

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

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF  
CONFORTI HOLDINGS LIMITED, A CORPORATION  
INCORPORATED UNDER THE ONTARIO *BUSINESS  
CORPORATIONS ACT*, R.S.O. 1990, C. B.16**

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**MOTION RECORD  
(approval of proposal returnable July 19, 2022)**

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June 23, 2022

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Lawyers for Crowe Soberman Inc. in its capacity  
as trustee to the proposal to creditors proceeding  
of Conforti Holdings Ltd.

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# TAB 1

Notice of Motion returnable July 19, 2022

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

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF  
CONFORTI HOLDINGS LIMITED, A CORPORATION  
INCORPORATED UNDER THE ONTARIO *BUSINESS  
CORPORATIONS ACT*, R.S.O. 1990, C. B.16**

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**NOTICE OF MOTION  
(approval of proposal returnable July 19, 2022)**

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Crowe Soberman Inc., LIT, in its capacity as the trustee (the “**Proposal Trustee**”) of the Proposal of Conforti Holdings Limited (the “**Company**” or the “**Debtor**”), will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on Tuesday July 19, 2021 at 10:00am at the eighth floor of 330 University Avenue, Toronto.

**THE MOTION IS FOR:**

1. An order: approving the Proposal (defined below); and
2. Such other relief as this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

1. The Company operates hair saloons at mall locations in the greater Toronto area;
2. On December September 28, 2020, the Company filed a Notice of Intention to Make a Proposal (the “**NOI**”) with the Official Receiver;

3. In relation to the NOI, a holding proposal under Part III, Division I, of the Bankruptcy and Insolvency Act (the “**BIA**”) was filed with the Proposal Trustee on March 12, 2021, which was filed by the Proposal Trustee with the Official Receiver that same day;
4. Notice to the Debtor, the Division Office and to every known creditor affected by the Proposal was given regarding the calling of a meeting of creditors;
5. The meeting of creditors was held on April 1, 2021, which was adjourned to October 28, 2021 by the requisite majority of creditors;
6. The resumed meeting of creditors was held on October 29, 2021, which was adjourned to March 31, 2022 by the requisite majority of creditors;
7. The Company filed an amended and substantive Proposal (the “**Proposal**”) under Part III, Division I, of the BIA with the Proposal Trustee on March 21, 2022, which the Proposal Trustee forwarded that day to the Company, all known creditors, and the Official Receiver;
8. The Proposal was amended on March 28, 2022, which was forwarded that day to the Company, all known creditors, and the Official Receiver;
9. The reconvened meeting of creditors was held on March 31, 2022, at which a further amended version of the Proposal was filed by the Company in order to respond to certain questions and comments from creditors with respect to technical compliance with the BIA;
10. The creditors present at the March 31, 2022 meeting approved the Proposal as amended by the requisite majorities;

11. The Proposal is an advantageous proposal for the creditors as the anticipated distribution to creditors is greater than a bankruptcy and allows for the continued operation of the Company's 35 hair salons and employment of its approximate 540 employees;

12. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) The Report of the Trustee on Proposal, dated June 22, 2022.
- (b) Such further and other materials as counsel may advise and this Court may permit.

**DATE:** June 22, 2022

**GOLDMAN SLOAN NASH & HABER LLP**

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Toronto (ON) M5G 1V2

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Email: [turgeon@gnsh.com](mailto:turgeon@gnsh.com)

Lawyers for Crowe Soberman Inc. in its capacity as proposal trustee  
to the proposal to creditors of Conforti Holdings Ltd.

TO: THE SERVICE LIST

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS  
LIMITED, A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS  
CORPORATIONS ACT*, R.S.O. 1990, C. B.16**

Court File No.: 31-2675583

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

**NOTICE OF MOTION**  
**(approval of proposal returnable July 19, 2022)**

**GOLDMAN SLOAN NASH & HABER LLP**  
480 University Avenue, Suite 1600  
Toronto (ON) M5G 1V2  
Fax: (416) 597-3370

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Tel: (416) 597-6486  
Email: [turgeon@gnsh.com](mailto:turgeon@gnsh.com)

Lawyers for Crowe Soberman Inc. in its capacity as  
trustee to the proposal to creditors proceeding of  
Conforti Holdings Ltd.

# TAB 2

Report of Trustee on Proposal

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

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

**REPORT OF TRUSTEE ON PROPOSAL**  
**(Section 58(d))**

Crowe Soberman Inc., the Licensed Insolvency Trustee acting *in re*: the Proposal of CONFORTI HOLDINGS LIMITED (“**Conforti**” or the “**Company**”), an insolvent person, hereby report to the Court as follows:

1. On September 28, 2020, the Company filed a Notice of Intention to Make a Proposal to creditors. A copy of the Notice of Intention to Make a Proposal is attached hereto as Appendix “**A**”.
2. The Proposal Trustee gave notice of the Notice of Intention to the Official Receiver and to every creditor as declared by the Company. A copy of the Affidavit of Mailing is attached hereto as Appendix “**B**”.
3. The Company filed a Statement of Projected Cash Flow on October 8, 2020. A copy of the Statement of Projected Cash-Flow is attached hereto as Appendix “**C**”.
4. A copy of the e-filing submission confirmation to the Office of the Superintendent of Bankruptcy (“**OSB**”) is attached hereto as Appendix “**D**”.



5. During the Proposal Proceedings, three Court Orders were issued extending the filing of the Proposal. These Court Orders were issued on October 26, 2020; December 14, 2020; and January 27, 2021. Copies of the three Court Orders are attached hereto as Appendices **“E1”**, **“E2”**, and **“E3”**, respectively.
6. On December 7, 2020, the Proposal Trustee issued a Material Adverse Change Report (**“MAC Report”**). The Proposal Trustee was of the opinion that a material adverse change occurred due to the Toronto and Peel Regions increasing their COVID-19 restrictions, and thus, the Company’s cash flow projections needed to be revised to reflect the negative effects of the restrictions that were put in place. A copy of the MAC Report dated December 7, 2020, is attached hereto as Appendix **“F”**.
7. On March 12, 2021, the Company filed a holding proposal to its creditors (the **“Holding Proposal”**). A copy of the Holding Proposal is attached hereto as Appendix **“G”**.
8. The Proposal Trustee gave Notice of the Holding Proposal and First Meeting of Creditors (**“FMOC”**), to the Official Receiver and to every creditor as declared by the Company. Copies of the Affidavit of Mailing and the Notice of Proposal are attached hereto as Appendices **“H”** and **“I”**, respectively.
9. Included with the mailing of the Notice of Proposal, were the Proposal, Trustee’s Report to Creditors, Company’s Statement of Affairs, and Company’s Statement of Projected Cash-flow. Copies of the Trustee’s Report

- to Creditors, the Company's Statement of Affairs, and the Company's Statement of Projected Cash-flow, tabled at the FMOC, are attached hereto as Appendices "**J**", "**K**", and "**L**", respectively.
10. On April 21, 2021, the FMOC was held via Teams Meeting/telephone conference, chaired by Hans Rizarri, from the Office of the Proposal Trustee. At the request of the creditors, the meeting was adjourned to October 29, 2021. A copy of the Minutes of the FMOC is attached hereto as Appendix "**M**".
  11. The Proposal Trustee gave Notice of the First Reconvened Meeting of Creditors ("**FRMOC**"), to the Official Receiver and to every creditor as declared by the Company. Copies of the Affidavit of Mailing and the Notice of FRMOC are attached hereto as Appendices "**N**" and "**O**", respectively.
  12. The Proposal Trustee's Report to Creditors, and the Company's Statement of Projected Cash-flow, that were tabled at the FRMOC, were posted to the Proposal Trustee's website on October 25, 2021, and are attached hereto as Appendices "**P**" and "**Q**", respectively.
  13. On October 29, 2021, the FRMOC was held via Teams Meeting/telephone conference, chaired by Hans Rizarri, from the Office of the Proposal Trustee. At the request of the creditors, the meeting was adjourned to March 31, 2022. A copy of the Minutes of the FRMOC is attached hereto as Appendix "**R**".

14. On January 7, 2022, the Proposal Trustee issued a MAC Report. The Proposal Trustee was of the opinion that a material adverse change occurred due to the Ontario Government reinstating various restrictions as a response to the COVID-19 variant known as Omicron. It was anticipated that these restrictions were going to have a negative impact on the Company's sales and cash flows. A copy of the MAC Report dated January 7, 2022, is attached hereto as Appendix "**S**".
15. The Company filed an Amended Proposal to its creditors with the OSB on March 21, 2022. This Proposal was further amended and filed with the OSB on March 28, 2022. Copies of the Amended Proposals dated March 21, 2022, and March 28, 2022, are attached hereto as Appendices "**T1**" and "**T2**", respectively.
16. The Notice of Amended Proposal dated March 21, 2022, and Second Reconvened Meeting of Creditors ("**SRMOC**") was forwarded to the Company, all known creditors, and filed with the OSB on March 21, 2022. A copy of the Affidavit of Mailing and the Notice are attached hereto as Appendices "**U**" and "**V**", respectively.
17. The Proposal Trustee's Report to Creditors, and the Company's Statement of Projected Cash-flow, that were tabled at the SRMOC, were forwarded to the Company, all known creditors, and filed with the OSB and were posted to the Proposal Trustee's website on March 23, 2022. Copies of same are attached hereto as Appendices "**W**" and "**X**", respectively. A copy of the Affidavit of

Mailing is attached hereto as Appendix “Y”.

18. The Notice of Amended Proposal dated March 28, 2022, was forwarded to the Company, all known creditors, and filed with the OSB on March 28, 2022. A copy of the Notice is attached hereto as Appendix “Z”.
19. On March 31, 2022, the SRMOC was held via Teams Meeting/telephone conference, chaired by Hans Rizarri, from the Office of the Proposal Trustee. At this meeting, the language of the Amended Proposal was updated to conform with Section 65.11 of the Bankruptcy and Insolvency Act (the “**Updated Amended Proposal**”). In addition, the creditors voted to accept the Updated Amended Proposal. A copy of the Minutes of the SRMOC, the Voting Register, and the Updated Amended Proposal are attached hereto as Appendices “**AA**”, “**AB**”, and “**AC**”, respectively.
20. The Proposal Trustee is of the opinion that the Company’s assets and liabilities are as set out in the Statement of Affairs (Appendix “**K**”) and updated in the Trustee’s Report to Creditors that was tabled at the SRMOC (Appendix “**W**”).
21. The Trustee is further of the opinion that the causes of the insolvency of the Company were a result of the COVID-19 pandemic and the resulting mandatory government measures, lock downs, and restrictions on capacity, which resulted in reduced attendances affecting mall traffic and personal care services. The reasons are more amply set out in the Proposal Trustee’s reports filed throughout these Proposal Proceedings which are available at

[<https://www.crowe.com/ca/crowesoberman/insolvency-engagements/conforti-holdings-limited>].

22. The Proposal Trustee is further of the opinion that the Updated Amended Proposal is an advantageous one for the creditors as it provides for a greater recovery versus what the creditors would receive in the event of the Company going bankrupt. As of the date of this report, the Proposal Trustee estimates, based on claims filed and not including contingent claims, that the return to Creditors in a bankruptcy will be approximately 13% versus a Proposal where it will be approximately 20%. If the Proposal Trustee were to consider the contingent claims (approximately \$3.2 million) as part of the estimate, the return to Creditors in a bankruptcy will be approximately 11% versus a Proposal where it will be approximately 16%.
23. In addition, the estimated return to creditors is subject to change if further claims are received by the Proposal Trustee subsequent to the date of this report.
24. As of the date of the filing of the Notice of Intention to Make a Proposal, the Company's business operations comprised of 52 hair salons under 10 different trade names in southern Ontario, mostly in rental units in shopping malls and commercial office buildings. Given the various store closures during these Proposal Proceedings, as at the date of this report, the Company is currently operating 35 hair salons. As well, the Proposal Trustee has been advised that these 35 hair salons currently employ approximately 540 people. Further details are attached hereto as Appendix

**“AD”.**

25. The Proposal Trustee has reviewed that, as of the date of this report, the Company is current with respect to its HST remittances and source deductions. In addition, the Proposal Trustee has noted that since the date of the filing of the Notice of Intention to Make a Proposal (September 28, 2020), the Company has remitted net HST in the amount of approximately \$637,000 and source deductions in the amount of approximately \$3,500,000.
26. The Notice of Hearing of Application for Court Approval of Proposal is attached hereto as Appendix **“AE”**.
27. Attached hereto as Appendix **“AF”** is a copy of the Claims Register.

**DATED at the City of Toronto, Province of Ontario, this 22<sup>nd</sup> day of June 2022.**

**CROWE SOBERMAN INC.**  
**Trustee acting in re the Proposal of**  
**CONFORTI HOLDINGS LIMITED,**  
**a debtor**

Per:   
\_\_\_\_\_  
**Hans Rizarri, LIT, CIRP**  
**License #2680**

# APPENDIX

‘A’

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

- FORM 33 -


Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

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

Take notice that:

1. I, CONFORTI HOLDINGS LIMITED, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Crowe Soberman Inc., LIT of 2 St. Clair Ave East, Suite 1100, Toronto, ON, M4T 2T5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 28th day of September 2020.

  
 CONFORTI HOLDINGS LIMITED  
 Insolvent Person

To be completed by Official Receiver:

\_\_\_\_\_  
 Filing Date

\_\_\_\_\_  
 Official Receiver



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

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Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
Alectra Utilities (formerly Enersource Hydro)	2185 Derry Rd W Mississauga ON L5N 7A6		1,086.10
All In One	227 Bunting Road, Unit C ST. CATHERINES ON L2M 3Y2		318.17
Bell Canada F-88 - Business Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3		4,394.15
Brookfield Properties Canada Management LP	PO Box 3920, Commerce Court Postal Station, Toronto ON M5L 1K1	Brookfield Place store location	64,299.00
Canadian Linen & Uniform Service - Etobicoke, ON	24 Atomic Avenue Etobicoke ON M8Z 5L2		288.54
Canadian Springs	PO BOX 4514, STN A TORONTO ON M5W 4L7		252.66
Classique Nails Beauty Supply	3615 Weston Road, UNIT 3 TORONTO ON M9L 1V8		20,650.66
Cosmic Computer	20 Royal Shamrock Court, STOUFFVILLE ON L4A 0C9		552.57
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	126597194RP0001	29,000.00
Cushman & Wakefield Asset Services ULC	5100 Erinmills Parkway, Mississauga ON L5M 4Z5	Erin Mill Town Centre location	345,507.00
Cushman & Wakefield Asset Services ULC	Admin Office 1355 Kingston Road, Pickering ON L1V 1B8	Pickering location	188,045.00
Cushman & Wakefield Asset Services ULC	221 Glendale Ave, St. Catharines ON L2T 2K9	Pen Centre location	155,736.00
Darling Insurance	144 Queen St, Unit 4, P.O.BOX 1392, Lakefield ON K0L 2H0		525.96

District of: Ontario  
 Division No. 09 - Toronto  
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Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
Dermalogica Canada	70 University Ave, Suite 300 TORONTO ON M5J 2M4		3,875.91
Edge Mechanical	100 Saniford Road, UNIT 48 STOUFFVILLE ON L4A 7X5		429.40
Ellectra			664.26
Energy + Inc.	PO BOX 1060 CAMBRIDGE ON N1R 5X6		900.02
Ericco			471.89
Good Linen Rental	145 Claireport Crest, ETOBICOKE ON M9W 6R6		46,859.15
Hillcrest Mall Management Office	9350 Yonge St, Suite205 Richmond Hill ON L4C 5G2	Hillcrest Mall location	131,480.00
Hunter			727,591.60
Ivanhoe Cambridge Inc.	Administration Office 419 King Street West, Oshawa ON L1J 2K5	Oshawa Centre location	392,042.00
Ivanhoe Cambridge Inc.	550 King Street North, Waterloo ON N2L 5W6	Conestoga Mall location	137,297.00
Ize Body Art	99-384 Yonge St, TORONTO ON M6B 1S8		455.51
Joe's Mechanical	80 Baywood Crt, THORNHILL ON L3T 5W3		678.00
KS SP Limited Partnership	Scotia Plaza Property Mngmt Office, 40 King Street West, P1 Level, PO Box 101 Toronto ON M5H 3Y2	Scotia Plaza location	46,362.00
Master Signs	1A-25 McIntyre Pl, KITCHENER ON N2R 1H1		326.57
MesaLabs	500 Avenue Lepine, DORVAL QC H9P 2V6		270.07

District of: Ontario  
 Division No. 09 - Toronto  
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- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
MIL ITF Bramalea City Centre c/o Morguard Investement Limited	Atteniont: Bramalea City Centre Admin Offiuce 25 Peel Centre Dr, UNIT 395B Brampton ON L6T 3R5	Bramalea city centre location	43,892.00
Ministry of Finance - ON PST, EHT & Other Taxes Mrs. Asta Alberry	Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5	126597194TE0004	75,000.00
Morguard REIT c/o Morguard Investement Limted	Attention: Cambridge Centre Admin Office 355 Hespeler Road, Cambridge ON N1R 6B3	Cambridge centre location	86,785.00
Newmarket Hydro	590 Steven Court Newmarket ON L3Y 6Z2		1,204.08
Nutak Holdings Ltd.	74 Wellington Street East, Aurora ON L4G 1H8		11,337.45
Ontrea Inc	220 Yonge Street PO Box 511, Suite 110, Toronto ON M5B 2H1	Eaton Centre location	562,643.00
Ontrea Inc	Administration Office 5000 Highway 7, Markham ON L3R 4M9	Markville Mall location	229,134.00
Ontrea Inc.	25 The West Mall PO Box 101, ETOBICOKE ON M9C 1B8	Sherway Gardens location	323,616.00
Ontrea Inc.	Administration Office 2960 Kingsway Dr, Kitchener ON N2C 1X1	Fairview park location	224,928.00
OPGI Magement LP o/a Oxford ITF Square One	Mangement Office 100 City Centre Drive, Mississauga ON L5B 2C9	Square One location	164,893.00
Oshawa PUC Networks Inc. Suzanne Neal	100 Simcoe Street South Oshawa ON L1H 7M7		1,094.68
Oxford Properties Group	Box 256, 17600 Yonge St Newmarket ON L3Y 4Z1	Up[per Canada Mall location	182,602.00
Phytoderm	68 Stinson St, ST-LAURENT QC H4N 2E7		15,976.37

District of: Ontario  
 Division No. 09 - Toronto  
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Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.

Creditor	Address	Account#	Claim Amount
Precision Property Management Inc.	22 Goodmark Place, Unit 22 Toronto ON M9W 6R2		1,163.90
Primaris Magagement Inc.	435 Stone Road West, Guelph ON N1G 2X6	Stone road location	151,249.00
Promenade Limited Partnership	Admin Office, 1 Promenade Circle Thornhill ON L4J 4P8	Promenade Mall location	234,517.00
RBC Royal Bank c/o BankruptcyHighway.com Razel Bowen	PO Box 57100 Etobicoke ON M8Y 3Y2	06512-1009687	2,340,000.00
Rio-Can Georgian Mall Susanne Gill	509 Bayfield St Barrie ON L4M 4Z8	Georgian Mall location	219,850.00
S & K Beauty Supplies	1710 East Kemper Rd, Cincinnati, Ohio 45246 USA		27,493.51
SafeGuard Security	1520 Lesperance Road Windsor ON N8N 1Y1		317.01
Scarborough Town Centre Holdings Inc.	300 Borough Dr, Suite 230 Scarborough ON M1P 4P5	Scaborough town centre location	407,658.00
Select Plumbing & Heating Inc.	PO BOX 10011 RPO Watline, MISSISSAUGA ON L4Z 4G5		1,104.58
Spavaro Inc.	5496 Gorvan Dr, MISSISSAUGA ON L4W 3E8		251.88
Tex Euro Industrial Sales	530 Keele St, UNIT 307 TORONTO ON M6N 3C9		7,152.44
The Cadillac Fairview Corporation Limited	Toronto-Dominion Centre, 66 Wellington St West, Suite3800, PO BOX 2, Toronto ON M2J 5A7	TD centre location	105,163.00
The Cadillace Fairview Corporation Limited	1800 Sheppard Ave. East, SUITE 330, PO BOX 53 Toronto ON M2J 5A7	T0002405/Fairview mall location	404,962.00
The Printing House Ltd. Marynna	1403 Bathurst Street Toronto ON M5R 3H8		5,263.67

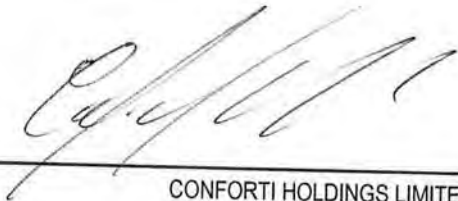
District of: Ontario  
 Division No. 09 - Toronto  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

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

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
V-P Conveyancing	19 Hoddle Cres, KITCHENER ON N2N 2N2		898.35
Waterlogic Canada	87 Sharer Road, Woodbridge ON L4L 8Z3		14,374.37
Waterloo North Hydro Inc. - Credit Services Jim Forler	PO Box 640 526 Country Squire Rd Waterloo ON N2J 4A3		419.19
<b>Total</b>			8,145,302.67

  
 CONFORTI HOLDINGS LIMITED  
 Insolvent Person

# APPENDIX

‘B’



31-2675583

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND BANKRUPTCY**

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

**AFFIDAVIT OF MAILING**

I, Sheila M. Potts, Administrative Assistant with Crowe Soberman Inc., the Licensed Insolvency Trustee, make oath and say:

1. That on September 29, 2020, I caused to be mailed from the General Post Office in the City of Toronto, in the Province of Ontario, by prepaid ordinary post, to the Anthony Conforti and all known creditors:

- i. LETTER TO THE CREDITORS OF CONFORTI HOLDINGS LIMITED
- ii. CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
- iii. NOTICE OF INTENTION TO MAKE A PROPOSAL
- iv. LIST OF CREDITORS (which list contains the names of all known creditors)

true copies of which are attached hereto and marked Exhibits "A1", "A2", "A3", & "A4" respectively, hereinafter referred to as the 'NOI Mailing Package'.

2. That on September 29, 2020, I caused to be e-mailed to the Royal Bank c/o BankruptcyHighway.com, All in One, Bell Canada, Classique Nails Beauty Supply, Darling Insurance, Dermalogica Canada, Edge Mechanical, Energy + Inc., Good Linen Rental, Hillcrest Mall Management Office, KS SP Limited Partnership, Master Signs, Ministry of Finance, Morguard REIT, Natali Products, Newmarket Hydro, Nutak Holdings Ltd., Oxford Properties Group, Phytoderm, Primaris Management Inc., Promenade Limited Partnership, Rio-Can Georgian Mall, S & K Beauty Supplies, SafeGuard Security, Select Plumbing & Heating Inc., Spavaro Inc., TD Canada Trust c/o FCT Default Solutions, Tex Euro Industrial Sales, Wahl Canada Inc., and Waterloo North Hydro Inc., a copy of the NOI Mailing Package. A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "B".
3. That on September 29, 2020, I caused to be faxed to Canada Revenue Agency a copy of the NOI Mailing Package. A true copy of the fax confirmation is attached hereto and marked as Exhibit "C".

4. That on September 30, 2020 I did E-file to the Superintendent of Bankruptcy the NOI Mailing Package. A true copy of the OSB e-filing confirmation is attached hereto and marked Exhibit "D"

SWORN BEFORE ME at the City  
Toronto, in the Province of Ontario  
This 22<sup>nd</sup> day of March

A. Frances Doria

Digitally signed by A. Frances  
Doria  
Date: 2021.03.22 10:17:58 -04'00'

A Commissioner, etc, in and for  
the Province of Ontario

*Sheila M Potts*

Sheila M. Potts

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



# APPENDIX

‘C’

**Conforti Holdings Limited**  
Cash flow Projections

	28-Sep	05-Oct	12-Oct	19-Oct	26-Oct	02-Nov	09-Nov	16-Nov	23-Nov	30-Nov	07-Dec	14-Dec	21-Dec	TOTAL
<b>Receipts</b>														
Salons Revenue	\$ 294,238	\$ 294,238	\$ 294,238	\$ 294,238	\$ 294,238	\$ 278,632	\$ 278,632	\$ 278,632	\$ 278,632	\$ 311,412	\$ 311,412	\$ 311,412	\$ 311,412	\$ 3,831,364
HST on Salons Revenue	\$ 38,251	\$ 38,251	\$ 38,251	\$ 38,251	\$ 38,251	\$ 36,222	\$ 36,222	\$ 36,222	\$ 36,222	\$ 40,484	\$ 40,484	\$ 40,484	\$ 40,484	\$ 498,077
	\$ 332,489	\$ 332,489	\$ 332,489	\$ 332,489	\$ 332,489	\$ 314,854	\$ 314,854	\$ 314,854	\$ 314,854	\$ 351,896	\$ 351,896	\$ 351,896	\$ 351,896	\$ 4,329,442
A/R Collections		277,000				75,000			75,000			50,000		477,000
HST Refund					83,138									83,138
COVID-19 Federal Wage Subsidy				200,000				75,000				50,000		325,000
<b>Total Receipts</b>	\$ 332,489	\$ 609,489	\$ 332,489	\$ 532,489	\$ 415,626	\$ 389,854	\$ 314,854	\$ 389,854	\$ 389,854	\$ 351,896	\$ 351,896	\$ 451,896	\$ 351,896	\$ 5,214,580
<b>Disbursements</b>														
Supplies & Personal Protective Equipment	\$ 33,859	\$ 33,859	\$ 33,859	\$ 33,859	\$ 33,859	\$ 23,117	\$ 23,117	\$ 23,117	\$ 23,117	\$ 26,492	\$ 26,492	\$ 26,492	\$ 26,492	\$ 367,732
G&A	\$ 3,481	\$ 3,481	\$ 3,481	\$ 3,481	\$ 3,481	\$ 3,788	\$ 3,788	\$ 3,788	\$ 3,788	\$ 2,710	\$ 2,710	\$ 2,710	\$ 2,710	\$ 39,088
Linen	\$ 4,896	\$ 4,896	\$ 4,896	\$ 4,896	\$ 4,896	\$ 3,788	\$ 3,788	\$ 3,788	\$ 3,788	\$ 3,788	\$ 3,788	\$ 3,788	\$ 3,788	\$ 54,778
Telephone	\$ 4,954	\$ 4,954	\$ 4,954	\$ 4,954	\$ 4,954	\$ 3,494	\$ 3,494	\$ 3,494	\$ 3,494	\$ 3,494	\$ 3,494	\$ 3,494	\$ 3,494	\$ 52,725
Utilities	\$ 1,582	\$ 1,582	\$ 1,582	\$ 1,582	\$ 1,582	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402	\$ 19,126
Repairs	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649	\$ 514	\$ 514	\$ 514	\$ 514	\$ 514	\$ 514	\$ 514	\$ 514	\$ 7,362
Rent	\$ 615,605	\$ 10,500	\$ 10,500	\$ 7,500	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 1,402,236
Accounting Fees	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 39,000
Professional Fees	\$ 80,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 205,000
Moving Costs	\$ 6,425	\$ 99,518	\$ 7,075	\$ 9,350	\$ 8,375	\$ 58,349	\$ 5,853	\$ 5,853	\$ 5,853	\$ 58,788	\$ 6,292	\$ 6,292	\$ 6,292	\$ 284,316
HST on Expenses	\$ 168,628	\$ 168,628	\$ 168,628	\$ 168,628	\$ 168,628	\$ 148,690	\$ 148,690	\$ 148,690	\$ 148,690	\$ 157,437	\$ 157,437	\$ 157,437	\$ 157,437	\$ 2,067,645
Net Payroll	\$ 2,139	\$ 2,139	\$ 2,139	\$ 2,139	\$ 2,139	\$ 17,590	\$ 17,590	\$ 17,590	\$ 17,590	\$ 19,659	\$ 19,659	\$ 19,659	\$ 19,659	\$ 159,689
Variable Costs from additional revenue from closed stores	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,723	\$ 4,723	\$ 4,723	\$ 4,723	\$ 5,278	\$ 5,278	\$ 5,278	\$ 5,278	\$ 64,942
Bank Charges / Merchant Fees	\$ 5,200	\$ 5,200	\$ 5,200	\$ 5,200	\$ 5,200	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 78,000
Net head office wages	\$ 40,483	\$ 30,905	\$ 30,905	\$ 30,905	\$ 30,905	\$ 30,905	\$ 28,154	\$ 28,154	\$ 28,154	\$ 28,154	\$ 36,434	\$ 36,434	\$ 36,434	\$ 416,926
CRA Source Deductions	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 1,601	\$ 4,803
Building Monthly Maintenance	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 10,244	\$ 20,487
Property Tax	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 60,512	\$ 60,512	\$ 60,512	\$ 60,512	\$ 60,512	\$ 60,512	\$ 60,512	\$ 60,512	\$ 129,491
HST Payable														\$ 75,000
EHT Arrears														\$ 60,000
EHT Instalments														\$ 600
WSIB														\$ 5,678,947
<b>Total Disbursements</b>	\$ 277,283	\$ 1,163,748	\$ 293,555	\$ 293,130	\$ 414,655	\$ 727,642	\$ 276,535	\$ 256,535	\$ 317,047	\$ 729,633	\$ 280,201	\$ 300,001	\$ 348,980	\$ 5,678,947
<b>Net Inflow (outflow)</b>	\$ 55,205	\$ (554,260)	\$ 38,934	\$ 239,359	\$ 972	\$ (337,783)	\$ 38,319	\$ 133,319	\$ 72,807	\$ (377,738)	\$ 71,694	\$ 151,894	\$ 2,915	\$ (464,367)
<b>Opening Balance</b>	\$ 168,277	\$ 223,482	\$ (330,777)	\$ (291,844)	\$ (52,485)	\$ (51,513)	\$ (389,301)	\$ (350,982)	\$ (217,664)	\$ (144,857)	\$ (522,594)	\$ (450,900)	\$ (299,005)	\$ 168,277
<b>Carried Forward</b>	\$ 223,482	\$ (330,777)	\$ (291,844)	\$ (52,485)	\$ (51,513)	\$ (389,301)	\$ (350,982)	\$ (217,664)	\$ (144,857)	\$ (522,594)	\$ (450,900)	\$ (299,005)	\$ (299,005)	\$ (296,090)

**CERTIFICATION**

THE PURPOSE of this Statement of Projected Cash flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of Conforti Holdings Limited's financial affairs. This Statement of Projected Cash flow is prepared pursuant to the requirements of sections 50.4(2)(a) and 50(6)(a) of the Bankruptcy and Insolvency Act and solely for that purpose. Dated this 8th day of October, 2020.

