

**Court File No. 31-2803414  
Estate File No. 31-2803414**

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**SECOND REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL  
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**May 4, 2022**

## TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	TERMS OF REFERENCE.....	2
III.	THE NOI PROCEEDINGS.....	3
IV.	PROPOSED SALE PROCESS.....	4
V.	STALKING HORSE ASSET PURCHASE AGREEMENT.....	9
VI.	EXTENSION OF THE STAY PERIOD TO JUNE 26, 2022.....	11
VII.	CONCLUSION AND RECOMMENDATIONS.....	12

## APPENDICES

APPENDIX "A"- COURT ORDER MARCH 28, 2022

APPENDIX "B"- FIRST REPORT OF PROPOSAL TRUSTEE – MARCH 8, 2022

APPENDIX "C"- SALES PROCESS

APPENDIX "D"- STALKING HORSE ASSET PURCHASE AGREEMENT

APPENDIX "E"- CASH FLOW PROJECTIONS

CONFIDENTIAL APPENDIX "F" – APPRAISAL REPORT

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**SECOND REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL  
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**May 4, 2022**

**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 2519920 Ontario Inc. o/a Dove Cleaners (**“Dove Cleaners”** or the **“Company”**).
2. On February 9<sup>th</sup>, 2022 (the **“Filing Date”**), the Company filed a NOI and Crowe was appointed as Proposal Trustee.
3. On March 28, 2022, the Ontario Superior Court of Justice (Commercial List) (the **“Court”**) issued a court order (the **“March 28 Order”**) which, among other things, granted an extension of time within which a Proposal must be filed to May 12, 2022 (the **“First Stay Extension”**). A copy of the March 28 Order is attached hereto as **Appendix “A”**.
4. The Company was incorporated under the Ontario Business Corporations Act on May 25, 2016. Shermin Zarif is the president, director, and is the indirect shareholder of Dove Cleaners by way of his company, Mills West Enterprises Inc. Danny Zarif (Shermin’s brother) is the CEO of Dove Cleaners.
5. The Company is a franchisor of a series of dry-cleaning retail stores under the Dove Cleaners and Flair Cleaners names. The actual laundry and dry-cleaning services are done at an industrial facility, leased by the Company, located at 354 Supertest Road in Toronto. Additional information regarding the current status of

the Company's operations are detailed in the Affidavit of Danny Zarif sworn May 3, 2022.

6. The Proposal Trustee filed its First Report dated March 8, 2022 (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"**.
7. The purpose of this Second Report is to provide the Court and stakeholders with information pertaining to the following:
  - a. the activities of the Company and the Proposal Trustee since the First Stay Extension was granted;
  - b. various matters concerning the ongoing business and affairs of the Company;
  - c. information concerning the Company's request for approval of a sale process to be conducted by the Proposal Trustee, and the Stalking Horse Asset Purchase Agreement dated May 3, 2022 (the "**Stalking Horse APA**") between Dove Cleaners, as vendor, and Dove Corp. ("**Stalking Horse Bidder**");
  - d. an overview of the Company's cash flow projections for the period from May 2 to July 25, 2022 (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 June 26, 2022.

## II. TERMS OF REFERENCE

8. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
9. 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 Dove Cleaner's Activities**

10. Since the First Stay Extension was granted, Dove Cleaners 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. working with the Proposal Trustee to prepare cash flow projections;
- c. preliminary discussions with the Proposal Trustee regarding the potential value of the Company's business, specifically regarding the approach on how the Company would be valued, that is, on a going concern basis vs a liquidation of the Company's assets; and
- d. arranging for a potential stalking horse sale process and asset purchase agreement.

#### **Overview of the Proposal Trustee's Activities**

11. In addition to assisting Dove Cleaners 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 balances periodically, and determining whether they approximated the Company's cash flow projections filed as

part of the First Report;

- ii. attending the Company's business premises located at 354 Supertest Road in Toronto, to gain an understanding of the Company's operations and equipment; and
- iii. assisting the Company in the preparation of the Cash Flow Projections and reviewing the information and support provided therein.

#### **IV. PROPOSED SALE PROCESS**

12. In order to provide third parties with an opportunity to consider an acquisition of the Company's assets, the Company is proposing that the Proposal Trustee market the Company's assets for sale for a period of approximately 3 weeks ("**Sale Process**"). The Company has developed the Sale Process in consultation with the Proposal Trustee, a copy of which is attached as **Appendix "C"** to this Report. The Sale Process is designed to ensure that the marketing process is fair and reasonable and prospective interested parties have the opportunity to make an offer for the assets of the Company. The Sale Process contemplates approval of a Stalking Horse APA between the Company, as vendor, and the Stalking Horse Bidder (Dove Corp.), as purchaser. Given the Stalking Horse Bidder is a related party to the Company, it is contemplated that the Proposal Trustee will administer all aspects of the Sale Process on behalf of the Company. The principal elements of the Sale Process are as follows (defined terms used in this section and not otherwise defined herein have the meaning ascribed to them in the Sale Process):

- a. No later than five Business Days after the Sale Process Order is made, the Proposal Trustee shall advertise the opportunity to participate in the Sale Process in The National Post (National Edition).
- b. At any time during the Sale Process, the Proposal Trustee, and the Company, with the Proposal Trustee's supervision, may contact any person or group that could be interested in participating in the Sale Process to advertise the same to them.

- c. The Proposal Trustee or the Company, subject to the Proposal Trustee's approval, shall prepare (i) a document summarizing the Sale Process and the opportunity to purchase the Assets (the "**Teaser**") that shall not include any confidential information as determined by the Proposal Trustee in consultation with the Company, and (ii) a draft confidentiality agreement in respect of the Sale Process (the "**Confidentiality Agreement Form**").
  - d. The Proposal Trustee or the Company, subject to the Proposal Trustee's approval, shall distribute the Teaser and the Confidentiality Agreement Form to any person or group that manifests interest in respect of the Sale Process ("**Interested Parties**").
  - e. Once a Confidentiality Agreement Form has been executed by Interested Parties, the Proposal Trustee will provide access to an electronic data room to be maintained by the Proposal Trustee. The data room will be populated by the Proposal Trustee with the assistance of the Company; and
  - f. Bids must be submitted in writing to the Proposal Trustee by no later than 5:00pm (Toronto time) on May 30, 2022 (the "**Bid Deadline**").
13. The Proposal Trustee in its sole discretion shall determine whether any offers are "**Qualified Bids**". A bid shall not constitute a Qualified Bid unless it meets all the following minimum criteria:
- a. it is in respect of all or substantially all the Assets;
  - b. it constitutes a full, executable, and freestanding sale transaction agreement that is not conditional upon the drafting of or agreeing on other substantive agreements;
  - c. it is binding on the natural or legal person or group making the bid (the "**Bidder**"), the Bidder is properly constituted and identified, and all of the Bidder's direct and indirect owner(s), as the case may be, are disclosed, the whole to the satisfaction of the Proposal Trustee;

- d. it does not provide for any “break fee”, expense reimbursement, or like term;
  - e. it provides for a deposit of at least \$25,000 or 10% of the total consideration payable, whichever is higher, to be paid to and handled by the Proposal Trustee (the “**Deposit**”);
  - f. it is submitted together with proof to the satisfaction of the Proposal Trustee of the Bidder’s ability to pay the total consideration under the Bid at the moment the Bid is made and until closing, without any contingency as to financing;
  - g. it is not subject to any contingency as to further due diligence;
  - h. the total consideration payable under it the offer must be for a price equal to or greater than the sum of the Purchase Price, the Break Fee and \$5,000;
  - i. its terms are equivalent or better than those of the Stalking Horse APA, taking into account the intent of the NOI Proceeding and the interests of all of the Company’s stakeholders. In evaluating the same, the Proposal Trustee shall consider, without limitation, the total consideration offered, the Deposit amount, and any term, condition or circumstance that creates contingency in the Bidder’s ability or likelihood of closing;
  - j. it is submitted together with a comparison to the Stalking Horse APA in “blackline” format; and
  - k. it provides that it remains open for acceptance at least until the Bidder becomes a Disqualified Bidder or the Winning Bidder (terms defined below).
14. The Proposal Trustee shall, no later than four (4) Business Days after the Bid Deadline, send to each Bidder a notice stating whether its Bid constitutes or not a Qualified Bid (the “**Notices**”). The Notices shall not set out any reasons and are final and binding on all Bidders whose Bids do not constitute Qualified Bids (“**Disqualified Bidders**”). Disqualified Bidders shall have no further right or standing with respect to this Sale Process, or the NOI Proceeding with respect to



the Deposit paid or in case of gross negligence or willful misconduct.

15. If the Proposal Trustee receives one or more Qualified Bids by the Bid Deadline, the Proposal Trustee shall conduct an auction (the “**Auction**”) among the Stalking Horse Bidder and all Bidders who submitted Qualified Bids (“**Qualified Bidders**”), in accordance with the rules below and any further or other rules that the Proposal Trustee may, in its sole discretion, direct:

- a. the Auction will be held by videoconference starting at 10 a.m. (Toronto time) on the Business Day chosen by the Proposal Trustee that is no later than three (3) Business Days following the date appearing on the Notices.
- b. the Auction’s coordinates will be attached to Notices sent to Qualified Bidders.
- c. prior to commencement of the Auction, each Qualified Bidder must provide written evidence to the Proposal Trustee’s satisfaction that the person attending on behalf of the Qualified Bidder has all necessary and appropriate authority to bind that Qualified Bidder at the Auction.
- d. the Auction will be deemed to begin with a bid on the terms of the most valuable Qualified Bid – as determined by the Proposal Trustee – made by the Qualified Bidder who submitted such highest Qualified Bid. Other Qualified Bidders will be asked to make an identical offer. Those who do will move on to the next round. Those who do not will thereupon be deemed to be Disqualified Bidders.
- e. at each subsequent auction round, any additional consideration offered must be in the form of a lump sum cash payment (for which the Proposal Trustee may set a minimum threshold), and each Qualified Bidder who does not make an offer that exceeds the highest offer made in the round is thereupon deemed to be a Disqualified Bidder, until there remains only one Qualified Bidder.

