

**FIRST REPORT OF
ALBERT GELMAN INC.
AS RECEIVER AND MANAGER OF
MILESTONE MARBLE & GRANITE LTD.**

JULY 30, 2024

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

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

MILESTONE MARBLE & GRANITE LTD.

Respondent

**FIRST REPORT OF ALBERT GELMAN INC.
IN ITS CAPACITY AS RECEIVER**

JULY 30, 2024

I. INTRODUCTION

1. This report (the “**First Report**”) is filed by Albert Gelman Inc. (“**AGI**”) in its capacity as receiver and manager (the “**Receiver**”) of the property, assets and undertaking (collectively, the “**Property**”) of Milestone Marble & Granite Ltd. (the “**Company**”).
2. The primary purpose of this receivership proceeding was to create a stabilized environment to enable the Receiver to conduct a stalking horse sale process for the sale of the Company’s business and/or assets (the “**Sale Process**”).
3. On June 12, 2024 (the “**Filing Date**”), in connection with an application (the “**Receivership Application**”) brought by the Company’s senior-secured creditor, Milestone Distribution 2024 Ltd. (the “**Purchaser**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (the “**Receivership Order**”), *inter alia*
 - a. appointing AGI as Receiver;
 - b. approving the Sale Process and the proposed procedures to administer same (the “**Sale Procedures**”);
 - c. approving the asset purchase agreement submitted by the Purchaser (the “**Stalking Horse Agreement**”), pursuant to which the Purchaser agreed to act as a stalking horse bidder in the Sale Process for the acquisition of substantially all of the Company’s assets;
 - d. granting a first-ranking charge to secure the fees and disbursements of the Receiver and its counsel (the “**Receiver’s Charge**”); and
 - e. permitting the Receiver to borrow up to \$250,000 for the purpose of funding the exercise of the Receiver’s powers and duties (“**Receiver’s Borrowings**”), which are secured by a priority charge over the Property of the Company (the “**Receiver’s Borrowings Charge**”).

A copy of the Receivership Order is attached hereto as **Appendix “A”**.

4. The Receiver (in its then capacity as Proposed Receiver) filed a report to Court dated June 8, 2024 (the “**Pre-Filing Report**”) in connection with the Receivership Application. A copy of the Pre-Filing Report (without appendices) is attached hereto as **Appendix “B”**, and is also available on the Receiver’s website at <https://www.albertgelman.com/corporate-solutions/other-engagements/> (the “**Case Website**”), together with copies of Court and other materials pertaining to these receivership proceedings.

II. PURPOSE OF THIS REPORT

5. The purpose of this First Report is to provide the Court with information pertaining to the following:
 - a. the outcome of the Sale Process;

- b. the terms of the Stalking Horse Agreement, including the Receiver's recommendation regarding the transaction between the Receiver and the Purchaser contemplated therein (the "**Transaction**");
- c. the activities of the Receiver prior to and since the Filing Date;
- d. the Company's cash receipts and disbursements from the Filing Date to July 26, 2024 (the "**Interim R&D**");
- e. the Receiver's estimate of accrued and unpaid obligations to be paid from the Cash Purchase Price (as defined below) in accordance with the Stalking Horse Agreement;
- f. the accounts of the Receiver and that of its legal counsel, Reconstruct LLP ("**Recon**"), including the estimated remaining fees and disbursements to the effective date of the termination of the receivership proceedings;
- g. the Receiver's recommendation that it be discharged of its duties and obligations as the Receiver, subject to filing a certificate with the Court confirming that all outstanding receivership matters have been completed (the "**Discharge Certificate**"); and
- h. the Receiver's recommendation that this Court issue the following Orders:
 - i. an Approval and Vesting Order (the "**AVO**") consisting of the following substantive relief:
 - (1) approving the Stalking Horse Agreement;
 - (2) authorizing the Receiver to execute the Stalking Horse Agreement and take any and all steps necessary to complete the Transaction; and
 - (3) vesting title in and to the Purchased Assets in the Purchaser, free and clear of all liens, claims and encumbrances, other than permitted encumbrances, upon execution and delivery of a certificate by the Receiver confirming completion of the Transaction; and
 - ii. an Ancillary Order (the "**Ancillary Order**"):
 - (1) approving the Pre-Filing Report and the First Report, including the actions, activities and conduct of the Receiver described therein and herein, respectively;
 - (2) authorizing the Receiver to make the HST Distribution (as defined below), subject to the Canada Revenue Agency ("**CRA**") proving its claim in respect thereof;
 - (3) approving the fees and disbursements of the Receiver and Recon, including the Remaining Fees and Disbursements (as defined herein);