**Note re limiting conditions:** Results and underlying projections and assumptions may be materially affected by increased volatility in current and future economic, political regulatory, financial, market or other circumstances as a result of COVID-19. As such, a high degree of caution should be attached to these projections

Per: Antonio Conforti - authorized representative

**CROWE SOBERMAN INC.**  
Licensed Insolvency Trustees Acting in re: Proposal of Conforti Holdings Limited

Per: Hans Rizani CA, CMA, CIT, CIPR

# APPENDIX

‘D’



Government  
of Canada

Gouvernement  
du Canada

### New filing - submission is pending review

Welcome **Hans Rizarri** | [Preferences](#) | [E-Filing helpdesk](#) | [Instructions](#) | [Logout](#)

**i** This new filing has been successfully transmitted and will be reviewed by an Official Receiver.

#### Estate Information

- **Company Name:** CONFORTI HOLDINGS LIMITED
- **Temporary ID Number:** 31-TMPa88284

#### Reference

- The Reference Number for this transaction is: **17674579**.
- Submitted by Hans Rizarri.
- 2020-09-28 12:56 EDT

**Date modified:** 2020-07-27

# APPENDIX

‘E1’

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

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



THE HONOURABLE MADAM

)

MONDAY, THE 26TH

JUSTICE CONWAY

)

DAY OF OCTOBER, 2020

)

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

**ORDER  
 (Priority Charges and Stay Extension)**

**THIS MOTION**, made by Conforti Holdings Limited ("**Conforti**"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") for an order, among other things, (i) approving a debtor-in-possession ("**DIP**") term sheet, a DIP loan, and authorizing Conforti to borrow up to \$500,000; (ii) granting a charge in favour of the DIP lender, an administrative charge in favour of Crowe Soberman Inc., in its capacity as proposal trustee of Conforti (the "**Proposal Trustee**"), counsel to the Proposal Trustee, and counsel to Conforti, and a charge in favour of Conforti's officers and directors; (iii) approving the first report of the Proposal Trustee, dated October 23, 2020 (the "**First Report**"), and the conduct and activities of the Proposal Trustee as described therein; and (iv) extending the time for Conforti to file a proposal from October 28, 2020 to December 14, 2020, was heard this day by videoconference due to the COVID-19 pandemic.

**ON READING** Conforti's notice of motion, the affidavit of Antonio Conforti, sworn October 21, 2020, and the First Report, and on hearing the submissions of counsel for Conforti and counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by

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the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service, filed,

### **SERVICE**

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

### **DIP FINANCING**

2. **THIS COURT ORDERS** that Conforti is hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Loan**") from Antonio Conforti (in such capacity, the "**DIP Lender**") in order to finance Conforti's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$500,000.

3. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between Conforti and the DIP Lender, dated as of October 20, 2020 (the "**DIP Term Sheet**"), filed.

4. **THIS COURT ORDERS** that Conforti is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and Conforti is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.



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5. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on all of the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 14 and 16 hereof.

6. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- a. the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- b. upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon three Business Days' (as that term is defined in the DIP Term Sheet) notice to Conforti and the Proposal Trustee, may exercise any and all of its rights and remedies against Conforti or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to Conforti and set off and/or consolidate any amounts owing by the DIP Lender to Conforti against the obligations of Conforti to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against Conforti and for the appointment of a trustee in bankruptcy of Conforti; and



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- c. the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of Conforti or the Property.

7. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by Conforti under the BIA with respect to any advances made under the Definitive Documents.

#### **ADMINISTRATION CHARGE**

8. **THIS COURT ORDERS** that the Proposal Trustee, Goldman Sloan Nash & Haber LLP as counsel to the Proposal Trustee, and Miller Thomson LLP as counsel to Conforti (collectively, the "**Professional Group**"), shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Conforti as part of the costs of these proceedings both before and after the making of this Order in respect of these proceedings and related matters. Conforti is hereby authorized to pay the accounts of the Professional Group on a monthly basis.

9. **THIS COURT ORDERS** that the Professional Group shall pass their accounts from time to time, and for this purpose, the accounts of the Professional Group are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List) at Toronto, Ontario.

10. **THIS COURT ORDERS** that the Professional Group shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property which charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Professional Group, both before and after the making of this Order with respect to and incidental to these proceedings, including the reasonable fees and disbursements of the Professional Group incurred in preparation of the filing of Conforti's proposal pursuant to section 50 of the BIA. The Administration Charge shall have the priority set out in paragraphs 14 and 16 hereof.

## **DIRECTORS CHARGE**

11. **THIS COURT ORDERS** that Conforti shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of Conforti after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

12. **THIS COURT ORDERS** that the directors and officers of Conforti shall be entitled to the benefit of and are hereby granted a charge (the "**Director's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$100,000, as security for the indemnity provided in paragraph 11 of this Order. The Director's Charge shall have the priority set out in paragraphs 14 and 16 hereof.

13. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) Conforti's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts identified in accordance with paragraph 11 of this Order.

## **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

14. **THIS COURT ORDERS** that the priorities of the DIP Lender's Charge, the Administration Charge and the Directors' Charge (collectively the "**Charges**") as among them, shall be as follows:

First – Administration Charge (to the maximum of \$250,000);

Second – DIP Lender's Charge (to the maximum amount of \$500,000); and

Third – Director's Charge (to the maximum of \$100,000)

15. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

16. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**").

17. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, Conforti shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless Conforti also obtains the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Administration Charge and the Directors' Charge, or further Order of this Court.

18. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or



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other agreement (collectively, an "**Agreement**") which binds Conforti and notwithstanding any provision to the contrary in any Agreement:

- a. neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by Conforti of any Agreement to which it is a party;
- b. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from Conforti entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- c. the payments made by Conforti pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

19. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

#### **APPROVAL OF FIRST REPORT**

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

#### **EXTENSION OF TIME TO MAKE A PROPOSAL**

21. **THIS COURT ORDERS** that the time to make a proposal is delayed and extended to December 14, 2020.

**OTHER**

22. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.crowesobermaninc.com/insolvency/insolvency-cases/conforti-holdings-limited/>.


23. **THIS COURT ORDERS** that Conforti and the Proposal Trustee and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Conforti's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

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

25. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this

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Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "Conway J.", is written over a horizontal line.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**ORDER**

**(Priority Charges and Stay Extension)**

**MILLER THOMSON LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1101  
Toronto, ON M5H 3S1

**Bobby Sachdeva LSO #: 34454C**

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**Erin Craddock LSO #: 62828J**

Tel: 416.595.8631  
Fax: 416.595.8695  
ecraddock@millerthomson.com

Lawyers for Conforti Holdings Limited

# APPENDIX

‘E2’



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

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

THE HONOURABLE MADAM	)	MONDAY, THE 14TH
	)	
JUSTICE DIETRICH	)	DAY OF DECEMBER, 2020

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

**ORDER  
 (Stay Extension)**

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

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

**SERVICE**

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

**APPROVAL OF SECOND REPORT**

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

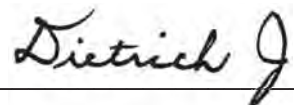
**EXTENSION OF TIME TO MAKE A PROPOSAL**

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

**OTHER**

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

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



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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**ORDER  
(Stay Extension)**

**MILLER THOMSON LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1101  
Toronto, ON M5H 3S1

**Bobby Sachdeva LSO #: 34454C**

Tel: 905.532.6670  
Fax: 905.660.0139  
bsachdeva@millerthomson.com

**Erin Craddock LSO #: 62828J**

Tel: 416.595.8631  
Fax: 416.595.8695  
ecraddock@millerthomson.com

Lawyers for Conforti Holdings Limited

# APPENDIX

‘E3’

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

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

THE HONOURABLE MR

)

WEDNESDAY, THE 27TH

JUSTICE HAINEY

)

DAY OF JANUARY, 2021

)



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

**ORDER  
 (Stay Extension)**

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

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

## **SERVICE**

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

## **APPROVAL OF THIRD REPORT**

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

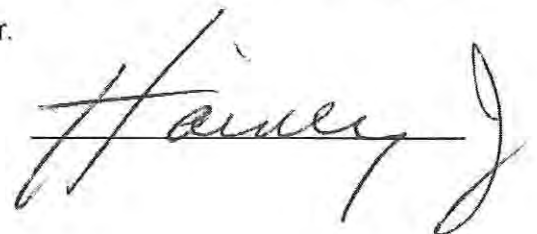
## **EXTENSION OF TIME TO MAKE A PROPOSAL**

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

## **OTHER**

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

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

A handwritten signature in black ink, appearing to read "Haimy", is written over a horizontal line.

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

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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

Proceeding commenced at Toronto

ORDER  
(Stay Extension)

MILLER THOMSON LLP  
Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1101  
Toronto, ON M5H 3S1

Bobby Sachdeva LSO #: 34454C  
Tel: 905.532.6670  
Fax: 905.660.0139  
bsachdeva@millerthomson.com

Erin Craddock LSO #: 62828J  
Tel: 416.595.8631  
Fax: 416.595.8695  
ecraddock@millerthomson.com

Lawyers for Conforti Holdings Limited

# APPENDIX

‘F’





Crowe Soberman Inc.  
Licensed Insolvency Trustee  
Member Crowe Global

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

**35-2675583**

**In the matter of the proposal of  
CONFORTI HOLDINGS LIMITED  
of the City of Markham  
in the Province of Ontario**

**REPORT OF THE PROPOSAL TRUSTEE ON MATERIAL ADVERSE  
CHANGE IN FINANCIAL CIRCUMSTANCES**

We, Crowe Soberman Inc. ("**Crowe**") of the City of Toronto, in the Province of Ontario, the Proposal Trustee acting in re the Proposal of Conforti Holdings Limited ("**Conforti**" or the "**Company**"), an insolvent company, hereby report to the Official Receiver and the Court as follows:

1. That Conforti did on September 28, 2020 file with us a Notice of Intention to Make a Proposal ("**NOI**") pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act* ("**BIA**").
2. That on October 26, 2020, Conforti sought and was granted by the Court an Order extending the stay of proceedings and the deadline for the lodging of a Proposal for a period of 45 days, or until December 14, 2020 (the "**Extension**"). The Extension was necessary in order to allow sufficient time to negotiate with the Company's landlords to figure out a plan for how the Company can meet its financial obligations throughout the COVID-19 Pandemic and to develop a proposal.
3. That it was Conforti's hope that through the NOI proceedings, Conforti could restructure its business operations by disclaiming leases of certain unprofitable locations, negotiating lease payments with various landlords, receiving financing from a related company, and relying on potential relief from the federal government.
4. That at the time the Order was granted on October 26, 2020, Conforti was planning to continue the business operations while adhering to the rules and regulations under the relevant COVID-19 guidelines and restrictions. Sales from ongoing operations of Conforti were necessary to provide working capital to fund ongoing operations during the proposal proceeding.

5. That on November 23, 2020, the Toronto and Peel regions increased their COVID-19 restrictions forcing Conforti to close its stores located in those regions for a minimum of 28 days.
6. The company advises that a total of 14 stores have been closed and over 300 employees laid off

### **Material Adverse Change**

The cash flow projections filed as Appendix D to the Proposal Trustee's First Report dated October 23, 2020 need to be revised to reflect the negative effects of the restrictions that were placed on the Toronto and Peel regions as of November 23, 2020. Specifically, cash receipts from "Gross Salons Revenue" (approximately \$350,000 per week) are going to be materially reduced while the restrictions are in place. The company estimates a decline in sales of 40% – 50%.

The Proposal Trustee is of the opinion that these events represent a material adverse change in Conforti's financial circumstances.

All of which is respectfully submitted, this 7<sup>th</sup> day of December 2020.

**Crowe Soberman Inc.**  
**Licensed Insolvency Trustee**  
**Acting re: Proposal of**  
**CONFORTI HOLDINGS LIMITED,**  
**A Debtor**




---

Daniel Posner, CPA, CA, CBV  
 Direct Line: 416 644 8447  
 Email: daniel.posner@crowesoberman.com

35-2675583

**In the matter of the proposal of  
CONFORTI HOLDINGS LIMITED  
of the City of Markham  
in the Province of Ontario**

To:	The Office of the Superintendent of Bankruptcy	Via E-filing System
To:	All known creditors (see list attached)	
To:	David Bish Torys LLP TD South Tower 30th Fl-79 Wellington St W Toronto ON M5H 4E3  Solicitor for Cadillac Fairview	Via e-mail: <a href="mailto:dbish@torys.com">dbish@torys.com</a>
To:	Michael Citak Gardiner Roberts LLP Bay-Adelaide Centre East Tower 3600-22 Adelaide St W Toronto ON M5H 4E3  Solicitor for Oxford Properties	Via e-mail: <a href="mailto:mcitak@grlip.com">mcitak@grlip.com</a>
To:	Linda Galessier Camelino Galassiere LLP 220-6 Adelaide St E Toronto ON M5J 2T9  Solicitor for Cushman, Wakefield, Ivanhoe, Brookfield & Morguard	Via e-mail: <a href="mailto:Lgalessiere@cglegal.com">Lgalessiere@cglegal.com</a>
To:	Sanjeev Mitra Aird & Berlis LLP Brookfield Pl 1800-181 Bay St Toronto ON M5J 2T9  Solicitor for RBC	Via e-mail: <a href="mailto:smitra@airdberlis.com">smitra@airdberlis.com</a>

- To: Bobby H Sachdeva  
Miller Thomson LLP  
700-100 New Park Pl  
Vaughan ON L4K 0H9  
Via e-mail: [bsachdeva@millerthomson.com](mailto:bsachdeva@millerthomson.com)  
  
Solicitor for the Debtor
- To: Carmine Scalzi  
Scalzi Professional Corporation  
200-7941 Jane St  
Concord ON L4K 4L6  
Via e-mail: [cscalzi@scalzilaw.com](mailto:cscalzi@scalzilaw.com)  
  
Solicitor for the Trustee
- To: Jason Schmidt  
26 Ontario St  
Port Hope ON L1A 2T6  
Via e-mail: [jason@schmidtlegalservices.com](mailto:jason@schmidtlegalservices.com)  
  
Representative for Jody Nice
- To: Kevin Sherkin  
Miller Thomson LLP  
Scotia Plaza  
5800-40 King St W  
Toronto ON M5H 3S1  
Via e-mail: [ksherkin@millerthomson.com](mailto:ksherkin@millerthomson.com)  
  
Solicitor for the Debtor
- To: Jessica Wuthmann  
Camelino Galessiere LLP  
220-6 Adelaide St E  
Toronto ON M5C 1H6  
Via e-mail: [jwuthmann@cglegal.ca](mailto:jwuthmann@cglegal.ca)  
  
Solicitor for Cushman Wakefield,  
Ivanhoe, Brookfield & Morguard
- To: Kyle Plunkett  
Aird & Berlis LLP  
Brookfield Pl  
1800-181 Bay St  
Toronto ON M5J 2T9  
Via e-mail: [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)  
  
Solicitor for RBC

# **- Creditor Mailing List -**

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

Creditor Type	Name	Attention	Address
Director	Antonio Conforti		7755 Warden Ave, Unit2 Markham ON L3R 0N3
Secured	RBC Royal Bank c/o BankruptcyHighway.com	Razel Bowen	06512-1009687 PO Box 57100 Etobicoke ON M8Y 3Y2 Fax: (416) 253-3610 bankruptcydocuments@asset.net
Unsecured	Alectra Utilities (formerly Enersource Hydro)		2185 Derry Rd W Mississauga ON L5N 7A6 Fax: (905) 566-2737
	All In One		227 Bunting Road, Unit C ST. CATHERINES ON L2M 3Y2 info@allinonecleaningsupply.ca
	Bell Canada F-88 - Business	Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3 Fax: (514) 766-7326 insolv@bell.ca
	Brookfield Properties Canada Management LP		Brookfield Place store location PO Box 3920, Commerce Court Postal Station, Toronto ON M5L 1K1
	Camelino Galessiere LLP	Jessica Wuthmann	Jessica Wuthmann 6 Adelaide St. East, Suite 220 Toronto ON M5C 1H6 jwuthmann@cglegal.ca
	Canadian Linen & Uniform Service - Etobicoke, ON		24 Atomic Avenue Etobicoke ON M8Z 5L2 Fax: (416) 253-1748
	Canadian Springs		PO BOX 4514, STN A TORONTO ON M5W 4L7
	Carmelino Galessiere LLP	Linda Galessiere	Linda Galessiere 6 Adelaide St. East, Suite 220, Toronto ON M5C 1H6 Lgalessiere@cglegal.ca
	Classique Nails Beauty Supply		3615 Weston Road, UNIT 3 TORONTO ON M9L 1V8 info@classiquesupply.com
	Cosmic Computer		20 Royal Shamrock Court, STOUFFVILLE ON L4A 0C9
	CRA - Tax - Ontario		126597194RP0001 Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9 Fax: (866) 229-0839
	Cushman & Wakefield Assest Services ULC		Erin Mill Town Centre location 5100 Erinmills Parkway, Missauga ON L5M 4Z5

# **- Creditor Mailing List -**

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

Creditor Type	Name	Attention	Address
Unsecured	Cushman & Wakefield Asset Services ULC		Pickering location Admin Office 1355 Kingston Road, Pickering ON L1V 1B8
	Cushman & Wakefield Asset Services ULC		Pen Centre location 221 Glendale Ave, St. Catharines ON L2T 2K9
	Darling Insurance		144 Queen St, Unit 4, P.O.BOX 1392, Lakefield ON K0L 2H0 Fax: (705) 651-8901 info@darlinginsurance.net
	Dermalogica Canada		70 University Ave, Suite300 TORONTO ON M5J 2M4 info.ca@dermalogica.com
	Edge Mechanical		100 Saniford Road, UNIT 48 STOUFFVILLE ON L4A 7X5 service@edgemechanical.ca
	Ellectra		
	Energy + Inc.		PO BOX 1060 CAMBRIDGE ON N1R 5X6 customercare@energyplus.ca
	Ericco		
	Gardiner Roberts LLP	Michael Citak	Bay Adelaide Centre-East Tower, 22 Adelaide St W, Suite3600 Toronto ON M5H 4E3 Fax: (416) 865-6636 mcitak@grllp.com
	Good Linen Rental		145 Claireport Crest, ETOBICOKE ON M9W 6R6 Fax: (416) 674-0436 goodlinen@bellnet.ca
	Hillcrest Mall Management Office		Hillcrest Mall location 9350 Yonge St, Suite205 Richmond Hill ON L4C 5G2 hillcrestguestservices@oxfordproperties.co m
	Hunter Amenities International Limited.	Louis Vasconcelos	1205 Corporate Drive, Burlington ON L7L 5V5 lvasconcelos@hunteramenities.com
	ITB International Inc.		1233 Merritville HWY RR2 WELLAND ON L3B 5N5
	Ivanhoe Cambridge Inc.		Oshawa Centre location Administration Office 419 King Street West, Oshawa ON L1J 2K5
	Ivanhoe Cambridge Inc.		Conestoga Mall location 550 King Street North, Waterloo ON N2L 5W6
	Ize Body Art		99-384 Yonge St, TORONTO ON M6B 1S8

# **- Creditor Mailing List-**

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

Creditor Type	Name	Attention	Address
Unsecured	Jody Nice	Jason Schmidt	SC20000005750000 26 Ontario St, Port Hope ON L1A 2T6 Fax: (365) 400-0019 jason@schmidtlegalservices.com
	Joe's Mechanical		80 Baywood Crt, THORNHILL ON L3T 5W3
	KS SP Limited Partnership		Scotia Plaza location Scotia Plaza Property Mngmt Office, 40 King Street West, Pl Level, PO Box 101 Toronto ON M5H 3Y2 Fax: (416) 947-7654 jdaley@scotiaplaza.com
	Master Signs		1A-25 McIntyre Pl, KITCHENER ON N2R 1H1 info@mediagategroup.ca
	MesaLabs		500 Avenue Lepine, DORVAL QC H9P 2V6
	MIL ITF Bramalea City Centre c/o Morguard Investement Limited		Bramalea city centre location Atteniont: Bramalea City Centre Admin Offiuce 25 Peel Centre Dr, UNIT 395B Brampton ON L6T 3R5
	Miller Thomson LLP - Toronto	Kevin D. Sherkin	Kevin D. Sherkin 40 King St. W., Suite 5800 Toronto ON M5H 4A9 Fax: (416) 595-8695 ksherkin@millerthomson.com
	Miller Thomson LLP - Vaughan	Bobby H. Sachdeva	Bobby H. Sachdeva 100 New Park Place, Suite 700 Vaughan ON L4K 0H9 Fax: (905) 660-0139 bsachdeva@millerthomson.com
	Ministry of Finance - ON PST, EHT & Other Taxes	Mrs. Asta Alberry	126597194TE0004 Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5 Fax: (905) 436-4524 insolvency.unit@ontario.ca
	Morguard REIT c/o Morguard Investement Linited		Cambridge centre location Attention: Cambridge Centre Admin Office 355 Hespeler Road, Cambridge ON N1R 6B3 info@morguard.com
	Natalii Products		1181 FINCH AVE WEST #8 TORONTO ON M3J 2V8 sales@nataliproducs.com
	Newmarket Hydro		590 Steven Court Newmarket ON L3Y 6Z2 Fax: (905) 895-8931 nmhydro@nmhydro.ca
	Nutak Holdings Ltd.		74 Wellington Street East, Aurora ON L4G 1H8 info@nutakholdings.com



# **- Creditor Mailing List -**

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

Creditor Type	Name	Attention	Address
Unsecured	Ontrea Inc		Eaton Centre location 220 Yonge Street PO Box 511, Suite 110, Toronto ON M5B 2H1
	Ontrea Inc		Markville Mall location Administration Office 5000 Highway 7, Markham ON L3R 4M9
	Ontrea Inc.		Fairview park location Administration Office 2960 Kingsway Dr, Kitchener ON N2C 1X1
	Ontrea Inc.		Sherway Gardens location 25 The West Mall PO Box 101, ETOBICOKE ON M9C 1B8
	OPGI Magement LP o/a Oxford ITF Square One		Square One location Mangement Office 100 City Centre Drive, Mississauga ON L5B 2C9
	Oshawa PUC Networks Inc.	Suzanne Neal	00051818-03 100 Simcoe Street South Oshawa ON L1H 7M7 Fax: (905) 743-5222
	Oshawa PUC Networks Inc.	Suzanne Neal	00051023-02 100 Simcoe Street South Oshawa ON L1H 7M7 Fax: (905) 743-5222
	Oshawa PUC Networks Inc.	Suzanne Neal	00051907-09 100 Simcoe Street South Oshawa ON L1H 7M7 Fax: (905) 743-5222
	Oshawa PUC Networks Inc.	Suzanne Neal	100 Simcoe Street South Oshawa ON L1H 7M7 Fax: (905) 743-5222
	Oxford Properties Group		Up[per Canada Mall location Box 256, 17600 Yonge St Newmarket ON L3Y 4Z1 MRussell@oxfordproperties.com
	Phytoderm		68 Stinson St, ST-LAURENT QC H4N 2E7 headoffice@phytoderm.com
	Precision Property Management & Maintenance Inc.	Enza Figueira	Invoice 046 346 Wendron Crescent Mississaua ON L5R 3H3 Precision_PMM@outlook.com
	Premium Fire Protection		18 Huntington Cres, COURTICE ON L1E 3C7
	Primaris Magagement Inc.		Stone road location 435 Stone Road West, Guelph ON N1G 2X6 info@primarisreit.com
	Promenade Limited Partnership		Promenade Mall location Admin Office, 1 Promenade Circle Thornhill ON L4J 4P8 leasing@promenade.ca



## - Creditor Mailing List -

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

Creditor Type	Name	Attention	Address
Unsecured	Rio-Can Georgian Mall	Susanne Gill	Georgian Mall location 509 Bayfield St Barrie ON L4M 4Z8 sgill@riocan.com
	S & K Beauty Supplies	Rafat Sanam	615 Ave Josaphat-Demers Laval QC H7X3R3 refat@sandksupplies.com
	SafeGuard Security		1520 Lesperance Road Windsor ON N8N 1Y1 Fax: (519) 735-0599 info@safeguardyourself.ca
	Scarborough Town Centre Holdings Inc.		Scarborough town centre location 300 Borough Dr, Suite 230 Scarborough ON M1P 4P5
	Select Plumbing & Heating Inc.		PO BOX 10011 RPO Watline, MISSISSAUGA ON L4Z 4G5 selectplumbing@sympatico.ca
	Spavaro Inc.		5496 Gorvan Dr, MISSISSAUGA ON L4W 3E8 Fax: (905) 624-8186 kathleen@spavaro.com
	TD Canada Trust C/O FCT Default Solutions		1025-400842 PO Box 2514, Station B London ON N6A 4G9 Fax: (647) 439-1419 dsinsolvency@collectlink.com
	Tex Euro Industrial Sales		530 Keele St, UNIT 307 TORONTO ON M6N 3C9 shakira@tex-euro.com
	The Cadillac Fairview Corporation Limited		TD centre location Toronto-Dominion Centre, 66 Wellington St West, Suite 800, PO BOX 2, Toronto ON M2J 5A7
	The Cadillac Fairview Corporation Limited	Ellen Williamson	T0002302/T0002405/T0002000/T0002 20 Queen St W, 5th floor Toronto ON M5H 3R3 Fax: (416) 598-8607
	The Cadillace Fairview Corporation Limited		T0002405/Fairview mall location 1800 Sheppard Ave, East, SUITE 330, PO BOX 53 Toronto ON M2J 5A7 Fax: (416) 491-3956
	The Printing House Ltd.	Marynna	602644 1403 Bathurst Street Toronto ON M5R 3H8 Fax: (416) 536-3283
	Torys LLP	Mr. David Bish	79 Wellington St. W, 30th Floor, Box 270, TD South Tower Toronto ON M5K 1N2 Fax: (416) 865-7380 dbish@torys.com

**- Creditor Mailing List -**

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

Creditor Type	Name	Attention	Address
Unsecured	V-P Conveyancing		19 Hoddle Cres, KITCHENER ON N2N 2N2 Fax: (519) 570-3852
	Venus Beauty Supplies		7400 Pacific Circles, MISSISSAUGA ON L5T 2A4 Fax: (905) 564-0408
	Wahl Canada Inc		165 Riviera Dr Markham ON L3R 5J6 Fax: (905) 477-6163 info@wahlcanada.com
	Waterlogic Canada		87 Sharer Road, Woodbridge ON L4L 8Z3
	Waterloo North Hydro Inc. - Credit Services Jim Forler		490707-3000818 PO Box 640 526 Country Squire Rd Waterloo ON N2J 4A3 Fax: (519) 746-0133 creditservices@wnhydro.com

# APPENDIX

‘G’

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

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

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

**-and-**

**IN THE MATTER OF THE PROPOSAL OF  
 CONFORTI HOLDINGS LIMITED**

**PROPOSAL**

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

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

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

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

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

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



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

- (2) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (y) **"Post Filing Goods and Services"** means in respect of the Proposal, the goods supplied, services rendered and other consideration given to the Debtor subsequent to the Filing Date;
- (z) **"Proof of Claim"** shall mean the proof of claim required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;
- (aa) **"Proposal"** means this Proposal dated March 11, 2021 made pursuant to the Act, as further amended or supplemented from time to time;
- (bb) **"Proposal Trustee"** or **"Trustee"** means Crowe Soberman Inc.;
- (cc) **"Proven Unsecured Claim"** of a Creditor means the amount of the Claim of such Creditor (other than a Secured Creditor) finally determined in accordance with the provisions of the Act;
- (dd) **"Secured Creditor"** means any Person or Persons holding a valid mortgage, hypothec, pledge, charge, lien or privilege on or against any property of any Person or Persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security upon which the Debtor is only indirectly or secondarily liable;
- (ee) **"Ultimate Proposal"** means the amended Proposal to be filed by the Debtor, which is expected to be filed after all of the Debtor's existing salons are allowed to re-open under the Government of Ontario's COVID-19 orders;
- (ff) **"Unsecured Creditors"** means, collectively, the Creditors who are not Secured Creditors; and
- (gg) **"Voting Letter"** shall mean the voting letter required by section 51(1) of the Act to be mailed to each known Creditor prior to the Creditors' Meeting.

