming the inventory of the Corporation, all of which are herein called the "**Inventory**";
- (c) all equipment now owned or hereafter acquired by the Corporation, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not **Inventory**, all of which are herein called the "**Equipment**";
- (d) subject to section 4 , all intangible property now owned or hereafter acquired by the Corporation and which is not **Accounts** including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Corporation and all other choses in action of the Corporation of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "**Intangibles**";
- (e) any writing now or hereafter owned by the Corporation that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are **Inventory** or **Equipment**, all of which are herein called the "**Documents of Title**";
- (f) subject to Section 4 , all money now or hereafter owned by the Corporation, whether such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency, all of which are herein called the "**Money**";
- (g) all present and future agreements made between the Corporation as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "**Chattel Paper**";
- (h) all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Corporation, and all other writings of the Corporation that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery without any necessary endorsement or assignment and all letters of credit and advices of credit of the Corporation provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";
- (i) all present and future investment property held by the Corporation, including securities, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Corporation in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and dividends and income derived therefrom, all of which are herein called the "**Investment Property**";
- (j) all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "**Documents**";
- (k) all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "**Proceeds**";

- (l) subject to Section 4 , all leases, now owned or hereafter acquired by the Corporation as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "**Leaseholds**"; and
- (m) all present and future personal property, business, and undertaking of the Corporation not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the "**Undertaking**".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "**Collateral**".

3. **Further Description of Collateral.** Without limiting the generality of the description of Collateral as set out in Section 2, for greater certainty the Collateral shall include all present and future personal property of the Corporation located on or about or in transit to or from the location(s) set out in Schedule A hereto, and all present and future personal property of the Corporation of the nature or type described in Schedule B hereto.
4. **Limitations on Security Interests.** If the creation hereby of any Security Interest (which term shall have the meaning ascribed to "security interest" in the PPSA) in respect of any contract would result in the termination or breach of such contract, then such contract will not be subject to such Security Interest but will be held in trust by the Corporation for the benefit of BEI and, on the exercise by BEI of any of its remedies hereunder following Default, will be assigned by the Corporation as directed by BEI. In addition, the Security Interests created hereby do not extend to the last day of the term of any lease of real property or agreement for lease of real property. Such last day will be held by the Corporation in trust for BEI and, on the exercise by BEI of any of its remedies hereunder following Default, will be assigned by the Corporation as directed by BEI.
5. **Attachment; No Obligation to Advance.** The Corporation confirms that value has been given by BEI to the Corporation, and that the Corporation and BEI have not agreed to postpone the time for attachment of any of the Security Interests created hereby. The Security Interests created hereby will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement.
6. **Representations and Warranties.** The Corporation represents and warrants to BEI that:
 - (a) **Place of Operation; Location of Collateral.** The Corporation's principal place of operation and the place where it keeps its books and records is at the address specified in Schedule A to this Agreement, and its full legal name is specified on the signature page of this Agreement.
 - (b) **Title; No Other Security Interests.** Except for (i) the Security Interests created hereby, and (ii) the Security Interests identified in Schedule C hereto, and (iii) any other Security Interests permitted in writing by BEI (which, together with the Security Interests identified in Schedule C are defined as the "**Permitted Encumbrances**"), the Corporation owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of all Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings related to the Security Interests in favour of BEI and those relating to Permitted Encumbrances.

(c) **Motor Vehicles.** A description of all motor vehicles and other "serial number" goods, including vehicle identification numbers, presently owned by the Corporation and classified as Equipment has been provided to BEI prior to execution of this Agreement.

(d) **No Consumer Goods.** The Corporation does not own any Consumer Goods which are material in value or which are material to the operations, property, condition or prospects (financial or otherwise) of the Corporation.

7. **Survival of Representations and Warranties.** All agreements, representations, warranties and covenants made by the Corporation in this Agreement are material, will be considered to have been relied on by BEI and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of BEI and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Corporation that, if exercised, would result in the existence of Liabilities.

8. **Covenants.** The Corporation covenants and agrees with BEI that:

(a) **Encumbrances.** The Corporation shall keep the Collateral free and clear of all taxes, assessments, liens, mortgages, charges, claims, encumbrances and security interests whatsoever, except the Security Interest and Permitted Encumbrances; and for greater certainty, to ensure that all Collateral acquired by the Corporation in the future shall be at the time of its acquisition free of all such claims, encumbrances and security interests.