- f. any offer made at the Auction must, to be valid, be supported by proof to the satisfaction of the Proposal Trustee of the Qualified Bidder's ability to pay or access sufficient funds at the moment the offer is made and until closing, without any contingency as to financing.
16. At the conclusion of the Auction, or, if there is no Auction, upon sending the Notices, the Proposal Trustee shall notify the Qualified Bidder who submitted the most valuable Qualified Bid – as determined by the Proposal Trustee – in writing that this Qualified Bidder is the “Winning Bidder” and that its Bid is accepted in accordance with its terms (as may be augmented at the Auction) as the “Winning Bid”. For avoidance of doubt, if there is no such Qualified Bid, the Stalking Horse Bidder shall be the Winning Bidder, and the Stalking Horse APA, the Winning Bid. The Winning Bidder shall then be bound to close the transaction contemplated by the Winning Bid in accordance with the terms thereof, subject only to Court approval as set out in the next section.
17. If there is no Auction, then the Court's Approval and Vesting Order in respect of the Stalking Horse APA, which was granted at the same time as the Court's approval of the Sale Process terms but whose effectiveness is conditional on there being no Qualified Bid received by the Bid Deadline apart from the Stalking Horse APA, shall become effective, and the transaction contemplated in the Stalking Horse APA will close accordingly.
18. If there is an Auction, then as soon as reasonably practicable after the Winning Bid is selected, the Proposal Trustee shall make a motion to the Court to obtain, with respect to the Winning Bid, an Approval and Vesting Order in substantial accordance with the Court's model order vesting the Purchased Assets into the purchaser under the Winning Bid free and clear of all Claims except as may be set out in the Winning Bid.
19. Each Qualified Bidder shall pay the Deposit under its Bid to the Proposal Trustee in trust, and the same must be received by the Proposal Trustee within two (2) days of the date of the Notice following the wire instructions set out in the Notice.

If the Qualified Bidder fails to do so, it shall thereupon be deemed a Disqualified Bidder. The Proposal Trustee will notify the Qualified Bidder in writing once it has received the Deposit or the time has expired, as applicable.

20. The Proposal Trustee will return each Deposit to the account from which it was paid within two (2) days of the applicable Bidder becoming a Disqualified Bidder, without interest or any compensation. The Deposit paid by the Winning Bidder shall be applied towards the total consideration payable under the Winning Bid.

21. If the transaction contemplated by the Winning Bid fails to close due to, in predominant part, a breach, failure, default or fault of:

a) the Company, then the Proposal Trustee shall return the Winning Bidder's Deposit, without interest or compensation.

b) the Winning Bidder, then the Winning Bidder's Deposit shall be forfeited, and the Proposal Trustee shall transfer the totality of it to the Company, as liquidated damages (and not a penalty).

## **V. STALKING HORSE ASSET PURCHASE AGREEMENT**

22. The Company has negotiated the Stalking Horse APA with the Stalking Horse Bidder which provides that, unless an offer is received through the Sale Process that, among other things, provides for a break fee and consideration that is at least \$5,000 in excess of the aggregate of the purchase price contemplated by the Stalking Horse APA, then the transaction contemplated by the Stalking Horse APA would be completed. A copy of the Stalking Horse APA is attached hereto as **Appendix "D"**.

23. The Stalking Horse APA contemplates the purchase of all or substantially all of the assets of the Company and offers employment (or cause employment to be offered) to select employees of the Company on substantially the same terms as their current employment.

24. The Stalking Horse Bidder is related to and controlled by the current management

of the Company. As noted above, the Sale Process is proposed to be carried out by the Proposal Trustee.

25. The salient terms of the Stalking Horse Agreement are as follows (defined terms used in this section and not otherwise defined herein have the meaning ascribed to them in the Stalking Horse APA):

- a. The purchase price shall be the sum of **Two hundred and fifty Thousand Dollars (\$250,000)** comprised of:
  - i. **Twenty-Five Thousand-dollar (\$25,000)** deposit to be paid to the Proposal Trustee upon acceptance of the Stalking Horse Agreement by the Vendor; and
  - ii. balance to be paid on closing.
- b. The Stalking Horse Bidder will seek to obtain assignments of certain contracts of the Company, either consensually or through a court order, as per the Schedule "C" included in the Stalking Horse APA.
- c. The Stalking Horse Bidder will not be assuming any liabilities.

26. The Proposal Trustee engaged Canam-Appraiz Inc. to prepare an appraisal report of the Company's assets on January 20, 2022 (the "Appraisal"). Canam-Appraiz Inc. attended on site to evaluate the Company's hard assets and reviewed the books and records of the Company. A copy of the Appraisal, which sets out the value of the Company's equipment that is intended to be a baseline for the appraisal of the assets in connection with the Sales Process, is attached hereto as **Confidential Appendix "F"**, which appendix is to be filed confidentially with the Court and a sealing order in respect of the same sought.

## VI. EXTENSION OF THE STAY PERIOD TO JUNE 26, 2022

27. The current stay of proceedings will expire on June 26, 2022. Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the BIA to June 26, 2022 (the “**Stay Extension**”).

28. 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 “E”**, which is summarized below:

### 2519920 Ontario Inc Cash Flow Projections For the period from May 2 to July 25, 2022

Receipts		
Store Sales	A	375,000
Disbursements		
Authorized/debit and credit		1,277
Insurance		14,304
Interest & Bank Charges		6,220
Lease payments		29,137
Material and supplies		39,500
Office and maintenance		1,350
Payroll and source deductions		287,000
Professional Fees		60,000
Rent		38,136
Utilities - Gas & Hydro		14,352
Utilities - Phone & Internet		1,950
Repairs and Maintenance		3,000
Total Disbursements	B	<u>496,226</u>
Net Cash	C=A-B	(121,226)
Opening Bank Balance	D	17,964
Closing Bank Balance	C+D	(103,263)

29. The Cash Flow Projections indicate that during the Stay Extension, the Company will continue to operate at a cash deficit, with costs exceeding revenues. The Proposal Trustee has been advised that given the anticipation of the ongoing cash deficit, the Company has arranged for an injection of finances from friends and family to make up the shortfall. Since the filing of the NOI to date, cash injections of approximately \$90,000 have been made from these sources.

30. The Proposal Trustee supports the Company's request for the Stay Extension for the following reasons:

- a. the Stay Extension is necessary to provide the Company sufficient time to advance the Sale Process and complete the sale of the Assets;
- b. the Company is acting in good faith and with due diligence in taking steps to monetize their assets for the benefit of their stakeholders; and
- c. it is the Proposal Trustee's view that the Stay Extension will not materially prejudice any creditors.

31. The Proposal Trustee understands that the Company's largest creditor, Toronto Dominion Bank ("TD"), was consulted regarding the proposed Sale Process and the Stalking Horse APA. As well, the Proposal Trustee has been advised that TD supports the proposed Sale Process and the Stalking Horse APA.

## **VII. CONCLUSION AND RECOMMENDATIONS**

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

- a. approving the Stalking Horse APA;
- b. approving the Sale Process; and
- c. extending the Stay Period to June 26, 2022.

All of which is respectfully submitted this 4<sup>th</sup> day of May 2022.

**CROWE SOBERMAN INC.**

Trustee acting under a Notice of Intention to Make a Proposal of 2519920 Ontario Inc.  
o/a Dove Cleaners under the *Bankruptcy and Insolvency Act*

A handwritten signature in blue ink, appearing to be a stylized 'B' or similar character.

# Appendix “A”





**EXTENSION OF TIME TO FILE A PROPOSAL**

2. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the period within which Company may file a proposal be and is hereby extended to May 12, 2022.

3. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.



---

# Appendix “B”

**Court File No. 31-2803414  
Estate File No. 31-2803414**

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**FIRST REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL  
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**March 8, 2022**

**TABLE OF CONTENTS**

**I. TERMS OF REFERENCE.....2**  
**II. GENERAL BACKGROUND INFORMATION OF THE COMPANY.....2**  
**III. THE NOI PROCEEDINGS.....4**  
**IV. EXTENSION OF THE STAY PERIOD TO APRIL 25, 2022.....5**  
**V. CONCLUSION AND RECOMMENDATIONS.....7**

**APPENDICES**

APPENDIX "A"- CERTIFICATE OF FILING THE NOTICE TO MAKE A PROPOSAL  
APPENDIX "B"- CASH FLOW PROJECTIONS

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**FIRST REPORT OF CROWE SOBERMAN INC. IN ITS CAPACITY AS PROPOSAL  
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
2519920 ONTARIO INC. o/a DOVE CLEANERS**

**March 8, 2022**

1. This report (the “**First 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 2519920 Ontario Inc. o/a Dove Cleaners (“**Dove Cleaners**” or the “**Company**”).
2. On February 9<sup>th</sup>, 2022 (the “**Filing Date**”), the Company filed an NOI and Crowe was appointed as Proposal Trustee. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy for the Company is attached hereto as **Appendix “A”**.
3. The purpose of this First Report is to provide the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and stakeholders with information pertaining to the following:
  - a. a limited summary of certain background information about the Company;
  - b. the restructuring steps to be undertaken by the Company during these proceedings; and
  - c. the Company’s request for an extension of the stay initiated on the Filing Date (the “**Stay Period**”) to April 25, 2022.

## I. TERMS OF REFERENCE

4. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.
5. In preparing this First 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.

## II. GENERAL BACKGROUND INFORMATION ON THE COMPANY

6. The Company is a franchisor of a series of dry-cleaning retail stores under the Dove Cleaners and Flair Cleaners names. We understand that there are presently 11 locations, of which 10 are franchises and one location is owned by the Company. Of the 11 locations, 8 are under the Dove Cleaners name and 3 are under the Flair Cleaners name. In addition, we have been advised that there were previously three other franchise locations that have closed during the Covid-19 Pandemic (the "**Pandemic**").
7. The Company was incorporated under the Ontario Business Corporations Act on May 25, 2016. Shermin Zarif is the president, director, and is the indirect shareholder of Dove Cleaners by way of his company, Mills West Enterprises Inc. Danny Zarif (Shermin's brother) is the CEO of Dove Cleaners.