## 1.2 Articles of Reference

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



### **1.3 Interpretation Not Affected by Headings**

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

### **1.4 Date for Any Action**

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

### **1.5 Time**

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

### **1.6 Numbers**

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

### **1.7 Currency**

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

### **1.8 Statutory References**

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

### **1.9 Successor and Assigns**

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

## **ARTICLE 2** **GENERAL INTENT**

### **2.1 Purpose of Proposal**

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

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

### **2.2 Persons Affected**

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

### **2.3 Post-Proposal Goods and Services**

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

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

### **2.4 Assets Remain Vested in Debtor**

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

### **ARTICLE 3**

#### **CLASSIFICATION AND TREATMENT OF CREDITORS**

#### **3.1 Secured Creditors**

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

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

#### **3.2 Classes of Creditors**

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

#### **3.3 Preferred Creditors**

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

#### **3.4 Unsecured Creditors**

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

#### **3.5 Different Capacities**

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



## **ARTICLE 4**

### **PROCEDURE FOR VALIDATION OF CLAIMS**

#### **4.1 Filing of Proofs of Claim**

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

#### **4.2 Allowance or Disallowance of Claims by the Trustee**

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

#### **4.3 Claims Bar Process**

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

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

## **ARTICLE 5**

### **MEETING OF CREDITORS**

#### **5.1 Creditors' Meeting**

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

## **5.2 Time and Place of Meeting**

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

## **5.3 Conduct of Meetings**

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

## **5.4 Adjournment of Meetings**

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

## **5.5 Voting by Creditors**

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

## **5.6 Approval by Creditors**

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

## **5.7 Appointment of Inspectors**

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

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



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

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

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

## **ARTICLE 6**

### **PAYMENT OF ADMINISTRATIVE FEES AND EXPENSES**

#### **6.1 Priority of Administrative Fees and Expenses**

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

#### **6.2 Payment of Administrative Fees and Expenses**

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

## **ARTICLE 7**

### **PROPOSAL**

#### **7.1 Implementation of Proposal**

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

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

Proposal of Conforti Holdings Limited  
Dated March 11, 2021  
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The lockdown and stay-at-home orders have complicated Conforti's efforts to develop a proposal to its creditors.

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

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

## **ARTICLE 8** **PROPOSAL TRUSTEE**

### **8.1 Proposal Trustee**

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

### **8.2 Superintendent Levy**

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

### **8.3 No Liability**

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

### **8.4 Discharge of Proposal Trustee**

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



## **ARTICLE 9**

### **FULL PERFORMANCE OF PROPOSAL**

#### **9.1 Obligations of the Debtor**

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

#### **9.2 Certificate of Full Performance**

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

#### **9.3 Status of the Debtor**

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

## **ARTICLE 10**

### **MISCELLANEOUS**

#### **10.1 Compromise Effective for all Purposes**

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

#### **10.2 Modification of Proposal Prior to Approval by Unsecured Creditors**

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



### 10.3 Consents, Waivers and Agreements

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

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

### 10.4 Conditions to Proposal Implementation

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

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

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

### **10.5 Release**

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

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

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

### **10.6 Effect of Proposal Generally**

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

### **10.7 Sections 95 to 101 of the BIA**

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

## 10.9 Notices

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

- (a) if to the Debtor:  
Conforti Holdings Limited  
7755 Warden Avenue  
Markham, ON L3R 0N3  
  
Attention: Floriana Ottaviani  
Email: [floriana@yourspacealons.ca](mailto:floriana@yourspacealons.ca)

with a copy to:

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

Attention: Bobby Sachdeva  
Email: [bsachdeva@millerthomson.com](mailto:bsachdeva@millerthomson.com)

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

- (c) if to the Proposal Trustee:

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

Attention: Hans Rizari  
Email: [Hans.Rizari@CroweSoberman.com](mailto:Hans.Rizari@CroweSoberman.com)

with a copy to:

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

Attention: Brendan Bissell  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

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



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

#### **10.9 Foreign Currency Obligations**

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

#### **10.10 Applicable Law**

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

#### **10.11 Non Severability**

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

#### **10.12 Deeming Provisions**

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

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

**CONFORTI HOLDINGS LIMITED**

Per: 

Name: \_\_\_\_\_

# APPENDIX

‘H’

Estate # 31-2675583

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

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

**AFFIDAVIT**

I, Sheila M. Potts, Administrative Assistant with Crowe Soberman Inc., the Licensed Insolvency Trustee, make oath and say:

1. That on March 17, 2021 I caused to be mailed from the General Post Office in the City of Toronto, in the Province of Ontario, to the Debtor and to all known creditors by prepaid ordinary post:
  - i. LETTER TO THE CREDITORS OF CONFORTI HOLDINGS LIMITED
  - ii. NOTICE OF PROPOSAL TO CREDITORS
  - iii. TRUSTEES INITIAL REPORT TO CREDITORS
  - iv. THE PROPOSAL
  - v. STATEMENT OF AFFAIRS
  - vi. CASH FLOW STATEMENT
  - vii. PROOF OF CLAIM
  - viii. PROXY
  - ix. VOTING LETTER
  - x. STAY OF PROCEEDINGS

True copies of which are attached hereto and marked Exhibits "A1" "A2" "A3" "A4" "A5" "A6" "A7" "A8", "A9" and "A10" respectively, hereinafter referred to as the 'Proposal Mailing Package', to all the known creditors shown on the list attached hereto as Exhibit "B".

2. That on March 17, 2021, I caused to be e-mailed to Antonio Conforti, a copy of the Proposal Mailing Package. True copy of the e-mail confirmation is attached hereto as Exhibit "C".
3. That on March 17, 2021, I caused to be e-mailed to Alectra Utilities, All In One, Bell Canada, Carmelino Galessiere LLP, Classique Nails Beauty Supply, Darling Insurance, Dermalogica Canada, Edge Mechanical, Energy + Inc., Gardiner Roberts LLP, Good Linen Rental, Hillcrest Mall Management Office, Hunter Amenities International Limited, KS SP Limited Partnership, Master Signs, Miller Thomson LLP (Toronto & Vaughan), Morguard REIT, Natalil Products, Newmarket Hydro, Jody Nice c/o Jason Schmidt Legal Services, Nutak Holdings Ltd., Oxford Properties Group, Phytoderm, Precision Property Management, Primaris Management Inc., Promenade Limited Partnership, Rio-Can Georgian Mall, S&K Beauty Supplies, SafeGuard



Security, Select Plumbing & Heating Inc., Spavaro Inc., Tex Euro Industrial Sales, Torsys LLP, Waterloo North Hydro Inc. a copy of the Proposal Mailing Package.

True copy of the e-mail confirmation is attached hereto and marked as Exhibit "D".

4. That on March 17, 2021, I did e-file to the Superintendent of Bankruptcy:

- i. NOTICE OF PROPOSAL TO CREDITORS
- ii. TRUSTEES INITIAL REPORT TO CREDITORS

True copies of the e-filing confirmations are attached hereto and marked Exhibit "E1" and "E2".

SWORN BEFORE ME at the City     )  
 Toronto, in the Province of Ontario     )  
 This 22nd day of March, 2021     )

*Sheila M Potts*

Sheila M. Potts

A. Frances Doria Digitally signed by A. Frances Doria  
 Date: 2021.03.22 11:05:08 -04'00'

A Commissioner, etc, in and for  
 the Province of Ontario

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

# APPENDIX

‘I’





Crowe Soberman Inc.

Crowe Soberman Inc.  
Licensed Insolvency Trustee  
Member Crowe Global

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

Estate File #: 31-2675583

## FORM 92

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

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

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

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

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

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

Proofs of claim must be lodged with me prior to the commencement of the meeting.

Proxies and voting letters intended to be used at the meeting may be filed at

any time up until the moment a vote is called. Dated at the City of Toronto in

the Province of Ontario, this 17th day of March 2021.

Crowe Soberman Inc., LIT  
Licensed Insolvency Trustee

This is Exhibit 'A2' mentioned and referred  
to in the affidavit of Sheila M. Potts  
Sworn before me this 22  
day of March 2021

A. Frances Doria

Digitally signed by A. Frances Doria

Date: 2021.03.22 11:06:41 -04'00'

COMMISSIONER, ETC.

Crowe Soberman Inc. is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe Soberman Inc. is not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and its ownership or partnership interest in Crowe Soberman Inc.  
© 2019 Crowe Soberman Inc.

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

# APPENDIX

‘J’



Crowe Soberman Inc.

Crowe Soberman Inc.  
Licensed Insolvency Trustee  
Member Crowe Global

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

Estate File #: 31-2675583

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

**Purpose of the First Meeting of Creditors**

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

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

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

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

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

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

This is Exhibit ..... 'A3' ..... mentioned and referred  
to in the affidavit of ..... *Shreya M. Polt* .....  
Sworn before me this ..... 22 .....  
day of ..... *March* .....  
A. Frances Doria, a Commissioner, Etc.,  
Province of Ontario, for Crowe Soberman Inc.,  
and its affiliates.  
Expires May 4, 2021.

**A. Frances  
Doria**

Digitally signed by A.  
Frances Doria  
Date: 2021.03.22  
11:08:07 -0400



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

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

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

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

Linda Stern at 416-644-4692 or by email at [linda.stern@crowesoberman.com](mailto:linda.stern@crowesoberman.com).

Dated at Toronto, Ontario, this 16<sup>th</sup> day of March, 2021.

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



Per: Hans Rizarri, LIT, CIRP

# APPENDIX

‘K’

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

☒ Original

☐ Amended

-- Form 78 --

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

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

To the debtor:

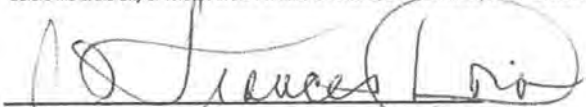
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 28th day of September 2020. When completed, this form and the applicable attachments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

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	5,717,994.25	1. Inventory	149,000.00
Balance of secured claims as per list "B"	1,291,000.00	2. Trade fixtures, etc.	55,000.00
Total unsecured creditors	7,008,994.25	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	2,140,333.68	Good	0.00
3. Preferred creditors as per list "C"	0.00	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D"	0.00	Bad	0.00
estimated to be reclaimable for		Estimated to produce	0.00
Total liabilities	9,149,327.93	4. Bills of exchange, promissory note, etc., as per list "F"	0.00
Surplus	NIL	5. Deposits in financial institutions	0.00
		6. Cash	0.00
		7. Livestock	0.00
		8. Machinery, equipment and plant	0.00
		9. Real property or immovable as per list "G"	2,558,089.00
		10. Furniture	5,000.00
		11. RRSPs, RRIAs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	0.00
		15. Other property, as per list "H"	0.00
		If debtor is a corporation, add:	
		Amount of subscribed capital	0.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	0.00
		Estimated to produce	0.00
		Total assets	2,767,089.00
		Deficiency	6,382,238.93

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

SWORN (or SOLEMNLY DECLARED)

before me at the City of Toronto in the Province of Ontario, on this 12th day of March 2021.



A. Frances Doria, Commissioner of Oaths  
 For the Province of Ontario  
 Crowe Soberman Inc., LIT  
 Expires May 4, 2021

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

  
 Antonio Conforti

This is Exhibit .... 17.5' ..... mentioned and referred  
 to in the affidavit of ... S. Reine M. Potts .....  
 Sworn before me this .... 22 .....  
 day of March ..... 2021

A. Frances Doria

Digitally signed by A. Frances Doria

Date: 2021.03.22 11:11:50

04:00

A COMMISSIONER, ETC.

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

FORM 78 – Continued

List "A"  
 Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Alectra Utilities (formerly Enersource Hydro)	55 John St North Hamilton ON L8R 3M8	1,086.10	0.00	1,086.10
2	All In One	227 Bunting Road, Unit C ST. CATHERINES ON L2M 3Y2	318.17	0.00	318.17
3	Beauty Experts Inc. General Security Agreement	7755 Warden Ave., Unit 2 Markham ON L3R 0N3	0.00	1,291,000.00	1,291,000.00
4	Bell Canada F-88 - Business Attn: Insolvency Department	1 Carrefour Alexandre-Graham-Bell, Allé E3 Verdun QC H3E 3B3	4,394.15	0.00	4,394.15
5	Brookfield Properties Canada Management LP Brookfield Place store location	PO Box 3920, Commerce Court Postal Station, Toronto ON M5L 1K1	64,299.00	0.00	64,299.00
6	Canadian Linen & Uniform Service - Etobicoke, ON	24 Atomic Avenue Etobicoke ON M8Z 5L2	288.54	0.00	288.54
7	Canadian Springs	PO BOX 4514, STN A TORONTO ON M5W 4L7	252.66	0.00	252.66
8	Carmelino Galesiere LLP Attn: Linda Galesiere	Linda Galesiere 6 Adelaide St. East, Suite 220, Toronto ON M5C 1H6	0.00	0.00	0.00
9	Classique Nails Beauty Supply	3615 Weston Road, UNIT 3 TORONTO ON M9L 1V8	20,650.66	0.00	20,650.66
10	Cosmic Computer	20 Royal Shamrock Court, STOUFFVILLE ON L4A 0C9	552.57	0.00	552.57
11	Cushman & Wakefield Asset Services ULC Erin Mills Town Centre location	5100 Erinmills Parkway, Mississauga ON L5M 4Z5	345,507.00	0.00	345,507.00
12	Cushman & Wakefield Asset Services ULC Pen Centre location	221 Glendale Ave., St. Catharines ON L2T 2K9	155,736.00	0.00	155,736.00
13	Cushman & Wakefield Asset Services ULC Pickering location	Admin Office 1355 Kingston Road, Pickering ON L1V 1B8	188,045.00	0.00	188,045.00
14	Darling Insurance	144 Queen St. Unit 4, P.O. BOX 1392, Lakefield ON K0L 2H0	525.96	0.00	525.96
15	Dermalogica Canada	70 University Ave, Suite 300 TORONTO ON M5J 2M4	3,875.91	0.00	3,875.91
16	Edge Mechanical	100 Sanford Road, UNIT 48 STOUFFVILLE ON L4A 7X5	420.40	0.00	420.40
17	Ellectra	xxxxxxx Toronto ON	664.26	0.00	664.26
18	Energy + Inc.	PO BOX 1060 CAMBRIDGE ON N1R 5X6	900.02	0.00	900.02
19	Ericco	xxxxxx Toronto ON	471.89	0.00	471.89
20	Gardiner Roberts LLP Attn: Michael Citak	Bay Adelaide Centre-East Tower, 22 Adelaide St W, Suite 3600 Toronto ON M5H 4E3	0.00	0.00	0.00
21	Good Linen Rental	145 Claireport Cresl, ETOBICOKE ON M9W 6R6	46,859.15	0.00	46,859.15
22	Hillcrest Mall Management Office Hillcrest Mall location	9350 Yonge St. Suite 205 Richmond Hill ON L4C 5G2	131,480.00	0.00	131,480.00
23	Hunter Amenities International Limited. Attn: Louis Vasconcelos	1205 Corporate Drive, Burlington ON L7L 5V5	727,591.60	0.00	727,591.60

12-Mar-2021

Date

Antonio Conforti



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

FORM 78 – Continued

List "A"  
 Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
24	ITB International Inc.	1233 Merriville HWY RR2 WELLAND ON L3B 5N5	119.80	0.00	119.80
25	Ivanhoe Cambridge Inc. Conestoga Mall location	550 King Street North Waterloo ON N2L 5W6	137,297.00	0.00	137,297.00
26	Ivanhoe Cambridge Inc. Oshawa Centre location	Administration Office 419 King Street West Oshawa ON L1J 2K5	392,042.00	0.00	392,042.00
27	Ize Body Art	99-384 Yonge St. TORONTO ON M5B 1S8	455.51	0.00	455.51
28	Joe's Mechanical	80 Baywood Crt. THORNHILL ON L3T 5W3	678.00	0.00	678.00
29	KS SP Limited Partnership Scotia Plaza location	Scotia Plaza Property Mngmt Office, 40 King Street West, P1 Level, PO Box 101 Toronto ON M5H 3Y2	46,362.00	0.00	46,362.00
30	Master Signs	1A-25 McIntyre Pl. KITCHENER ON N2R 1H1	326.57	0.00	326.57
31	MesaLabs	500 Avenue Lapine, DORVAL QC H9P 2V6	270.07	0.00	270.07
32	MIL ITF Bramalea City Centre c/o Morguard Investment Limited Bramalea City Centre location	Attention: Bramalea City Centre Admin Office 25 Peel Centre Dr, UNIT 395B Brampton ON L6T 3R5	43,892.00	0.00	43,892.00
33	Miller Thomson LLP - Toronto Attn: Kevin D. Sherkin	Kevin D. Sherkin 40 King St. W., Suite 5800 Toronto ON M5H 4A9	0.00	0.00	0.00
34	Miller Thomson LLP - Vaughan Attn: Bobby H. Sachdeva	Bobby H. Sachdeva 100 New Park Place, Suite 700 Vaughan ON L4K 0H9	0.00	0.00	0.00
35	Morguard REIT c/o Morguard Investment Limited Cambridge Centre location	Attention: Cambridge Centre Admin Office 355 Hespeler Road, Cambridge ON N1R 6B3	86,785.00	0.00	86,785.00
36	Natalii Products	1181 FINCH AVE WEST #8 TORONTO ON M3J 2V8	90.85	0.00	90.85
37	Newmarket Hydro	590 Steven Court Newmarket ON L3Y 6Z2	1,204.08	0.00	1,204.08
38	Nice, Jody Attn: Jason Schmidt SC20000005750000	26 Ontario St. Port Hope ON L1A 2T6	16,000.00	0.00	16,000.00
39	Nutak Holdings Ltd.	74 Wellington Street East, Aurora ON L4G 1H6	11,337.45	0.00	11,337.45
40	Ontrea Inc. Eaton Centre location	220 Yonge Street PO Box 511, Suite 110. Toronto ON M5B 2H1	562,643.00	0.00	562,643.00
41	Ontrea Inc. Fairview Park location	Administration Office 2950 Kingsway Dr, Kitchener ON N2C 1X1	224,928.00	0.00	224,928.00
42	Ontrea Inc. Markville Mall location	Administration Office 5000 Highway 7, Markham ON L3R 4M9	229,134.00	0.00	229,134.00
43	Ontrea Inc. Sherway Gardens location	25 The West Mall PO Box 101, ETOBICOKE ON M9C 1B8	323,616.00	0.00	323,616.00

12-Mar-2021

Date

Antonio Conforti



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

FORM 78 – Continued

List "A"  
 Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
44	OPGI Magement LP o/a Oxford ITF Square One Square One location	Mangement Office 100 City Centre Drive, Mississauga ON L5B 2C9	164,893.00	0.00	164,893.00
45	Oshawa PUC Networks Inc. Attn: Suzanne Neal	100 Simcoe Street South Oshawa ON L1H 7M7	1,094.68	0.00	1,094.68
46	Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051023-02	100 Simcoe Street South Oshawa ON L1H 7M7	0.00	0.00	0.00
47	Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051818-03	100 Simcoe Street South Oshawa ON L1H 7M7	0.00	0.00	0.00
48	Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051907-09	100 Simcoe Street South Oshawa ON L1H 7M7	0.00	0.00	0.00
49	Oxford Properties Group Upper Canada Mall location	Box 256, 17600 Yonge St Newmarket ON L3Y 4Z1	182,602.00	0.00	182,602.00
50	Phytoderm	68 Stinson St, ST-LAURENT QC H4N 2E7	15,976.37	0.00	15,976.37
51	Precision Property Management & Maintenance Inc. Attn: Enza Figueira Invoice 046	346 Wendron Crescent Mississauga ON L5R 3H3	1,163.90	0.00	1,163.90
52	Premium Fire Protection	18 Huntington Cres, COURTICE ON L1E 3C7	212.14	0.00	212.14
53	Primaris Magagement Inc. Stone Road location	435 Stone Road West, Guelph ON N1G 2X6	151,249.00	0.00	151,249.00
54	Promenade Limited Partnership Promenade Mall location	Admin Office, 1 Promenade Circle Thornhill ON L4J 4P8	234,517.00	0.00	234,517.00
55	Rio-Can Georgian Mall Attn: Susanne Gill Georgian Mall location	509 Bayfield St, Barrie ON L4M 4Z8	219,850.00	0.00	219,850.00
56	S & K Beauty Supplies Attn: Rafal Sanam	615 Ave Josphat-Demers Laval QC H7X3R3	27,493.51	0.00	27,493.51
57	SafeGuard Security	1520 Lesperance Road Windsor ON N8N 1Y1	317.01	0.00	317.01
58	Scarborough Town Centre Holdings Inc. Scarborough Town Centre location	300 Borough Dr, Suite 230 Scarborough ON M1P 4P5	407,658.00	0.00	407,658.00
59	Select Plumbing & Heating Inc.	PO BOX 10011 RPO Watline, MISSISSAUGA ON L4Z 4G5	1,104.58	0.00	1,104.58
60	Spavaro Inc.	5496 Gorvan Dr, MISSISSAUGA ON L4W 3E8	251.88	0.00	251.88
61	TD Canada Trust C/O FCT Default Solutions 1025-400842	PO Box 2514, Station B London ON N6A 4G9	0.00	0.00	0.00
62	Tex Euro Industrial Sales	530 Keele St, UNIT 307 TORONTO ON M6N 3C9	7,152.44	0.00	7,152.44
63	The Cadillac Fairview Corporation Limited Attn: Ellen Williamson T0002302/T0002405/T0002000/T0002	20 Queen St W, 5th floor Toronto ON M5H 3R3	0.00	0.00	0.00
64	The Cadillac Fairview Corporation Limited TD Centre location	Toronto-Dominion Centre, 66 Wellington St West, Suite 3800, PO BOX 2, Toronto ON M2J 5A7	105,163.00	0.00	105,163.00

12-Mar-2021

Date

Antonio Conforti

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

FORM 78 - Continued

List "A"  
 Unsecured Creditors

CONFORTI HOLDINGS LIMITED

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
65	The Cadillac Fairview Corporation Limited T0002405/Fairview Mall location	1800 Sheppard Ave. East, SUITE 330, PO BOX 53 Toronto ON M2J 5A7	404,962.00	0.00	404,962.00
66	The Printing House Ltd. Attn: Marynna 602544	1403 Balhurst Street Toronto ON M5R 3H8	5,263.67	0.00	5,263.67
67	Torys LLP Attn: Mr. David Bish	79 Wellington St. W., 30th Floor, Box 270. TD South Tower Toronto ON M5K 1N2	0.00	0.00	0.00
68	Venus Beauty Supplies	7400 Pacific Circle, MISSISSAUGA ON L5T 2A4	235.03	0.00	235.03
69	V-P Conveyancing	19 Hoddle Cres, KITCHENER ON N2N 2N2	898.35	0.00	898.35
70	Wahl Canada Inc.	165 Riviera Dr Markham ON L3R 5J6	33.76	0.00	33.76
71	Waterlogic Canada	87 Sharer Road, Woodbridge ON L4L 8Z3	14,374.37	0.00	14,374.37
72	Waterloo North Hydro Inc. - Credit Services Attn: Jim Forler 490707-3000618	PO Box 640 525 Country Squire Rd Waterloo ON N2J 4A3	419.19	0.00	419.19
Total:			5,717,994.25	1,291,000.00	7,008,994.25

12-Mar-2021

Date

Antonio Conforti

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

FORM 78 -- Continued

List "B"  
 Secured Creditors

CONFORTI HOLDINGS LIMITED

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

12-Mar-2021

Date

Antonio Conforti

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

FORM 78 - Continued

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

CONFORTI HOLDINGS LIMITED

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

12-Mar-2021

Date

Antonio Conforti

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

FORM 78 – Continued

List "D"  
 Contingent or Other Liabilities

CONFORTI HOLDINGS LIMITED

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

12-Mar-2021

Date

Antonio Conforti

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

FORM 78 -- Continued

List "E"  
 Debts Due to the Debtor

CONFORTI HOLDINGS LIMITED

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

12-Mar-2021

Date



Antonio Conforti



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

FORM 78 -- Continued

List "F"

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

CONFORTI HOLDINGS LIMITED

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

12-Mar-2021

Date

Antonio Conforti



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

FORM 78 – Continued

List "G"  
 Real Property or Immovables Owned by Debtor

CONFORTI HOLDINGS LIMITED

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

12-Mar-2021

Date



Antonio Conforti

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

FORM 76 -- Concluded

List "H"  
 Property

CONFORTI HOLDINGS LIMITED  
 FULL STATEMENT OF PROPERTY

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

12-Mar-2021

Date

Antonio Conforti

# APPENDIX

‘L’

**Conforti Holdings Limited**  
Cash flow Projections

For the Week Beginning:

	08-Mar	15-Mar	22-Mar	29-Mar	05-Apr	12-Apr	19-Apr	26-Apr	03-May	10-May	17-May	24-May	31-May	TOTAL
<b>Cash-in</b>														
Sales Revenue	\$ 271,874	\$ 306,249	\$ 400,884	\$ 440,730	\$ 440,730	\$ 440,730	\$ 440,730	\$ 440,730	\$ 460,763	\$ 460,763	\$ 460,763	\$ 460,763	\$ 480,796	\$ 5,506,284
CEWS (Note 1)	12,751			125,000	125,000				150,000				175,000	462,751
CERS (Note 1)	76,156			100,000	100,000				100,000				100,000	376,156
<b>Total Cash-in</b>	<b>204,625</b>	<b>382,405</b>	<b>400,664</b>	<b>440,730</b>	<b>440,730</b>	<b>440,730</b>	<b>440,730</b>	<b>440,730</b>	<b>710,763</b>	<b>460,763</b>	<b>460,763</b>	<b>460,763</b>	<b>755,796</b>	<b>6,345,191</b>
<b>Cash-out</b>														
Rent	141,375	159,249	208,345	229,180	229,180	229,180	229,180	229,180	239,597	239,597	239,597	239,597	345,682	1,047,308
Payroll	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	2,863,268
Head Office Payroll	33,930	38,220	50,003	55,003	55,003	55,003	55,003	55,003	57,503	57,503	57,503	57,503	60,003	97,500
CRA Source Deductions	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	887,184
Accounts payable (salons)	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	334,000
Accounts payable (Corp)	57,094	84,312	84,139	92,553	92,553	92,553	92,553	92,553	96,760	96,760	96,760	96,760	100,967	1,194,320
Supplies				56,500									58,500	163,500
Management Fee				7,500									7,500	22,500
Mortgage Interest				10,000									10,000	30,000
Professional Fees				15,000									15,000	45,000
EHT				8,815									9,215	28,030
Merchant Fees & Bank Charges				8,815									9,215	28,030
<b>Total Cash-out</b>	<b>291,436</b>	<b>336,907</b>	<b>404,500</b>	<b>439,550</b>	<b>439,550</b>	<b>439,550</b>	<b>439,550</b>	<b>439,550</b>	<b>457,076</b>	<b>457,076</b>	<b>457,076</b>	<b>457,076</b>	<b>887,282</b>	<b>6,813,205</b>
<b>Net Cash inflow (outflow)</b>	<b>(7,210)</b>	<b>45,498</b>	<b>(3,837)</b>	<b>(226,179)</b>	<b>(226,179)</b>	<b>(226,179)</b>	<b>(226,179)</b>	<b>(226,179)</b>	<b>253,688</b>	<b>(16,312)</b>	<b>3,688</b>	<b>3,688</b>	<b>(131,486)</b>	<b>(468,014)</b>
<b>Opening cash balance (Note 2)</b>	<b>(772,493)</b>		<b>45,498</b>	<b>41,661</b>		<b>226,179</b>	<b>207,359</b>	<b>208,538</b>		<b>253,688</b>	<b>237,375</b>	<b>241,063</b>	<b>244,750</b>	<b>(772,493)</b>
<b>Net Cash (above)</b>	<b>(7,210)</b>	<b>45,498</b>	<b>(3,837)</b>	<b>(423,570)</b>	<b>(226,179)</b>	<b>(18,821)</b>	<b>1,178</b>	<b>(400,697)</b>		<b>(16,312)</b>	<b>3,688</b>	<b>3,688</b>	<b>(131,486)</b>	<b>(468,014)</b>
<b>Closing cash before DIP</b>	<b>(779,703)</b>	<b>45,498</b>	<b>41,661</b>	<b>(381,909)</b>	<b>(226,179)</b>	<b>207,359</b>	<b>208,538</b>	<b>(192,159)</b>		<b>253,688</b>	<b>237,375</b>	<b>241,063</b>	<b>(113,264)</b>	<b>(1,240,506)</b>
<b>DIP loan (Note 3)</b>	<b>779,703</b>			<b>381,909</b>				<b>192,159</b>					<b>(113,264)</b>	<b>1,240,506</b>
<b>Closing cash</b>	<b>-</b>	<b>45,498</b>	<b>41,661</b>	<b>-</b>	<b>226,179</b>	<b>207,359</b>	<b>208,538</b>	<b>-</b>	<b>253,688</b>	<b>237,375</b>	<b>241,063</b>	<b>244,750</b>	<b>-</b>	<b>-</b>

**Notes:**

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

2. Opening cash balance consists of the following:

Actual bank balance on March 8, 2021	\$ 1,568,872
Outstanding cheques	(407,265)
Cash balance after outstanding items	1,161,507
Remove: Hypothecated/Security to Tony Conforti	1,934,000
Opening cash balance	(772,493)

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

**CERTIFICATION**

THE PURPOSE of this Statement of Projected Cash flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of Conforti Holdings Limited's financial affairs. This Statement of Projected Cash flow is prepared pursuant to the requirements of sections 40.42(a) and 50(6)(a) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 7th day of March 2021.