- (4) approving the distribution of the proceeds from the Transaction as specified herein;
- (5) discharging the Receiver once the Receiver completes the administration of the receivership, as discussed herein, and files the Discharge Certificate; and
- (6) ordering and declaring that effective upon its discharge as Receiver, AGI is released and discharged from any and all liability that AGI now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of AGI while acting in its capacity as Receiver, save and except for any gross negligence or willful misconduct on the part of AGI.

III. SCOPE AND TERMS OF REFERENCE

- 6. In preparing this First Report, the Receiver has relied upon certain unaudited financial information, the Company's books and records, discussions with the Company's management, directors, shareholders and independent contractor.
- 7. While the Receiver has reviewed the various documents and other information provided by the Company, such review does not constitute an audit or verification of such documents/information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises ("**ASPE**") or International Financial Reporting Standards ("**IFRS**") or otherwise. Accordingly, the Receiver expresses no opinion or other form of assurance pursuant to ASPE, IFRS or otherwise with respect to such documents/information.
- 8. This First Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.
- 9. Unless otherwise noted, all monetary amounts referenced are in Canadian dollars.
- 10. Capitalized terms not otherwise defined have the meanings given to them in the Stalking Horse Agreement, a copy of which is included as **Appendix "C"** hereto.

IV. OUTCOME OF THE SALE PROCESS

- 11. The Sale Process served the dual purpose of exposing the Company to the market for sale as a going concern, while also providing certainty that a transaction will be completed, in the form of the Stalking Horse Agreement, in the event there were no superior offers. An overview of the Sale Process is provided in the Pre-Filing Report and not repeated herein.

Marketing Process

12. On June 14, 2024, pursuant to the Receivership Order, the Receiver commenced the Sale Process. A summary of the activities undertaken in the Sale Process is as follows:
- a. the Receiver prepared an offer summary (the “**Teaser**”) detailing the acquisition opportunity;
 - b. the Receiver prepared a list of potential interested parties (the “**Prospective Participants**”) with input from the Company. The Prospective Participants comprised financial buyers, strategic buyers and liquidators, and included marble distributors and ancillary businesses;
 - c. in total, the Receiver distributed the Teaser to approximately forty-one (41) Prospective Participants;
 - d. the Receiver placed a weekly notice of the Sale Process in the Insolvency Insider, a Canadian insolvency-industry publication, for four consecutive weeks commencing on June 17, 2024; and
 - e. Prospective Participants that executed a non-disclosure agreement (“**NDA**”) were provided access to a virtual data room (the “**Data Room**”) maintained by the Receiver. The Data Room contained confidential information about the Company, including historical financial and other relevant information. Copies of the Stalking Horse Agreement and Sale Procedures setting out, among other things, the Offer Deadline (as defined herein), the bid protections and the minimum information requirements for any offer to be considered a Qualified Offer (as defined in the Sale Procedures), along with a template purchase agreement, were also made available in the Data Room.

Offer Deadline

13. Pursuant to the Sale Procedures, the deadline to submit an offer to the Receiver was 5:00 p.m. (Toronto time) on July 16, 2024 (the “**Offer Deadline**”).
14. In order to allow the Receiver to compare any offers submitted in the Sale Process, all Prospective Participants were required to submit offers in the standard Template Purchase Agreement and to blackline any changes made to that form of agreement.