(b) **Further Documentation.** The Corporation will from time to time, at the expense of the Corporation, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as BEI may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the prompt filing and renewal on a timely basis of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created hereby).

(c) **Delivery of Certain Collateral.** Promptly upon request from time to time by BEI, the Corporation will deliver (or cause to be delivered) to BEI, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as BEI may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as BEI may specify in its request.

(d) **Limitations on Other Security Interests.** The Corporation will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or Permitted Encumbrances, and the Corporation will defend the right, title and interest of BEI in and to the Collateral against the claims and demands of all Persons.

(e) **Limitations on Dispositions of Collateral.** The Corporation will not, without BEI's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that, subject to Section 9 (h) hereof, Accounts (including, without restriction, common expenses or any special assessment) may be collected by the Corporation in the ordinary course of the Corporation's operation. Following Default, all Proceeds of any Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Corporation, whether or not arising in the ordinary course, will, subject to court order and any limitation under the Act or other applicable legislation, be received by the Corporation as trustee for BEI and will be immediately paid to BEI.

- (f) Maintenance of Collateral. The Corporation will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Corporation will provide all maintenance, service and repairs necessary for such purpose.
- (g) Further Identification of Collateral. The Corporation will promptly furnish to BEI such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral in accordance with the requirements of the Condominium Loan Agreement or otherwise, as BEI may from time to time reasonably request, including an updated list of any arrears of common expenses for more than 90 days and any new or replacement motor vehicles or other "serial number" goods owned by the Corporation and classified as Equipment, including vehicle identification numbers.
- (h) Taxes and Charges. To promptly pay all taxes, assessments, rates, levies, payroll deductions, worker compensation assessments and any other charges, which could result in the creation of a statutory lien or deemed trust in respect of Collateral.
- (i) Notices. The Corporation will advise BEI promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created hereby and any Permitted Encumbrance) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the name, location of operations or the executive office of the Corporation's property manager, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Corporation, (vi) any change in the name of the Corporation, (vii) any merger or amalgamation of the Corporation with any other Person, (viii) any termination of the Corporation or expropriation or significant distribution of its assets, (ix) additional jurisdiction in which material Accounts of the Corporation are located, and (x) any material loss of or damage to any of the Collateral. The Corporation agrees not to effect or permit any of the changes referred to in clauses (iii) to (ix) above unless all filings have been made and all other actions taken that are relevant or required in order for BEI to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

9. **Rights on Default.** Upon the occurrence of an Event of Default, BEI may, personally or by agent, at such time or times as BEI in its discretion may determine, do any one or more of the following:

- (a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to BEI at law or in equity.
- (b) Require Delivery. Demand possession of any or all of the Collateral, in which event the Corporation will, at the expense of the Corporation, immediately cause the Collateral designated by BEI to be assembled and made available and/or delivered to BEI at any place designated by BEI.
- (c) Deal with Collateral. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral and hold, store, read and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as BEI may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.
- (d) Carry on Operations. Carry on, or concur in the carrying on of, any or all of the operation or undertaking of the Corporation and enter on, occupy and use (without charge by the Corporation) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Corporation.
- (e) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the

above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of BEI or elsewhere, with or without advertising or other formality, on such terms and conditions as BEI may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery, whether or not with the assistance of any securities broker, real estate broker, appraiser, lawyer, auditor, insurer or other agent.

