

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

THE HONOURABLE MADAM) MONDAY, THE 9th
)
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 May 4, 2022 (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.]

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

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.

**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

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

Lawyers for 2519920 Ontario Inc. o/a Dove Cleaners