Sale Process Results

15. A summary of the Sale Process results are as follows:
- a. the Receiver attended several preliminary calls with Prospective Participants regarding the opportunity and the Sale Process;
 - b. in total, two (2) parties executed an NDA (the “**Prospective Bidders**” and each, a “**Prospective Bidder**”) and were provided access to the Data Room to perform diligence on the opportunity. The Receiver facilitated due diligence for the Prospective Bidders, including

updating the Data Room with current information and responding to any queries from Prospective Bidders, as required, with the assistance of the Company;

- c. one Prospective Bidder conducted a site tour with representatives of the Receiver and the Company; and
- d. no offers other than the offer from the Purchaser were received by the Offer Deadline. As a result, and in accordance with the Sale Procedures, the Purchaser was deemed to be the successful bidder (pending the approval of this Court).

The Stalking Horse Agreement

- 16. The Stalking Horse Agreement contemplates the acquisition of substantially all of the Property of the Company with a view to continuing the business as a going concern (as noted above, a copy of the Stalking Horse Agreement is included hereto as Appendix "C").
- 17. The Purchaser under the Stalking Horse Agreement is the Applicant, Milestone Distribution 2024 Ltd. As noted in the Pre-Filing Report, pursuant to three Assignment of Indebtedness and Security Agreements dated February 29, 2024 (collectively, the "**Assignment Agreements**"), between the Purchaser and each of Group of Six Enterprises Ltd., Falcon Enterprises Corp. and Laura Moscone (collectively, the "**Assignors**"), the Purchaser purchased the secured debt owing by the Company to the Assignors (the "**Secured Debt**"), as well as the Assignors' right, title and interest in the security granted in favour of the Assignors by the Company (the "**Assignors' Security**").
- 18. The key terms and conditions of the Stalking Horse Agreement are provided below.
 - a. **Purchaser:** The Applicant, Milestone Distribution 2024 Ltd.;
 - b. **Purchase Price:** estimated to be approximately \$1.1 million (the "**Purchase Price**"), comprising the aggregate of the following amounts:
 - i. the value of the Secured Debt, as at Closing, which is estimated to total approximately \$0.9 million;
 - ii. any outstanding amounts secured by the Receiver's Charge at Closing;
 - iii. any and all amounts secured by the Receiver's Borrowing Charge at Closing;
 - iv. any and all other amounts and claims which rank in priority to the Assignors' Security, if any, including, without limitation, on account of unremitted source deductions (collectively, with the Receiver's Charge and the Receiver's Borrowing Charge, the "**Priority Payables**"); plus
 - v. the value of the Assumed Liabilities;

- c. **Deposit:** contemporaneously with the execution of the Stalking Horse Agreement, the Purchaser transferred \$100,000 to the Receiver, to be held in trust (the “**Deposit**”). Upon closing, the Deposit is to be applied against the Purchase Price on closing;
- d. **Purchased Assets:** substantially all of the Company’s Property, including equipment, inventory, intellectual property and other intangible assets, accounts receivable, cash and other liquid assets and financial instruments, books and records and any Assigned Contracts (as defined in the Stalking Horse Agreement);
- e. **Assumed Liabilities:** all obligations of the Company owed to Business Development Bank of Canada (“**BDC**”), all obligations of the Company owing to Bank of Montreal (“**BMO**”) in respect of a revolving line of credit made available by BMO to the Company (the “**BMO LC**”) and all liabilities associated with the Purchased Assets, including any Assigned Contracts, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing;
- f. **Excluded Liabilities:** any liabilities of the Company other than the Assumed Liabilities;
- g. **Employment Offer:** the Purchaser may, in its sole discretion, offer new employment, conditional upon Closing, to certain of the Company’s employees as it may determine, in its sole discretion. Any such offer shall be made at least two (2) Business Days prior to Closing, on terms and conditions substantially similar and no less favourable than the terms and conditions on which such employees are employed immediately prior to Closing;
- h. **Representations and Warranties:** consistent with the standard terms of an insolvency transaction, i.e. on an “as is, where is” basis, with limited representations and warranties;
- i. **Closing Date:** the date that is ten (10) days after all conditions to closing (including the granting of the AVO) are satisfied or waived, or such other earlier or later date as may be agreed by the Receiver and the Purchaser, in writing;
- j. **Material Conditions**, include, *inter alia*:

For the Benefit of Both Parties

- i. the AVO shall have been issued and entered and shall not have been stayed, amended, modified, reversed or dismissed;

For the Benefit of the Purchaser

- i. the Stalking Horse Bid is selected as the Successful Bid;
- ii. the Receiver shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all definitive documents required to complete the Transaction, as set out in section 7.2 of the Stalking Horse Agreement;

- iii. the representations and warranties of the Receiver contained in the Stalking Horse Agreement shall be true and correct as of the Closing Date (or such other date as may be agreed to by the parties) in all material respects; and
- iv. the Receiver shall have fulfilled or complied with all covenants contained in the Stalking Horse Agreement required to be fulfilled or complied with by it in all material respects on or before the Closing Date;

For the Benefit of the Receiver

- i. the Purchaser shall have executed and delivered or caused to have been executed and delivered to the Receiver at the Closing all definitive documents required to complete the Transaction, as set out in section 7.3 of the Stalking Horse Agreement;
 - ii. the representations and warranties of the Purchaser contained in the Stalking Horse Agreement shall be true and correct as of the Closing Date (or such other date as may be agreed to by the parties) in all material respects;
 - iii. the Purchaser shall have fulfilled or complied with all covenants contained in the Stalking Horse Agreement required to be fulfilled or complied with by it in all material respects on or before the Closing Date; and
 - iv. the Receiver will have provided an executed copy of a certificate confirming that all conditions to Closing have either been satisfied or waived by both the Purchaser and the Receiver; and
- k. **Termination:** the Stalking Horse Agreement can be terminated if:
- i. mutually agreed between the Receiver and the Purchaser;
 - ii. there is a material breach by either party of any representation, warranty or covenant contained in the Stalking Horse Agreement, which breach has not been waived or cured in accordance with the Stalking Horse Agreement; and
 - iii. Closing does not occur on or prior to the Outside Date (i.e. August 14, 2024 or such later date as agreed to amongst the parties in writing), provided that the failure to close by the Outside Date is not caused by a breach of the Stalking Horse Agreement by the party proposing to terminate same.

Security Opinion

19. As noted in the Pre-Filing Report, the Receiver received written opinions from its independent counsel, Recon, that, subject to customary assumptions and qualifications for opinions of this nature (including but not limited to whether there was due corporate authority for all of the loan and security

documents), the security granted in favour of Assignors' Security is valid and enforceable as against the Company in the Province of Ontario (the "**Security Opinions**").

Receiver's Recommendation Regarding the Transaction

20. The Receiver recommends that the Court issue the AVO approving the Transaction and vesting title of the Purchased Assets in and to the Purchaser for the following reasons:
- a. the Receiver is of the view that the Sale Process was conducted in accordance with the terms of the Sale Procedures and in a commercially reasonable manner, including the timelines, breadth of the Receiver's canvassing of the market, the information made available to interested parties (including the information in the Data Room), and the availability of the Receiver, with the assistance of the Company's management, to provide responses to due diligence requests, meetings and site tours;
 - b. the Transaction contemplates the continuation of the Company's business and operations, including the employment of the Company's two employees (which the Receiver understands will be offered employment by the Purchaser on the same terms);
 - c. no alternative offers superior to that which is contemplated under the Stalking Horse Agreement were received despite the Receiver reaching out to over 40 Prospective Participants (not including any parties who were made aware of the Sale Process via the notices in Insolvency Insider or otherwise);
 - d. no funding is available to further market the opportunity. Even if there was, the Receiver is of the view that the ongoing professional and other costs would erode recoveries with no certainty that a superior transaction would be completed;
 - e. given the Company's liquidity, there is urgency to complete a transaction;
 - f. the terms of the Stalking Horse Agreement are commercially reasonable;
 - g. in the Receiver's view, the Transaction provides for superior overall recoveries than what would otherwise be recovered through a liquidation or bankruptcy of the Company. It also permits for continued employment for the Company's two employees and continuing relationships for the Company's customers and vendors; and
 - h. the Transaction monetizes substantially all of the Company's assets and is the best opportunity to maximize recoveries for the Company's stakeholders.
21. Based on the foregoing, the Receiver is of the view that the Sale Process was conducted appropriately, and the Transaction is fair and reasonable in the circumstance.