Per:  Antonio Conforti - authorized representative

CROWE SOBERMAN INC.  
Licensed Insolvency Trustee  
Acting as the Proposal of Conforti Holdings Limited

Per:  Massimo Doria, CA, CPA, LIT, CFP

This is Exhibit AC mentioned and referred  
to in the affidavit of Sheila M. Potts  
Sworn before me this 22  
day of March 2021

A. Frances Doria

Digitally signed by A. Frances Doria  
Date: 2021.03.22 11:12:51 -0400  
A COMMISSIONER, ETC

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

# APPENDIX

‘M’

**Estate No. 31-2675583**

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

**MINUTES OF FIRST MEETING OF CREDITORS**

MINUTES OF THE FIRST MEETING OF CREDITORS to consider the Proposal of Conforti Holdings Limited, held via telephone conference: Tel: 1-437-703-4645, Access Code 924 688 156#, under the Chair of Hans Rizarri, LIT, CIRP, on April 1, 2021 at 2:00 o'clock in the afternoon. Linda Stern acted as secretary.

- |    |   |   |
|----|---|---|
| 1. | <u>Present were:</u>                                  | <u>Representing</u>   |
|    | Hans Rizarri  | Trustee   |
|    | Linda Stern   | Trustee   |
|    | Antonio Conforti                                      | Debtor Company  |
|    | R. Brendan Bissell,<br>Goldman Sloan Nash & Haber LLP | Trustee   |
|    | Bobby Sachdeva,<br>Miller Thomson LLP                 | Debtor Company  |
|    | Jason Schmidt,<br>Schmidt Law Legal Services          | Jodie Nice, Creditor  |
|    | Michael Citak,<br>Gardner Roberts LLP                 | Observer, representing Oxford Properties Group,<br>Creditor |
2. The Chairperson advised the following were available for review and would be sent to creditors who request to review.:
- a. (i) Notice of Intention to Make a Proposal
  - (ii) Proposal dated March 12, 2021
  - (iii) Statement of Affairs
  - (iv) Assessment Certificate
  - (v) Certificate of Filing a Proposal
  - (vi) The Estate Filing Form

- (vii) The affidavit of mailing of the Notice of the First Meeting of Creditors
- (viii) Trustee's Report on the Proposal
- (ix) The Cash Flow Projection of the Debtor
- (x) Trustee's Report on the Cash Flow Projection
- (xi) Proofs of claim filed to the date of this meeting

The Chairman declared that, as there was at least one creditor present in person or by proxy, there was a quorum, and that the meeting having been properly called, was competent to carry on business under section 106(1) of the ***Bankruptcy and Insolvency Act*** ("BIA").

3. The meeting was then called to order at 2:00 p.m.
4. The Chairperson outlined his authority to Chair the meeting under section 51(3) of the BIA:

*"The official receiver or his nominee shall be the chairman at the first meeting of creditors and shall decide any questions or disputes arising at the meeting and from any such decision any creditor may appeal to the Court".*

5. The Trustee then proceeded to explain the Agenda as follows:
  - a. Receive and consider the Trustee's report;
  - b. Review the Debtor's financial circumstances;
  - c. Discuss various matters with respect to the Proposal (question period);
  - d. Vote on the Proposal or adjourn for further investigation;
  - e. Appoint inspectors;
  - f. Give such directions to the Trustee and make such other motions as the creditors may see fit.

### **Trustee's Report**

6. Trustee advised that its Report that was mailed out to the creditors on March 17, 2021 outlined the information available at the time of the filing of the Notice of Intention filed on September 28, 2020.
7. The Trustee recommended that this Meeting be adjourned for the following reasons:
  - a. Given the new lockdown that the Ontario Government just announced, the Trustee suggested to the meeting and the creditors present that the meeting be adjourned to the end of October, 2021, with the ability for the Trustee to recall the meeting sooner if it is of the view that the company is able to present its ultimate proposal to creditors sooner;
  - b. This will be based on when the company is able to resume any operations and can have a sense of what the future will hold; and



- c. The Trustee recommended that the meeting be adjourned to October 29, 2021 at 2:00 p.m.

**Vote on Adjournment**

8. As there was no further business, a motion was made and seconded by Mr. Jason Schmidt and passed that the meeting be adjourned to Friday, October 29, 2021 at 2:00 p.m.

**There being no further business the meeting closed at 2:15 p.m.**



---

Hans Rizarri, Chairperson



---

Linda Stern, Secretary

# APPENDIX

‘N’

Estate: 31-2675583

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

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

**AFFIDAVIT OF MAILING**

I, Sheila M. Potts, Administrative Assistant with Crowe Soberman Inc., the Licensed Insolvency Trustee, make oath and say:

1. That on October 18, 2021, I caused to be e-mailed to Antonio Conforti, President of Conforti Holdings, Brendan Bissell & Joel Turgeon of Goldman Sloan Nash & Haber LLP, Erin Craddock of Miller Thompson LLP, Bobby H. Sachdeva of Miller Thomson LLP, Carmine Scalzi of Scalzi Professional Corporation, Shiraz Shariff and Kevin Sherkin of Miller Thomson LLP a copy of:

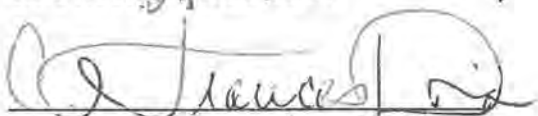
- i. NOTICE OF FIRST RECONVENED MEETING OF CREDITORS
- ii. LIST OF CREDITORS (which list contains the names of all proven creditors)

true copies of which are attached hereto and marked Exhibits "A1" & "A2". True copies of the email confirmation sheets are attached hereto and marked as Exhibit "B1" & "B2".


2. That on October 18, 2021, I caused to be e-mailed to All In One, Cushman & Wakefield, Energy + Inc., Morguard REIT, S & K Beauty Supplies and The Printing House, a copy of Exhibit "A1" and "A2". A true copy of the e-mail confirmation is attached hereto marked as Exhibit "C".
3. That on October 18, 2021, I caused to be e-mailed to Amanda Bezner of Toronto Dominion Bank, Cadillac Fairview c/o David Bish of Torys LLP, Oxford Properties c/o Michael Citak of Gardiner Roberts LLP, Ministry of Finance c/o Leslie Crawford, Cushman & Wakefield, Morguard REIT and Ivanhoe Cambridge II Inc c/o Linda Galessiere and Jessica Wuthmann of Camelino Galessiere LLP, MoroccanOil Inc. c/o Thomas Gertner, Canada Revenue Agency c/o Adam Gramowski, Brookfield Properties, OPB Realt Inc. and Galleria Concourse Operations c/o Brendan Jones of Blaney McMurtry LLP, Royal Bank of Canada c/o Sanjeev Mitra of Aird & Berlis LLP, Toronto Dominion Bank c/o Kyle Plunkett of Aird & Berlis LLP, Moroccan Oil Inc. c/o Clifton Prophet of Gowling WLG (Canada) LLP, Jody Nice c/o Jason Schmidt, Diane Winters of Department of Justice, Brookfield Properties c/o John Wolf of Blaney McMurtry LLP, and Mark Riedel for Conkle Kramer Engel PLC, a copy of Exhibit A1" and "A2". A true copy of the e-mail confirmation sheet is attached hereto and marked as Exhibit "D1" & "D2".

4. That on October 18, 2021, I also caused to be e-filed to the Office of the Superintendent of Bankruptcy Canada, a copy of:
  - i. NOTICE OF FIRST RECONVENED MEETING OF CREDITORS
  - ii. LIST OF CREDITORS (which list contains the names of all proven creditors)
 a true copy of the OSB e-file confirmation is attached hereto and marked Exhibit "E".
5. That on October 18, 2021, I caused to be faxed to Canada Revenue Agency, a copy of Exhibit "A1" and "A2". A true copy of the fax confirmation sheet is attached hereto and marked as Exhibit "F".
6. That on October 19, 2021, I caused to be e-mailed to Ivanhoe Cambridge c/o Charles St Pierre, and to Green Lighting Energy c/o Jerome R Morse of Morse Shannon LLP a copy of Exhibit "A1" and "A2". True copies of the e-mail confirmation sheets are attached hereto and marked as Exhibits "G" & "H".
7. That on October 20, 2021, I caused to be e-mailed to Rio-Can Georgian Mall, c/o Suzanne Gill, a copy of Exhibit "A1" and "A2". A true copy of the e-mail confirmation sheet is attached hereto and marked as Exhibit "I".

SWORN BEFORE ME at the City of )  
 Toronto, in the Province of Ontario )  
 on October 23, 2021, A.D. )



A Commissioner, etc, in and for  
 the Province of Ontario

  
 \_\_\_\_\_  
 Sheila M. Potts

Alfonsina Frances Doria, a Commissioner, etc.,  
 Province of Ontario, for Crowe Soberman Inc.,  
 and its affiliates.  
 Expires June 29, 2024.

# APPENDIX

‘O’





Crowe Soberman Inc.

Crowe Soberman Inc.  
Licensed Insolvency Trustee  
Member Crowe Global

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

Estate File #: 31-2675583

## FORM 92

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

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

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

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

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

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

Proofs of claim must be lodged with me prior to the commencement of the meeting.

Proxies and voting letters intended to be used at the meeting may be filed at

any time up until the moment a vote is called. Dated at the City of Toronto in

the Province of Ontario, this 17th day of March 2021.

Crowe Soberman Inc., LIT  
Licensed Insolvency Trustee

This is Exhibit 'A2' mentioned and referred  
to in the affidavit of Sheila M. Potts  
Sworn before me this 22  
day of March 2021

A. Frances Doria

Digitally signed by A. Frances Doria

Date: 2021.03.22 11:06:41 -04'00'

COMMISSIONER, ETC.

Crowe Soberman Inc. is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe Soberman Inc. is not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and its ownership or partnership interest in Crowe Soberman Inc.  
© 2019 Crowe Soberman Inc.

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

# APPENDIX

‘P’





**Crowe Soberman Inc.**  
**Licensed Insolvency Trustee**  
**Member Crowe Global**

2 St. Clair Avenue East, Suite 1100  
 Toronto, ON M4T 2T5  
 416 929 2500  
 416 929 2555 Fax  
 1 877 929 2501 Toll Free  
[www.crowesobermaninc.com](http://www.crowesobermaninc.com)

**Estate File #: 31-2675583**

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

**Purpose of the First Reconvened Meeting of Creditors**

On March 12, 2021, the Company filed a proposal to their creditors. However, unlike a traditional proposal which provides details of how the Company will attempt to settle their pre-filing obligations, which will then be voted upon at a meeting of creditors, what was filed was a holding proposal (“Holding Proposal”) which sought approval of the creditors for more time to permit the Company and its creditors to reach an agreement that will allow the Company to file a viable proposal (hereinafter referred to as the “Ultimate Proposal”). The dividends payable to the unsecured creditors will be as set out in the Ultimate Proposal.

The Company had originally intended to make a proposal to its creditors on or before December 14, 2020. However, the various lockdown orders and stay-at-home orders that were implemented by the Government of Ontario due to the COVID-19 pandemic, have meant that many of the Company’s most profitable salons were to remain closed for an unknown period, and thus, the uncertainty of the Company’s ongoing operations, complicated the Company’s efforts in developing a proposal to its creditors.

The Proposal Trustee held a meeting of creditors on April 1, 2021 (the “**First Meeting of Creditors**”). The creditors attending the First Meeting of Creditors voted in favour of an adjournment of the meeting to no later than October 29, 2021.

At the reconvened meeting on October 29, 2021 at 2:00pm, the Company will be requesting a further adjournment of the meeting of creditors. The basis for the request is discussed below, as is the Proposal Trustee’s support for it.

Also discussed below is a report on the affairs of the Company since the First Meeting of Creditors.

## STALKING HORSE SALE PROCESS

Since the First Meeting of Creditors, the Company was engaged in a court-approved Stalking Horse Sale Process (“**Sale Process**”) that was conducted by the Proposal Trustee. The purpose of the Sale Process was to monetize the real estate owned by the Company, located at 7755 Warden Avenue, Unit 2, Markham, Ontario (the “**Property**”). The Sale Process both ensured a minimum reasonable realization from the Stalking Horse Bidder via the Stalking Horse Asset Purchase Agreement (“**APA**”), and it allowed the market to either confirm the reasonableness of the APA or generate higher offers.

The Stalking Horse Bidder (“**Cicaplus Ltd.**”) is related to the Company and the Stalking Horse APA’s consideration was \$3,531,350 consisting of a \$100,000 cash deposit and an assumption of \$3,431,350 in secured debt owing by the Company to (i) Antonio Conforti, the co-owner and principal of the Company (the “**Antonio Conforti Secured Debt**”) and (ii) Beauty Experts Inc. (“**BEI**”), a company owned by Mr. Conforti (the “**BEI Secured Debt**”).

On July 15, 2021, the Proposal Trustee held an auction in connection with the Sale Process. At the conclusion of the auction, Cicaplus Ltd. was the Successful Bidder, having submitted the highest bid at a consideration of \$6,200,000 which is \$2,668,650 higher than that of the initial Stalking Horse APA. The consideration of \$6,200,000 was a combination of the following:

- I. \$100,000 cash deposit which was paid to the Proposal Trustee upon acceptance of the Stalking Horse APA;
- II. an assumption of:
  - i. the Antonio Conforti Secured Debt totaling \$1,931,350; and
  - ii. the BEI Secured Debt totaling \$1,500,000; and
- III. and a further \$2,668,650 payable in cash to the Proposal Trustee.

Full details of the Sale Process were included in the fifth report of the Proposal Trustee dated August 13, 2021 and are not repeated herein. All of the Proposal Trustee’s prior reports are available at [\[https://www.crowe.com/ca/crowesoberman/insolvency-engagements/conforti-holdings-limited\]](https://www.crowe.com/ca/crowesoberman/insolvency-engagements/conforti-holdings-limited)

## ACCOUNTING RE THE SALE OF THE PROPERTY

In order to attempt to protect the interests of creditors, the Proposal Trustee received the net proceeds of disposition of the Property when it closed on September 17, 2021. The following summarizes what was received:

	\$
Cash received by the Proposal Trustee on disposition of the Property	2,768,650
Less: Costs of disposition	
Commission payable (Note 1)	(248,000)
HST on commission	(32,240)
Estimated corporate taxes on disposition (Note 2)	<u>(1,540,000)</u>
Estimated net proceeds	<u>948,410</u>

### Notes:

- 1 Commission has not yet been paid as it's being disputed by the Company.
- 2 Corporate taxes on the disposition of the Property have been estimated by the Company's accountant to be at the highest rate because it is considered a return on investment (passive income).

## MOROCCANOIL, INC.

On August 20, 2021, MoroccanOil, Inc. ("MoroccanOil"), a contingent creditor of the Company, delivered a motion record challenging the validity of the security in connection with the BEI Secured Debt (the "**MoroccanOil Motion**"). As previously noted, the assumption of the BEI Secured Debt by Cicapulus Ltd. satisfied \$1,500,000 of the consideration in respect of the Sale Process.

MoroccanOil and the Company agreed that Cicapulus Ltd. would deposit \$1,500,000 with its lawyers representing the amount of the BEI Secured Debt, in order to close the transaction for the Property. In the event it is determined that BEI's security is invalid, Cicapulus Ltd. would be required to pay those amounts to the Proposal Trustee as a term of the closing the transaction for the Property. This allowed for the sale approval and vesting order to be granted and approved by the court and the transaction for the Property to close, while allowing the MoroccanOil Motion to be scheduled and heard in an organized manner. The hearing date for the MoroccanOil motion has been scheduled for January 10, 2022 at 10:00am.

The Proposal Trustee will be reviewing the materials filed by each of MoroccanOil and the Company, and will take such further steps, including further review or reporting, as is necessary.

## THE COMPANY'S OPERATIONS

At the present time, the Company has 36 locations, which have all been re-opened, however all locations are currently operating at limited capacity. Based on the cash flow projections that were prepared by the Company's management (the "**Cash Flow Projections**"), the Company's operations appear to be viable and are expecting to return to profitability within the coming months. We note that Mr. Conforti has reduced his monthly management fees by 50%. As well, we note that from December 2021 and onwards, the Company does not consider potential Government Subsidies in connection with the COVID-19 Pandemic that may or may not be received by the Company, and notwithstanding, are still expecting the Company's operations to return to profitability by around March 2022. The Cash Flow Projections are attached hereto as Appendix "A".

Between the time of the closing of the sale of the Property and the reconvened meeting of creditors on October 29, 2021, the Company reported to the Proposal Trustee that its cash flow would be negative such that it would require access to further funds for working capital. After review and discussion with the Company, the Proposal Trustee made a limited advance in the amount of \$350,000 on October 8, 2021, to the Company, from the sale proceeds being held by the Proposal Trustee. The Proposal Trustee did so in order to ensure the going concern nature of the Company, which is central to the planned proposal, and which appears to be of interest to the creditors based on voting and feedback received by the Proposal Trustee to date. The Proposal Trustee notes that cash flows of the Company, pursuant to the Cash Flow Projections are expected to be positive for the remainder of 2021.

If the creditors approve the adjournment of the meeting as requested, any further cash flow requirements of the Company during the further adjournment will be met by further advances by the Proposal Trustee from the proceeds of the sale of the Property.

## GENERAL

The Trustee will be calling a meeting of creditors on October 29, 2021 at 2:00 p.m. (the "**Creditors' Meeting**") and will recommend that the meeting be adjourned until an Ultimate Proposal may be filed by the Company.

The Company advises that

1. Ontario Government announced the lifting of restrictions on October 25, 2021, the date of this report. However, the Company will not be requiring customers to provide proof of vaccination at this time, because management believes that requiring proof of vaccination would result in an overall net loss of business. Therefore, the stores will maintain their capacity restrictions similar to prior to October 25, 2021;
2. Ontario Government continues to advise of possible further restrictions based on case counts;

3. Loss of hairstylists and customers over the past 17 months since the start of the Covid pandemic

As a result, the Company is of the view that a further adjournment is required so the Company can bring its operations to pre pandemic normalcy, or to otherwise stabilize sufficiently to permit the Company to make meaningful projections of its future income in order to fund part of a Proposal to Creditors.

The Trustee agrees with this assessment. Accordingly, the Trustee recommends to the creditors to vote in favour of adjourning the Creditors' Meeting until the Ultimate Proposal can be filed.

Should you have any questions in advance of the meeting, please contact Daniel Posner at 416-644-8447 or by email at [Daniel.posner@crowesoberman.com](mailto:Daniel.posner@crowesoberman.com).

Dated at Toronto, Ontario, this 25<sup>th</sup> day of October, 2021.

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



Per: Hans Rizarri, LIT, CIRP

# APPENDIX

‘Q’



Conforti Holdings Limited  
13 week cash flow projections  
For the period October 18, 2021 to January 10, 2022

Appendix A

The Week of:	Week 1												Total
	18-Oct	25-Oct	01-Nov	08-Nov	15-Nov	22-Nov	29-Nov	06-Dec	13-Dec	20-Dec	27-Dec	03-Jan	10-Jan
Cash-in													
Salons Revenue (Note 1)	426,766	426,766	449,160	449,160	449,160	449,160	523,486	553,217	553,217	553,217	532,358	480,211	480,211
Misc. Revenue (Note 2)	5,103	5,103	7,910	7,910	7,910	7,910	11,373	12,758	12,758	12,758	10,571	5,103	5,103
CEWS	-	-	-	60,889	-	-	-	-	-	-	-	-	60,889
CERS	-	-	-	20,372	-	-	-	-	-	-	-	-	20,372
<b>Total Cash-in</b>	<b>431,871</b>	<b>431,871</b>	<b>457,070</b>	<b>538,330</b>	<b>457,070</b>	<b>457,070</b>	<b>534,859</b>	<b>565,975</b>	<b>565,975</b>	<b>565,975</b>	<b>542,929</b>	<b>485,314</b>	<b>485,314</b>
Cash-out													
Rent	-	-	323,850	-	-	-	399,231	-	-	-	493,718	-	-
Payroll	264,952	213,384	213,384	224,580	224,580	224,580	224,580	261,743	276,609	276,609	276,609	266,179	240,105
CRA Source Deductions	54,642	40,543	40,543	42,670	42,670	42,670	49,731	52,556	52,556	52,556	50,574	50,574	45,620
Accounts payable (Corp)	3,952	3,952	4,083	4,083	4,083	4,083	3,989	3,952	3,952	3,952	3,952	3,952	3,952
Salon operation expenses	40,221	54,712	57,108	57,108	57,108	57,108	62,311	63,564	63,564	63,564	62,104	58,453	58,453
Management Fee	-	-	-	-	28,250	-	-	-	28,250	-	-	-	-
Rent for Head Office	-	-	5,650	-	-	-	-	-	-	-	5,650	-	-
Professional Fees	43,843	-	14,502	14,502	14,502	14,502	14,034	14,034	14,034	14,034	12,940	10,206	10,206
EHT	-	-	-	19,000	-	-	-	-	19,000	-	-	-	21,000
Merchant/Bank Fees	6,402	6,402	6,737	6,737	6,737	6,737	7,852	8,298	8,298	8,298	7,985	7,203	7,203
HST Payment	-	65,000	-	-	-	-	101,789	-	-	-	107,537	-	-
<b>Total Cash-out</b>	<b>414,011</b>	<b>383,992</b>	<b>665,857</b>	<b>368,680</b>	<b>377,930</b>	<b>349,680</b>	<b>862,107</b>	<b>401,322</b>	<b>466,262</b>	<b>419,012</b>	<b>1,023,050</b>	<b>396,568</b>	<b>386,540</b>
<b>Net Cash inflow (outflow)</b>	<b>17,860</b>	<b>47,879</b>	<b>(208,788)</b>	<b>169,649</b>	<b>79,139</b>	<b>107,389</b>	<b>(327,247)</b>	<b>164,653</b>	<b>99,713</b>	<b>146,963</b>	<b>(480,121)</b>	<b>88,746</b>	<b>98,774</b>
Opening cash	1,101,885	1,119,745	1,167,624	958,836	1,128,485	1,207,625	1,316,014	987,767	1,152,420	1,252,133	1,399,097	918,976	1,007,722
Net Cash (Deficit)	17,860	47,879	(208,788)	169,649	79,139	107,389	(327,247)	164,653	99,713	146,963	(480,121)	88,746	98,774
Closing cash	1,119,745	1,167,624	958,836	1,128,485	1,207,625	1,316,014	987,767	1,152,420	1,252,133	1,399,097	918,976	1,007,722	1,106,496
													1,106,496

Notes:

- 1 Projections for Salons Revenue for the year 2022, are based on the Company's operations in the year 2019, under the assumption that all Covid related restrictions will be lifted.
- 2 This amount consists of projections for online sales.

**CERTIFICATION**

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

Dated this 25th day of October, 2021.

Per Antoni Conforti - authorized representative

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

Per: Hans Bizarri, CA, CPA, LIT, CIRP

# APPENDIX

‘R’

**Estate No. 31-2675583**

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

**MINUTES OF FIRST RECONVENED MEETING OF CREDITORS**

MINUTES OF THE FIRST RECONVENED MEETING OF CREDITORS to consider the Holding Proposal of Conforti Holdings Limited, held *via* telephone conference, under the Chair of Hans Rizarri on October 29, 2021 at 2:00 o'clock in the afternoon. Daniel Posner acted as secretary.

