Court File No. 33-3415664

ONTARIO
SUPERIOR COURT OF JUSTICE
(EAST REGION COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF M.G.B. VENTURES INC.

FACTUM
(Administrative Charge; Extension of Stay Period)

September 22, 2026

PERLEY-ROBERTSON, HILL & MCDOUGALL LLP
1400-340 Albert Street
Ottawa, ON K1R 0A5

Joël Turgeon LSO #80984R
Tel: 613.238.2022 x. 424
jturgeon@perlaw.ca

Lawyers for M.G.B. Ventures Inc.

TO: THE SERVICE LIST

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I. RELIEF SOUGHT

1. This is a motion by M.G.B. Ventures Inc. (the "**Company**") for an order in the form of the draft at tab 3 of the Company's motion record delivered September 21, 2026:

   a. extending, pursuant to Section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"),[1] the time for the Company to file a proposal (the "**Stay Period**") by 45 days to and including Monday, November 9, 2026; and

   b. granting, pursuant to Section 64.2 of the BIA,[2] a charge in the maximum amount of $250,000 (the "**Administration Charge**") over the Company's current and future assets, properties and undertakings (collectively, the "**Property**"), ranking in priority to all security interests, deemed trusts and encumbrances (collectively, "**Encumbrances**"), as security for the Company's payment of the professional fees and disbursements of Albert Gelman Inc., in its capacity as the Company's proposal trustee (in such capacity, the "**Proposal Trustee**"), the Proposal Trustee's independent legal counsel, Miller Thomson LLP, and the Company's legal counsel, Perley-Robertson, Hill & McDougall LLP/s.r.l. (the "**Professionals**").

II. KEY FACTS

A. The Company's Business and Key Stakeholders

2. The Company operates six Tim Hortons restaurant franchises in Eastern Ontario.[3] The Company's key stakeholders comprise its 156 employees, including 41 temporary foreign

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[1] *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), Section 50.4(9).
[2] BIA, Section 64.2.
[3] Affidavit of Paul Burke sworn September 21, 2026 (the "**Burke Affidavit**"), tab 2 (page 14) of Company's motion record (the "**MR**"), para. 5.

workers;[4] the franchisor, TDL Group Corp. ("**TDL**" or the "**Franchisor**");[5] the Company's landlords;[6] and the Company's suppliers, including small, local businesses.[7]

B. Largest Creditors

3. The Company's key creditors include Canada Revenue Agency ("**CRA**") and Bank of Nova Scotia ("**BNS**"), the Company's bank and main secured lender. CRA filed a proof of claim for $337,789.85 on account of unremitted employee source deductions and for $1,270,675.98 on an unsecured basis, comprising corporate income tax and excise tax.[8] As to BNS, its secured claims total $1,084,676.59, plus accruing fees, interest and penalties.[9]

4. Other secured creditors of the Company include Canadian Road Leasing Company ("**Ford**"), Vault Credit Corporation ("**Vault**"), and the Ontario Ministry of Finance (the "**MoF**"). Specifically, Ford holds a security interest in a vehicle leased by the Company,[10] Vault holds security interests in financed restaurant equipment,[11] and the MoF registered a security interest limited to $57,521 on account of provincial employer health tax amounts.[12]

5. The Company has two contingent secured creditors, namely, the Franchisor and Business Development Bank of Canada ("**BDC**"). The Franchisor and BDC both hold a general security interest in the Company's Property, however there were no amounts owing to them as of the date of filing the notice of intention (the "**Filing Date**" and "**NOI**", respectively). Specifically, the

[4] Burke Affidavit, tab 2 (page 14) of the MR, paras. 8, 9.
[5] *Id.*, paras. 6-7.
[6] *Id.*, para. 10.
[7] *Id.*, paras. 11-15.
[8] *Id.*, paras. 18, 35. A copy of CRA's proof of claim is Exhibit "C" to the Burke Affidavit (page 79 of the MR).
[9] *Id.*, paras. 24-25.
[10] *Id.*, para. 31.
[11] *Id.*, para. 32.
[12] *Id.*, para. 34.