- (f) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.
- (g) Purchase by BEI. At any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Corporation or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to BEI, BEI may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.
- (h) Collect Accounts. Notify all unit owners and any account Corporations or obligors under any Accounts of the assignment of such Accounts to BEI and direct such account Corporations or obligors to make payment of all amounts due or to become due to the Corporation in respect of such Accounts directly to BEI and, upon such notification and at the expense of the Corporation, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as BEI deems appropriate in the circumstances.
- (i) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of BEI or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests created hereby.
- (j) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if BEI were the absolute owner of such Investment Property.
- (k) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Corporation will immediately on demand reimburse BEI for all such payments.
- (l) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the operation or undertaking of the Corporation and grant Security Interests on any Collateral (in priority to the Security Interests created hereby or otherwise) as security for the money so borrowed. The Corporation will immediately on demand reimburse BEI for all such borrowings.
- (m) Appoint Receiver. Appoint by instrument in writing one or more Receivers or Receivers and Managers of the Corporation (the "Receiver") or any or all of the Collateral with such rights, powers and authority (including, without restriction, any or all of the rights, powers and authority of BEI under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, to enforce collection of the Principal Amount, Expenses and Interest at the applicable Interest Rate then outstanding, to provide any necessary management of the Corporation and to comply with all provisions set out in this Agreement as BEI may deem appropriate at the Corporation's cost, with the right to remove and replace any such Receiver from time to time. The Receiver shall be entitled to exercise the rights, powers, privileges and obligations of an Administrator as referred to in sub-paragraph (o) below, and the rights, powers, privileges and obligations of an Inspector as referred to in sub-paragraph (p) below. The Receiver shall be granted all of the rights and powers normally applicable to a Receiver and

Manager so as to entitle the Receiver to function without impediment. To the extent permitted by applicable law, any Receiver appointed by BEI will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Corporation and not of BEI. The Corporation shall reimburse the Receiver and BEI for all fees and expenses incurred by them, which amounts shall constitute an Expense.

- (n) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Corporation or of any or all of the Collateral subject to all of the rights, powers, authority, entitlements, agency on behalf of the Corporation and remuneration by the Corporation as referred to in Article 9 (m).
- (o) Administrator. Appoint an administrator (the "Administrator") as authorized separately by this provision to carry out such administrative duties, governance and management of the affairs of the Corporation and to fulfill such other duties as BEI may deem appropriate for the purpose of enforcing collection of the Principal Amount, Expenses and interest at the applicable Interest Rate then outstanding, and to comply with all provisions set out in this Agreement. The Administrator, when appointed by BEI shall be granted and entitled to exercise all of the rights and powers normally applicable to a Receiver and Manager. The Corporation shall reimburse the Administrator and BEI for all fees and expenses incurred by them, which amount shall constitute an Expense. BEI's selection and appointment of the Administrator shall supersede any choice by the Corporation or any other mortgagee, encumbrancer or owner. In the event of any conflict pertaining to appointment of an Administrator and appointment of a Receiver, the rights of the Receiver appointed by BEI shall prevail over the rights of an Administrator appointed by BEI, the Corporation or any other person, firm or corporation.
- (p) Inspector. Appoint an inspector (the "Inspector") as authorized separately by this provision to carry out an inspection of any record, document, payment or information and to carry out such other legal duties of the Corporation, and to investigate the affairs of any person who has received money on behalf of or for the benefit of the Corporation or to conduct an audit of the accounts and records of the Corporation subject to all of the powers of a commission under Part II of the *Public Inquiries Act*, R.S.O. 1990, c. P.41 (the "Act") as may be designated by BEI, and when the Inspector exercises any of such powers, that Part shall apply to the Inspector's investigation or audit as if it were an enquiry under the Act. The Inspector shall have the same power and authority as the Corporation's board of directors with respect to any such investigative and inspection powers. The Corporation shall reimburse the Inspector and BEI for all fees and expenses incurred by them, which amounts shall constitute an Expense.
- (q) Application of Proceeds. Subject to court order and any limitation under the Act or other applicable legislation, apply all monies collected by a Receiver, Court-Appointed Receiver or Administrator as follows:
 - (i) first to the payment of any fees and expenses of a Receiver, Court-Appointed Receiver, Administrator, Inspector or BEI;
 - (ii) second, to the payment of any costs of collection, enforcement in any Event of Default, all enforcement proceedings, costs of disposition or sale and expenses incurred by any agent or contractor whose services or products are utilized in any such efforts, including any legal fees and disbursements on a full indemnity basis;
 - (iii) thirdly, to the payment of all Principal Amounts, Expenses and Interest at the applicable Interest Rate then due to BEI; and
 - (iv) fourthly, the balance, if any, to the Corporation.