- |    |                                |  |
|----|--------------------------------|--|
| 1. | <u>Present were:</u>           | <u>Representing</u>                            |
|    | Hans Rizarri                   | Proposal Trustee                               |
|    | Daniel Posner                  | Proposal Trustee                               |
|    | Frances Doria                  | Proposal Trustee                               |
|    | R. Brendan Bissell,            |  |
|    | Goldman Sloan Nash & Haber LLP | Proposal Trustee                               |
|    | Antonio Conforti               | Conforti Holdings Limited                      |
|    | Bobby Sachdeva,                |  |
|    | Miller Thomson LLP             | Conforti Holdings Limited                      |
|    | Jessica Wuthmann,              | Ivanhoe Cambridge II Inc.;                     |
|    | Camelino Galelessiere LLP      | Morguard Corporation;                          |
|    |                                | Morguard REIT;and                              |
|    |                                | RioCan,  |
|    | Thomas Gertner,                |  |
|    | Cliff Prophet,                 |  |
|    | Gowlings LLP (Canada)          | MoroccanOil, Inc.                              |
|    | Michael Citak,                 |  |
|    | Gardner Roberts LLP            | Observer, representing Oxford Properties Group |
|    | Trustee Proxy                  | Energy + Inc.                                  |
2. The Chairperson advised the relevant documents are available for review at the Trustee's Website including the following which will be reviewed at this meeting.
- a) Notice of the First Reconvened Meeting of Creditors to Consider the Proposal

**CONFORTI HOLDINGS LIMITED**

- b) Trustee's Report for the First Reconvened Meeting of Creditors
- c) The Cash Flow Projection of the Company

The Chairman declared that, as there was at least one creditor present in person or by proxy, there was a quorum, and that the meeting having been properly called, was competent to carry on business under section 106(1) of the ***Bankruptcy and Insolvency Act*** ("BIA").

- 3. The meeting was then called to order at 2:00 p.m.
- 4. The Chairperson outlined his authority to Chair the meeting under section 51(3) of the BIA:

*"The official receiver or his nominee shall be the chairman at the first meeting of creditors and shall decide any questions or disputes arising at the meeting and from any such decision any creditor may appeal to the Court".*

The Trustee then proceeded to explain the Agenda as follows:

- 5.
  - a. Receive and consider the Trustee's report;
  - b. Summary review Conforti Holdings Limited (hereafter the "Company") financial circumstances;
  - c. Question period;
  - d. Vote on the request for an adjournment of the creditors meeting for further investigation;
  - e. Give such directions to the Trustee and make such other motions as the creditors may see fit.

**Trustee's Report**

- 6. As previously noted, the Trustee advised that its Report, dated October 25, 2021, was previously sent to creditors electronically and available for viewing on the Trustee's Website. The Trustee summarized the contents of the Report, and the reasons the company is requesting an adjournment.
  - a. Ontario Government announced the lifting of restrictions on October 25, 2021 (date of the report). However, the Company will not be requiring customers to provide proof of vaccination at this time, as management believes that requiring proof of vaccination would result in an overall net loss of business. Therefore, the stores will maintain their capacity restrictions similar to prior to October 25, 2021;
  - b. Ontario Government continues to advise of possible further restrictions based on case counts;
  - c. Loss of hairstylists and customers over the past 17 months since the start of the Covid pandemic;
- 7. The Trustee advised that it supports an adjournment of this meeting, to be reconvened on Thursday March 31, 2022 at 2:00 PM.

**CONFORTI HOLDINGS LIMITED****Question Period**

8. Clifton Prophet, legal counsel to MoroccanOil, Inc. brought up the following issues/concerns at the meeting:
- a) Why are there no accounts receivable reflected in the Company's cash flow projections? The Trustee responded that most if not all of the Company's sales are reported at the cash register. In the event there were accounts receivable, the amount would be immaterial.
  - b) The Company's ongoing rent expense in connection with the Head Office that is now owned by Cicaplus Ltd. (the winning Stalking Horse Bidder).
  - c) Whether a variance analysis was previously done in connection with the Company's cash flow projections. The Trustee responded that although variance analysis were reviewed, their usefulness and relevancy were offset by the various Covid-19 lockdown orders and restrictions that closed all the stores for most of the months since the NOI filing.
  - d) Regarding the reduction of 50% of management fees that are being paid to Beauty Experts Inc. (hereafter "BEI), whether the balance of the management fee is being accrued as a liability in the Company's books and whether this amount will form part of the secured claim of BEI. Trustee confirmed that the unpaid balance of the management fee was being accrued. Mr. Sachdeva advised that he would obtain the information on the secured claim for Mr. Prophet at a later date.
  - e) Mr. Prophet queried why the Company was not requiring proof of vaccinations at the stores and therefore, maintaining a limited capacity at the stores. The Trustee responded that the Company's management reviewed this policy and at this time, management believed this would result in an overall net loss of business, as many hairstylists (that bring a book of business) would not be able to comply with the proof of vaccinations. As well, there would be a loss of customers for the same reasons. Management does intend to reassess this policy over the next few months.
9. Mr. Prophet formally objected to the Trustee's valuation of \$1 ascribed to MoroccanOil, Inc.'s contingent claim of \$2,807,478.12. The Trustee acknowledged the objection and indicated the minutes would reflect the formal objection by MoroccanOil, Inc.

No further questions from creditors.

**CONFORTI HOLDINGS LIMITED**

Motion for a vote on adjournment.

10. It was moved by Jessica Wuthmann and seconded by the Trustee Proxy, that a vote take place for the adjournment of the creditors meeting. Motion was carried.

**Vote on Adjournment**

Results of the vote on adjournment was as follows:

	Creditor	Filed \$	Admitted \$	Proxy/Voting Letter	Vote	
					"for" \$	"against" \$
1	Ivanhoe Cambridge II Inc.	947,412.89	947,412.89	Jessica Wuthman	947,412.89	
2	Morguard Corporation	38,791.24	38,791.24	Jessica Wuthman	38,791.24	
3	Morguard REIT	203,747.69	203,747.69	Jessica Wuthman	203,747.69	
4	RioCan	216,918.37	216,918.37	Jessica Wuthman	216,918.37	
5	Cadillac Fairview	7,168,741.43	7,168,741.43	Voting Letter	7,168,741.43	
6	S&K Beauty Supplies Inc.	27,493.45	27,493.45	Voting Letter	27,493.45	
7	MoroccanOil, Inc.	2,807,478.12	1	Clifton Prophet		1
<b>TOTAL</b>					<b>8,603,105.07</b>	<b>1.00</b>

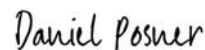
Creditors voted in favour of adjourning the meeting to Thursday, March 31, 2022 at 2:00 pm.

11. There being no further business, it was moved by Ms. Wuthmann and seconded by the Trustee's Proxy, that the meeting be closed

**The Meeting was closed at 2:55 p.m.**



Hans Rizarri, Chairperson



Daniel Posner, Secretary



# APPENDIX

‘S’



**Crowe Soberman Inc.**  
**Licensed Insolvency Trustee**  
**Member Crowe Global**

2 St. Clair Avenue East, Suite 1100  
Toronto, ON M4T 2T5  
416 929 2500  
416 929 2555 Fax  
1 877 929 2501 Toll Free  
[www.crowesobermaninc.com](http://www.crowesobermaninc.com)

**35-2675583**

**In the matter of the proposal of  
CONFORTI HOLDINGS LIMITED  
of the City of Markham  
in the Province of Ontario**

**REPORT OF THE PROPOSAL TRUSTEE ON MATERIAL ADVERSE CHANGE  
IN PROJECTED CASH FLOW OR FINANCIAL CIRCUMSTANCES**

We, Crowe Soberman Inc. ("**Crowe**") of the City of Toronto, in the Province of Ontario, the Proposal Trustee acting in re the Proposal of Conforti Holdings Limited ("**Conforti**" or the "**Company**"), an insolvent company, hereby report to the Official Receiver and the Superintendent of Bankruptcy as follows:

1. That on September 28, 2020, Conforti filed with us a Notice of Intention to Make a Proposal ("**NOI**") pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act* ("**BIA**").
2. That on March 13, 2021 (the "**Filing Date**"), the Company filed a holding proposal to its creditors. A holding proposal was necessary because, in the view of the Company and of the Proposal Trustee, the ongoing pandemic restrictions imposed by the Province of Ontario around the time of the Filing Date made it difficult for the Company to know when it would eventually be able to resume operations and what the scope of those operations would be as customers consider returning to salons.
3. That the Company did file with the Proposal Trustee a statement of projected cash flows for the period October 18, 2021 to January 10, 2022 ("**Cash Flow Projections**"). The Cash Flow Projections reflected that the Company's operations would be at a break even during this period.
4. That on October 29, 2021, the Proposal Trustee held the First Reconvened Meeting of Creditors ("**FRMOC**"). The Cash Flow Projections were tabled at the FRMOC. The FRMOC was adjourned and was to be reconvened on March 31, 2022.
5. That in December 2021 the COVID-19 variant known as Omicron, began to affect the Ontario population. Conforti advised that its operations and sales were being negatively affected.

6. That on January 4, 2022, the Ontario Government announced it was reinstating various COVID-19 restrictions. Conforti further advised the Proposal Trustee that these announcements will also negatively affect its anticipated sales.

### **Material Adverse Change**

Conforti has now reviewed its cash flow projections for actual results to January 2, 2022, and has revised its cash flow projections filed for the FRMOC that anticipated cash losses of \$820,000 will occur versus a break even of cash balances previously projected.

Conforti has requested that additional cash be transferred from the funds being held by the Proposal Trustee from the sale of the building, in order to maintain its cash balance of approximately \$30,000 per store. The Proposal Trustee, upon review of the cash balances per store, intends to transfer the required cash in order to maintain these cash balances per store on an as needed basis.

The Proposal Trustee is of the opinion that these events represent a material adverse change in Conforti's projected cash flow or financial circumstances. Notwithstanding that this is a material adverse change, the Proposal Trustee does not believe that terminating the proposal proceedings of the Company is appropriate because a substantial reason for the change is the rise of the Omicron variant and the resulting government restrictions, both of which are outside of the control of the Company and were likely unforeseen at the time of the preparation of the cash flow projections at the FRMOC.

All of which is respectfully submitted, this 7<sup>th</sup> day of January 2022.

**Crowe Soberman Inc.**  
**Licensed Insolvency Trustee**  
**Acting re: Proposal of**  
**CONFORTI HOLDINGS LIMITED,**  
**A Debtor**

*Daniel Posner*

---

Daniel Posner, CPA, CA, CBV  
Direct Line: 416 644 8447  
Email: daniel.posner@crowesoberman.com

To: The Office of the Superintendent of Bankruptcy                      Via E-filing System

To: All known creditors (see list attached)

To: David Bish                      Via e-mail: [dbish@torys.com](mailto:dbish@torys.com)  
Torys LLP  
TD South Tower  
30th Fl-79 Wellington St W  
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Solicitor for Cadillac Fairview

To: Michael Citak                      Via e-mail: [mcitak@grlip.com](mailto:mcitak@grlip.com)  
Gardiner Roberts LLP  
Bay-Adelaide Centre East Tower  
3600-22 Adelaide St W  
Toronto ON M5H 4E3  
  
Solicitor for Oxford Properties

To: Linda Galessier                      Via e-mail: [Lgalessiere@cglegal.com](mailto:Lgalessiere@cglegal.com)  
Camelino Galassiere LLP  
220-6 Adelaide St E  
Toronto ON M5J 2T9  
  
Solicitor for Cushman, Wakefield,  
Ivanhoe, Brookfield & Morguard

To: Bobby H Sachdeva                      Via e-mail: [bsachdeva@millerthomson.com](mailto:bsachdeva@millerthomson.com)  
Miller Thomson LLP  
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Solicitor for the Debtor

To: Carmine Scalzi                      Via e-mail: [cscalzi@scalzilaw.com](mailto:cscalzi@scalzilaw.com)  
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200-7941 Jane St  
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Solicitor for the Trustee

To: Jason Schmidt                      Via e-mail: [jason@schmidtlegalservices.com](mailto:jason@schmidtlegalservices.com)  
26 Ontario St  
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Representative for Jody Nice

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Solicitor for the Debtor

Via e-mail: [ksherkin@millerthomson.com](mailto:ksherkin@millerthomson.com)

To: Jessica Wuthmann  
Camelino Galessiere LLP  
220-6 Adelaide St E  
Toronto ON M5C 1H6

Solicitor for Cushman Wakefield,  
Ivanhoe, Brookfield & Morguard

Via e-mail: [jwuthmann@clegal.ca](mailto:jwuthmann@clegal.ca)

To: Kyle Plunkett  
Aird & Berlis LLP  
Brookfield PI  
1800-181 Bay St  
Toronto ON M5J 2T9

Solicitor for TD

Via e-mail: [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com)

To: Clifton Prophet  
Gowling WLG (Canada) LLP  
First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

Solicitor for Moroccanoil, Inc.

Via e-mail: [clifton.prophet@gowlingwlg.com](mailto:clifton.prophet@gowlingwlg.com)

# APPENDIX

‘T1’



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

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

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

**-and-**

**IN THE MATTER OF THE PROPOSAL OF  
CONFORTI HOLDINGS LIMITED**

**PROPOSAL**

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

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

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

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

- (d) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (e) **"Canada Pension Plan"** means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) **"Certificate of Full Performance"** shall have the meaning given to it in Article 9.2 of this Proposal;
- (g) **"Claim"** means, collectively, any of the following:
  - (i) any right or claim of any Person against the Debtor that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Debtor, which indebtedness, liability or obligation is in existence at the Filing Date or which is based on an event, act or omission which occurred in whole or in part prior to the Filing Date, and any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory or anticipatory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date and includes any other claims that would have been claims provable in bankruptcy had the Debtor become bankrupt on the Filing Date; and
  - (ii) any right or claim of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtor to such Person arising out of the restructuring, repudiation, disclaimer, resiliation, termination, amendment or breach after the Filing Date of any contract, lease, employment agreement or other agreement or obligation whether written or oral and whether such restructuring, disclaimer, resiliation, termination, amendment or breach took place or takes place before or after the Filing Date;
- (h) **"Claims Bar Date"** shall have the meaning given to it in Article 4.3 of this Proposal;
- (i) **"Conforti Cross-Motion"** shall have the meaning given to it in Article 7.1b of this Proposal;

- (j) **"Costs Agreement"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (k) **"Court"** means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (l) **"Creditor"** means any Person, having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (m) **"Creditors' Meeting"** means any meeting of the Unsecured Creditors called for the purpose of considering and voting on the Proposal;
- (n) **"Creditors' Meeting Date"** means such date and time as may be called by the Trustee, but in any event shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;
- (o) **"Court Approval Date"** means the date on which the Court finally and conclusively approves this Proposal;
- (p) **"Debtor"** means Conforti Holdings Limited;
- (q) **"Director"** and **"Officer"** means any person or persons who are, have previously been, or in the future may be directors or officers of the Debtor, including but not limited to those persons who, in the past, present or future:
  - (i) have or will act in the capacity of director or officer of the Debtor, with or without being so named, or
  - (ii) have or will perform the functions of a director or officer of the Debtor, with or without being so named; or
  - (iii) have been, are or may in the future be deemed, de facto, acting, substitute or effective directors or officers of the Debtor; or
  - (iv) have been, are or will be persons subject to statutory liabilities of directors or officers arising from any statute, act or regulation of Canada;
- (r) **"Effective Date"** means the date on which the transactions and agreements provided for in this Proposal become effective, which date shall be 30 days after the Court Approval Date;
- (s) **"Employment Insurance Act"** means the *Employment Insurance Act*, S.C. 1996, c. 23, as amended;
- (t) **"Filing Date"** means the date on which the Debtor filed its Notice of Intention to make a Proposal, which date is September 28, 2020;

- (u) **"Implementation Date"** means the date upon which the conditions set forth in Article 10.4 of this Proposal have been satisfied;
- (v) **"Income Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c.1(5<sup>th</sup> Supp), as amended;
- (w) **"Inspectors"** means one or more inspectors appointed pursuant to the Act, as provided for in the Proposal;
- (x) **"Moroccanoil Action"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (y) **"Moroccanoil Motion"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (z) **"Official Receiver"** shall have the meaning ascribed thereto in the Act;
- (aa) **"Paid Net Judgment"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (bb) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (cc) **"Preferred Creditors"** means Creditors with Proven Unsecured Claims that are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
  - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's business during the same period, for greater certainty amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination pay and any compensation in lieu of notice of termination;
  - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under,
    - I subsection 224(1.2) of the Income Tax Act;
    - II any provisions of the Canada Pension Plan or the Employment Insurance Act that refer to subsection 224(1.2) of the Income Tax



Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or

III any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;

(1) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

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

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

(ee) **"Proof of Claim"** shall mean the proof of claim required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;

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

(gg) **"Proposal Trustee"** or **"Trustee"** means Crowe Soberman Inc.;

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

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

(jj) **"Settlement Agreement"** shall have the meaning given to it in Article 7.1b of this Proposal;

- (kk) **“Unsecured Creditors”** means, collectively, the Creditors who are not Secured Creditors; and
- (ll) **“Voting Letter”** shall mean the voting letter required by section 51(1) of the Act to be mailed to each known Creditor prior to the Creditors’ Meeting.

## 1.2 Articles of Reference

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

## 1.3 Interpretation Not Affected by Headings

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

## 1.4 Date for Any Action

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

## 1.5 Time

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

## 1.6 Numbers

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

## 1.7 Currency

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



## **1.8 Statutory References**

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

## **1.9 Successor and Assigns**

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

## **ARTICLE 2** **GENERAL INTENT**

## **2.1 Purpose of Proposal**

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

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

## **2.2 Persons Affected**

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

## **2.3 Post-Proposal Goods and Services**

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

The Debtor agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made to all those persons supplying goods and services for any period subsequent to the

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Filing Date. All Creditors hereby release and forever discharge the Proposal Trustee from any and all liability relating to the Debtor's non-payment of any liabilities under this paragraph.

## **2.4 Assets Remain Vested in Debtor**

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

# **ARTICLE 3** **CLASSIFICATION AND TREATMENT OF CREDITORS**

## **3.1 Secured Creditors**

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

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

## **3.2 Classes of Creditors**

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

## **3.3 Preferred Creditors**

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

## **3.4 Unsecured Creditors**

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

### **3.5 Different Capacities**

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

## **ARTICLE 4** **PROCEDURE FOR VALIDATION OF CLAIMS**

### **4.1 Filing of Proofs of Claim**

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

### **4.2 Allowance or Disallowance of Claims by the Trustee**

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

### **4.3 Claims Bar Process**

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

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



## **ARTICLE 5**

### **MEETING OF CREDITORS**

#### **5.1 Creditors' Meeting**

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

#### **5.2 Time and Place of Meeting**

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

#### **5.3 Conduct of Meetings**

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

#### **5.4 Adjournment of Meetings**

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

#### **5.5 Voting by Creditors**

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

#### **5.6 Approval by Creditors**

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

Proposal pursuant to Article 5.5 of this Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

## **5.7 Appointment of Inspectors**

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

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

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

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

## **ARTICLE 6** **PAYMENT OF ADMINISTRATIVE FEES AND EXPENSES**

### **6.1 Priority of Administrative Fees and Expenses**

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

### **6.2 Payment of Administrative Fees and Expenses**

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

## ARTICLE 7 PROPOSAL

### 7.1 Implementation of Proposal

#### a. Creditor Payment Fund

The Debtor shall make available to the Creditors a pool of funds to satisfy payment terms set out in this Proposal (the "Creditor Payment Fund") which shall offer a recovery to the Creditors greater than what would be available in any bankruptcy of the Debtor.

The Creditor Payment Fund shall be in the amount of:

- (i) **\$2,430,000** - if the full BEI Secured Debt is entirely found to be invalid and the full \$1,500,000 then belongs to the Debtor; or
- (ii) **\$1,930,000** - if the full BEI Secured Debt is found to be entirely or partially valid then BEI shall make a secured loan to the Debtor in order to ensure that the Creditor Payment Fund is equal to this amount

#### b. Contingent Litigation Recovery

The Debtor and one of its principals, Antonio Conforti, have been engaged in litigation with Moroccanoil, Inc. in the United States District Court for the District of New Jersey since 2011 (the "**Moroccanoil Action**"). The litigation involves, among other things, a motion by Moroccanoil, Inc. to enforce a settlement agreement (the "**Settlement Agreement**") between the parties (the "**Moroccanoil Motion**"), and a cross-motion by the Debtor and Antonio Conforti to enforce the settlement agreement (the "**Conforti Cross-Motion**"). In connection with the Moroccanoil Motion, Moroccanoil, Inc. is claiming \$2,807,478.12 in damages and legal fees. In connection with the Conforti Cross Motion, the Debtor and Antonio Conforti are claiming \$6,530,000 in damages and legal fees.

The litigation remains ongoing, and any trial in the Moroccanoil Action is unlikely to occur until at least early 2023.

The Debtor does not have sufficient cash flow to fund all of its legal costs in the Moroccanoil Action. Accordingly, Antonio Conforti is prepared to finance the Debtor's legal costs of both defending the Moroccanoil Motion, and pursuing the Conforti Cross Motion (the "**Costs Agreement**"). These legal costs are estimated to be from \$500,000 to \$700,000 in addition to the \$150,000 (USD) already owed to the Debtor's US lawyers, not including any appeal from a judgment at trial of the Moroccanoil Action.

Although the Costs Agreement has not yet been finalized, it is contemplated that in exchange for financing the Debtor's legal costs in the Moroccanoil Action, Antonio Conforti will be entitled to receive 40% of any judgment ultimately paid by Moroccanoil to the Debtor, after all legal fees and costs have been paid (the "**Paid Net Judgment**"). The remaining 60 % of the Paid Net Judgment will be allocated to the Creditor Payment Fund.



Further, pursuant to the terms of the Settlement Agreement, the Debtor was required to obtain a bond to secure the liability of the Debtor and Antonio Conforti for breach of the Settlement Agreement (the "**Bond**"). The total amount posted as security for the Bond is \$697,901.57 (USD). In the event that the Debtor and Antonio Conforti are successful at trial in the Moroccan oil Action, and the Bond and the security posted in connection with the Bond are released (the "**Bond Funds**"), the Costs Agreement contemplates that Antonio Conforti will be entitled to 40% of the Bond Funds, and the remaining 60% will be paid into the Creditor Payment Fund.

Any additional payments to the Creditors pursuant to this Article 7.1(b), are contingent on both a successful outcome for the Debtor in the Moroccan oil Action, and actual payment by Moroccan oil, Inc. to the Debtor in connection with the Paid Net Judgment.

## **ARTICLE 8** **PROPOSAL TRUSTEE**

### **8.1 Proposal Trustee**

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

### **8.2 Superintendent Levy**

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

### **8.3 No Liability**

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

### **8.4 Discharge of Proposal Trustee**

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

## **ARTICLE 9**

### **FULL PERFORMANCE OF PROPOSAL**

#### **9.1 Obligations of the Debtor**

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

#### **9.2 Certificate of Full Performance**

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

#### **9.3 Status of the Debtor**

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

## **ARTICLE 10**

### **MISCELLANEOUS**

#### **10.1 Compromise Effective for all Purposes**

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

#### **10.2 Modification of Proposal Prior to Approval by Unsecured Creditors**

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

### 10.3 Consents, Waivers and Agreements

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

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

### 10.4 Conditions to Proposal Implementation

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

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

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

## **10.5 Release**

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

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

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

## **10.6 Effect of Proposal Generally**

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

## **10.7 Sections 95 to 101 of the BIA**

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



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## 10.9 Notices

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

- (a) if to the Debtor:  
 Conforti Holdings Limited  
 7755 Warden Avenue  
 Markham, ON L3R 0N3
- Attention: Floriana Ottaviani  
 Email: floriana@yourspacealons.ca

with a copy to:

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

Attention: Bobby Sachdeva and Erin Craddock  
 Email: bsachdeva@millerthomson.com  
 Email: ecraddock@millerthomson.com

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

- (c) if to the Proposal Trustee:

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

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

with a copy to:

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

Attention: Brendan Bissell  
 Email: bissell@gsnh.com

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

#### **10.9 Foreign Currency Obligations**

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

#### **10.10 Applicable Law**

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

#### **10.11 Non Severability**

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

#### **10.12 Deeming Provisions**

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

**DATED at the City of Toronto, in the Province of Ontario, this 21st day of March 2022.**

**CONFORTI HOLDINGS LIMITED**

Per: 



Proposal of Conforti Holdings Limited  
Dated March 21, 2022  
Page 19 of 19

Name: ANTONIO CONFORTI

# APPENDIX

‘T2’

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

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

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

**-and-**

**IN THE MATTER OF THE PROPOSAL OF  
CONFORTI HOLDINGS LIMITED**

**AMENDED PROPOSAL**

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

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

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

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

- (d) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (e) **"Canada Pension Plan"** means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) **"Certificate of Full Performance"** shall have the meaning given to it in Article 9.2 of this Proposal;
- (g) **"Claim"** means, collectively, any of the following:
  - (i) any right or claim of any Person against the Debtor that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Debtor, which indebtedness, liability or obligation is in existence at the Filing Date or which is based on an event, act or omission which occurred in whole or in part prior to the Filing Date, and any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory or anticipatory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date and includes any other claims that would have been claims provable in bankruptcy had the Debtor become bankrupt on the Filing Date; and
  - (ii) any right or claim of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtor to such Person arising out of the repudiation, disclaimer, or rescission pursuant to the Act after the Filing Date of any contract, lease, employment agreement or other agreement or obligation whether written or oral that existed as of the Filing Date;
- (h) **"Claims Bar Date"** shall have the meaning given to it in Article 4.3 of this Proposal;
- (i) **"Conforti Cross-Motion"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (j) **"Costs Agreement"** shall have the meaning given to it in Article 7.1b of this Proposal;

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

- (v) **"Income Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c.1(5<sup>th</sup> Supp), as amended;
- (w) **"Inspectors"** means one or more inspectors appointed pursuant to the Act, as provided for in the Proposal;
- (x) **"Moroccanoil Action"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (y) **"Moroccanoil Motion"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (z) **"Official Receiver"** shall have the meaning ascribed thereto in the Act;
- (aa) **"Paid Net Judgment"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (bb) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (cc) **"Preferred Creditors"** means Creditors with Proven Unsecured Claims that are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
  - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's business during the same period, for greater certainty amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination pay and any compensation in lieu of notice of termination;
  - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under,
    - I subsection 224(1.2) of the Income Tax Act;
    - II any provisions of the Canada Pension Plan or the Employment Insurance Act that refer to subsection 224(1.2) of the Income Tax Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's



premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or

III any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;

(1) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

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

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

(ee) **"Proof of Claim"** shall mean the proof of claim required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;

(ff) **"Proposal"** means this Amended Proposal dated March 28, 2022 made pursuant to the Act, as further amended or supplemented from time to time;

(gg) **"Proposal Trustee"** or **"Trustee"** means Crowe Soberman Inc.;

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

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

(jj) **"Settlement Agreement"** shall have the meaning given to it in Article 7.1b of this Proposal;

(kk) **"Unsecured Creditors"** means, collectively, the Creditors who are not Secured Creditors; and

- (II) **"Voting Letter"** shall mean the voting letter required by section 51(1) of the Act to be mailed to each known Creditor prior to the Creditors' Meeting.

## **1.2 Articles of Reference**

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

## **1.3 Interpretation Not Affected by Headings**

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

## **1.4 Date for Any Action**

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

## **1.5 Time**

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

## **1.6 Numbers**

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

## **1.7 Currency**

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

## **1.8 Statutory References**

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

to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

## **1.9 Successor and Assigns**

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

## **ARTICLE 2** **GENERAL INTENT**

### **2.1 Purpose of Proposal**

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

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

### **2.2 Persons Affected**

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

### **2.3 Post-Proposal Goods and Services**

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

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

## **2.4 Assets Remain Vested in Debtor**

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

## **ARTICLE 3** **CLASSIFICATION AND TREATMENT OF CREDITORS**

### **3.1 Secured Creditors**

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

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

### **3.2 Classes of Creditors**

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

### **3.3 Preferred Creditors**

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

### **3.4 Unsecured Creditors**

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

### **3.5 Different Capacities**

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any

other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

#### **ARTICLE 4** **PROCEDURE FOR VALIDATION OF CLAIMS**

##### **4.1 Filing of Proofs of Claim**

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

##### **4.2 Allowance or Disallowance of Claims by the Trustee**

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

##### **4.3 Claims Bar Process**

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

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



**ARTICLE 5**  
**MEETING OF CREDITORS**

**5.1 Creditors' Meeting**

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

**5.2 Time and Place of Meeting**

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

**5.3 Conduct of Meetings**

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

**5.4 Adjournment of Meetings**

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

**5.5 Voting by Creditors**

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

**5.6 Approval by Creditors**

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



Amended Proposal of Conforti Holdings Limited  
Dated March 28, 2022  
Page 11 of 19

Proposal pursuant to Article 5.5 of this Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

### **5.7 Appointment of Inspectors**

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

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

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

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

## **ARTICLE 6** **PAYMENT OF ADMINISTRATIVE FEES AND EXPENSES**

### **6.1 Priority of Administrative Fees and Expenses**

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

### **6.2 Payment of Administrative Fees and Expenses**

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

## **ARTICLE 7** **PROPOSAL**

### **7.1 Implementation of Proposal**

#### **a. Creditor Payment Fund**

The Debtor shall make available to the Creditors a pool of funds to satisfy payment terms set out in this Proposal (the "Creditor Payment Fund") which shall offer a recovery to the Creditors greater than what would be available in any bankruptcy of the Debtor.