### **Overview of Operations**

8. The Company leases an industrial facility at 354 Supertest Road in Toronto, where all the cleaning is done in a central location. Items to be cleaned are transported

from stores, or directly from customers through pickup or commercial contracts, to that facility and are then returned to either the store or the customer.

9. The Proposal Trustee has been advised that the Company presently has between 20 and 25 employees. As well, we were advised that prior to the Pandemic, it had between 40 and 45 employees.

### **Causes of Insolvency**

10. The Proposal Trustee has reviewed the 2019 financial statements and notes that prior to the Pandemic, the Dove Cleaners brand was successful, and the Company was profitable. However, the Pandemic had a catastrophic impact on the Company's business operations. The volume of business significantly decreased to a fraction of what it had been. This was likely due to the fact that many people were working from home and were wearing more casual clothing, and thus, their dry-cleaning needs were much less.
11. Notwithstanding that many of the Company's costs are variable and a decrease in revenues would result in a decrease in expenses, many of the Company's costs are fixed and unavoidable. For example, costs with respect to rent, equipment leases, and operating vehicles to transport items to be cleaned to and from either the retail stores or from customers, need to be incurred, regardless of the volume of business the Company was generating. Accordingly, the Company has been losing money every month since the Pandemic began. The Proposal Trustee has been advised that over that time, the Company has more than doubled its debt load through borrowing under emergency loan provisions offered by the federal government.
12. The Company has advised that the current level of debt the Company has is unsustainable. This seems to be supported by the cash flow projections filed earlier, and the updated cash flow projections accompanying this report, indicates a deficit over the 13-week period. As well, we have been advised that in the Fall of 2021, the Company's bank, Toronto Dominion Bank ("TD"), put the Company's account into special loans.



### **The Company's Creditors**

13. At the time of the filing of the NOI, the Company's records show that it owed approximately \$4,300,000 to creditors. The largest creditor is TD, which is owed approximately \$4,086,000.
14. The Proposal Trustee understands that TD's debt is comprised of long-term debt that was incurred prior to the Pandemic to pay for improvement and expansion in the Company's business (approximately \$1,500,000). A portion of the amounts owing are for equipment financing leases. The remainder is related to emergency Pandemic borrowing, which was used to attempt to keep the Company and its franchisees in business.
15. The Proposal Trustee has been advised that all amounts owing to TD are secured. As well, we have been advised that Shermin Zarif and Mills West Investments Enterprises Inc. are guarantors on amounts owing to TD.

### **III. THE NOI PROCEEDINGS**

16. The Company advised it does not anticipate the dry-cleaning business recovering to pre-pandemic levels for the foreseeable future. Due to the financial challenges experienced by the Company and its inability to continue its operations, it was determined that it was in the best interest of all stakeholders for the Company to file a NOI and to explore restructuring options.
17. The Company is reviewing several options for restructuring during the NOI process. One option is a potential purchase of the Company's assets on a going concern basis through a new purchaser that will be related to management. Such a purchase would be done through a stalking horse sale process, conducted by the Proposal Trustee, in a publicly advertised manner.

18. The Proposal Trustee has conducted an appraisal of the Company's assets by Canam Appraiz for the purpose of evaluating the appropriateness of any potential stalking horse asset purchase agreement. The Proposal Trustee has not shared the appraisal with the Company in order that it should not affect any potential stalking horse purchase offer brought forth by a party that is related to management of the Company
19. Another option that the Company is considering, is negotiating with creditors for an amount to be paid to satisfy all creditor claims.
20. The Proposal Trustee has been advised that the Company has agreed to cooperate with TD with respect to the engagement of an independent financial advisor, msi Spergel Inc. ("**Spergel**"), for the purpose of conducting a review of the Company's financial position, so that TD can better assess whether to cooperate with the Company during these Proposal Proceedings.
21. The Company advises that it continues to cooperate with Spergel's requests in providing it with the particulars of the Company's financial information and documentation. The Proposal Trustee understands that once Spergel's review is complete, TD and the Company intend on further discussing the restructuring options.

#### **IV. EXTENSION OF THE STAY PERIOD TO APRIL 25, 2022**

22. The current stay of proceedings will expire on March 11, 2022. Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the BIA to April 25, 2022 (the "**Stay Extension**").
23. 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 "B"**, which is summarized below:

**2519920 Ontario Inc**  
**Cash Flow Projections**  
**For the period from March 6 to May 29, 2022**

Receipts		
Store Sales	A	375,000
Disbursements		
Authorized/debit and credit		1,277
Insurance		14,427
Interest & Bank Charges		6,220
Lease payments		29,137
Material and supplies		39,500
Office and maintenance		1,350
Payroll and source deductions		123,000
Professional Fees		60,000
Rent		56,219
Sub contract		96,750
Utilities - Gas & Hydro		14,352
Utilities - Phone & Internet		1,950
Repairs and Maintenance		3,000
Total Disbursements	B	<u>447,183</u>
Net Cash	C=A-B	(72,183)
Opening Bank Balance	D	4,635
Closing Bank Balance	C+D	(67,548)

24. The Cash Flow Projections indicate that during the Stay Extension, the Company will continue to operate at a cash deficit, with costs exceeding revenues. The Proposal Trustee has been advised that given the anticipation of the ongoing cash deficit, the Company has arranged for an injection of finances from friends and family to make up the shortfall. Since the filing of the NOI to date, cash injections of approximately \$50,000 have been made from these sources.

25. The Proposal Trustee supports the Company's request for the Stay Extension for the following reasons:

- a. More time is required to develop a restructuring plan with TD;

- b. The Company is acting in good faith and with due diligence; and
- c. It is the Proposal Trustee's view that the Stay Extension will not materially prejudice any creditors.

**V. CONCLUSION AND RECOMMENDATIONS**

26. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the Order sought by the Company, extending the Stay Period to April 25, 2022.

All of which is respectfully submitted this 8<sup>th</sup> day of March 2022.

**CROWE SOBERMAN INC.**

Trustee acting under a Notice of Intention to Make a Proposal of 2519920 Ontario Inc.  
o/a Dove Cleaners under the *Bankruptcy and Insolvency Act*



# Appendix “C”

**Schedule “A” – Sale Process Terms**

*[See next page.]*

## Schedule “A” – Sale Process

### 1. Definitions

All capitalized terms not defined herein have the meaning given to them in the stalking horse sale process agreement dated May 3, 2022 (the “**Stalking Horse APA**”) among Dove Corp., as the “**Stalking Horse Bidder**” and 2519920 Ontario Inc. o/a Dove Cleaners (the “**Company**”), as vendor. A copy of the Stalking Horse APA is Exhibit “A” to the affidavit of Danny Zarif sworn May 3, 2022, which is included in the Company’s motion record dated May 3, 2022 available for download on the website of Crowe Soberman Inc. acting in its capacity as trustee (in such capacity, the “**Proposal Trustee**”) to the notice of intention to make a proposal to creditors proceeding of the Company (the “**NOI Proceeding**”), at [crowe.com/ca/crowesoberman/insolvency-engagements/2519920-ontario-inc].

### 2. Advertisement of Sale Process

#### a. National Post, etc.

No later than five (5) Business Days after the Sale Process Order is made, the Proposal Trustee shall advertise the opportunity to participate in the herein Sale Process in The National Post (National Edition). Such advertisement shall be in a form typical, in the Proposal Trustee’s opinion, for like advertisements made in similar sale processes, and shall be maintained until the Bid Deadline (defined below).

At any time during the Sale Process, the Proposal Trustee, or the Company, with the Proposal Trustee’s approval, may advertise the opportunity in any other form or publication that the Proposal Trustee, in its discretion, believes relevant.

#### b. Direct Solicitation

At any time during the Sale Process, the Proposal Trustee, and the Company, with the Proposal Trustee’s supervision, may contact any person or group that could be interested in participating in the Sale Process to advertise the same to them.

#### c. Teaser Documentation

The Proposal Trustee or the Company, subject to the Proposal Trustee’s approval, shall prepare (i) a document summarizing the Sale Process and the opportunity to purchase the Assets (the “**Teaser**”) that shall not include any confidential information as determined by the Proposal Trustee in consultation with the Company, and (ii) a draft confidentiality agreement in respect of the Sale Process (the “**Confidentiality Agreement Form**”).

The Teaser and Confidentiality Agreement Form shall be in a form typical, in the Proposal Trustee’s opinion, for such materials in similar sale processes, or otherwise to the satisfaction of the Proposal Trustee.

The Proposal Trustee or the Company, subject to the Proposal Trustee's approval, shall distribute the Teaser and the Confidentiality Agreement Form to any person or group that manifests interest in respect of the Sale Process.

### **3. Due Diligence**

Any person or group that wishes to participate in the Sale Process and has returned an executed Confidentiality Agreement Form to the satisfaction of the Proposal Trustee before the Bid Deadline is referred to as a "**Potential Bidder**".

No later than when advertisement begins as set out above, the Proposal Trustee, with the Company's assistance, shall set up and populate a virtual data room (the "**Data Room**") containing information and/or documents that the Proposal Trustee, in its discretion and in consultation with the Company, believes is required for Potential Bidders to consult in order to consider submitting an offer for the Assets. For avoidance of doubt, no one shall be given access to the Data Room unless they have returned an executed Confidentiality Agreement Form to the satisfaction of the Proposal Trustee before the Bid Deadline.

Potential Bidders shall be granted access to the information and documents included in the Data Room under such reasonable terms and conditions that the Proposal Trustee believes appropriate, and the Proposal Trustee, with such Company's assistance as the Proposal Trustee may require, shall oversee and reasonably facilitate the conduct of due diligence by Potential Bidders.