V. ACTIVITIES OF THE RECEIVER

22. The Receiver's activities prior to and since the Filing Date have included, *inter alia*, the following:

- a. performing a review of the Company's books and records for the purposes of confirming the amounts recorded in respect of the Assignors' Secured Debt, which was subsequently assigned to the Purchaser;
- b. reviewing the Security Opinions;
- c. reviewing the Assignment Agreements and corresponding with the Purchaser's legal counsel and Recon regarding same;
- d. working with the Company to design the Sale Process;
- e. corresponding with the Purchaser and its counsel in connection with the Stalking Horse Agreement and the Sale Process;
- f. preparing the Pre-Filing Report;
- g. reviewing Court materials prepared in support of the Receivership Application, including corresponding with the Purchaser, its legal counsel and Recon regarding same;
- h. attending at Court in connection with the Receivership Application;
- i. establishing and maintaining the Case Website, where material documents pertaining to the receivership proceedings, including the Sale Process, are available in electronic form;
- j. preparing and delivering a notice pursuant to sections 245(1) and 246(1) of the BIA, including filing same with the Official Receiver;
- k. meeting and corresponding with the Company regarding the Sale Process, various matters in connection with the Company's operations and these receivership proceedings;
- l. corresponding with Recon in connection with various legal matters pertaining to the receivership proceedings;
- m. conducting the Sale Process, including, but not limited to, preparing the Teaser and NDA, compiling a list of and corresponding with Prospective Participants, establishing and maintaining the Data Room, facilitating due diligence requests, and attending at the Company's premises for a site tour with a Prospective Bidder;
- n. responding to calls and enquiries from creditors and other stakeholders in connection with these receivership proceedings;
- o. reviewing the Company's cash receipts and disbursements since the Filing Date and preparing the Interim R&D;

- p. drafting this First Report; and
- q. dealing with various other matters not specifically set out above pertaining to the administration of these receivership proceedings.

VI. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

23. Pursuant to the Receivership Order, the Receiver is empowered and authorized, but not obligated to, among other things, take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property. Since the Filing Date, in consultation with the Applicant and to conserve costs of the administration, the Receiver did not take possession of the Property or control the Company's cash. Rather, the Receiver continuously monitored the Company's operations and activities, including in connection with, among other things, the preservation/safeguarding of the Property and cash management.
24. Set out below is the Interim R&D, summarizing the Company's receipts and disbursements for the period from the Filing Date to July 26, 2024 (the "**Subject Period**"):

Milestone Marble & Granite Ltd. Interim Statement of Receipts and Disbursements For the Period June 12, 2024 to July 26, 2024 (in CAD; unaudited)	
	Amount
Receipts	
Collection from sales	22,531
BMO LC draws	22,000
Proceeds from short-term investment liquidation	20,735
Interest income	398
Total receipts	65,664
Disbursements	
Rent	15,500
Debt service (BMO LC and BDC)	12,608
Operating expenses	12,594
Salaries and benefits	9,248
Inventory purchases	6,417
Total disbursements	56,367
Net cash flow	9,298
Opening cash	3,951
Net cash flow	9,298
Closing cash	13,249

25. As noted above, the Company had total receipts of approximately \$66,000 during the Subject Period, primarily comprised of collections from sales, draws on the BMO LC and proceeds from guaranteed investment certificates that matured during the Subject Period.
26. Also as noted above, the Company had total disbursements of approximately \$56,000 during the Subject Period, primarily comprised of rent, various operating expenses (including

telecommunications, utilities, insurance, customs broker fees, IT costs, credit card processing and other bank fees and sanitation/waste removal services), debt service in respect of the BMO LC and a loan from BDC (the Purchaser is seeking to assume the debt obligations owing to BDC and the BMO LC), salaries and benefits and inventory purchases.