The Creditor Payment Fund shall be in the amount of:

- (i) **\$2,430,000** - if the full BEI Secured Debt is entirely found to be invalid and the full \$1,500,000 then belongs to the Debtor; or
- (ii) **\$1,930,000** - if the full BEI Secured Debt is found to be entirely or partially valid then BEI shall make a secured loan to the Debtor in order to ensure that the Creditor Payment Fund is equal to this amount

#### **b. Contingent Litigation Recovery**

The Debtor and one of its principals, Antonio Conforti, have been engaged in litigation with Moroccanoil, Inc. in the United States District Court for the District of New Jersey since 2011 (the "**Moroccanoil Action**"). The litigation involves, among other things, a motion by Moroccanoil, Inc. to enforce a settlement agreement (the "**Settlement Agreement**") between the parties (the "**Moroccanoil Motion**"), and a cross-motion by the Debtor and Antonio Conforti to enforce the settlement agreement (the "**Conforti Cross-Motion**"). In connection with the Moroccanoil Motion, Moroccanoil, Inc. is claiming \$2,807,478.12 in damages and legal fees. In connection with the Conforti Cross Motion, the Debtor and Antonio Conforti are claiming \$6,530,000 in damages and legal fees.

The litigation remains ongoing, and any trial in the Moroccanoil Action is unlikely to occur until at least early 2023.

The Debtor does not have sufficient cash flow to fund all of its legal costs in the Moroccanoil Action. Accordingly, Antonio Conforti is prepared to finance the Debtor's legal costs of both defending the Moroccanoil Motion, and pursuing the Conforti Cross Motion (the "**Costs Agreement**"). These legal costs are estimated to be from \$500,000 to \$700,000 in addition to the \$150,000 (USD) already owed to the Debtor's US lawyers, not including any appeal from a judgment at trial of the Moroccanoil Action.

Although the Costs Agreement has not yet been finalized, it is contemplated that in exchange for financing the Debtor's legal costs in the Moroccanoil Action, Antonio Conforti will be entitled to receive 40% of any judgment ultimately paid by Moroccanoil to the Debtor, after all legal fees and costs have been paid (the "**Paid Net Judgment**"). The remaining 60 % of the Paid Net Judgment will be allocated to the Creditor Payment Fund.

Further, pursuant to the terms of the Settlement Agreement, the Debtor was required to obtain a bond to secure the liability of the Debtor and Antonio Conforti for breach of the Settlement Agreement (the "**Bond**"). The total amount posted as security for the Bond is \$697,901.57 (USD). In the event that the Debtor and Antonio Conforti are successful at trial in the Moroccan oil Action, and the Bond and the security posted in connection with the Bond are released (the "**Bond Funds**"), the Costs Agreement contemplates that Antonio Conforti will be entitled to 40% of the Bond Funds, and the remaining 60% will be paid into the Creditor Payment Fund.

Any additional payments to the Creditors pursuant to this Article 7.1(b), are contingent on both a successful outcome for the Debtor in the Moroccan oil Action, and actual payment by Moroccan oil, Inc. to the Debtor in connection with the Paid Net Judgment.

## **ARTICLE 8** **PROPOSAL TRUSTEE**

### **8.1 Proposal Trustee**

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

### **8.2 Superintendent Levy**

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

### **8.3 No Liability**

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

### **8.4 Discharge of Proposal Trustee**

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

## **ARTICLE 9**

### **FULL PERFORMANCE OF PROPOSAL**

#### **9.1 Obligations of the Debtor**

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

#### **9.2 Certificate of Full Performance**

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

#### **9.3 Status of the Debtor**

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

## **ARTICLE 10**

### **MISCELLANEOUS**

#### **10.1 Compromise Effective for all Purposes**

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

#### **10.2 Modification of Proposal Prior to Approval by Unsecured Creditors**

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

### 10.3 Consents, Waivers and Agreements

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

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

### 10.4 Conditions to Proposal Implementation

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

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



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

### **10.5 Release**

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

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

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

### **10.6 Effect of Proposal Generally**

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

### **10.7 Sections 95 to 101 of the BIA**

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



## 10.9 Notices

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

- (a) if to the Debtor:  
 Conforti Holdings Limited  
 7755 Warden Avenue  
 Markham, ON L3R 0N3  
  
 Attention: Floriana Ottaviani  
 Email: floriana@yourspacealons.ca

with a copy to:

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

Attention: Bobby Sachdeva and Erin Craddock  
 Email: bsachdeva@millerthomson.com  
 Email: ecraddock@millerthomson.com

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

- (c) if to the Proposal Trustee:

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

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

with a copy to:

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

Attention: Brendan Bissell  
 Email: bissell@gsnh.com

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

#### **10.9 Foreign Currency Obligations**

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

#### **10.10 Applicable Law**

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

#### **10.11 Non Severability**

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

Amended Proposal of Conforti Holdings Limited  
Dated March 28, 2022  
Page 19 of 19

#### 10.12 Deeming Provisions

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

**DATED at the City of Toronto, in the Province of Ontario, this 28th day of March 2022.**

**CONFORTI HOLDINGS LIMITED**

Per: 

Name: Tony Conforti

Title: President

# APPENDIX

‘U’

Estate: 31-2675583

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

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

**AFFIDAVIT OF MAILING**

I, Sheila M. Potts, Administrative Assistant with Crowe Soberman Inc., the Licensed Insolvency Trustee, make oath and say:

1. That on March 21, 2022, I caused to be mailed from the General Post Office in the City of Toronto, in the Province of Ontario, by prepaid ordinary mail, a copy of:
  - i. NOTICE OF SECOND RECONVENED MEETING OF CREDITORS
  - ii. DIVISION I PROPOSAL – MARCH 22, 2022
  - iii. AMENDED CASH FLOW
  - iv. PROXY
  - v. VOTING LETTER
  - vi. LIST OF CREDITORS (which list contains the names of all proven creditors)
 true copies of which are attached hereto and marked Exhibits "A1", "A2", "A3", "A4", "A5" and "A6".
2. That on March 21, 2022, I caused to be e-mailed to the principal of Conforti Holdings Limited, Tony Conforti and Floriana Ottaviani a copy of Exhibits "A1" to "A6". A true copy of the email confirmation sheet is attached hereto and marked as Exhibit "B".
3. That on March 21, 2022, I caused to be e-mailed to Green Lighting Energy, Moroccanoil Inc. c/o Conkle Kremer & Engle, Ivanhoe Cambridge, The Cadillac Fairview Corporation, Alectra Utilities, All In One, Bell Canada, Classsique Nails Beauty Supply, Cushman & Wakefield, Darling Insurance, Dermalogica Canada, Edge Mechanical, Energy + Inc., Good Linen Rental, Hillcrest Mall Management Office, Hunter Amenities International Limited, KS SP Limited Partnership, Master Signs, Morguard REIT (Cambridge) Morguard REIT (Bramalea), Natalil Products, Newmarket Hydro, Jody Nice c/o Schmidt Legal Services, Nutak Holdings Ltd., Oxford Properties Group, Phytoderm, Precision Property Management & Maintenance Inc., Promenade Limited Partnership, Rio-Can Georgian Mall, S & K Beauty Supplies, SafeGuard Security, Select Plumbing & Heating Inc., Spavaro Inc, TD Canada Trust, Tex Euro Industrial Sales, The Printing House, Wahl Canada Inc., a copy of Exhibit "A1" to "A6". A true copy of the e-mail confirmation is attached hereto marked as Exhibit "C".

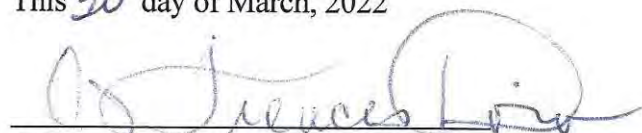
4. That on March 21, 2022, I caused to be e-mailed to Brendan Bissell and Joel Turgeon of Goldman Sloan Nash & Haber LLP, Carmine Scalzi of Scalzi Professional Corporation, Erin Craddock, Bobby Sachdeva and Kevin Sherkin of Miller Thompson LLP and Shiraz Shariff of Ziva Solutions, a copy of Exhibit "A1" to "A6". A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "D" and "E" respectively.
5. That on March 21, 2022, I caused to be e-mailed to Amanda Bezner of Toronto Dominion Bank, Cadillac Fairview c/o David Bish of Torys LLP, Oxford Properties c/o Michael Citak of Gardiner Roberts LLP, Ministry of Finance c/o Leslie Crawford, Cushman & Wakefield, Morguard REIT and Ivanhoe Cambridge II Inc c/o Linda Galessiere and Jessica Wuthmann of Camelino, Galessiere LLP, Moroccan Oil Inc. c/o Thomas Gertner, Brookfield Properties, OPB Realty Inc. and Galleria Concourse Operations c/o Brendan Jones of Blaney McMurtry LLP, Toronto Dominion Bank c/o Kyle Plunkett of Aird & Berlis LLP, Moroccan Oil Inc. c/o Clifton Prophet of Gowling WLG (Canada) LLP, Jody Nice c/o Jason Schmidt and Brookfield Properties c/o John Wolf of Blaney McMurtry LLP, a copy of Exhibit Erin Craddock, Bobby Sachdeva and Kevin Sherkin of Miller Thompson LLP and Shiraz Shariff of Ziva Solutions Erin Craddock, Bobby Sachdeva and Kevin Sherkin of Miller Thompson LLP and Shiraz Shariff of Ziva Solutions "A1" to "A6". A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "F".
6. That on March 21, 2022, I caused to be e-mail to Canada Revenue Agency c/o Adam Gramowski and Diane Winters, Department of Justice, a copy of Exhibit "A1" to "A6". A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "G".
7. That on March 21, 2022, I caused to be faxed to Venus Beauty Supplies, Adam Pryslak c/o Canada Revenue Agency, and The Printing House a copy of Exhibit "A1" to "A6". A true copy of the fax confirmations are attached hereto and marked as Exhibits "H1", "H2", and "H3" respectively.
8. That on March 21, 2022, I also caused to be e-filed to the Office of the Superintendent of Bankruptcy Canada, a copy of:
  - i. NOTICE OF FIRST RECONVENED MEETING OF CREDITORS
  - ii. LIST OF CREDITORS (which list contains the names of all proven creditors)

A true copy of the OSB e-file confirmation is attached hereto and marked Exhibit "I".

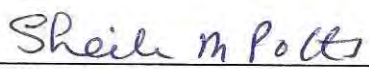


9. That on March 21, 2022, I caused to be mailed by ordinary post from the General Post Office in the City of Toronto, Province of Ontario, copies of Exhibits "A1" to "A6" to the creditors listed on Exhibit "A6".

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario  
This 30 day of March, 2022



A Commissioner, etc, in and for  
the Province of Ontario

  
\_\_\_\_\_  
Sheila M. Potts

Alfonsina Frances Doria, a Commissioner, etc.,  
Province of Ontario, for Crowe Soberman Inc.,  
and its affiliates.  
Expires June 29, 2024.

# APPENDIX

‘V’

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

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APPENDIX "A" to the Minutes of  
March 31, 2022

### Voting Summary

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

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

### Result of Voting

Class	Total #			Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result	
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
	27	26	1	10,709,205.04	1.00	96.30	3.70	100.00	0.00	App.	App.

### List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	AIG Insurance Company of Canada, c/o Adam L Rosen PLLC	U		727,591.50	Proxy	For
	All In One	U		318.17	Letter	For
	Brookfield Properties Canada Management LP	U/P	Brookfield Place store location	59,466.38	Letter	For
	Cushman & Wakefield Assest Services ULC	U	Erin Mills Town Centre location	308,008.70	Letter	For
	Cushman & Wakefield Asset Services ULC	U	Pickering location	225,662.32	Letter	For
	Energy + Inc.	U	47190-2/47187-0	900.02	Letter	For
	Galleria Concourse Operations c/o Blaney McMurtry LLP	U	Galleria	124,147.30	Letter	For
	Ivanhoe Cambridge II Inc.	P	Conestoga - Unit # G9A	92,934.83	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 1100	314,322.81	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 2007	304,307.99	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 2190	53,323.75	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 4006	71,955.70	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 4076	17,632.98	Letter	For
	Montez Hillcrest Inc. & Hillcrest Holdings Inc.	U	& Hillcrest Holdings Inc.	8,315.19	Proxy	For
	Morguard REIT c/o Morguard Investement Limted	U	Cambridge Centre location	167,221.27	Letter	For
	Morguard REIT c/o Morguard Investment	U	Cambridge Location	36,526.42	Letter	For

**List of creditors**

<i>Class</i>	<i>Creditor Name</i>	<i>Type</i>	<i>Account #</i>	<i>\$ Admitted for Voting</i>	<i>Voted By</i>	<i>Vote</i>
	Morguard REIT c/o Morguard Investments	U	Bramalea Location	38,791.24	Letter	For
	MoroccanOil, Inc.	U		1.00	Proxy	Against
	Nutak Holdings Ltd.	P		16,600.00	Letter	For
	OPB Realty Inc. c/o Blaney McMurtry LLP	U/P	Natural Solutions Pen Centre	91,056.32	Letter	For
	OPB Realty Inc. c/o Blaney McMurtry LLP	U/P	Pen Centre	104,094.01	Letter	For
	Oxford Properties Retail Holdings II Inc. & CPPIB Upper Canada Mall Inc.	U	CPPIB Upper Canada Mall Inc.	137,649.90	Proxy	For
	Rio-Can Georgian Mall	U	Georgian Mall 1006758	66,210.60	Letter	For
	Rio-Can Georgian Mall	U	Georgian Mall location-1006668	150,707.77	Letter	For
	S & K Beauty Supplies	U		27,493.45	Letter	For
	Scarborough Town Centre Holdings Inc.	U	Scaborough Town Centre location	395,224.99	Proxy	For
	The Cadillac Fairview Corporation Limited	U/P	Landlord	7,168,741.43	Proxy	For

# APPENDIX

‘W’

Estate File No. 31-2675583

**IN THE MATTER OF THE PROPOSAL OF  
CONFORTI HOLDINGS LIMITED  
OF THE CITY OF MARKHAM, IN THE REGIONAL MUNICIPALITY OF YORK  
IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON PROPOSAL**

**TO THE CREDITORS OF CONFORTI HOLDINGS LIMITED:**

Conforti Holdings Limited ("Conforti") or (the "Company") filed a Notice of Intention to Make a Proposal ("NOI") pursuant to the **Bankruptcy and Insolvency Act** ("Act" or the "BIA") on September 28, 2020 ("NOI Filing Date") with Crowe Soberman Inc., Licensed Insolvency Trustee (the "Proposal Trustee"). The Ontario Superior Court of Justice granted orders on October 26, 2020, December 14, 2020 and January 27, 2021, extending the time in which the Company was required to file a Proposal.

On March 12, 2021, the Company filed a Holding Proposal to their creditors for the purpose of providing more time for the Company and its creditors to reach an agreement that will allow the Company to file an Ultimate Proposal. The Proposal Trustee held a Meetings of Creditors on April 1, 2021 (the "First Meeting of Creditors") and October 29, 2021 (the "First Reconvened Meeting of Creditors"). Each of the Creditors' Meetings were adjourned by resolution of the creditors. It was determined at the First Reconvened Meeting of Creditors that the Second Reconvened Meeting of Creditors will be held on March 31, 2022.

On March 21, 2022, the Company filed an Ultimate Proposal to its creditors, the details of which are summarized in **Section B** below.

The following Report will outline the background and financial position of the Company, including relevant information that should be of assistance to creditors in considering their position with respect to accepting or rejecting the Proposal.

**The description of the Proposal in this Report is a summary only and is provided for the assistance of Creditors. In the event there is any inconsistency between this Report and the Proposal, the terms of the Proposal shall govern. Creditors are advised to read the Proposal.**

**Section A – Introduction and Background**

The reasons for the Company's filing of a NOI were a result of the COVID-19 pandemic and the resulting mandatory government measures, lock downs, and restrictions on capacity, which resulted in reduced attendances affecting mall traffic and personal care services. The reasons are more amply set out in the Proposal Trustee's prior reports available at:

[<https://www.crowe.com/ca/crowesoberman/insolvency-engagements/conforti-holdings-limited>].

The Company required the stay of proceedings afforded through these Proposal Proceedings to allow it an opportunity to restructure its business operations on a going-concern basis under the supervision of the Proposal Trustee, and in a manner that will maximize value for the benefit of the Company's stakeholders.

As per the Corporation Profile Report, the Company amalgamated with a number of its



subsidiaries under the **Ontario Business Corporations Act** effective April 1, 2015. The directors of the Company are Mr. Antonio Conforti ("Mr. Conforti") and Sylvia Conforti.

The Proposal Trustee understands that the business was started by Mr. Conforti in 1977 and has been a family-owned operated business for approximately 45 years. As at the NOI Filing Date, the Company's business operations comprised of 52 hair salons under 10 different trade names in southern Ontario, mostly in rental units in shopping malls and commercial office buildings. Given the various store closures during these Proposal Proceedings, as at the date of this report, the Company is currently operating 36 hair salons. As well, the Proposal Trustee has been advised that these 36 hair salons currently employ approximately 526 people.

Since the NOI Filing Date, the Company has been working with its counsel, the Proposal Trustee and its counsel, and the creditors, while trying to bring its operations to pre pandemic normalcy, or to otherwise stabilize sufficiently to permit the Company to make meaningful projections of its future income in order to fund a Proposal to its Creditors.

### **Section B – Summary of Proposal**

The Company is filing its Proposal to satisfy its debts and obligations to its creditors. This section contains a summary of the Proposal, the terms of which would be effective if:

- i) all Unsecured Creditors with valid proven claims vote for the acceptance of the Proposal by a majority in number and two thirds in value of creditors present, personally or by proxy, at the general meeting of creditors; and
- ii) the Proposal is approved by the Court, in accordance with the provisions of the Act.

The Proposal provides for the restructuring of the Company's liabilities through a monetary distribution to unsecured creditors.

The Proposal provides for the following:

1. Claims as at the NOI Filing Date that could be subject to a demand under subsection 224(1.2) of the **Income Tax Act (Canada)** ("ITA"), any provision of the **Canada Pension Plan** or of the **Employment Insurance Act** that refers to subsection 224(1.2) of the ITA, or any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, shall be paid within six months after Court approval of the Proposal or as otherwise agreed. Generally, these amounts are for arrears in payment of payroll deductions. **The Company's debt in this regard is in the amount of \$25,145.13.**
2. Any outstanding fees and expenses of the Trustee shall be paid from the amounts paid to fund the Proposal.
3. Any amounts owing to employees or former employees of the Company that would qualify as claims under paragraph 136(1) (d) of the Act if the Company became bankrupt on the Proposal Date, are to be paid on Court approval of the Proposal. For greater certainty, amounts due or which may become due do not include claims for severance or termination pay or any compensation in lieu of termination. **The Company has not declared any debts in this regard.**
4. Secured claims as at the Proposal Date are to be dealt with as follows:

- i) Secured creditors with proven claims may vote and participate as Unsecured Creditors to the extent that they surrender the value of their security.
5. Unsecured claims as at the Proposal Date are to be dealt with as follows:
- i) Unsecured creditors with proven claims will receive a pro-rata dividend from a fund of the following amount (the "Creditor Payment Fund") which varies depending on whether the security in connection with the debt owing to Beauty Experts Inc. ("BEI") in the amount of \$1,500,000 is valid detailed as follows:
- (i) **\$2,430,000** - if the full BEI Secured Debt is entirely found to be invalid and the full \$1,500,000 then belongs to the Debtor; or
  - (ii) **\$1,930,000** - if the full BEI Secured Debt is found to be entirely or partially valid then BEI shall make a secured loan to the Debtor in order to ensure that the Creditor Payment Fund is equal to this amount
- ii) In addition to the Creditor Payment Fund, there is potential for a further recovery for the Company's unsecured creditors which is tied to the ongoing litigation with Moroccanil, Inc. (the "Contingent Litigation Recovery"). Details of the Contingent Litigation Recovery can be found in Section 7.1 (b) of the Proposal.

### Section C – Assets

The following is a summary of the Company's assets, as per the Statement of Affairs, dated September 28, 2020, and updated as of March 21, 2022.

	Per Statement of Affairs September 28, 2020 \$	Updated Values as of March 21, 2022 \$	Notes
Inventory	149,000	180,000	1
Trade Fixtures	55,000	50,000	1
Real Property	2,558,089	0	2
Furniture	5,000	0	1
Operating bank balance	0	550,000	
Total Assets	<u>2,767,089</u>	<u>780,000</u>	

**Notes:**

- 1 Updated amounts reflect values on a liquidation basis as per discussion with the Company's management.
- 2 The Real Property located at 7755 Warden Avenue was sold as part of a Stalking Horse Sale Process. This transaction was approved by the court on August 23, 2021.

**Section D – Creditor Claims**

According to information provided to the Trustee by the creditors, the Company's estimated creditors are comprised of:

<b>Creditor classification</b>	<b>Amount</b>
Unsecured - Preferred	\$5,567,958
Unsecured - Ordinary	\$3,902,148
<b>Total Unsecured</b>	<b>\$9,470,106</b>
Secured*	\$1,500,000
<b>Total Claims</b>	<b>\$10,970,106</b>
Contingent**	\$3,185,308

\*The validity of the security in connection with the BEI claim in the amount of \$1,500,000 is being contested. In the event the security is determined to be invalid, the total unsecured claims would be in the amount of \$10,970,106.

\*\*Contingent creditors' claims filed consist of claims submitted by Green Lightning Energy (\$377,830) and Morrocanoil Inc. (\$2,807,478). Green Lightning Energy's claim is currently being valued by the Trustee at \$1. Regarding Morrocanoil Inc.'s claim, the trustee's court motion requesting the matter be referred back to US courts was heard on March 15, 2022. Decision by judge is under reserve.

**Section E – Estimated Realization**

The Proposal Trustee has considered multiple scenarios in the following analysis. As previously noted, the validity of the security in connection with the BEI claim is being contested. Accordingly, we have estimated the percentage of return to unsecured creditors in a proposal vs bankruptcy, under a scenario that the BEI security is valid and a second scenario that the BEI security is invalid. Under both scenarios, the estimated percentage return to creditors was higher in a proposal as opposed to a bankruptcy.

Under the scenario that the BEI security is invalid, we estimated the return to creditors in a bankruptcy at 13.4% vs a proposal at 25.3%. Under the scenario that the BEI security is valid, we estimated the return to creditors in a bankruptcy at 4.4% vs a proposal at 20.1%.



The Proposal Trustee notes that it has not considered in the analysis below, a potential recovery to creditors with respect to the Contingent Litigation Recovery. Any such recovery would likely improve the degree by which the anticipated return for creditors under the Proposal as opposed to a bankruptcy, as the willingness and ability of any creditor(s) to fund that litigation in a bankruptcy may be limited, whether by way of prosecution by a trustee in bankruptcy or by way of a s.38 BIA order.

**It should be noted that these comparisons are an estimate only, and the actual recovery may differ.** Creditors are advised that these estimates should only be used as a guide only and the Trustee takes no responsibility for any difference.

Conforti Holdings Limited  
Estimated Realization Analysis - Bankruptcy vs Proposal  
March 21, 2022

		<b>BEI Security is Invalid</b>		<b>BEI Security is Valid</b>		<b>Note</b>
		<b>Bankruptcy</b>	<b>Proposal</b>	<b>Bankruptcy</b>	<b>Proposal</b>	
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Net proceeds from sale of real property		1,397,624	1,397,624	1,397,624	1,397,624	
Proceeds from BEI Security		1,500,000	1,500,000	-	1,000,000	1
Operating bank balance		550,000	-	550,000	-	2
Inventory		180,000	-	180,000	-	3
Furniture and Fixtures		50,000	-	50,000	-	3
Total funds available in administration	<b>A</b>	<b>3,677,624</b>	<b>2,897,624</b>	<b>2,177,624</b>	<b>2,397,624</b>	
Estimated payments prior to distribution to creditors						
Legal and Professional		370,000	270,000	370,000	270,000	4
Corp Tax and ITC adjustments		-	202,000	-	202,000	5
Estimated 1.5 weeks payroll taxes/misc payroll		140,000	-	140,000	-	6
Employees claims pursuant to s.81.3(1)		506,047	-	506,047	-	7
	<b>B</b>	<b>1,016,047</b>	<b>472,000</b>	<b>1,016,047</b>	<b>472,000</b>	
<b>Available for distribution to Creditors</b>	<b>C=A-B</b>	<b>2,661,578</b>	<b>2,425,624</b>	<b>1,161,578</b>	<b>1,925,624</b>	<b>8</b>
<b>Priority claims</b>						
CRA Deemed Trust Claim (pre-filing)		25,145	25,145	25,145	25,145	
BEI secured amount (Oct 2021 - Mar 2022)		275,000	-	275,000	-	9
Preferred Creditors						
Landlords - inventory		180,000	-	180,000	-	3
Landlords - furniture		50,000	-	50,000	-	3
Total priority claims	<b>D</b>	<b>530,145</b>	<b>25,145</b>	<b>530,145</b>	<b>25,145</b>	
<b>Estimated net after priority claims</b>	<b>C-D</b>	<b>2,131,432</b>	<b>2,400,479</b>	<b>631,432</b>	<b>1,900,479</b>	
Estimated proceeds from US lawsuit		-	unknown	-	unknown	10
	<b>E</b>	<b>2,131,432</b>	<b>2,400,479</b>	<b>631,432</b>	<b>1,900,479</b>	
Total claims of creditors as of March 14 2022		9,470,106	9,470,106	9,470,106	9,470,106	
Estimated increase in unsecured pool		6,435,896	-	4,935,896	-	11
Total Claims	<b>F</b>	<b>15,906,002</b>	<b>9,470,106</b>	<b>14,406,002</b>	<b>9,470,106</b>	<b>12</b>
Estimated percentage return to creditors	<b>E/F</b>	<b>13.4%</b>	<b>25.3%</b>	<b>4.4%</b>	<b>20.1%</b>	

Conforti Holdings Limited. -Estate No. 31-2675583  
Trustee's Report to Creditors on Proposal

Page 6 of 8

**Notes:**

- 1 The security in connection with the secured debt owing to BEI is being contested. In the event it is determined that the BEI Security is invalid, \$1,500,000 will be available to fund a portion of the proposal. If it is determined that the security is valid, BEI has agreed to loan \$1,000,000 to the Company towards funding the proposal.
- 2 Estimated funds in the Company's operating accounts, to be used in the proposal for operations.
- 3 Inventory amount calculated based on 36 stores with net realizable value of \$5,000 per store. Furniture amount is the approximate liquidation value of all company-owned furniture in all of the stores. Combined inventory and furniture values owed to landlords for preferred claims.
- 4 Legal fees to Miller Thomson, Crowe Soberman Inc., and GSNH.
- 5 Taxes on sale of building and estimated ITC adjustments including for unpaid invoices.
- 6 Payroll taxes estimated at \$60,000 for 1.5 weeks and additional payroll for closing of \$50,000.
- 7 Section 81.3(1) max claim of \$2,000 per employee, based on a preliminary analysis prepared by the Company's management.
- 8 Amount (before rounding) is referred to as the "Creditor Payment Fund" as per 7.1 (a) of the Proposal, dated March 21, 2022.
- 9 Assuming BEI security is valid for post filing amounts owed to BEI.
- 10 Assuming no trustee participation in US lawsuit after bankruptcy. If the proposal is accepted, Antonio Conforti will personally pay legal fees going forward. Net proceeds, if any, will be split 60% to the company and 40% to Mr. Conforti.
- 11 Estimated increase in unsecured pool in the event of a bankruptcy consists of the following:

	<i>BEI Security is Invalid</i>	<i>BEI Security is Valid</i>
	\$	\$
Landlords' claims for 3 months accelerated	1,227,255	1,227,255
Landlords' claims for diff in % of rent paid	3,218,219	3,218,219
Unsecured WEPPA claims by employees	98,422	98,422
BEI unsecured claim	1,500,000	-
US legal fees outstanding	190,000	190,000
Corp Tax and ITC adjustments	202,000	202,000
Total increase in unsecured pool	<u>6,435,896</u>	<u>4,935,896</u>

- 12 Contingent creditors' claims filed have not been factored in Note 11 above. They consist of the following:

	\$	
Green Lighting Energy	377,830	- Valued as \$1.00 by the trustee
Morrocanoil Inc.	2,807,478	- Trustee court motion heard on March 15 2022, requesting the matter be referred back to US courts. Decision by Judge is under reserve.
Total contingent claims	<u>3,185,308</u>	

**If Proposal Accepted**

If the proposal is accepted by 66.67% of creditors (in dollars) and 50% plus one (in number), the proposal passes, subject only to final Court approval. All unsecured creditors are thereafter bound by its terms, whether they voted for the proposal or not. The amount that unsecured creditors can expect to receive will ultimately depend on the final dollar amount of filed claims.