Company is current in its monetary obligations to the Franchisor[13] and the Company's obligations to BDC are guarantee obligations which have not triggered.[14]

6. The Proposal Trustee intends to review all registered security interests with the assistance of independent legal counsel to determine the validity, enforceability, and rank of same.[15]

C. The Company's Insolvency

7. The Company is insolvent. While the book value of the Company's assets ($4,485,829) is likely superior to the Company's total liabilities,[16] the Company's net cash flow is negative. Specifically, the Company forecasts total disbursements ($5,641,999) to be 2.94% higher than cumulative receipts ($5,480,775) over the next 15-week period.[17]

8. The factors leading to the Company's financial difficulties include, *inter alia*, decreased sales during the pandemic, denied wage subsidies, changes to temporary foreign worker programs, significant delays in the opening of a new location, compressed margins due to inflation in food prices, international trade tensions, and reduced consumer spending due to economic uncertainty.[18]

D. Imminent Creditor Enforcement, Adverse Effects of Business Shutdown and NOI Filing

9. As of August 2026, the Company faced imminent creditor enforcement and franchise terminations. Specifically:

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[13] *Id.*, para. 30.
[14] *Id.*, para. 41.
[15] *Id.*, paras. 26, 33, 42.
[16] *Id.*, para. 16. A copy of the Company's latest financial statements is Exhibit "B" to the Burke Affidavit (page 53 of the MR).
[17] *Id.*, para. 43.
[18] *Id.*, paras. 45-60.

a. on or around August 11, 2026, the Franchisor delivered a demand letter advising that the Franchisor is entitled to terminate the Company's franchise agreements because the Company failed to pay amounts owed to CRA and because the Company granted a security interest to BDC without the prior consent of TDL;[19] and

b. on or around August 17, 2026, BNS delivered a demand letter and notice of intention to enforce security pursuant to the BIA advising that BNS considers the Company in default of obligations and/or covenants pursuant to the BNS credit facilities and that BNS demanded full repayment within ten days, failing which BNS intends to enforce its security.[20]

10. The Company is unable to comply with the foregoing demands without implementing a restructuring plan. In particular, the Company does not have enough immediately available funds to pay all amounts owing to CRA or BNS, and the Company is currently unable to provide BDC adequate consideration to vacate its security.[21] The Company's implementation of the restructuring plan discussed below, however, is intended to, among other things, allow the Company to repay CRA and BNS in accordance with their claims and security.

11. Presently, any secured creditor enforcement or franchise terminations would have material adverse consequences for the Company's stakeholders,[22] including:

a. loss of employment and potential visa, residence, work authorizations and immigration repercussions for the Company's temporary foreign workers;

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[19] *Id.*, paras. 28-29. A copy of the TDL demand letter is Exhibit "F" to the Burke Affidavit (page 122 of the MR).
[20] *Id.*, paras. 24-25. A copy of the BNS demand letter is Exhibit "E" to the Burke Affidavit (page 115 of the MR).
[21] *Id.*, para. 63.
[22] *Id.*, paras. 63-64.

c. loss of value for the Franchisor including, among other things, (i) loss of revenues from royalties and supply sales, and (ii) loss of value caused by the negative effects of the Company's failure on market perception, investor confidence, and the Franchisor's ability to attract and retain franchisees;

d. losses for the landlords, including lost rent payments and the cost of work required to reconfigure the premises to attract and accommodate new tenants;

e. losses for non-Franchisor suppliers of goods and services, including many small, local businesses; and

f. suboptimal recoveries for secured creditors including BNS, CRA and MoF, given that receiverships and liquidations typically generate lesser realizations than turnkey transactions for operating businesses.[23]

12. That last point about suboptimal secured creditor recovery is particularly relevant to the Company's business, which depends on a continuing license from the Franchisor, and whose value relies on cash flows from operations rather than any tangible asset(s).[24]

13. Accordingly, the Company filed an NOI on August 26, 2026 to temporarily stay creditor enforcement and preserve going-concern operations while the Company formulates and implements a restructuring that maximizes value for creditors and preserves going-concern economic relationships, in consultation with the Proposal Trustee, BNS and the Franchisor.[25]

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[23] *Id.*
[24] *Id.*
[25] *Id.*, para. 65.