10. **Continuing Liability of Corporation.** The Corporation will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.
11. **BEI's Appointment as Attorney-in-Fact.** The Corporation constitutes and appoints BEI and any officer or agent of BEI, with full power of substitution, as the Corporation's true and lawful attorney-in-fact with full power and authority in the place of the Corporation and in the name of the Corporation or in its own name, from time to time in BEI's discretion after the occurrence of an Event of Default to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created hereby are released. Nothing in this Section affects the right of BEI as secured party or any other Person on BEI's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as BEI or such other Person considers appropriate.
12. **Performance by BEI of Corporation's Obligations.** If the Corporation fails to perform or comply with any of the obligations of the Corporation under this Agreement, BEI may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance, compliance or non-performance will not constitute a waiver, acquiescence, laches, estoppel, remedy or satisfaction of such failure. The expenses of BEI incurred in connection with any such performance or compliance will be payable by the Corporation to BEI immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created hereby.
13. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective only to the extent of such prohibition or unenforceability and will 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.
14. **Rights and Limitations Upon BEI; Limitations on BEI's Obligations.** BEI will not be liable to the Corporation or any other Person for any failure or delay in exercising any of the rights of BEI or Corporation under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither BEI nor any Receiver, Inspector, Administrator, nor any agent of BEI is required to take, nor will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither BEI nor any Receiver, Inspector, Administrator nor agent of BEI will be liable for any, and the Corporation will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of BEI or any Receiver, Inspector, Administrator or agent of BEI) caused for any reason other than the gross negligence or wilful misconduct of BEI or such Receiver, Administrator or Inspector.
15. **Dealings by BEI.** BEI will not be obliged to exhaust its recourse against the Corporation or any

other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as BEI may consider desirable. BEI may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation, unit owners, mortgagees and any other Person, and with any or all of the Collateral, and with other security and sureties, as BEI may see fit, all without prejudice to the Liabilities or to the rights and remedies of the BEI under this Agreement.

16. **Communication.** Any communication required or permitted to be given under this Agreement shall be given in accordance with the Condominium Loan Agreement.
17. **Release of Information.** The Corporation authorizes BEI to provide a copy of this Agreement and such other information as may be requested of BEI by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Corporation.
18. **Waivers and Indemnity.** To the extent permitted by applicable law, the Corporation unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against BEI arising out of the exercise by BEI or any Receiver, Inspector, Administrator or agent of BEI of any rights or remedies under this Agreement or at law, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by BEI. BEI will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of BEI, any right, power or privilege hereunder shall operate as waiver, laches, acquiescence or estoppel thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by BEI of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which BEI would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Corporation to pay the Liabilities, nor will the same operate as a merger or any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Corporation agrees to indemnify BEI from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of BEI or any of its agents or employees) which may be imposed on, incurred by, or asserted against BEI and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Corporation. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created hereby.
19. **Environmental Indemnity.** The Corporation shall maintain its operation, the Collateral and all property owned, leased or otherwise used by it in conformity with all applicable legislation, regulations, resolutions, ordinances, guidelines, policies and decrees including, without limitation, those environmental, health and safety laws applicable to the handling, storage, disposal and treatment of any substance, product, waste, pollutant, material, chemical, contaminant, dangerous good, constituent or other material which is or becomes listed, regulated or addressed hereunder (a "Hazardous Substance") and so that no clean-up, payment or remedial obligation of any kind shall be imposed on the Corporation, provided, however, that if any such clean-up, payment or remedial obligation arises, the Corporation shall immediately satisfy such obligation at its own expense. The Corporation shall defend, indemnify and hold harmless each

of BEI and its officers, directors, employees and agents from and against any and all liabilities (including strict liability), actions, demands, claims, penalties, damages, obligations, losses, costs and expenses (including without limitation consultant's fees, investigations and laboratory fees, solicitors' fees and expenses and remedial costs) at any time paid, incurred or suffered by or served against BEI or any of its officers, directors, employees or agents for, with respect to, in connection with or as a direct or indirect result of the failure by the Corporation to comply with its obligations as set out above or the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from any property owned, leased or otherwise used by the Corporation of any Hazardous Substance regardless of whether or not caused by the sole negligence or control of the Corporation. This indemnity shall include the obligation to perform or cause to be performed any corrective, remedial or clean-up work that may be required by any applicable authority, and shall survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created hereby.