Distributions to all creditors in respect of their proven claims will be subject to the Superintendent of Bankruptcy levy equal to 5% of the dividend paid.

### **If Proposal Not Accepted**

If the Proposal is not accepted, the Company would be deemed a bankrupt and their assets would vest with the Trustee, subject to the rights of secured creditors.

### **Section F– Statement of Projected Cash-flow**

In accordance with the Act, the Trustee has reviewed the Statement of Projected Cash-flow prepared by the Company.

### **Section G – Previous Business Dealings with the Debtor**

The undersigned Trustee, and Crowe Soberman Inc., confirm that they have no previous business dealings with the Company.

### **Section H – Remuneration of Trustee**

The Company executed an engagement letter where it undertook to pay the Trustee's administrative fees and expenses up to a set amount. If the Trustee's administrative fees and expenses surpass the amount of the agreement, then any shortfall would be payable out of the Proposal Fund.

### **Section I – Procedures for Dealing with Proposal and Completing a Proof of Claim**

In completing the proof of claim form submitted herewith, creditors should only include amounts outstanding as at September 28, 2020.

In light of the Coronavirus (COVID-19) and the observance of proper health and safety protocols, the meeting will be held via Microsoft Teams Meeting. Dial in details are below:

**Date & Time:** Thursday, March 31, 2022 at 2:00 pm

**Method of Meeting:** Microsoft Teams meeting  
Join on your computer or mobile app  
[Click here to join the meeting](#)  
**Or call in (audio only)**  
[+1 437-703-4645; 573789244#](#)  
Toronto, Canada  
Phone Conference ID: 573 789 244#

Please note that in order for your vote to count in connection with the Proposal, it is necessary that you complete and submit the enclosed proof of claim and voting documents prior to the meeting.

Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their proofs of claim and voting letters to the Trustee via fax or mail so as to be received prior to the meeting.



**If you have any questions on the Proposal or this Report, please contact Daniel Posner via email at [daniel.posner@crowesoberman.com](mailto:daniel.posner@crowesoberman.com) or by telephone at 416-644-8447.**

Dated at the City of Toronto, Province of Ontario, this 23<sup>rd</sup> day of March, 2022.

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

Per:   
Hans Rizarri, CIRP, LIT

# APPENDIX

‘X’

**Conforti Holdings Limited**  
**Cash Flow Projections (13 weeks)**  
**For the period March 14 to June 6, 2022**

	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
	14-Mar	21-Mar	28-Mar	04-Apr	11-Apr	18-Apr	25-Apr	02-May	09-May	16-May	23-May	30-May	06-Jun	
<b>For the week beginning</b>														
<b>Cash-in</b>														
Salon Revenue (Note 1)	538,210	538,210	550,726	550,726	550,726	550,726	563,243	563,243	563,243	563,243	563,243	575,759	575,759	7,247,054
Misc Revenue	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	73,450
<b>Total Cash-in</b>	<b>543,860</b>	<b>543,860</b>	<b>556,376</b>	<b>556,376</b>	<b>556,376</b>	<b>556,376</b>	<b>568,893</b>	<b>568,893</b>	<b>568,893</b>	<b>568,893</b>	<b>568,893</b>	<b>581,409</b>	<b>581,409</b>	<b>7,320,504</b>
<b>Cash-out</b>														
Rent	-	-	516,666	-	-	-	-	518,519	-	-	-	520,372	-	1,555,556
Payroll (Note 2)	306,779	306,779	313,914	313,914	313,914	313,914	321,048	321,048	321,048	321,048	321,048	328,183	328,183	4,130,820
CRA Source Deductions (Note 3)	58,288	58,288	59,644	59,644	59,644	59,644	60,999	60,999	60,999	60,999	60,999	62,355	62,355	784,856
Accounts payable (Corp)	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	73,450
Operating expenses & supplies	43,057	43,057	44,058	44,058	44,058	44,058	45,059	45,059	45,059	45,059	45,059	46,061	46,061	579,764
Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent for Head Office	5,650	-	-	-	-	5,650	-	-	-	5,650	-	-	-	16,950
Professional Fees	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300	146,900
EHT	16,000	-	-	16,000	-	-	-	-	17,500	-	-	-	-	49,500
Merchant Fees (Note 4)	8,073	8,073	8,261	8,261	8,261	8,261	8,449	8,449	8,449	8,449	8,449	8,636	8,636	108,706
HST Payment (Note 5)	-	80,000	-	-	8,261	-	100,000	-	-	-	100,000	-	-	280,000
<b>Total Cash-out</b>	<b>454,797</b>	<b>513,147</b>	<b>959,492</b>	<b>442,826</b>	<b>458,826</b>	<b>448,476</b>	<b>552,505</b>	<b>971,024</b>	<b>470,005</b>	<b>458,155</b>	<b>552,505</b>	<b>982,556</b>	<b>462,184</b>	<b>7,726,503</b>
<b>Net Cash inflow (outflow)</b>	<b>89,062</b>	<b>30,712</b>	<b>(403,116)</b>	<b>113,550</b>	<b>97,550</b>	<b>107,900</b>	<b>16,387</b>	<b>(402,132)</b>	<b>98,887</b>	<b>110,737</b>	<b>16,387</b>	<b>(401,147)</b>	<b>119,225</b>	<b>(405,999)</b>
<b>Operating cash balance</b>	<b>565,600</b>	<b>654,662</b>	<b>685,374</b>	<b>282,258</b>	<b>395,808</b>	<b>493,357</b>	<b>601,257</b>	<b>617,644</b>	<b>215,512</b>	<b>314,399</b>	<b>425,136</b>	<b>441,523</b>	<b>40,376</b>	<b>565,600</b>
<b>Net Cash (Deficit)</b>	<b>89,062</b>	<b>30,712</b>	<b>(403,116)</b>	<b>113,550</b>	<b>97,550</b>	<b>107,900</b>	<b>16,387</b>	<b>(402,132)</b>	<b>98,887</b>	<b>110,737</b>	<b>16,387</b>	<b>(401,147)</b>	<b>119,225</b>	<b>(405,999)</b>
<b>Closing cash</b>	<b>654,662</b>	<b>685,374</b>	<b>282,258</b>	<b>395,808</b>	<b>493,357</b>	<b>601,257</b>	<b>617,644</b>	<b>215,512</b>	<b>314,399</b>	<b>425,136</b>	<b>441,523</b>	<b>40,376</b>	<b>159,601</b>	<b>159,601</b>

**Notes:**

- 1 Salon revenue amounts have been based on operations during the week of March 7 and gradual increases thereon, approximately every 4 weeks.
- 2 Payroll has been estimated based on 57% of Salon Revenue.
- 3 Source deductions has been estimated based on 19% of payroll.
- 4 Merchant fees has been estimated based on 1.5% of salon revenue.
- 5 HST payments are based on management's best estimate.

**CERTIFICATION**

THE PURPOSE of this Statement of Projected Cash flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of Conforti Holdings Limited's financial affairs. This Statement of Projected Cash flow is prepared pursuant to the requirements of sections 50.4(2)(a) and 50(6)(a) of the Bankruptcy and Insolvency Act and solely for that purpose. Dated this 21st day of March, 2022.

Per Antonio Conforti: authorized representative

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

Per: Hans Rizary, EA, CPA, LIT, CIRP

# APPENDIX

‘Y’

Estate: 31-2675583

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

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

**AFFIDAVIT OF MAILING**

I, Sheila M. Potts, Administrative Assistant with Crowe Soberman Inc., the Licensed Insolvency Trustee, make oath and say:

1. That on March 23, 2022, I caused to be mailed from the General Post Office in the City of Toronto, in the Province of Ontario, by prepaid ordinary mail, a copy of:
  - i. TRUSTEE'S REPORT TO CREDITORS ON PROPOSAL
  - ii. LIST OF CREDITORS (which list contains the names of all proven creditors)

true copies of which are attached hereto and marked Exhibits "A1" & "A2".

2. That on March 23, 2022, I caused to be e-mailed to the principal of Conforti Holdings Limited, Tony Conforti and Floriana Ottaviani a copy of Exhibits "A1" and "A2". A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "B".
3. That on March 23, 2022, I caused to be e-mailed to Green Lighting Energy, Moroccanoil Inc. c/o Conkle Kremer & Engle, Ivanhoe Cambridge, The Cadillac Fairview Corporation, Alectra Utilities, All In One, Bell Canada, Classique Nails Beauty Supply, Cushman & Wakefield, Darling Insurance, Dermalogica Canada, Edge Mechanical, Energy + Inc., Good Linen Rental, Hillcrest Mall Management Office, Hunter Amenities International Limited, KS SP Limited Partnership, Master Signs, Morguard REIT (Cambridge) Morguard REIT (Bramalea), Natalil Products, Newmarket Hydro, Jody Nice c/o Schmidt Legal Services, Nutak Holdings Ltd., Oxford Properties Group, Phytoderm, Precision Property Management & Maintenance Inc., Promenade Limited Partnership, Rio-Can Georgian Mall, S & K Beauty Supplies, SafeGuard Security, Select Plumbing & Heating Inc., Spavaro Inc, TD Canada Trust, Tex Euro Industrial Sales, The Printing House, Wahl Canada Inc., a copy of Exhibit "A1" and "A2". A true copy of the e-mail confirmation is attached hereto marked as Exhibit "C".
4. That on March 23, 2022, I caused to be e-mailed to Brendan Bissell and Joel Turgeon of Goldman Sloan Nash & Haber LLP, Carmine Scalzi of Scalzi Professional Corporation, Erin Craddock, Bobby Sachdeva and Kevin Sherkin of Miller Thompson LLP, and Shiraz Shariff

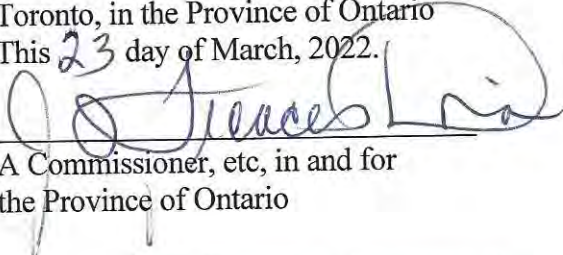


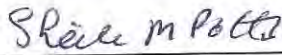
of Ziva Solutions a copy of Exhibit "A1" and "A2". A true copy of the e-mail confirmations are attached hereto and marked as Exhibit "D" and "E" respectively.

5. That on March 23, 2022, I caused to be e-mailed to Amanda Bezner of Toronto Dominion Bank, Cadillac Fairview c/o David Bish of Torys LLP, Oxford Properties c/o Michael Citak of Gardiner Roberts LLP, Ministry of Finance c/o Leslie Crawford, Cushman & Wakefield, Morguard REIT and Ivanhoe Cambridge II Inc c/o Linda Galessiere and Jessica Wuthmann of Camelino Galessiere LLP, Moroccan Oil Inc. c/o Thomas Gertner, Brookfield Properties, OPB Realty Inc. and Galleria Concourse Operations c/o Brendan Jones of Blaney McMurtry LLP, Toronto Dominion Bank c/o Kyle Plunkett of Aird & Berlis LLP, Moroccan Oil Inc. c/o Clifton Prophet of Gowling WLG (Canada) LLP, Jody Nice c/o Jason Schmidt and Brookfield Properties c/o John Wolf of Blaney McMurtry LLP, a copy of Exhibit "A1" and "A2". A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "F".
6. That on March 23, 2022, I caused to be e-mailed to Canada Revenue Agency c/o Adam Gramowski, and Diane Winters at the Department of Justice, a copy of Exhibit "A1" and "A2". A true copy of the e-mail confirmation is attached hereto and marked as Exhibit "G".
7. That on March 23, 2022, I caused to be faxed to Canada Revenue Agency, Venus Beauty Supplies, V-P Conveyancing and Waterloo North Hydro, a copy of Exhibit "A1" and "A2". A true copy of the fax confirmation is attached hereto and marked as Exhibit "H1", "H2", "H3" and "H4, respectively.
8. That on March 23, 2022, I also caused to be e-filed to the Office of the Superintendent of Bankruptcy Canada, a copy of:
  - i. TRUSTEE'S REPORT TO CREDITORS ON PROPOSAL
  - ii. LIST OF CREDITORS (which list contains the names of all proven creditors)

a true copy of the OSB e-file confirmation is attached hereto and marked Exhibit "I".

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario  
This 23 day of March, 2022.

  
A Commissioner, etc, in and for  
the Province of Ontario

  
\_\_\_\_\_  
Sheila M. Potts

I, [Signature], Notary Public for Ontario,  
do hereby certify that the foregoing is a true and correct copy of the original  
as presented to me on March 23, 2022.



# APPENDIX

**‘Z’**

## **NOTICE TO CREDITORS**

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

### **AMENDED PROPOSAL – MARCH 28, 2022**

This is further to the Trustee's March 18<sup>th</sup> Notice to Creditors and Division I Proposal, and the Report forwarded to you on March 23, 2022.

Please note that Conforti Holdings Limited has filed an Amended Proposal dated March 28, 2022, which is attached hereto.

The March 28, 2022 Amended Proposal will be considered at the upcoming meeting on March 31<sup>st</sup>, 2022 at 2:00 o'clock in the afternoon.

Dated at the City of Toronto, in the Province of Ontario, this 28<sup>th</sup> day of March, 2022.

Crowe Soberman Inc.  
Licensed Insolvency Trustee

# APPENDIX

‘AA’

**Estate No. 31-2675583**

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

**MINUTES OF THE SECOND RECONVENED MEETING OF CREDITORS**

MINUTES OF THE SECOND RECONVENED MEETING OF CREDITORS to consider the Amended Proposal of Conforti Holdings Limited, held via Microsoft Teams, under the Chair of Hans Rizarri on March 31, 2022 at 2:00 o'clock in the afternoon. Daniel Posner acted as Secretary.

1.	<u>Present were:</u>	<u>Representing</u>
	Hans Rizarri, Daniel Posner, Crowe Soberman Inc.	Proposal Trustee
	Brendan Bissell, Goldman Sloan Nash & Haber LLP	Proposal Trustee
	Bobby Sachdeva, Miller Thomson LLP	Conforti Holdings Limited ("Conforti")
	Linda Galessiere, Camelino Galessiere LLP	Brookfield Properties Canada Management LP; Cushman & Wakefield Assets Services ULC; Ivanhoe Cambridge II Inc.; Morguard Corporation; Morguard REIT; and RioCan
	Thomas Gertner, Gowlings LLP (Canada)	MoroccanOil, Inc. ("MoroccanOil")
	Michael Citak, Gardner Roberts LLP	Scarborough Town Centre Holdings Inc.; Montez Hillcrest Inc. & Hillcrest Holdings Inc.; and Oxford Properties Group. & CPPIB Upper Canada Mall Inc.
	David Bish, Torys LLP	The Cadillac Fairview Corporation Limited

2. The Chairman declared that, as there was at least one (1) creditor present in person or by proxy, there was a quorum, and that the meeting having been properly called, was competent to carry on business under section 106(1) of the ***Bankruptcy and Insolvency Act*** ("BIA").
3. The meeting was then called to order at 2:00 p.m.
4. The Chairperson outlined his authority to Chair the meeting under section 51(3) of the BIA:

*"The official receiver or his nominee shall be the chairman at the first meeting of creditors and shall decide any questions or disputes arising at the meeting and from any such decision any creditor may appeal to the Court".*

The Proposal Trustee then proceeded to explain the Agenda as follows:

5.
  - a. To address the need for an amendment to the Amended Proposal, so that it complies with Section 65.2(4)(b) of the BIA;
  - b. Consider the Trustee's Report;
  - c. Additional claims received by the Proposal Trustee after the date of the Trustee's Report;
  - d. Question period;
  - e. Vote on the Amended Proposal; and
  - f. Give such directions to the Trustee and make such other motions as the creditors may see fit.

#### **Amendment to the Proposal re Section 65.2(4) of the BIA**

6. Those present at the meeting reviewed a draft of the Amended Proposal dated March 31, 2022 and provided their input on what should be the final language in Paragraph 3.5 of the Amended Proposal. The paragraph discusses Landlord claims. Specifically, in the event that the debtor company disclaimed a lease pursuant to Section 65.11 of the BIA, the Landlord's claim shall be in accordance with the calculation/formula reflected in Section 65.2(4) of the BIA. [Based on these discussions, the Company made additional amendments to the proposal.](#)

#### **Trustee's Report on Amended Proposal**

7. All present at the Meeting acknowledged that they received and reviewed the Trustee's Report on the Amended Proposal dated March 23, 2022. There were no questions or comments on this Report.

#### **General**

8. The Proposal Trustee advised the creditors regarding additional claims received prior to the Meeting, including three (3) claims totalling approximately \$750,000 submitted by Michael Citak of Gardiner Roberts LLP, representing Oxford Properties Group.

**CONFORTI HOLDINGS LIMITED**

9. The Proposal Trustee advised the Meeting that it held two (2) proxies; All in One (\$318.17); and Energy + Inc. (\$900.02).

**Motion to vote on the Amended Proposal**

10. It was moved by David Bish and seconded by Linda Galessiere, that a vote take place regarding the acceptance of the Amended Proposal. The motion was carried.

**Vote on Amended Proposal**

11. A final vote was taken on the Amended Proposal and the results of the votes are listed on the Voting Summary attached hereto as Appendix "A". The Chairperson declared that the Amended Proposal has been accepted by the required majority of creditors, both in dollar value and by votes.
12. The Proposal Trustee requested from the creditors present at the meeting, whether anyone had the intention to be appointed as an inspector. Everyone present declined to be appointed as an inspector. It was noted that Thomas Gertner could not be appointed as an Inspector given the ongoing litigation between Conforti and MoroccanOil.
13. The Proposal Trustee advised the Meeting that it would proceed to obtain Court approval of the Amended Proposal.
14. There being no further business, it was moved by David Bish and seconded by Michael Citak, that the Meeting be closed.

**The Meeting was closed at 2:36 p.m.**



Hans Rizarri, Chairperson



Daniel Posner, Secretary



# APPENDIX

‘AB’

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

195

APPENDIX "A" to the Minutes of  
 March 31, 2022

### Voting Summary

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

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

### Result of Voting

Class	Total #			Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result	
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
	27	26	1	10,709,205.04	1.00	96.30	3.70	100.00	0.00	App.	App.

### List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	AIG Insurance Company of Canada, c/o Adam L Rosen PLLC	U		727,591.50	Proxy	For
	All In One	U		318.17	Letter	For
	Brookfield Properties Canada Management LP	U/P	Brookfield Place store location	59,466.38	Letter	For
	Cushman & Wakefield Assest Services ULC	U	Erin Mills Town Centre location	308,008.70	Letter	For
	Cushman & Wakefield Asset Services ULC	U	Pickering location	225,662.32	Letter	For
	Energy + Inc.	U	47190-2/47187-0	900.02	Letter	For
	Galleria Concourse Operations c/o Blaney McMurtry LLP	U	Galleria	124,147.30	Letter	For
	Ivanhoe Cambridge II Inc.	P	Conestoga - Unit # G9A	92,934.83	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 1100	314,322.81	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 2007	304,307.99	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 2190	53,323.75	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 4006	71,955.70	Letter	For
	Ivanhoe Cambridge II Inc. & 7503067 Canada Inc.	P	Oshawa - Unit # 4076	17,632.98	Letter	For
	Montez Hillcrest Inc. & Hillcrest Holdings Inc.	U	& Hillcrest Holdings Inc.	8,315.19	Proxy	For
	Morguard REIT c/o Morguard Investment Limted	U	Cambridge Centre location	167,221.27	Letter	For
	Morguard REIT c/o Morguard Investment	U	Cambridge Location	36,526.42	Letter	For

### List of creditors

<i>Class</i>	<i>Creditor Name</i>	<i>Type</i>	<i>Account #</i>	<i>\$ Admitted for Voting</i>	<i>Voted By</i>	<i>Vote</i>
	Morguard REIT c/o Morguard Investments	U	Bramalea Location	38,791.24	Letter	For
	Moroccanoil, Inc.	U		1.00	Proxy	Against
	Nutak Holdings Ltd.	P		16,600.00	Letter	For
	OPB Realty Inc. c/o Blaney McMurtry LLP	U/P	Natural Solutions Pen Centre	91,056.32	Letter	For
	OPB Realty Inc. c/o Blaney McMurtry LLP	U/P	Pen Centre	104,094.01	Letter	For
	Oxford Properties Retail Holdings II Inc. & CPPIB Upper Canada Mall Inc.	U	CPPIB Upper Canada Mall Inc.	137,649.90	Proxy	For
	Rio-Can Georgian Mall	U	Georgian Mall 1006758	66,210.60	Letter	For
	Rio-Can Georgian Mall	U	Georgian Mall location-1006668	150,707.77	Letter	For
	S & K Beauty Supplies	U		27,493.45	Letter	For
	Scarborough Town Centre Holdings Inc.	U	Scaborough Town Centre location	395,224.99	Proxy	For
	The Cadillac Fairview Corporation Limited	U/P	Landlord	7,168,741.43	Proxy	For

# APPENDIX

‘AC’

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

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

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

**-and-**

**IN THE MATTER OF THE PROPOSAL OF  
 CONFORTI HOLDINGS LIMITED**

**AMENDED PROPOSAL**

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

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

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

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

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- (d) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (e) **"Canada Pension Plan"** means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) **"Certificate of Full Performance"** shall have the meaning given to it in Article 9.2 of this Proposal;
- (g) **"Claim"** means, collectively, any of the following:
  - (i) any right or claim of any Person against the Debtor that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Debtor, which indebtedness, liability or obligation is in existence at the Filing Date or which is based on an event, act or omission which occurred in whole or in part prior to the Filing Date, and any accrued interest thereon and costs payable in respect thereof to and including the Filing Date, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory or anticipatory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or at the Filing Date and includes any other claims that would have been claims provable in bankruptcy had the Debtor become bankrupt on the Filing Date; and
  - (ii) any right or claim of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtor to such Person arising out of the repudiation, disclaimer, or resiliation pursuant to the Act after the Filing Date of any contract, lease, employment agreement or other agreement or obligation whether written or oral that existed as of the Filing Date;
- (h) **"Claims Bar Date"** shall have the meaning given to it in Article 4.3 of this Proposal;
- (i) **"Conforti Cross-Motion"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (j) **"Costs Agreement"** shall have the meaning given to it in Article 7.1b of this Proposal;

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

Amended Proposal of Conforti Holdings Limited  
Dated March 31, 2022  
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- (v) **"Income Tax Act"** means the *Income Tax Act*, R.S.C. 1985, c.1(5<sup>th</sup> Supp), as amended;
- (w) **"Inspectors"** means one or more inspectors appointed pursuant to the Act, as provided for in the Proposal;
- (x) **"Landlords"** means any Creditor with whom the Debtor had leased business premises as at, or prior to, the Filing Date;
- (y) **"Moroccanoil Action"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (z) **"Moroccanoil Motion"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (aa) **"Official Receiver"** shall have the meaning ascribed thereto in the Act;
- (bb) **"Paid Net Judgment"** shall have the meaning given to it in Article 7.1b of this Proposal;
- (cc) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government, or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (dd) **"Preferred Creditors"** means Creditors with Proven Unsecured Claims that are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) and including, without limitation:
  - (i) Employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act if the Debtor became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor's business during the same period, for greater certainty amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination pay and any compensation in lieu of notice of termination;
  - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under,
    - I subsection 224(1.2) of the Income Tax Act;
    - II any provisions of the Canada Pension Plan or the Employment Insurance Act that refer to subsection 224(1.2) of the Income Tax



Act and provides for collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or

III any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;

(1) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or

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

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

(ff) **"Proof of Claim"** shall mean the proof of claim required by the Act to be mailed to each known Creditor prior to the Creditors' Meeting;

(gg) **"Proposal"** means this Amended Proposal dated March 28, 2022 made pursuant to the Act, as further amended or supplemented from time to time;

(hh) **"Proposal Trustee" or "Trustee"** means Crowe Soberman Inc.;

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

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

(kk) **"Settlement Agreement"** shall have the meaning given to it in Article 7.1b of this Proposal;

- (ll) **"Unsecured Creditors"** means, collectively, the Creditors who are not Secured Creditors; and
- (mm) **"Voting Letter"** shall mean the voting letter required by section 51(1) of the Act to be mailed to each known Creditor prior to the Creditors' Meeting.

## 1.2 Articles of Reference

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

## 1.3 Interpretation Not Affected by Headings

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

## 1.4 Date for Any Action

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

## 1.5 Time

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

## 1.6 Numbers

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

## 1.7 Currency

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

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## **1.8 Statutory References**

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

## **1.9 Successor and Assigns**

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

## **ARTICLE 2** **GENERAL INTENT**

### **2.1 Purpose of Proposal**

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

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

### **2.2 Persons Affected**

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

### **2.3 Post-Proposal Goods and Services**

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

The Debtor agrees that the Trustee shall not in any case be responsible for ensuring that payment is duly made to all those persons supplying goods and services for any period subsequent to the

Filing Date. All Creditors hereby release and forever discharge the Proposal Trustee from any and all liability relating to the Debtor's non-payment of any liabilities under this paragraph.

## **2.4 Assets Remain Vested in Debtor**

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

# **ARTICLE 3** **CLASSIFICATION AND TREATMENT OF CREDITORS**

## **3.1 Secured Creditors**

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

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

## **3.2 Classes of Creditors**

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

## **3.3 Preferred Creditors**

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

## **3.4 Unsecured Creditors**

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

## **3.5 Landlords**

For disclaimed leases, Landlords shall file a claim in compliance with the formula in



Section 65.2(4)(b)(i) and 65.2(4)(b)(ii) of the BIA.

### **3.6 Different Capacities**

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

## **ARTICLE 4** **PROCEDURE FOR VALIDATION OF CLAIMS**

### **4.1 Filing of Proofs of Claim**

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

### **4.2 Allowance or Disallowance of Claims by the Trustee**

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

### **4.3 Claims Bar Process**

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

Subject to any exceptions set out in sections 149(2), (3) and (4) of the Act, any Creditor that does not prove its Claim (other than Secured Claims) by the Claims Bar Date shall be barred from

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making a Claim in the Proposal or sharing in any distribution hereunder, and such Claim shall be forever barred, extinguished and released.