27. In addition, the Receiver has received the Deposit from the Purchaser. Since the filing date, there has been no other cash activity in the Receiver's estate bank account.

VII. PROPOSED DISTRIBUTIONS FROM THE TRANSACTION PROCEEDS

28. The consideration for the Transaction is largely a credit bid by the Purchaser of the Secured Debt. However, the Stalking Horse Agreement provides that, in addition to the Deposit, which was paid to the Receiver upon execution of the Stalking Horse Agreement, the Purchaser will pay to the Receiver, in cash at the Closing Time, any amount equal to the Priority Payables (the "**Cash Purchase Price**"). As of the date of this First Report, the value of the Priority Payables is estimated to be approximately \$144,000, summarized as follows (and discussed below):

Priority Payable	Amount (CAD)
Receiver's Charge ¹	104,576
Receiver's Borrowing Charge	-
Other priority payables ²	39,476
Total	144,051
<i>(1) Includes the Remaining Fees and Disbursements of \$40,000 (plus HST).</i>	
<i>(2) The Receiver is working with the Company and CRA to determine what amount, if any, is owing for unremitted source deductions, HST or other potential priority amounts.</i>	

29. For additional clarity, the amount of the Deposit will be applied against the Priority Payables and deducted from the amount payable under the Cash Purchase Price.

Receiver's Charge

30. As at the date of this First Report, the fees and disbursements of the Receiver and Recon, which have not been paid, total approximately \$53,000 (excluding the Remaining Fees and Disbursements and HST). As discussed further below, the Receiver and Recon have estimated the Remaining Fees and Disbursements of \$40,000 (excluding HST). The Remaining Fees and Disbursements are to be funded as part of the Cash Purchase Price, subject to the Court granting the Ancillary Order.

Receiver's Borrowing Charge

31. Pursuant to the Receivership Order, the Receiver was authorized to borrow up to \$250,000, as it considered necessary or desirable, to fund the costs of the receivership. The Receiver has not

borrowed any amount since the Filing Date and there are no amounts owing in respect of the Receiver's Borrowing Charge as of the date of this First Report.

Other Priority Payables

32. The Receiver understands that, as of July 29, 2024, the Company owes approximately \$39,000 to CRA in respect of unremitted HST (the "**HST Obligation**"). The HST Obligation may increase by the date of Closing the Transaction and the Receiver intends to correspond with the CRA in that regard. In accordance with the Stalking Horse Agreement, the HST Obligation is to be paid to the Receiver by the Purchaser on Closing. Subject to CRA proving its claim in respect of same, the Receiver requests in the Ancillary Order that the Court authorize it to distribute the HST Obligation to CRA (the "**HST Distribution**").
33. Other than the claims as noted above, the Receiver is not aware of any security interests, liens, charges, encumbrances or other rights of third parties that would have priority over the security granted in favour of the Purchaser, with respect to the Property or the proceeds therefrom.

VIII. REMAINING MATTERS AND RECEIVER'S DISCHARGE

34. Should the Court grant the relief requested herein, the Receiver will have completed its duties and obligations as set out in the Receivership Order, save and except for the following (the "**Remaining Matters**"):
 - a. closing the Transaction;
 - b. working with CRA to confirm the amount of the HST Obligation, including reviewing any claim filed by CRA in respect of same;
 - c. filing of any outstanding HST returns and pursuing potential recovery of any HST input tax credits resulting from these receivership proceedings; and
 - d. other administrative matters incidental to these proceedings, including filing the Receiver's final statutory report pursuant to section 246(3) of the BIA.
35. Upon completion of the Remaining Matters, the Receiver will have realized on the Property and completed its statutory duties as well as those duties set out in the Receivership Order. Accordingly, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver upon the filing of the Discharge Certificate with this Court, certifying that all of the Remaining Matters have been completed.