20. **Amalgamation.** The Corporation acknowledges that if it amalgamates with any other corporation or corporations, then the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired; the term "Corporation", where used in this Agreement, will extend to and include the amalgamated corporation; and the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.
21. **Governing Law; Attornment.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of BEI to enforce this Agreement in any other proper jurisdiction, the Corporation irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such Province. To the extent permitted by applicable law, the Corporation irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.
22. **Interpretation.** The division of this Agreement into Sections and paragraphs, and the insertion of headings, are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.
23. **Assignment.** The Corporation may not assign any of its rights or obligations under this Agreement without the prior written consent of BEI. This agreement may be assigned in whole or in part by BEI to any person, firm or corporation without notice to or the consent of the Corporation, and if so assigned, the Corporation hereby agrees not to assert against any such assignee any defence or claim which the Corporation may have against BEI in connection with this Agreement. This agreement is binding upon the parties hereto, and their respective heirs, estate trustees, legal personal representatives, successors and permitted assigns; "successors" includes, without restriction, any corporation resulting from the amalgamation of any corporation with another corporation.
24. **Acknowledgement of Receipt; Waiver.** The Corporation acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.
25. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Creditor in respect of the Debtor, the Obligations or the Collateral.

26.

Severability. If any provision of this agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF the Corporation and BEI have executed this Agreement under their respective seals and agree to be bound thereby as of the 2nd day of March, 2010

CONFORTI HOLDINGS LTD.

c/s

by:

name:

title:

by:

name:

title:

(We have authority to bind the corporation)

BEAUTY EXPERTS INC.

c/s

by:

name:

title:

by:

name:

title:

(We have authority to bind the corporation)

SCHEDULE A

LOCATION(S) OF ASSETS

Principal place of operation:

7755 Warden Avenue, Suite 2
Markham, Ontario L3R 0N3

Beauty Experts inc

7755 Warden Avenue, Unit 2 Markham ON L3R 0N3

Statement Date: October 1/ 2020

STATEMENT OF ACCOUNT

Conforti Holdings Ltd

7755 Warden Avenue, Unit 2
Markham, ON L3R 0N3

Verification Statement

Cyberbahn Transaction ID: 23749230

Form
1C

Ontario: Financing Statement / Claim for Lien

Debtor	Reference File No.					Registration No.					Expiry Date			
	770079987					20210224095818621884					24	FEB	2026	
	Caution Filing	Page	Total Page	Motor Vehicle Schedule						PPSA/RSLA	Registration Period			
	01	1	of 1							P	5			
Debtor	Individual Debtor		Date of Birth			First Given Name		Initial	Surname					
	Business Debtor		Name											
			CONFORTE HOLDINGS LIMITED											
Debtor	Name cont'd								Ontario Corporation No					
									2235697					
	Address					City			Prov.	Postal Code				
	7755 WARDEN AVENUE, SUITE 2					MARKHAM			ON	L3R 0N3				
Secured Party	Individual Debtor		Date of Birth			First Given Name		Initial	Surname					
	Business Debtor		Name											
			Name cont'd						Ontario Corporation No					
Secured Party	Address					City			Prov.	Postal Code				
	Secured Party													
	BEAUTY EXPERTS INC.													
Collateral	Address					City			Prov.	Postal Code				
	7755 WARDEN AVENUE, SUITE 2					MARKHAM			ON	L3R 0N3				
	Section 1: Collateral Classification					Section 2: Vehicle Included			Section 3: Principal Amount Secured			Section 4:		
	10	Consumer Goods	Inventory	Equipment	Accounts	Other	Type 'X' if Motor Vehicle included		\$.00	Date of Maturity		No Fixed Date of Maturity	X
11	Year	Make				Model	Vehicle Identification No.							
12														
13	General Collateral Description													
14														
15														
16	Registering Agent													
17	Address					City			Prov.	Postal Code				
17	4610-199 BAY STREET					TORONTO			ON	M5L 1E9				

IMPORTANT INFORMATION

Due to the manner in which registrations are handled by the PPSR system, your original 3C Verification Statement ('Original Verification Statement') produced by the PPSR Registrar may contain warnings or error messages generated by the Ministry of Government Services, Companies and Personal Property Security Branch. Your Cyberbahn verification statement will NOT contain these messages, and Cyberbahn strongly recommends, in all cases, that you review your Original Verification Statement to ensure that you are aware of any potential errors or warnings generated by the PPSA system. Cyberbahn is not responsible for system errors.

Should you have any questions, please do not hesitate to contact Cyberbahn.