### **4. Bid Deadline and Coordinates to Submit Bids**

Any Potential Bidder may submit an offer in respect of the Assets (a "**Bid**"). All Bids must be in writing and must be received by the Proposal Trustee by no later than 5:00 pm (Toronto time) on May 30, 2022 (the "**Bid Deadline**") by either mail or email at the following coordinates:

**Crowe Soberman Inc.**  
2 St. Clair Ave. East, Suite 1100  
Toronto, ON M4T 2T5  
attention: Daniel Posner  
[daniel.posner@crowesoberman.com](mailto:daniel.posner@crowesoberman.com)

The submission or reception of a Bid shall not in itself constitute the Bid as a Qualified Bid (defined below).

### **5. Qualified Bids**

Subject to the next paragraph, the Proposal Trustee shall in its sole discretion determine whether each Bid submitted in accordance with the terms hereof and before the Bid Deadline constitutes a "**Qualified Bid**".

A Bid shall not constitute a Qualified Bid unless it meets all the following minimum criteria:

- i. it is in respect of all or substantially all the Assets.



- ii. it constitutes a full, executable, and freestanding sale transaction agreement that is not conditional upon the drafting of or agreeing on other substantive agreements.
- iii. it is binding on the natural or legal person or group making the bid (the “**Bidder**”), the Bidder is properly constituted and identified, and all of the Bidder’s direct and indirect owner(s), as the case may be, are disclosed, the whole to the satisfaction of the Proposal Trustee.
- iv. it does not provide for any “break fee”, expense reimbursement, or like term.
- v. it provides for a deposit of at least \$25,000.00 or 10% of the total consideration payable, whichever is higher, to be paid to and handled by the Proposal Trustee in trust in accordance with the terms set out in s. 10 below (the “**Deposit**”).
- vi. it is submitted together with proof to the satisfaction of the Proposal Trustee of the Bidder’s ability to pay the total consideration under the Bid at the moment the Bid is made and until closing, without any contingency as to financing.
- vii. it is not subject to any contingency as to further due diligence.
- viii. the total consideration payable under it the offer must be for a price equal to or greater than the sum of the Purchase Price, the Break Fee and \$5,000.
- ix. its terms are equivalent or better than those of the Stalking Horse APA, taking into account the intent of the NOI Proceeding and the interests of all of the Company’s stakeholders (excluding equity holders). In evaluating the same, the Proposal Trustee shall consider, without limitation, the total consideration offered, the Deposit amount, and any term, condition or circumstance that creates contingency in the Bidder’s ability or likelihood of closing.
- x. it is submitted together with a comparison to the Stalking Horse APA in “blackline” format.
- xi. it provides that it remains open for acceptance at least until the Bidder becomes a Disqualified Bidder or the Winning Bidder (terms defined below).

## **6. Notices to Bidders**

The Proposal Trustee shall, no later than four (4) Business Days after the Bid Deadline, send to each Bidder a notice stating whether its Bid constitutes or not a Qualified Bid (the “**Notices**”). The Notices shall not set out any reasons and are final and binding on all Bidders whose Bids do not constitute Qualified Bids (“**Disqualified Bidders**”). Disqualified Bidders shall have no further right or standing with respect to this Sale Process, or the NOI Proceeding save under s. 10 below with respect to the Deposit paid or in case of gross negligence or willful misconduct.

## 7. Auction

If the Proposal Trustee receives one or more Qualified Bids by the Bid Deadline, the Proposal Trustee shall conduct an auction (the “**Auction**”) among the Stalking Horse Bidder and all Bidders who submitted Qualified Bids (“**Qualified Bidders**”), in accordance with the rules below and any further or other rules that the Proposal Trustee may, in its sole discretion, direct:

- i. the Auction will be held by videoconference starting at 10 a.m. (Toronto time) on the Business Day chosen by the Proposal Trustee that is no later than three (3) Business Days following the date appearing on the Notices.
- ii. the Auction’s coordinates will be attached to Notices sent to Qualified Bidders.
- iii. prior to commencement of the Auction, each Qualified Bidder must provide written evidence to the Proposal Trustee’s satisfaction that the person attending on behalf of the Qualified Bidder has all necessary and appropriate authority to bind that Qualified Bidder at the Auction.
- iv. the Auction will be deemed to begin with a bid on the terms of the most valuable Qualified Bid – as determined by the Proposal Trustee – made by the Qualified Bidder who submitted such highest Qualified Bid. Other Qualified Bidders will be asked to make an identical offer. Those who do will move on to the next round. Those who do not (including those who do not appear at the Auction or do not provide the evidence described in s. 7.iii. above) will thereupon be deemed to be Disqualified Bidders.
- v. at each subsequent auction rounds, any additional consideration offered must be in the form of a lump sum cash payment (for which the Proposal Trustee may set a minimum threshold), and each Qualified Bidder who does not make an offer that exceeds the highest offer made in the round is thereupon deemed to be a Disqualified Bidder, until there remains only one Qualified Bidder.
- vi. any offer made at the Auction must, to be valid, be supported by proof to the satisfaction of the Proposal Trustee of the Qualified Bidder’s ability to pay or access sufficient funds at the moment the offer is made and until closing, without any contingency as to financing.

## 8. Winning Bid

At the conclusion of the Auction, or, if there is no Auction, upon sending the Notices, the Proposal Trustee shall notify the Qualified Bidder who submitted the most valuable Qualified Bid – as determined by the Proposal Trustee – in writing that this Qualified Bidder is the “**Winning Bidder**” and that its Bid is accepted in accordance with its terms (as may be augmented at the Auction) as the “**Winning Bid**”. For avoidance of doubt, if there is no such Qualified Bid, the Stalking Horse Bidder shall be the Winning Bidder, and the Stalking Horse APA, the Winning Bid.

The Winning Bidder shall then be bound to close the transaction contemplated by the Winning Bid in accordance with the terms thereof, subject only to Court approval as set out in the next section.

#### **9. Court Approval of the Winning Bid**

If there is no Auction, then the Court's Approval and Vesting Order in respect of the Stalking Horse APA, which was granted at the same time as the Court's approval of the herein Sale Process terms but whose effectiveness is conditional on there being no Qualified Bid received by the Bid Deadline apart from the Stalking Horse APA, shall become effective, and the transaction contemplated in the Stalking Horse APA will close accordingly.

If there is an Auction, then as soon as reasonably practicable after the Winning Bid is selected, the Proposal Trustee shall make a motion to the Court to obtain, with respect to the Winning Bid, an Approval and Vesting Order in substantial accordance with the Court's model order vesting the Purchased Assets into the purchaser under the Winning Bid free and clear of all Claims except as may be set out in the Winning Bid.

#### **10. Qualified Bid Deposits Handling and Return**

Each Qualified Bidder shall pay the Deposit under its Bid to the Proposal Trustee in trust, and the same must be received by the Proposal Trustee within two (2) days of the date of the Notice following the wire instructions set out in the Notice. If the Qualified Bidder fails to do so, it shall thereupon be deemed a Disqualified Bidder. The Proposal Trustee will notify the Qualified Bidder in writing once it has received the Deposit or the time has expired, as applicable.

The Proposal Trustee will return each Deposit to the account from which it was paid within two (2) days of the applicable Bidder becoming a Disqualified Bidder, without interest or compensation any. The Deposit paid by the Winning Bidder shall be applied towards the total consideration payable under the Winning Bid.

If the transaction contemplated by the Winning Bid fails to close due to, in predominant part, a breach, failure, default or fault of:

- i. the Company, then the Proposal Trustee shall return the Winning Bidder's Deposit, without interest or compensation.
- ii. the Winning Bidder, then the Winning Bidder's Deposit shall be forfeited, and the Proposal Trustee shall transfer the totality of it to the Company, as liquidated damages (and not a penalty).

#### **11. Proposal Trustee's Discretion and Oversight**

The Proposal Trustee, as an officer of the Court, shall generally supervise and direct the herein Sale Process and is invested with all necessary and attendant powers to do so effectively. This includes without limitation the discretion to waive any non-compliance with the terms hereof and to amend or supplement the terms hereof, to the extent that the Proposal Trustee believes would be fair, favourable to the efficiency of this Sale Process, in the best interest of participants or the

Company's stakeholders (excluding equity holders), or otherwise preferable to the exigencies and goals of the NOI Proceeding.

**12. Terms Binding**

Any physical or legal person or group's participation in this Sale Process at any stage, including without limitation submitting a Bid, shall be deemed an unconditional and irrevocable acceptance of the herein terms.

\*\*\*

# Appendix “D”

## ASSET PURCHASE AGREEMENT

This Agreement is made as of the 3<sup>rd</sup> day of May, 2022.