E. Restructuring Plan

14. The Company's restructuring plan includes:[26]

a. in consultation with BNS, the Franchisor and the Proposal Trustee, developing a sale and investment solicitation process (the "**SISP**") pursuant to which the Franchisor and the Company, with the assistance of the Proposal Trustee, shall canvass the market for offers regarding the sale of at least three of the Company's franchise locations. The SISP is intended to leverage the Franchisor's established franchise transfer processes and the Franchisor's extensive network of prospective buyers, including existing and new franchisees.

b. bring a motion for an order approving and authorizing the SISP.

c. upon completion of the SISP, bring a motion for the Court's approval of the successful bid(s), if any, which shall be selected in accordance with the terms of the SISP and in consultation with BNS, the Franchisor, and the Proposal Trustee.

d. upon completion of the approved transaction(s), determine, in consultation with BNS, the Franchisor and the Proposal Trustee, an effective and efficient process to distribute funds to secured creditors, which may include distributions pursuant to a proposal or interim distribution orders, if appropriate.

e. throughout the NOI proceedings, actively identify and implement cost reduction initiatives to improve cashflow, including in the immediate and short term. Initiatives being considered include, *inter alia*, reorganizing employee shifts, deferring non-critical

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[26] *Id.*, para. 66.

maintenance and improvements, renegotiating or terminating unfavourable third-party contracts, seeking lower-cost options for services and supplies, reducing management's compensation, improving inventory management, actively pursuing accounts receivable, and seeking rent relief.[27]

F. Status of Restructuring Efforts

15. At this early stage of the NOI process, the Company has, among other things, achieved the following:[28]

a. with the assistance of the Proposal Trustee, prepared a 15-week cash flow forecast providing a detailed forecast of cash inflows and outflows during the NOI proceedings;

b. retained insolvency and restructuring legal counsel and prepared detailed materials for this motion;

c. organized and provided the Professionals with all documents, information and analyses required by them in connection with the Company's business and restructuring; and

d. with the assistance of the Proposal Trustee, engaged in discussions with the Franchisor and BNS, including, *inter alia*, with respect to the Administration Charge and the Company's restructuring plan.[29]

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[27] *Id.*
[28] *Id.*, para. 67.
[29] *Id.*, paras. 61, 67.

16. On that last point in particular, the Proposal Trustee met with the Franchisor and BNS's legal counsel in the week of September 14, 2026 to advise that the Company intended to seek the Court's approval of the Administration Charge. The Franchisor did not advise of any opposition, and the Proposal Trustee intends to engage in further discussions with BNS prior to the return of this motion.[30]

17. Should the Court grant the Company's request to extend the Stay Period, the Company, in consultation with the Franchisor, the Proposal Trustee and BNS, intends to develop the SISP and bring a motion for the Court's approval of same as soon as possible and in any event within the current extension of the Stay Period.[31]

G. Terms of Administration Charge Sought

18. The Company seeks the Court's approval of the Administration Charge, being a charge over the Company's Property in the maximum amount of $200,000 ranking ahead of all Encumbrances, as security for payment of the professional fees and disbursements incurred with respect to the Company's insolvency proceedings, including, among other things, the SISP.[32]

III. ISSUES

19. The issues on this motion are whether the Court shall (A) grant the Administration Charge; and (B) extend the Stay Period.

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[30] *Id.*, para. 76.
[31] *Id.*, para. 68.
[32] *Id.*, paras. 69-70.

IV. LAW AND ARGUMENT

A. The Court Should Grant the Administration Charge

20. Subsections 64.2(1) and (2) of the BIA provide that, on notice to potentially affected secured creditors, the Court may grant a charge that ranks in priority to the claim of any secured creditor in favour of, among others, the trustee, legal counsel engaged by the trustee in the performance of its duties, and legal counsel engaged by the debtor for the purposes of the notice of intention proceedings.[33]

21. In determining whether an administration charge is appropriate, Courts have considered non-exhaustive factors such as the size and complexity of the business being restructured, the role of the beneficiaries of the charge, whether there is any unwarranted duplication of roles, whether the quantum of the administration charge appears to be fair and reasonable, whether creditors oppose the charge, and whether the proposal trustee supports the charge.[34]

22. Courts acknowledge that estimating the quantum of an administration charge is "*an inexact exercise*" and that the proposed quantum should be considered fair and reasonable where it is supported by the proposal trustee and where it does not appear disproportionate to the value of the business, the contemplated transactions or the restructuring process as a whole.[35]

23. In this case, the Court should approve the Administration Charge, which is necessary and appropriate, including for the following reasons, among others.