## **ARTICLE 5** **MEETING OF CREDITORS**

### **5.1 Creditors' Meeting**

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

### **5.2 Time and Place of Meeting**

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

### **5.3 Conduct of Meetings**

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

### **5.4 Adjournment of Meetings**

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

### **5.5 Voting by Creditors**

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

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## **5.6 Approval by Creditors**

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

## **5.7 Appointment of Inspectors**

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

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

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

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

# **ARTICLE 6** **PAYMENT OF ADMINISTRATIVE FEES AND EXPENSES**

## **6.1 Priority of Administrative Fees and Expenses**

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

## **6.2 Payment of Administrative Fees and Expenses**

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

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## ARTICLE 7 PROPOSAL

### 7.1 Implementation of Proposal

#### a. Creditor Payment Fund

The Debtor shall make available to the Creditors a pool of funds to satisfy payment terms set out in this Proposal (the "Creditor Payment Fund") which shall offer a recovery to the Creditors greater than what would be available in any bankruptcy of the Debtor.

The Creditor Payment Fund shall be in the amount of:

- (i) **\$2,430,000** - if the full BEI Secured Debt is entirely found to be invalid and the full \$1,500,000 then belongs to the Debtor; or
- (ii) **\$1,930,000** - if the full BEI Secured Debt is found to be entirely or partially valid then BEI shall make a secured loan to the Debtor in order to ensure that the Creditor Payment Fund is equal to this amount

#### b. Contingent Litigation Recovery

The Debtor and one of its principals, Antonio Conforti, have been engaged in litigation with MoroccanOil, Inc. in the United States District Court for the District of New Jersey since 2011 (the "**MoroccanOil Action**"). The litigation involves, among other things, a motion by MoroccanOil, Inc. to enforce a settlement agreement (the "**Settlement Agreement**") between the parties (the "**MoroccanOil Motion**"), and a cross-motion by the Debtor and Antonio Conforti to enforce the settlement agreement (the "**Conforti Cross-Motion**"). In connection with the MoroccanOil Motion, MoroccanOil, Inc. is claiming \$2,807,478.12 in damages and legal fees. In connection with the Conforti Cross Motion, the Debtor and Antonio Conforti are claiming \$6,530,000 in damages and legal fees.

The litigation remains ongoing, and any trial in the MoroccanOil Action is unlikely to occur until at least early 2023.

The Debtor does not have sufficient cash flow to fund all of its legal costs in the MoroccanOil Action. Accordingly, Antonio Conforti is prepared to finance the Debtor's legal costs of both defending the MoroccanOil Motion, and pursuing the Conforti Cross Motion (the "**Costs Agreement**"). These legal costs are estimated to be from \$500,000 to \$700,000 in addition to the \$150,000 (USD) already owed to the Debtor's US lawyers, not including any appeal from a judgment at trial of the MoroccanOil Action.

Although the Costs Agreement has not yet been finalized, it is contemplated that in exchange for financing the Debtor's legal costs in the MoroccanOil Action, Antonio Conforti will be entitled to receive 40% of any judgment ultimately paid by MoroccanOil to the Debtor, after all legal fees

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and costs have been paid (the "**Paid Net Judgment**"). The remaining 60 % of the Paid Net Judgment will be allocated to the Creditor Payment Fund.

Further, pursuant to the terms of the Settlement Agreement, the Debtor was required to obtain a bond to secure the liability of the Debtor and Antonio Conforti for breach of the Settlement Agreement (the "**Bond**"). The total amount posted as security for the Bond is \$697,901.57 (USD). In the event that the Debtor and Antonio Conforti are successful at trial in the Moroccan Oil Action, and the Bond and the security posted in connection with the Bond are released (the "**Bond Funds**"), the Costs Agreement contemplates that Antonio Conforti will be entitled to 40% of the Bond Funds, and the remaining 60% will be paid into the Creditor Payment Fund.

Any additional payments to the Creditors pursuant to this Article 7.1(b), are contingent on both a successful outcome for the Debtor in the Moroccan Oil Action, and actual payment by Moroccan Oil, Inc. to the Debtor in connection with the Paid Net Judgment.

## **ARTICLE 8** **PROPOSAL TRUSTEE**

### **8.1 Proposal Trustee**

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

### **8.2 Superintendent Levy**

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

### **8.3 No Liability**

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

### **8.4 Discharge of Proposal Trustee**

Upon distribution of the amounts payable under Article 7.1 of this Proposal, and payment of the Administrative Fees and Expenses, the Proposal Trustee shall have discharged its duties as Proposal Trustee and shall be entitled to apply for its discharge as Proposal Trustee hereunder. For greater certainty, the Proposal Trustee will not be responsible or liable for any obligations of the Debtor before, on or after the Filing Date and will be exempt from any personal liability in

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fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

## **ARTICLE 9**

### **FULL PERFORMANCE OF PROPOSAL**

#### **9.1 Obligations of the Debtor**

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

#### **9.2 Certificate of Full Performance**

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

#### **9.3 Status of the Debtor**

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

## **ARTICLE 10**

### **MISCELLANEOUS**

#### **10.1 Compromise Effective for all Purposes**

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

#### **10.2 Modification of Proposal Prior to Approval by Unsecured Creditors**

Prior to the vote on the Proposal, the Debtor or any Unsecured Creditor may propose an alteration or modification of the Proposal. If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the final meeting of the Creditors held to consider



the Proposal that the Proposal Trustee determines are for the general benefit of Creditors, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements.

### 10.3 Consents, Waivers and Agreements

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

- (a) to have executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor that has occurred on or prior to the Implementation Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from the Implementation Date) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) to have released the Debtor, the Proposal Trustee and each of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens, set-off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with Claims, the filing of the Debtor's Notice of Intention to Make a Proposal under the Act and actions taken in furtherance thereof, the business and affairs of the Debtor, the Proposal or any of the matters herein. Nothing herein shall release:
  - (i) the above referenced beneficiaries of the release from claims which are based in fraud or gross negligence;
  - (ii) directors or officers of the Debtor from claims which relate to contractual rights of one or more Creditors arising from contracts with the Director and Officer;
  - (iii) claims which are based on allegations of misrepresentation made by the director and officer to Creditors or wrongful or oppressive conduct by the director and officer of the Debtor.

#### 10.4 Conditions to Proposal Implementation

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

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

#### 10.5 Release

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

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

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

#### 10.6 Effect of Proposal Generally

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



## 10.7 Sections 95 to 101 of the BIA

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

## 10.9 Notices

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

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

Attention: Floriana Ottaviani  
Email: floriana@yourspacealons.ca

with a copy to:

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

Attention: Bobby Sachdeva and Erin Craddock  
Email: bsachdeva@millerthomson.com  
Email: ecraddock@millerthomson.com

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

- (c) if to the Proposal Trustee:

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

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

Amended Proposal of Conforti Holdings Limited  
Dated March 31, 2022  
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with a copy to:

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

Attention: Brendan Bissell  
Email: [bissell@gsnh.com](mailto:bissell@gsnh.com)

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

#### **10.9 Foreign Currency Obligations**

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

#### **10.10 Applicable Law**

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

#### **10.11 Non Severability**

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



Amended Proposal of Conforti Holdings Limited  
Dated March 31, 2022  
Page 19 of 19

#### **10.12 Deeming Provisions**

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

**DATED at the City of Toronto, in the Province of Ontario, this 31st day of March 2022.**

**CONFORTI HOLDINGS LIMITED**

Per:   
Name: Tony Conforti  
Title: President



# APPENDIX

‘AD’

**Conforti Holdings Limited**  
**Detail of Store Locations**  
**June 7, 2022**

#	SALON NAME	BUSINESS ADDRESS	Number of employees
1	<b>FRENZI</b> Hair & Skin	<b>CAMBRIDGE CENTRE</b> 355 Hespeler Rd Unit T334 Cambridge, ON	16
2	<b>NRG</b> Hair Studio	<b>ERIN MILLS TOWN CENTRE</b> 5100 ErinMills Parkway Unit R222A Mississauga, ON L5M 4Z	11
3	<b>NINO D'ARENA</b> Salon and Spa	<b>ERIN MILLS TOWN CENTRE</b> 5100 ErinMills Parkway Unit B128 Mississauga, ON L5M 4Z5	12
4	<b>NINO D'ARENA</b> Salon and Spa	<b>EATON CENTRE</b> 220 Yonge St P.O Box 146 Store Toronto, ON M5B 2H2	26
5	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>STONE ROAD MALL</b> 435 Stone Road West, Unit L8 Guelph, ON N1G 2X6	16
6	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>FAIRVIEW PARK MALL</b> 2960 Kingsway Dr. Unit E9 Kitchener, Ontario N2C 1X1	18
7	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>PROMENADE MALL</b> 1 Promenade Circle Store B-202 Thornhill, ON L4J 4P8	17
8	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>HILLCREST MALL</b> 9350 Yonge Street, Unit DOO4 Richmond hill, ON L4C 5G2	15
9	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>OSHAWA TOWN CENTRE</b> 419 King Street West #1100 Oshawa, ON L1J 2K	12
10	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>SCARBOROUGH TOWN CENTRE</b> 300 Borough Dr Unit 62 Scarborough, ON M1P 4P6	28
11	<b>NATURAL SOLUTIONS</b> Salon and Spa	<b>PEN CENTRE</b> 221 Glendale Ave St Catherines, ON L2T 2K9	20
12	<b>L'ATTITUDES</b> Salon and Spa	<b>SCOTIA PLAZA</b> 40 King Street West Store 101 Toronto, ON M4H 3Y2	23
13	<b>L'ATTITUDES</b> Salon and Spa	<b>PROMENADE MALL</b> 1 Promenade Circle Unit 0122A Thornhill, ON L4J 4P8	9
14	<b>L'ATTITUDES</b> Salon and Spa	<b>PEN CENTRE</b> 221 Glendale Ave Store # 50 St Catherines, ON L2T 2K9	16
15	<b>L'ATTITUDES</b> Salon and Spa	<b>OSHAWA TOWN CENTRE</b> 419 King Street West Store # 2190 Oshawa, ON L1J 2K5	20

**Conforti Holdings Limited**  
**Detail of Store Locations**  
**June 7, 2022**

#	SALON NAME	BUSINESS ADDRESS	Number of employees
16	<b>L'ATTITUDES</b> Salon and Spa	<b>PICKERING TOWN CENTRE</b> 1355 Kingston Rd Store 114 Pickering, ON L1V 1B8	15
17	<b>L'ATTITUDES</b> Salon and Spa	<b>ERIN MILLS TOWN CENTRE</b> 5100 ErinMills Parkway Store E-231 Mississauga, ON L5M 4Z5	19
18	<b>TONYC</b> Salon and Spa	<b>UPPER CANADA MALL</b> 17600 Yonge St Unit EE29 Newmarket, ON L3Y 4Z1	10
19	<b>TONYC</b> Studio	<b>PROMENADE MALL</b> 1 Promenade Circle Unit B243 Thornhill, ON	14
20	<b>TONYC</b> Studio	<b>SCARBOROUGH TOWN CENTRE</b> 300 Borough Drive Store 293 Scarborough, ON M1P 4P5	18
21	<b>TONYC</b> Studio	<b>CAMBRIDGE CENTRE</b> 355 Hespeler Rd Unit 314 Cambridge, ON N1R 6B3	15
22	<b>TONYC</b> Salon and Spa	<b>SQUARE ONE SHOPPING CENTRE</b> 100 City Centre Drive Mississauga, ON L5B 2C9	17
23	<b>TONYC</b> Studio	<b>OSHAWA TOWN CENTRE</b> 419 King Street West Store #15 Oshawa, ON L1J 2K5	12
24	<b>TONYC</b> Studio for Women + Men	<b>MARKVILLE MALL</b> 5000 Hwy 7 East Unit 2188 Markham, ON L3R 4M9	18
25	<b>TONYC</b> Studio for Women + Men	<b>PICKERING TOWN CENTRE</b> 1355 Kingston Rd Unit 31 Pickering, ON L1V 1B8	11
26	<b>VOLUM</b> Studio	<b>CONESTOGA MALL</b> 550 King St North Unit G14A Waterloo, ON N2L 5W6	16
27	<b>CURIO</b> Hair + Body	<b>SHERWAY GARDENS</b> 25 The West Mall Unit 1340 Etobicoke, ON M9C 1B8	16
28	<b>CURIO</b> Hair + Body	<b>UPPER CANADA MALL</b> 17600 Yonge Street Unit G5 Newmarket, ON L3Y 4Z1	15
29	<b>CURIO</b> Hair + Body	<b>OSHAWA TOWN CENTRE</b> 419 King Street West Store # 4006 Oshawa, ON L1J 2K5	16
30	<b>ASHBY GROVE</b> Barbershop	<b>OSHAWA TOWN CENTRE</b> 419 King Street West Store # 4076 Oshawa, ON L1J 2K5	13

**Conforti Holdings Limited**  
**Detail of Store Locations**  
**June 7, 2022**

#	SALON NAME	BUSINESS ADDRESS	Number of employees
31	ASHBY GROVE Barbershop	STONE ROAD MALL 435 Stone Road West Unit Z32 Guelph, ON N1G 2X6	11
32	ASHBY GROVE Barbershop	BRAMALEA CITY CENTRE 25 Peel Centre Dr Uni#603 Brampton, ON L6T 3R5	18
33	ASHBY GROVE Barbershop	CONESTOGA MALL 550 King St W Unit G9A Waterloo, ON N2L 5W6	7
34	ASHBY GROVE Barbershop	ERIN MILLS TOWN CENTRE 5100 ErinMills Parkway Store E-210A Mississauga, ON L5M 4Z5	8
35	ASHBY GROVE Barbershop	HILLCREST MALL 9350 Yonge Street,Unit G002A Richmond hill, ON L4C 5G2	12

**Total Employees**

**540**

# APPENDIX

‘AE’





**Crowe Soberman Inc.**  
**Licensed Insolvency Trustee**  
**Member Crowe Global**

2 St. Clair Avenue East, Suite 1100  
Toronto, ON M4T 2T5  
416 929 2500  
416 929 2555 Fax  
1 877 929 2501 Toll Free  
[www.crowesobermaninc.com](http://www.crowesobermaninc.com)

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

FORM 40.1

Notice of Hearing of Application for Court Approval of Proposal  
(Paragraph 58(b) of the Act)

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

In Ontario Superior Court of Justice (Bankruptcy & Insolvency) - Toronto.

In the matter of the proposal of CONFORTI HOLDINGS LIMITED, a debtor.

Take notice that an application will be made to the court, at 330 University Avenue, 8<sup>th</sup> floor, Toronto, Ontario, on the 19<sup>th</sup> day of July 2022, at 10:00 AM, to approve the proposal of CONFORTI HOLDINGS LIMITED, accepted by the creditors at a meeting held on the 31st day of March 2022.

Please note that this is an in-person hearing. Should there be any change, the Trustee will post the information on our website:

<https://www.crowe.com/ca/crowesoberman/insolvency-engagements/conforti-holdings-limited>

Dated at the City of Toronto in the Province of Ontario, this 22<sup>nd</sup> day of June 2022.

Crowe Soberman Inc., LIT - Licensed Insolvency Trustee

*Daniel Posner*

2 St. Clair Ave East, Suite 1100

Toronto ON M4T 2T5

Phone: (416) 929-2500

Fax: (416) 929-2555

# APPENDIX

‘AF’

## Crowe Soberman Inc., LIT

## Claims Register

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

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
<b>Preferred creditors</b>						
1. Brookfield Properties Canada Management LP Attn: Brendan Jones Brookfield Place store location	Yes	Admitted			30,198.93	
2. Ivanhoe Cambridge II Inc. Attn: Charles Saint-Pierre Conestoga - Unit # G9A	Yes	Admitted		92,934.83	92,934.83	
3. Ivanhoe Cambridge II Inc. & 7503067 Canada Inc. Attn: Charles Saint-Pierre Oshawa - Unit # 1100	Yes	Admitted			314,322.81	
4. Ivanhoe Cambridge II Inc. & 7503067 Canada Inc. Attn: Charles Saint-Pierre Oshawa - Unit # 2007	Yes	Admitted		392,042.00	304,307.99	
5. Ivanhoe Cambridge II Inc. & 7503067 Canada Inc. Attn: Charles Saint-Pierre Oshawa - Unit # 2190	Yes	Admitted			53,323.75	
6. Ivanhoe Cambridge II Inc. & 7503067 Canada Inc. Attn: Charles Saint-Pierre Oshawa - Unit # 4006	Yes	Admitted			71,955.70	
7. Ivanhoe Cambridge II Inc. & 7503067 Canada Inc. Attn: Charles Saint-Pierre Oshawa - Unit # 4076	Yes	Admitted			17,632.98	
8. Nutak Holdings Ltd. Attn: Vince Saccucci	Yes	Admitted			16,600.00	
9. OPB Realty Inc. c/o Blaney McMurtry LLP Attn: Brendan Jones Natural Solutions Pen Centre	Yes	Admitted			44,070.00	
10. OPB Realty Inc. c/o Blaney McMurtry LLP Attn: Brendan Jones Pen Centre	Yes	Admitted			49,371.81	
11. The Cadillac Fairview Corporation Limited Attn: Allison Tortorice Landlord	Yes	Admitted			4,589,839.50	
Total : Preferred creditors				484,976.83	5,584,558.30	

**Secured creditors**

1. Beauty Experts Inc. General Security Agreement	No	Not proved		209,000.00		
2. Conforti, Antonio Attn: Antonio Conforti Mortgage Holder	No	Not proved		1,931,333.68		
Total : Secured creditors				2,140,333.68		

**Unsecured creditors**

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
1. *Aird & Berlis LLP Attn: Kyle Plunkett Notice Only	No	Not proved				
2. *Antonio Conforti Attn: Antonio Conforti Notice Only	No	Not proved				
3. *Blaney McMurtry LLP Attn: John Wolf Notice Only	No	Not proved				
4. *Camelino Galessiere LLP Attn: Jessica Wuthmann Notice Only	No	Not proved				
5. *Camelino Galessiere LLP Attn: Linda Galessiere Notice Only	No	Not proved				
6. *Canada Revenue Agency Attn: Adam Gramowski Notice Only	No	Not proved				
7. *Canada Revenue Agency Attn: Adam Pryslak Notice Only	No	Not proved				
8. *Department of Justice Attn: Diane Winters Notice Only	No	Not proved				
9. *Floriana Ottaviani Attn: Floriana Ottaviani Notice Only	No	Not proved				
10. *Goldman Sloan Nash & Haber LLP Attn: Brendan Bissell Notice Only	No	Not proved				
11. *Goldman Sloan Nash & Haber LLP Attn: Joel Turgeon Notice Only	No	Not proved				
12. *Gowling WLG (Canada) LLP Attn: Thomas Gertner Notice Only	No	Not proved				
13. *Miller Thomson LLP Attn: Bobby H Sachdeva Notice Only	No	Not proved				
14. *Miller Thomson LLP Attn: Erin Craddock Notice Only	No	Not proved				
15. *Ministry of Finance Attn: Leslie Crawford Notice Only	No	Not proved				
16. *Scalzi Professional Corporation Attn: Carmine Scalzi Notice Only	No	Not proved				
17. *Shiraz Shariff Attn: Shiraz Shariff Notice Only	No	Not proved				
18. *TD Canada Attn: Amanda Bezner Notice Only	No	Not proved				

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
19. AIG Insurance Company of Canada, c/o Adam L Rosen PLLC Attn: Adam L Rosen	Yes	Admitted			727,591.50	
20. Alectra Utilities (formerly Enersource Hydro)	No	Not proved		1,086.10		
21. All In One	Yes	Admitted		318.17	318.17	318.17
22. Beauty Experts Inc. General Security Agreement	No	Not proved		1,291,000.00		
23. Bell Canada F-88 - Business Attn: Insolvency Department	No	Not proved		4,394.15		
24. Bressler, Amery & Ross, P.C.	No	Not proved				
25. Brookfield Properties Canada Management LP Attn: Brendan Jones Brookfield Place store location	Yes	Admitted		64,299.00	29,267.45	29,267.45
26. Canadian Linen & Uniform Service - Etobicoke, ON	No	Not proved		288.54		
27. Canadian Springs	No	Not proved		252.66		
28. Classique Nails Beauty Supply	No	Not proved		20,650.66		
29. Cosmic Computer	No	Not proved		552.57		
30. CRA - Tax - Ontario 126597194RP0001	Yes	Admitted			25,145.13	25,145.13
31. Cushman & Wakefield Assest Services ULC Attn: Joanne Rowsell Grein Erin Mills Town Centre location	Yes	Admitted		345,507.00	308,008.70	308,008.70
32. Cushman & Wakefield Asset Services ULC Attn: Joanne Rowsell Grein Pen Centre location	No	Not proved		155,736.00		
33. Cushman & Wakefield Asset Services ULC Pickering location	Yes	Admitted		188,045.00	225,662.32	225,662.32
34. Darling Insurance	No	Not proved		525.96		
35. Dermalogica Canada	No	Not proved		3,875.91		
36. Edge Mechanical	No	Not proved		429.40		
37. Ellectra	No	Not proved		664.26		
38. Energy + Inc. Attn: Pat Lemieux 47190-2/47187-0	Yes	Admitted		900.02	900.02	900.02
39. Ericco	No	Not proved		471.89		
40. Galleria Concourse Operations c/o Blaney McMurtry LLP Attn: Brendan Jones Galleria	Yes	Admitted			124,147.30	124,147.30
41. Gardiner Roberts LLP Attn: Michael Citak	No	Not proved				
42. Good Linen Rental	No	Not proved		46,859.15		
43. Gowlings WLG Attn: Clifton P. Prophet Notice Only	No	Not proved				
44. Green Lighting Energy c/o Morse Shannon LLP Attn: Jerome R Morse	Yes	Contingent				
45. Hunter Amenities International Limited Attn: ncelos@hunteramenities.com	No			727,591.60		



Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
46. ITB International Inc.	No	Not proved		119.80		
47. Ize Body Art	No	Not proved		455.51		
48. Joe's Mechanical	No	Not proved		678.00		
49. KS SP Limited Partnership Scotia Plaza location	No	Not proved		46,362.00		
50. Master Signs	No	Not proved		326.57		
51. MesaLabs	No	Not proved		270.07		
52. MIL ITF Bramalea City Centre c/o Morguard Investment Limited Bramalea City Centre location	No	Not proved		43,892.00		
53. Miller Thomson LLP - Toronto Attn: Kevin D. Sherkin	No	Not proved				
54. Miller Thomson LLP - Vaughan Attn: Bobby H. Sachdeva	No	Not proved				
55. Montez Hillcrest Inc. & Hillcrest Holdings Inc. Attn: S. Michael Citak & Hillcrest Holdings Inc.	Yes	Admitted		131,480.00	8,315.19	8,315.19
56. Morguard REIT c/o Morguard Investment Limited Cambridge Centre location	Yes	Admitted		86,785.00	167,221.27	167,221.27
57. Morguard REIT c/o Morguard Investment Cambridge Location	Yes	Admitted			36,526.42	36,526.42
58. Morguard REIT c/o Morguard Investments Bramalea Location	Yes	Admitted			38,791.24	38,791.24
59. MoroccanOil, Inc. Attn: Mark C. Riedel	Yes	Contingent				
60. NataliI Products	No	Not proved		90.85		
61. Newmarket Hydro	No	Not proved		1,204.08		
62. Nice, Jody Attn: Jason Schmidt SC20000005750000	Yes	Admitted		16,000.00	16,000.00	16,000.00
63. Nutak Holdings Ltd. Attn: Vince Saccucci	Yes	Admitted		11,337.45		
64. Ontrea Inc. Eaton Centre location	No			562,643.00		
65. Ontrea Inc. Fairview Park location	No	Not proved		224,928.00		
66. Ontrea Inc. Markville Mall location	No	Not proved		229,134.00		
67. Ontrea Inc. Sherway Gardens location	No	Not proved		323,616.00		
68. OPB Realty Inc. c/o Blaney McMurtry LLP Attn: Brendan Jones Natural Solutions Pen Centre	Yes	Admitted			46,986.32	46,986.32
69. OPB Realty Inc. c/o Blaney McMurtry LLP Attn: Brendan Jones Pen Centre	Yes	Admitted			54,722.20	54,722.20
70. OPGI Magement LP o/a Oxford ITF Square One Square One location	No	Not proved		164,893.00		
71. Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051023-02	No	Not proved				

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
72. Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051818-03	No	Not proved				
73. Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051907-09	No	Not proved				
74. Oshawa PUC Networks Inc. Attn: Suzanne Neal	No	Not proved		1,094.68		
75. Oxford Properties Retail Holdings II Inc. & CPPIB Upper Canada Mall Inc. Attn: mcitak@grllp.com CPPIB Upper Canada Mall Inc.	Yes	Admitted		182,602.00	250,828.71	250,828.71
76. Phytoderm	No	Not proved		15,976.37		
77. Precision Property Management & Maintenance Inc. Attn: Enza Figueira Invoice 046	No	Not proved		1,163.90		
78. Premium Fire Protection	No	Not proved		212.14		
79. Primaris Magagement Inc. Attn: Lee Murray Stone Road location	No	Not proved		151,249.00		
80. Promenade Limited Partnership Promenade Mall location	Yes	Admitted		234,517.00	259,922.83	
81. Rio-Can Georgian Mall Attn: Susanne Gill Georgian Mall location-1006668	Yes	Admitted		219,850.00	150,707.77	150,707.77
82. Rio-Can Georgian Mall Attn: Suzanne Gill Georgian Mall 1006758	Yes	Admitted			66,210.60	66,210.60
83. S & K Beauty Supplies Attn: Rafat Sanam	Yes	Admitted		27,493.51	27,493.45	27,493.45
84. SafeGuard Security	No	Not proved		317.01		
85. Scarborough Town Centre Holdings Inc. Attn: S. Michael Citak Scaborough Town Centre location	Yes	Admitted		407,658.00	491,886.43	491,886.43
86. Select Plumbing & Heating Inc.	No	Not proved		1,104.58		
87. Spavaro Inc.	No	Not proved		251.88		
88. TD Canada Trust C/O FCT Default Solutions 1025-400842	No	Not proved				
89. Tex Euro Industrial Sales	No	Not proved		7,152.44		
90. The Cadillac Fairview Corporation Limited Attn: Allison Tortorice Landlord	Yes	Admitted			2,578,901.93	2,578,901.93
91. The Cadillac Fairview Corporation Limited Attn: Ellen Williamson T0002302/T0002405/T0002000/T0002	No	Not proved				
92. The Cadillac Fairview Corporation Limited TD Centre location	No	Not proved		105,163.00		
93. The Cadillac Fairview Corporation Limited T0002405/Fairview Mall location	No	Not proved		404,962.00		
94. The Printing House Ltd. Attn: Maryanna Macri 602644	Yes	Admitted		5,263.67	5,137.78	5,137.78

Insolvency Date: 28-Sep-2020

Estate Number: 31-2675583

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
95. Torsys LLP Attn: Mr. David Bish	No	Not proved				
96. V-P Conveyancing	No	Not proved		898.35		
97. Venus Beauty Supplies	No	Not proved		235.03		
98. VW Credit Canada Inc Attn: Yannick Lizotte 2018 Audi	No	Not proved				
99. Wahl Canada Inc.	No	Not proved		33.76		
100. Waterlogic Canada	No	Not proved		14,374.37		
101. Waterloo North Hydro Inc. - Credit Services Attn: Jim Forler 490707-3000818	No	Not proved		419.19		
Total : Unsecured creditors				6,479,655.25	5,640,692.73	4,653,178.40
<b>Contingent Creditors</b>						
1. Green Lighting Energy c/o Morse Shannon LLP Attn: Jerome R Morse	Yes	Contingent			377,830.12	
2. Moroccanoil, Inc. Attn: Mark C. Riedel	Yes	Contingent		1.00	2,807,478.12	
Total : Contingent Creditors				1.00	3,185,308.24	
Grand Total:				9,104,966.76	14,410,559.27	4,653,178.40

IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS  
LIMITED, A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS  
CORPORATIONS ACT*, R.S.O. 1990, C. B.16

Court/Estate File No. 31-2675583

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**  
**Proceeding commenced in TORONTO**

**MOTION RECORD  
( approval of proposal returnable July 19, 2022)**

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Lawyers for Crowe Soberman Inc. in its capacity as  
trustee to the proposal to creditors proceeding of Conforti  
Holdings Ltd.