### BETWEEN:

**2519920 ONTARIO INC. O/A DOVE CLEANERS**, a corporation incorporated pursuant to the laws of the Province of Ontario

(the “**Vendor**”)

and

**DOVE CORP.**, a company incorporated under the laws of the Province of Ontario

(the “**Purchaser**”)

### WHEREAS:

- A. on February 9, 2022, the Vendor filed a notice of intention to make a proposal to creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and Crowe Soberman Inc. was appointed as Proposal Trustee thereto (in such capacity, the “**Proposal Trustee**”);
- B. subject to the terms hereof, including without limitation (i) the running of a public sale process (the “**Sale Process**”) wherein this Asset Purchase Agreement shall serve as the “stalking horse” bid, as approved by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) by way of an order substantially in the formed attached as Schedule “A” hereto (the “**Sale Process Order**”) and (ii) the Court’s approval of the transaction contemplated herein and vesting of the Purchased Assets (defined below) in the Purchaser by way of an order substantially in the formed attached as Schedule “B” hereto (the “**Approval and Vesting Order**”) (or, if such transaction is augmented during the Sale Process as described below, by way of the Augmented Transaction AVO (term defined below)), the Vendor wishes to sell and the Purchaser wishes to purchase, on an “as is, where is basis”, all of the right, title and interest, if any, of the Vendor in the Purchased Assets;

**WHEREFORE, FOR VALUE RECEIVED**, the parties agree as follows:

### SECTION 1 – INTERPRETATION

#### 1.1 Definitions

In this Agreement:

- (1) **Alternative Transaction** has the meaning set forth in Section 6.4(1);
- (2) **Agreement** means this agreement including any recitals and schedules to this agreement, as amended, supplemented, or restated from time to time; provided that this agreement shall constitute an offer, as set out in Section 2.1, until accepted by the Vendor;
- (3) **Approval and Vesting Order** has the meaning given to that term in the recitals hereto;
- (4) **Assumed Contracts** means those Contracts listed in Schedule “C” hereto;
- (5) **Assumed Liabilities** means those Assumed Liabilities listed in Schedule “E” hereto;
- (6) **Augmented Transaction AVO** has the meaning set forth in Section 5.1;
- (7) **BIA** has the meaning set forth in the recitals hereto;
- (8) **Break Fee** has the meaning set forth in Section 6.4(1);
- (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) **Contracts** means any written, but not oral, contracts, personal property leases, real property leases, licenses from any Person, service contracts, distributor agreements and any other similar written agreement between any of the Vendor and any Person relating in any way to the Purchased Assets;
- (11) **Court** has the meaning set forth in the recitals hereto;
- (12) **Closing** means the completion of the Transaction;
- (13) **Closing Date** means the second (2<sup>nd</sup>) Business Day following the date on which the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable) comes into full force and effect in accordance with its terms, or such later date as agreed to by the parties;
- (14) **Continuing Employees** has the meaning set forth in Section 3.7;
- (15) **Cure Costs** means the amount of all monetary defaults, if any, existing in respect of any Assumed Contracts that are required to be paid in order to obtain the consent necessary to permit an assignment under Section 3.2 of this Agreement or pursuant to section 84.1 of the BIA;
- (16) **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.;
- (17) **ETA** means the *Excise Tax Act* (Canada);

- (18) **Excluded Liabilities** means any liabilities not expressly assumed under the terms of this Agreement and, for greater certainty but without in any way limiting the generality of the foregoing, includes any liabilities in respect of employees of any of the Vendor other than Continuing Employees who accept offers of employment from the Purchaser;
- (19) **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;
- (20) **GST/HST** means taxes, interest, penalties, and fines imposed under Part IX of the ETA;
- (21) **Inventory** means all inventories relating to all of the Vendor's business including, without limitation, work-in-progress, samples, goods-in-transit, finished goods, raw materials, and equipment replacement parts;
- (22) **Permitted Encumbrances** means those Encumbrances set out on Schedule "F" hereto;
- (23) **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;
- (24) **Purchased Assets** has the meaning set forth in Section 3.1(1);
- (25) **Purchase Price** has the meaning set forth in Section 3.3;
- (26) **Sale Process** has the meaning set forth in the recitals hereto;
- (27) **Sale Process Order** has the meaning set forth in the recitals hereto;
- (28) **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;
- (29) **Transaction** means the transaction of purchase and sale contemplated by this Agreement; and
- (30) **Transfer Taxes** has the meaning set forth in Section 3.6(2).

## 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 Schedules**

The following are the Schedules to this Agreement:

Schedule “A” – Draft Sale Process Order

Schedule “B” – Draft Approval and Vesting Order

Schedule “C” – Assumed Contracts

Schedule “D” – Excluded Assets

Schedule “E” – Assumed Liabilities

Schedule “F” – Permitted Encumbrances

Schedule “G” – Allocation of Purchase Price

Schedule “H” – Sale Process Terms

## **SECTION 2 – OFFER**

### **2.1 Offer**

Subject to satisfaction of the conditions set out in Sections 6.1, 6.2 and 6.3 hereof, this Agreement, once executed by the Purchaser, shall constitute a valid and binding offer to purchase by the Purchaser.

## SECTION 3 – SALE AND PURCHASE

### 3.1 Sale and Purchase of Purchased Assets

(1) Subject to the terms and conditions of this Agreement, on the Closing Date, the Vendor shall sell, assign, and transfer to the Purchaser, and the Purchaser shall purchase from the Vendor, all of the right, title, and interest of the Vendor, if any, in and to all of the properties, assets and undertakings of the Vendor (collectively, the “**Purchased Assets**”) including, but not limited to:

- (a) all accounts receivable, trade accounts, book debts and insurance claims relating to the Vendor’s business, recorded as receivable in the books and records and all other amounts due to the Vendor, including refunds and rebates;
- (b) any claim, right or interest of the Vendor in or to any refund, rebate, abatement, or other recovery for taxes paid by or on behalf of the Vendor, together with any interest due thereon or penalty rebate arising therefrom, for any tax period (or portion thereof);
- (c) all deposits and prepaid charges and expenses of the Vendor;
- (d) all Inventory;
- (e) all machinery and equipment, including all computer equipment;
- (f) all furniture, trade fixtures and other chattels owned by the Vendor, including those in possession of third parties;
- (g) all books and records, in electronic form or otherwise, used in connection with the Vendor’s business;
- (h) all intangible personal property of the Vendor, including, without limitation, the following:
  - (i) business and trade names, corporate names, brand names and slogans;
  - (ii) all mobile applications, servers, and related software;
  - (iii) all inventions, patents, patent rights, patent applications, utility models and all equivalent or similar rights anywhere in the world;
  - (iv) all registered and unregistered trade-marks (including the goodwill attaching to such trade-marks), service marks, trade names, trade dress, logos, business, corporate and product names and slogans and registrations and applications for trade-marks;

- (v) all copyrights in copyrightable works, all non-copyrightable works, and all other rights of authorship, worldwide, and all applications, registrations and renewals in connection therewith; and
- (vi) all licenses (end-user or otherwise) of the intellectual property listed in items (i) to (v) above;
- (i) all software licences;
- (j) the goodwill associated with the Vendor's business, if any, including the exclusive right of the Purchaser to represent itself as carrying on the business in continuation of and in succession to the Vendor and all rights to use any words indicating that the business is so carried on;
- (k) all right, title, and interest of the Vendor in, to and under, and the full benefit of, the Assumed Contracts;
- (l) all choses in action belonging to the Vendor; and
- (m) all other rights, properties, and assets of the Vendor, of whatever nature or kind and wherever situated.

(2) Notwithstanding Section 3.1(1), the Purchased Assets shall not include the properties, assets, and undertakings of the Vendors listed in Schedule "D" hereto (the "**Excluded Assets**"). For the avoidance of any doubt, the Vendor and the Purchaser acknowledge that the Purchaser is not purchasing the Excluded Assets.

### **3.2 Assumed Contracts**

(1) Subject to the approval of the Court, the Assumed Contracts where consent to such assignment is necessary but has not been obtained beforehand shall be assigned to the Purchaser pursuant to the terms of the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable), or subsequent order of the Court before Closing.

(2) The Purchaser shall be responsible for all Cure Costs in respect of any Assumed Contracts.

(3) The Purchaser shall indemnify and hold harmless the Vendor from and against any claims or liabilities arising under or in connection with any of the Assumed Contracts for matters occurring on or after, and which relate to the period on or after the Closing Date.

(4) Nothing in this Agreement will constitute an agreement to assign or an attempted assignment of any non-assignable rights or any Contracts for which any requisite consent or approval has not been obtained or which as a matter of law or by its terms is not assignable.

### 3.3 Purchase Price

(1) The consideration payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be the sum of **Two Hundred and Fifty Thousand Dollars (\$250,000.00)**, comprised of:

- (a) **Twenty Five Thousand (\$25,000.00)** in deposit to be paid to the Proposal Trustee upon acceptance of this Agreement by the Vendor (the “**Deposit**”); and
- (b) balance to be paid on closing.

### 3.4 Payment of Purchase Price

(1) The Purchase Price will be satisfied by the Purchaser on Closing as follows: bank draft or wire transfer to the Proposal Trustee or Proposal Trustee’s solicitor, in trust.

### 3.5 Allocation of Purchase Price

The Purchase Price will be allocated among the Purchased Assets by the parties in accordance with the allocation set out in Schedule “F” hereto, and the Vendor and the Purchaser shall each file their respective income tax returns in accordance with that allocation.

### 3.6 Taxes

(1) The Vendor and the Purchaser may jointly elect under Subsection 167(1) of the ETA in connection with the purchase and sale of the Purchased Assets. The Purchaser shall file that joint election with the relevant Government Authority in accordance with the requirements of the ETA, and the Vendor hereby authorize the Purchaser and its accountants to file that joint election on behalf of the Vendor.

(2) The Purchaser will be liable for and shall pay, directly to the relevant government authority, as required, all federal and provincial or state sales taxes, duties or other taxes or charges payable in connection with the conveyance and transfer of the Purchased Assets to the Purchaser, including GST/HST (if applicable), but excluding any income taxes payable by the Vendor or any other person as a result of the completion of the Transaction (collectively, the “**Transfer Taxes**”), and the Vendor hereby directs the Purchaser to make those payments directly to the relevant government authorities. To the extent any Transfer Taxes are required to be paid by or are imposed upon any of the Vendor, the Purchaser will reimburse to the Vendor such taxes within five Business Days of payment of such taxes by the Vendor. The Purchaser will indemnify and hold the Vendor harmless in respect of any Transfer Taxes, penalties, interest, and other amounts that may be assessed against any of the Vendor as a result of the sale of the Purchased Assets.

(3) The Purchaser’s obligations under this Section 3.6 shall survive closing.

### 3.7 Legal Fees and Costs

The Purchaser and the Vendor shall pay their own legal costs and fees incurred in connection with the Transaction.

### 3.8 Employees of the Vendor

The Purchaser shall provide the Vendor with a list of employees it wishes to offer employment to ten (10) Business Days before Closing (the “**Continuing Employees**”). The employment by the Vendor of all employees other than the Continuing Employees who choose to accept the offer of employment from the Purchaser shall be terminated prior to Closing and the Purchaser shall have no obligations with respect to any employees other than the Continuing Employees who choose to accept the offer of employment.