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[33] BIA, Section 64.2.
[34] See *Canwest Publishing Inc*, 2010 ONSC 222 [Pepall J.], para. 54.
[35] See *Springer Aerospace Holdings Limited*, 2022 ONSC 6581 [Penny J.], para. 19 and *Canwest Global Communications Corp. (Re)*, 2009 CanLII 55114 (ON SC) [Pepall J.], para. 40.

24. The Company faces liquidity pressure and is required to finance part of the restructuring costs in a manner that is fair and reasonable to the Professionals and secured creditors. The Company is not, at this time, proposing to do so by taking on additional secured debt through interim financing. Rather, the Company requires the Administration Charge to secure the Company's engagement of experienced professionals, which is in the interest of stakeholders including, but not limited to, secured creditors.[36]

25. The Company has relied upon and requires the assistance of each of the Professionals to complete these NOI proceedings and to implement its restructuring plan, which includes performing the SISP, completing the selected transactions, assessing claims, and distributing funds. The Professionals have thus contributed and will continue to contribute significant value to creditors and other stakeholders.[37]

26. The proposed beneficiaries of the Administration Charge are the Proposal Trustee, its independent counsel, and the Company's legal counsel.[38] Those are core roles that are usual and necessary in any corporate restructuring.

27. There is no meaningful difference between the position of secured creditors pursuant to the Administration Charge and the position of secured creditors pursuant to creditor enforcement processes. Both debtor-in-possession proceedings and creditor enforcement processes require the engagement of professionals. Moreover, in both cases, secured creditors are required to contribute to professional costs, directly or indirectly. For example, receiverships require the engagement of legal counsel to the applicant creditor, the engagement of a licensed insolvency trustee firm as

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[36] Burke Affidavit, tab 2 (page 14) of MR, para. 72.
[37] *Id.*, para. 71.
[38] *Id.*, para. 74.

receiver, and the engagement of independent counsel to the receiver, and receivership costs are borne by secured creditors; in particular, the fees and disbursements of the receiver and its independent legal counsel are typically secured by a first-ranking charge, the applicant creditor bears the costs of bringing the receivership application, and all secured creditors incur costs for acting in the proceedings.

28. The proposed quantum of the Administration Charge was established with the Proposal Trustee.[39] For reference, at its maximum, the Administration Charge represents approximately 5.57% of the value of the Company's assets and 4.56% of the Company's revenues over the upcoming 15-week period, which is proportionate and reasonable in the circumstances.[40]

29. CRA and all parties who registered security interests pursuant to the *Personal Property Security Act* (Ontario) were served with this motion, including the draft order, by email on September 21 and by mail on September 22, 2026, as applicable.[41] As of writing this factum, the Company and the Proposal Trustee are not aware of opposition. To the contrary, the Proposal Trustee consulted with the Franchisor, who did not advise of any opposition to the Administration Charge.[42]

30. The Proposal Trustee supports the Administration Charge for those reasons and the further and other ones set out in the Proposal Trustee report to be filed in support of this motion (the "**First Report**").

31. For those reasons, the Court should grant the Administration Charge.

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[39] *Id.*, para. 75.
[40] *Id.*
[41] *Id.*, para. 3. Affidavits of service will be uploaded to Case Centre.
[42] *Id.*, para. 76.