### 3.9 Liabilities

Subject to the terms and conditions of this Agreement, on the Closing Date, the Purchaser agrees to assume the Assumed Liabilities. For the avoidance of any doubt, the Vendor and the Purchaser acknowledge that the Purchaser is not assuming any Excluded Liabilities.

## SECTION 4 – REPRESENTATIONS AND WARRANTIES

### 4.1 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 Company 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) the Vendor has the 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 **(i)** the terms and conditions of this Agreement and **(ii)** the Sale Process Order and the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable); and
- (d) the Vendor is registered under Part IX of the ETA and the Vendor’s HST number is **767667124 RT0001**.

## 4.2 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 or will be 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 (or the Augmented Transaction AVO, as applicable), no approval or consent of and no filing with or application to any Governmental Authority is required for the Purchaser to enter into this Agreement or to complete the Transaction, other than such approvals, consents, filings and applications that have been obtained or made as at the date hereof, copies of which have been provided to the Vendor;
- (d) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be 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; and
- (f) the Purchaser is registered under Part IX of the ETA and the Purchaser's HST number is **743174906 RT0001**.

## 4.3 "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 may exist on the Closing Date and no adjustments shall be made for any changes in the condition of the Purchased Assets. 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: (1) any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in Ontario or any other jurisdiction do not apply hereto and have been waived by the Purchaser and (2) no representation or warranty is made with respect to the accuracy or completeness of any information provided by the Vendor and their respective officers, directors, employees, and agents, to the Purchaser in connection with this Transaction. The description of

the Purchased Assets contained herein is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

(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 to perform searches for the purposes of conducting reviews prior to the Closing Date.

#### **4.4 Survival**

The representations and warranties of the parties shall not survive Closing.

### **SECTION 5– SALE PROCESS**

#### **5.1 The Sale Process Order**

(1) As soon as reasonably practicable after the execution of this Agreement, the Vendor shall obtain **(i)** the Sale Process Order and **(ii)** the Approval and Vesting Order. For avoidance of doubt, the Approval and Vesting Order, which shall be substantially in the form attached as Schedule “B”, shall not have any force or effect until, in accordance with its terms, this Transaction becomes the “Winning Bid” due to there being no other “Qualified Bid” received by the “Bid Deadline”. If there are other “Qualified Bids” and this Transaction becomes the “Winning Bid” due to it being augmented and being the last remaining “Qualified Bid” following the “Auction”, then the Vendor shall obtain, in accordance with the Sale Process Order, an order substantially in the form of the Approval and Vesting Order but in respect of such augmented transaction (the “**Augmented Transaction AVO**”). Quoted terms used in this section 5.1(1) have the meaning given to them in the Sale Process Order.

(2) The Purchaser acknowledges and agrees that the Sale Process is expressly for the purpose of determining whether a transaction superior to this Transaction and that constitutes the “Winning Bid” within the meaning of the Sale Process Order may be located, and that, if this Transaction is not the Winning Bid, then the transaction contemplated in the Winning Bid will be pursued in lieu of this Transaction, without compensation any save the Break Fee and the return of the Deposit, as the case may be, in accordance with the Sale Process Order.

#### **5.2 Non-Substantial Modifications by Court**

Provided that the Sale Process Order and the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable), are made substantially in the form of the drafts attached hereto as respective Schedules “A” and “B”, then any variation or modification made to those drafts by the Court shall be deemed reflected in this Agreement, and this Agreement amended to reflect such variation or modification, including, without limitation, as to time periods.

## SECTION 6– CONDITIONS TO CLOSING

### 6.1 Conditions - 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 representations and warranties of the Vendor 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 Vendor shall deliver to the Purchaser a certificate signed by a representative of the Vendor 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 Vendor shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (c) there shall be no appeals of the Court's approval of this Agreement as the Winning Bid (as such term is defined in the Sale Process Order) and the vesting order granted by the Court during the ten (10) day appeal period provided for under section 193 of the BIA;
- (d) the Approval and Vesting Order shall have been issued in a form satisfactory to the Purchaser including, where necessary, the assignment of the Assumed Contracts (or such assignment occurs by separate order following the granting of the Approval and Vesting Order); and
- (e) the Vendor shall have delivered or caused to be delivered to the Purchaser each of the items listed in Section 7.2.

The foregoing conditions are for the exclusive benefit of the Purchaser.

### 6.2 Conditions - 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 7.3.

The foregoing conditions are for the exclusive benefit of the Vendor.

### **6.3 Conditions – Vendor and Purchaser**

(1) Neither party shall be obligated to complete the transactions contemplated by this Agreement unless the following conditions have all been fulfilled:

- (a) the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable) shall have been issued including, as applicable, the assignment of the Assumed Contracts, or, if such assignment is made in a separate order of the Court, then such order shall have been issued, the whole to the reasonable satisfaction of the Purchaser;
- (b) either this Transaction constitutes the “Winning Bid” due to no other “Qualified Bid” having been received prior to the “Bid Deadline” such that no “Auction” is necessary, or this Transaction is augmented so as to constitute the “Winning Bid” at the conclusion of the “Auction”;
- (c) all necessary corporate steps and proceedings shall have been taken by the parties to permit the execution of this Agreement and performance of each of the parties’ obligations hereunder.
- (d) as of the Closing Time, no order shall have been made and no motion, action or proceeding shall be pending, threatened or commenced by any person, government, Governmental Authority, regulatory body or agency in any jurisdiction which restrains or prevents the sale of the Purchased Assets under this Agreement or restricts, prohibits or directs the Vendor not to complete the transaction contemplated by this Agreement and no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other governmental order (whether temporary, preliminary or permanent) which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions or which would otherwise materially adversely affect or interfere with the prosecution of the Purchased Assets following Closing.
- (e) as at the Closing Time, the Purchased Assets shall not have been removed from the control of the Vendor, or any one of them as the case may be, by any means or process (the Purchaser and the Vendor acknowledging and agreeing that if, prior to the Closing Time, the Purchased Assets are removed from the Vendor’s control by government action, civil commotion or by order of the Court, or any other cause beyond the Vendor’s control, then this Agreement shall automatically be terminated and the provisions of Section 6.6 hereof shall apply *mutatis mutandis*).

The foregoing conditions are for the mutual benefit of both parties and may not be waived by either party.

(2) The Vendor covenants that it will use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Section 6.1 and Section 6.3 hereof and the Purchaser covenants to use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Sections 6.2 and 6.3 hereof prior to the times specified therefor.

#### **6.4 Break Fee**

(1) In consideration for the Purchaser's expenditure of time and money in acting as the initial (or "stalking horse") bidder in the Sale Process and the preparation and negotiation of this Agreement and subject to the terms and conditions of this Agreement and of the Sale Process Order, upon the closing of a sale and transfer, or a series of sales and transfers, of substantially all of the Purchased Assets to one or more third parties other than the Purchaser (an "**Alternative Transaction**"), or upon the Vendor committing a breach of Section 6.1 entitling the Purchaser to terminate this Agreement, then the Vendor shall pay to the Purchaser a break fee (the "**Break Fee**") of **Fifteen Thousand Dollars (\$15,000.00)**.

(2) Payment of the Break Fee shall be made by the Vendor out of the proceeds of the Alternative Transaction or, if the Agreement is terminated due to a breach of Section 6.1, on the second business day after termination. Upon payment of the Break Fee to the Purchaser, the parties shall have no further obligations to each other under this Agreement.

(3) No Break Fee shall be payable in the event the Vendor terminates this Agreement due to the Purchaser's breach of Section 6.2.

#### **6.5 Non-Satisfaction of Conditions**

(1) If any condition set out in Section 6.1 or Section 6.2 is not satisfied or performed prior to the time specified therefor, the party for whose benefit the condition is inserted may in writing:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

(2) If any condition set out in Section 6.3 is not satisfied or performed prior to the time specified therefor, either the Vendor or the Purchaser may elect on written notice to the other party to terminate this Agreement before Closing.

## **6.6 Termination Obligations**

- (1) If either the Purchaser or the Vendor validly terminates this Agreement in accordance with Section 6.5, then:
- (a) all the obligations of both the Vendor and the Purchaser pursuant to this Agreement shall be at an end; and
  - (b) none of the parties shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from the other, except in respect of the Break Fee.

## **SECTION 7– CLOSING**

### **7.1 Closing**

The completion of the Transaction shall take place electronically, through the parties' lawyers handling and confirmation, at the Time of Closing or at such other location(s) as are agreed upon by the parties.

### **7.2 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 (or the Augmented Transaction AVO, as applicable);
- (b) a bill of sale, executed by the Vendor, confirming the conveyance to the Purchaser all of the right, title and interest of the Company, if any, in and to the Purchased Assets in accordance with the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable);
- (c) any assignments of any of the Vendor's rights under the Assumed Contracts required pursuant to this Agreement, the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable) or any further order of the Court;
- (d) such notice or notices as the Purchaser may reasonably require to be given to other parties under the Assumed Contracts of the assignment of such Assumed Contracts to the Purchaser, together with directions relating to the performance of obligations under such Assumed Contracts all in such form as the Purchaser may reasonably require;
- (e) executed assignments in respect of the intellectual property of the Vendor, and any other documentation necessary to register or record the assignment of the Vendor's intellectual property to the Purchaser;

- (f) the tax election contemplated by Section 3.6(1), executed by the Vendor;
- (g) 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 located outside of Canada to the Purchaser; and
- (h) 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.

### **7.3 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) payment of cash consideration contemplated by Section 3.3(1)(b);
- (b) payment or evidence of the payment of the Transfer Taxes, if any;
- (c) an instrument or instruments evidencing the credit bid portion of the Purchase Price;
- (d) an assumption of the Assumed Liabilities;
- (e) the certificate of the Purchaser referenced in Section 6.2(a);
- (f) the tax election contemplated by Section 3.6(1), executed by the Purchaser; and
- (g) 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.

### **7.4 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 7.4. 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.

## **7.5 Possession of Purchased Assets**

On Closing the Purchaser shall acquire ownership of the Purchased Assets where situate at the Time of Closing provided that in no event shall title to the Purchased Assets pass to the Purchaser until the Approval and Vesting Order (or the Augmented Transaction AVO, as applicable) is effective in accordance with its terms.

## **7.6 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.

## **SECTION 8– GENERAL**

### **8.1 Capacity of the Proposal Trustee**

The Purchaser acknowledges and agrees that Crowe Soberman Inc. is solely signing this agreement in its capacity as the Proposal Trustee of the proposal of the Vendor and not in any personal capacity whatsoever.

### **8.2 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:

**Dove Corp.**  
354 Supertest Road  
Toronto, Ontario M3J 2M2

Attention: Shahram Zarif-Karimi  
E-mail: [danny@dovecleaners.com](mailto:danny@dovecleaners.com)

with a copy to:

**Goldberg, Lamba & Ghannoum LLP**  
905-20 Adelaide Street East  
Toronto, Ontario M5C 2T6

Attention: Elie Ghannoum  
E-mail: [elie@glgllp.ca](mailto:elie@glgllp.ca)

in the case of the Vendor:

**2519920 Ontario Inc.**  
354 Supertest Road  
Toronto, Ontario M3J 2M2

Attention: Shahram Zarif-Karimi  
E-mail: [danny@dovecleaners.com](mailto:danny@dovecleaners.com)

with copies to:

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

Attention: Brendan Bissell and Joël Turgeon  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com) and [turgeon@gsnh.com](mailto:turgeon@gsnh.com)

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

Attention: Hans Rizarri  
E-mail: [hans.rizarri@crowesoberman.com](mailto:hans.rizarri@crowesoberman.com)

**Manis Law**  
2300 Yonge Street, Suite 1600  
Toronto, Ontario M4P 1E4

Attention: Howard Manis  
E-mail: [hmanis@manislaw.ca](mailto:hmanis@manislaw.ca)

or to such other address, individual or electronic communication number as may be designated by notice given by either party to the other. Any demand, notice or other communication shall be conclusively deemed to have been given, if given by personal delivery, on the day of actual delivery thereof if delivered during normal business hours of the recipient on a Business Day and, if given by electronic communication, on the day following the transmittal thereof if transmitted during normal business hours of the recipient on a Business Day and on the second Business Day following the delivery or transmittal thereof if not so delivered or transmitted.

### **8.3 Time of Essence**

Time shall be of the essence for every provision hereof.

#### **8.4 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.

#### **8.5 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.

#### **8.6 Further Assurances**

During the thirty (30) day period after the Closing Date, each party shall from time to time execute and deliver, or cause to be executed and delivered, all such documents and instruments and do, or cause to be done, all such acts and things as the other party may, either before or after the Closing, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

#### **8.7 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.

#### **8.8 Amendments**

This Agreement may only be amended, modified, or supplemented by a written agreement signed by the parties prior to the making of the Sale Process Order, and cannot be amended, modified, or supplemented thereafter.

#### **8.9 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.

### **8.10 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.

### **8.11 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.

### **8.12 Counterparts**

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

### **8.13 Assignment and Enurement**

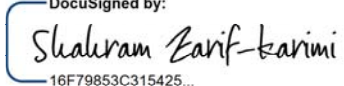
No party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

*[the remainder of the page is intentionally blank]*



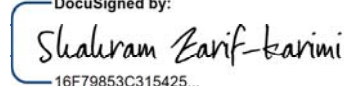
**DATED** as of the date first set out above.

**DOVE CORP.**

Per:   
16F79853C315425...  
Name: Shahram Zarif-Karimi  
Title: President  
I have the authority to bind the corporation

Accepted this 3<sup>rd</sup> day of May, 2022.

**2519920 ONTARIO INC.**

Per:   
16F79853C315425...  
Name: Shahram Zarif-Karimi  
Title: President  
I have authority to bind the corporation

**CROWE SOBERMAN INC. in its capacity as  
the trustee of the proposal of 2519920 Ontario  
Inc. and not in its personal or corporate capacity**

Per:   
Name: Hans Rizarri  
Title: President  
I have the authority to bind the corporation

**Schedule “A” – Draft Sale Process Order**

*[See next page.]*

Estate No. 31-2803414

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

THE HONOURABLE MADAM ) MONDAY, THE 9<sup>th</sup>  
 )  
JUSTICE GILMORE ) DAY OF MAY, 2022  
 )

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF 2519920 ONTARIO INC.  
o/a DOVE CLEANERS, A CORPORATION  
INCORPORATED UNDER THE *BUSINESS  
CORPORATIONS ACT* (ONTARIO)**

**ORDER  
(Approval of Sale Process)**

**THIS MOTION**, made by 2519920 Ontario Inc. o/a Dove Cleaners (the “**Company**”), for the orders herein, was heard this day via Zoom videoconference due to the COVID-19 pandemic.

**ON READING** the Company’s motion record, the second report of Crowe Soberman Inc. in its capacity as proposal trustee of the Company (in such capacity, the “**Proposal Trustee**”), dated \_\_\_\_\_ (the “**Second Report**”), and on hearing the submissions of counsel for the Company, counsel for the Proposal Trustee, and such other counsel present as may appear on the counsel slip, no one else appearing although duly served as appears from the affidavit of service filed:

## **SERVICE**

1. **THIS COURT ORDERS** that the time and manner of service of the motion record for this motion and the Second Report are hereby respectively abridged and validated such that this motion is properly returnable today.

## **APPROVAL OF SALE PROCESS AND STALKING HORSE BID**

2. **THIS COURT ORDERS** that the sale process terms attached hereto as Schedule "A" (the "**Sale Process Terms**") are hereby approved, and the Company and the Proposal Trustee are hereby directed to perform the sale process in accordance with the Sale Process Terms (the "**Sale Process**").
3. **THIS COURT ORDERS** that the asset purchase agreement dated May 3, 2022 between the Company and Dove Corporation (the "**Stalking Horse Bid**") shall constitute as the "stalking horse" bid in the Sale Process and is approved for that purpose, including the break fee set out in section 6.4 thereof.
4. **THIS COURT ORDERS** that the Company, the Trustee and their respective employees, advisors, agents or other representatives ("**Representatives**") shall have no personal or corporate liability in connection with the Sale Process save gross negligence or wilful misconduct.
5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee, the Company and their Representatives are hereby authorized and permitted to disclose

and transfer to each potential bidder (the “**Bidders**”) and to their Representatives, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Company’s records pertaining to the Company’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the Sale Process (a “**Sale**”). Each Bidder or Representative to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Proposal Trustee, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Proposal Trustee. The successful Bidder shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Winning Bid (as defined in the Sale Process Terms), shall be entitled to use the personal information provided to it that is related to the assets acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by the Company, and shall return all other personal information to the Proposal Trustee, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Proposal Trustee.

## **CONDITIONAL APPROVAL AND VESTING ORDER**

6. **THIS COURT ORDERS** that the Proposal Trustee shall hold the approval and vesting order signed this day in this court file (the “**AVO**”) in escrow and:
- a. if, upon the Bid Deadline, there is no Qualifying Bid (as those terms are defined in the Sale Process Terms) other than the Stalking Horse Bid, then the escrow shall be lifted and the AVO shall be effective from the Bid Deadline, without the need for issuance and entry, it being understood that the Proposal Trustee or the Company shall have the AVO issued and entered as soon as reasonably practicable thereafter.
  - b. in any other case, including, for avoidance of doubt, if any Qualifying Bid other than the Stalking Horse Bid is received and regardless of whether the Stalking Horse Bid in such a case becomes or not the Winning Bid within the meaning of the Sale Process Terms, then the Proposal Trustee shall destroy the AVO which shall be deemed to have never had any force or effect, but, for avoidance of doubt, the Company or the Proposal Trustee shall remain at liberty to bring a motion for an approval and vesting order in respect of the Winning Bid.

**EXTENSION OF TIME TO FILE A PROPOSAL**

7. **THIS COURT ORDERS** that the time for a proposal to be filed on behalf of the Company is extended to June 26, 2022 pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*.
  
  8. **THIS COURT ORDERS** that this Order is effective from its date without the requirement for issuance and entry.
-

**Schedule “A” – Sale Process Terms**

*[See next page.]*



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF 2519920 ONTARIO INC. o/a DOVE CLEANERS, A  
CORPORATION INCORPORATED UNDER THE *BUSINESS  
CORPORATIONS ACT* (ONTARIO)**

Estate No. 31-2803414

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

**Proceeding commenced in TORONTO**

**ORDER**  
**(Approval of Sale Process)**

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
Toronto ON M5G 1V6 Fax:  
(416) 597-3370

**R. Brendan Bissell - LSO #: 40354V**  
Tel: (416) 597-6489  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

**Joël Turgeon - LSO # 80984R**  
Tel: (416) 597-6486  
Email: [turgeon@gsnh.com](mailto:turgeon@gsnh.com)

Lawyers for 2519920 Ontario Inc. o/a Dove Cleaners

**Schedule “B” – Draft Approval and Vesting Order**

*[See next page.]*

Court File No. 31-2803414

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

THE HONOURABLE MADAM	)	MONDAY, THE 9 <sup>TH</sup>
	)	
JUSTICE GILMORE	)	DAY OF APRIL, 2022

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF 2519920 ONTARIO INC.  
o/a DOVE CLEANERS, A CORPORATION  
INCORPORATED UNDER THE *BUSINESS  
CORPORATIONS ACT* (ONTARIO)**

**APPROVAL AND VESTING ORDER**

THIS MOTION, made by 2519920 Ontario Inc. o/a Dove Cleaners (the “Debtor”) for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Debtor and Dove Corporation (the "Purchaser") dated May 3, 2022 and appended as Exhibit “A” to the affidavit of Danny Zarif sworn May 3, 2022 (the “Zarif Affidavit”) and vesting in the Purchaser the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario, by videoconference.