B. The Court Should Extend the Stay Period

32. In accordance with Subsection 50.4(8) of the BIA, unless the Stay Period is extended, the Company will be automatically bankrupt on July 15, 2026.[43] Pursuant to Subsection 50.4(9), the Court may extend the Stay Period so long as (i) the Company has acted, and is acting, in good faith and with due diligence, (ii) the Company would likely be able to make a viable proposal if the extension being applied for were granted; and (iii) no creditor would be materially prejudiced if the extension applied for were granted.[44]

33. Those criteria are met. The Company is acting in good faith and with due diligence. Among other things, the Company puts forward a viable restructuring plan, the Company is transparent with secured creditors, and the Company is acting with a view to maximize the interest of all stakeholders, including, but not limited to, secured creditors.

34. During the extended Stay Period, the Company, under the supervision of the Proposal Trustee, intends to continue to operate its restaurants, maintaining employment and generating revenues. This would not occur in a bankruptcy or liquidation.[45] In addition, the Company intends to develop the terms of a SISP in consultation with the Franchisor, the Proposal Trustee and BNS, and bring a motion for the Court's approval of the SISP, as soon as possible and in any event within the current extension of the Stay Period.[46]

35. Given that the foregoing restructuring plan is viable and in the interest of stakeholders, the extension of the Stay Period is appropriate and will not create material prejudice to any creditor.

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[43] BIA, Section 50.4(8).
[44] BIA, Section 50.4(9).
[45] Burke Affidavit, tab 2 (page 14) of the MR, para. 80.
[46] *Id.*, para. 68.

To the contrary, a bankruptcy would bring about the loss of value which the restructuring plan is designed and intended to prevent, including, without limitation, loss of employment, loss of value for the Franchisor, and suboptimal recoveries for secured creditors.

36. The Proposal Trustee supports the extension of the Stay Period for those reasons and the further and other ones set out in the First Report.

37. For those reasons, the Court should extend the Stay Period.

RELIEF REQUESTED

38. The Company therefore requests the orders described at paragraph 1.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22nd day of September, 2026.

Perley-Robertson, Hill & McDougall LLP/s.r.l.
1400 – 340 Albert Street
Ottawa, ON K1R 0A5

Joël Turgeon LSO #80984R
Tel: 613.238.2022 x. 424
jturgeon@perlaw.ca

Lawyers for M.G.B. Ventures Inc.

SCHEDULE "A"
LIST OF AUTHORITIES

1.	*Canwest Publishing Inc*, 2010 ONSC 222 [Pepall J.]
2.	*Springer Aerospace Holdings Limited*, 2022 ONSC 6581 [Penny J.]
3.	*Canwest Global Communications Corp. (Re)*, 2009 CanLII 55114 (ON SC) [Pepall J.]

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SCHEDULE "B"
RELEVANT STATUTES

***Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3**

Extension of time for filing proposal

50.4 (8) Where an insolvent person fails to comply with subsection (2), or where the trustee fails to file a proposal with the official receiver under subsection 62(1) within a period of thirty days after the day the notice of intention was filed under subsection (1), or within any extension of that period granted under subsection (9),

> **(a)** the insolvent person is, on the expiration of that period or that extension, as the case may be, deemed to have thereupon made an assignment; […]

(9) The insolvent person may, before the expiry of the 30-day period referred to in subsection (8) or of any extension granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court, on notice to any interested persons that the court may direct, may grant the extensions, not exceeding 45 days for any individual extension and not exceeding in the aggregate five months after the expiry of the 30-day period referred to in subsection (8), if satisfied on each application that

> **(a)** the insolvent person has acted, and is acting, in good faith and with due diligence;
>
> **(b)** the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
>
> **(c)** no creditor would be materially prejudiced if the extension being applied for were granted.

Court may order security or charge to cover certain costs

64.2 (1) On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of

> (a) the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee's duties;
>
> (b) any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and

(c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the person.

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ONTARIO
SUPERIOR COURT OF JUSTICE
(EAST REGION COMMERCIAL LIST)

Proceeding commenced at Ottawa

FACTUM
(Motion returnable September 25, 2026)

Perley-Robertson, Hill & McDougall LLP/s.r.l.
1400 – 340 Albert Street
Ottawa, ON K1R 0A5

Joël Turgeon LSO #80984R
Tel: 613.238.2022 x. 424
jturgeon@perlaw.ca

Lawyers for M.G.B. Ventures Inc.