ON READING the Zarif Affidavit as well as the second report dated \_\_\_\_\_ of Crowe Soberman Inc. in its capacity as proposal trustee (in such capacity, the “Proposal Trustee”), and on hearing the submissions of counsel for the Debtor and counsel for the Proposal Trustee, no one appearing for any other person although properly served as appears from the affidavit of service, filed:

1. THIS COURT ORDERS that the time and manner of service of the motion record for this motion and the Second Report are hereby respectively abridged and validated such that this motion is properly returnable today.

2. THIS COURT ORDERS AND DECLARES THAT the Transaction is hereby approved, with such minor amendments as the Proposal Trustee may approve. The Company 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.

3. THIS COURT ORDERS AND DECLARES that upon the filing of the Proposal Trustee's Certificate with the Court, all of the Debtor'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) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (ii) 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 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.

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 deliver a copy of the Proposal Trustee's Certificate to the Purchaser forthwith after the filing thereof.

6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Debtor and Proposal Trustee are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. 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* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

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 the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) 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.

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Debtor and the Proposal Trustee and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and 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 Debtor, the Proposal Trustee and their agents in carrying out the terms of this Order.

---

**Schedule A – Form of Proposal Trustee’s Certificate**

Court File No. 31-2803414

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF 2519920 ONTARIO INC.  
o/a DOVE CLEANERS, A CORPORATION  
INCORPORATED UNDER THE *BUSINESS  
CORPORATIONS ACT* (ONTARIO)**

**PROPOSAL TRUSTEE’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Madam Justice Gilmore of the Ontario Superior Court of Justice (the "Court") dated May 9, 2022, the Court approved the agreement of purchase and sale made as of May 3, 2022 (the "Sale Agreement") between 2519920 Ontario Inc. o/a Dove Cleaners (the "Debtor") and Dove Corporation (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’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 filing by Albert Gelman Inc., in its capacity as trustee to the notice of intention to make a proposal to creditors proceeding of the Debtor (in such capacity, the "Proposal Trustee"), with the Court, of a certificate confirming (i) that no "Qualified Bid" within the meaning of the sale process terms (the "Sale Process Terms") approved by and appended to the Court’s order approving a sale process also made on April 9, 2022 in this court file, other than the Sale Agreement, was received by the Proposal Trustee by the Bid Deadline (as that term is defined in the Sale Process Terms); (ii) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (iii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iv) the Transaction has been completed to the satisfaction of the Proposal Trustee.

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

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. No "Qualified Bid" within the meaning of the Sale Process Terms other than the Sale Agreement was received by the Proposal Trustee by the Bid Deadline.
2. The Purchaser has paid and the Proposal Trustee or the Debtor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
3. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Debtor and the Purchaser; and
4. The Transaction has been completed to the satisfaction of the Proposal Trustee.
5. This Certificate was delivered by the Proposal Trustee at \_\_\_\_\_ on \_\_\_\_\_ .

**CROWE SOBERMAN INC., in its capacity  
as trustee to the notice of intention to make a  
proposal proceeding of the Debtor and not in  
its personal capacity**

Per: \_\_\_\_\_

Name:

Title:



**Schedule B – Claims to be deleted and expunged from title to the Purchased Assets**

- Any security interest registered in favour of Toronto Dominion Bank (and not, for avoidance of doubt, TD Equipment Finance Canada) under *Personal Property Security Act* (Ontario) (“PPSA”) file number 733407966, 736884027, 741272499, and 741397995.
- Any security interest registered in favour of Mills West Enterprises Inc. under PPSA file number 736884135.
- Including any assignment(s), as the case may be.

**Schedule C – Permitted Encumbrances (unaffected by Vesting Order)**

- Any security interest registered in favour of Sprucewood Leasing Limited under *Personal Property Security Act* (Ontario) (“PPSA”) file number 727306884, 734080716, 747333108, 751569192, 751998402, 757072971, 759336408, 765335061, 765335079, and 782481771.
- Any security interest in favour of TD Equipment Finance Canada under PPSA file number 741397995.
- Including any assignment(s), as the case may be.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF 2519920 ONTARIO INC. o/a DOVE CLEANERS., A CORPORATION  
INCORPORATED UNDER THE *BUSINESS CORPORATIONS ACT* (ONTARIO)**

Estate No. 31-2803414

---

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

---

**APPROVAL AND VESTING ORDER**

---

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
Toronto ON M5G 1V6 Fax:  
(416) 597-3370

**R. Brendan Bissell - LSO #: 40354V**  
Tel: (416) 597-6489  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

**Joël Turgeon - LSO # 80984R**  
Tel: (416) 597-6486  
Email: [turgeon@gsnh.com](mailto:turgeon@gsnh.com)

Lawyers for 2519920 Ontario Inc. o/a Dove Cleaners

### **Schedule “C” – Assumed Contracts**

1. All real property leases entered into by the Vendor other than the 7355 Bayview Lease and the 222 Bay Lease as defined at Schedule “C” to this Agreement;
2. All franchise agreements entered into by the Vendor as Franchisor other than the 7355 Bayview Franchise Agreement as defined at Schedule “C” to this Agreement; and
3. All equipment leases entered into by the Vendor.

### Schedule “D” – Excluded Assets

1. Lease Agreement between NGGF Holdings Inc. and 2519920 Ontario Inc. relating to Unit 4, 7355 Bayview Avenue (the “**7355 Bayview Lease**”) and any sub-leases or assignments between 2519920 Ontario Inc. and 2325463 Ontario Inc. relating to the 7355 Bayview Lease.
2. Franchise Agreement between 2519920 Ontario Inc. and 2325463 Ontario Inc. (the “**7355 Bayview Franchise Agreement**”).
3. Lease Agreement between ONTREA INC., THE CADILLAC FAIRVIEW CORPORATION LIMITED AND OPB (TDC) INC. (the “**Landlord**”), 6847188 CANADA INC. (the “**Original Tenant**”) as assigned to 2519920 ONTARIO INC. (the “**Tenant**”), 6837701 CANADA INC. (the “**Original Indemnifier**”), Lease dated July 19th, 2013, o/a “Dove & Flair Cleaners”, Store No. E004B (the “**Premises**”), as amended (the “**222 Bay Lease**”).

**Schedule “E” – Assumed Liabilities**

None.

### **Schedule “F” – Permitted Encumbrances**

- Any security interest registered in favour of Sprucewood Leasing Limited under *Personal Property Security Act* (Ontario) (“PPSA”) file number 727306884, 734080716, 747333108, 751569192, 751998402, 757072971, 759336408, 765335061, 765335079, and 782481771.
- Any security interest in favour of TD Equipment Finance Canada under PPSA file number 741397995.
- Including any assignment(s), as the case may be.

**Schedule “G” – Allocation of Purchase Price**

To be agreed to by the parties prior to Closing.



**Schedule “H” - Sale Process Terms (as appended to draft Sale Process Order and reproduced below for convenience)**

*[See next page]*

# Appendix “E”

2519920 Ontario Inc  
Cash Flow Projections  
For the period from May 2 to July 25, 2022

For The Week Beginning	02-May	09-May	16-May	23-May	30-May	06-Jun	13-Jun	20-Jun	27-Jun	04-Jul	11-Jul	18-Jul	25-Jul	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening Cash Balance</b> (Note 1)	17,964	(6,067)	(5,067)	(30,175)	(29,506)	(46,506)	(22,660)	(46,149)	(71,105)	(85,605)	(56,759)	(77,806)	(71,263)	17,964
<b>Receipts</b>														
Store Sales	22,500	22,500	27,500	27,500	27,500	27,500	30,000	30,000	30,000	32,500	32,500	32,500	32,500	375,000
<b>Total Receipts</b>	22,500	22,500	27,500	27,500	27,500	27,500	30,000	30,000	30,000	32,500	32,500	32,500	32,500	375,000
<b>Disbursements</b>														
Authorized/debit and credit				425			402				450			1,277
Insurance	2,031		623	2,032		2,154	623	2,032		2,154	623	2,032		14,304
Interest & Bank Charges			2,050				2,080				2,090			6,220
Lease payments (Note 2)				9,712				9,712				9,712		29,137
Material and supplies	3,500	1,000	3,500	1,000	3,500	1,000	3,500	10,000	3,500	1,000	3,500	1,000	3,500	39,500
Office and maintenance				450			450				450			1,350
Payroll and source deductions	41,000		41,000		41,000		41,000		41,000		41,000		41,000	287,000
Professional Fees		20,000						20,000					20,000	60,000
Rent				12,712				12,712				12,712		38,136
Utilities - Gas & Hydro			4,784				4,784				4,784			14,352
Utilities - Phone & Internet			650				650				650			1,950
Repairs and Maintenance		500		500		500		500		500		500		3,000
<b>Total Disbursements</b>	46,531	21,500	52,607	26,831	44,500	3,654	53,489	54,956	44,500	3,654	53,547	25,956	64,500	496,226
<b>Net cash inflow/(outflow)</b>	(24,031)	1,000	(25,107)	669	(17,000)	23,846	(23,489)	(24,956)	(14,500)	28,846	(21,047)	6,544	(32,000)	(121,226)
<b>Closing Cash Balance</b> (Note 3)	(6,067)	(5,067)	(30,175)	(29,506)	(46,506)	(22,660)	(46,149)	(71,105)	(85,605)	(56,759)	(77,806)	(71,263)	(103,263)	(103,263)

Notes:

1 Opening Cash Balance consists of the following:

	\$
TD Bank operating account (deficit)	(1,438.97)
Scotia Bank operating account	19,402.73
	<u>17,963.76</u>

2 Lease payments are for trucks and equipment that are essential to the Company's ongoing operations.

3 In the event of a deficit, the principals have agreed to invest the funds as needed.