IX. REQUEST FOR APPROVAL OF FEES AND DISBURSEMENTS

36. The Receiver and its counsel, Recon, have maintained detailed records of their professional fees and disbursements prior to and since the Filing Date.
37. In accordance with paragraph 20 of the Receivership Order, the Receiver has been authorized to periodically pay its fees and disbursements, and that of its counsel, subject to approval by the Court.
38. The Receiver's professional fees incurred for services rendered during the period from December 8, 2023 to July 28, 2024 amount to \$46,934.00, plus disbursements in the amount of \$1,752.96 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver's professionals is described in the affidavit of Bryan Gelman, sworn July 28, 2024, attached hereto as **Appendix "D"**.
39. The fees of Recon for services rendered for the period from December 19, 2023 to July 28, 2024 total \$15,503.55, plus disbursements in the amount of \$138.05 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Recon's professionals is described in the affidavit of Caitlin Fell, sworn July 29, 2024, attached hereto as **Appendix "E"**.
40. The Receiver has reviewed Recon's accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable.
41. On the assumption that there are no delays, disputes, or unforeseen developments in connection with these proceedings, including the within motion and the performance of the Remaining Matters, AGI has estimated fees and disbursements in the amount of \$40,000, excluding applicable taxes (the "**Remaining Fees and Disbursements**"), for services that have been provided or will be provided, as follows:
 - a. AGI – for the period from July 29, 2024 to the date of the Receiver's discharge, \$20,000; and
 - b. Recon – for the period from July 29, 2024 to the date of the Receiver's discharge, \$20,000.
42. The above estimates take into consideration the reasonable professional and legal fees and disbursements required to prepare this First Report, participate in the within motion, and complete the Remaining Matters up to the effective date of discharge. If the actual Remaining Fees and Disbursements are less than the above estimates, no further Court approval of fees and disbursements is required. If the actual Remaining Fees and Disbursements exceed the above estimates, the Receiver will seek the Purchaser's consent to pay same or otherwise seek further order from the Court.

X. RECOMMENDATION AND CONCLUSION

43. Based on all of the foregoing, the Receiver respectfully recommends that this Honourable Court grant the AVO and the Ancillary Order.

All of which is respectfully submitted this 30th day of July 2024

**ALBERT GELMAN INC.,
solely in its capacity as Receiver of
Milestone Marble & Granite Ltd.
and not its personal or any other capacity**



Per:

Adam Zeldin, CPA, CA, CIRP, LIT

APPENDIX “A”

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

THE HONOURABLE	)	WEDNESDAY, THE 12TH DAY
	)	
JUSTICE W.D. BLACK	)	OF JUNE, 2024

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

MILESTONE MARBLE & GRANITE LTD.

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED and
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, as amended**

**ORDER
(appointing Receiver)**

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**"), for an order, *inter alia* (i) appointing Albert Gelman Inc. as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Milestone Marble & Granite Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor; (ii) approving the Sales Process substantially in the form attached as Schedule "B" hereto; and, (iii) approving the stalking horse asset purchase agreement between the Applicant, as buyer, and the Receiver, as vendor, (the "**Stalking Horse APA**") substantially in the form attached as Exhibit

“P” to affidavit of Laura Moscone sworn May 30, 2024 (the “**Moscone Affidavit**”) was heard this day by judicial videoconference, administered by the office of this Honourable Court at 330 University Avenue, Toronto, Ontario.

ON READING the Moscone Affidavit and the exhibits thereto and the pre-filing report of the proposed Receiver dated June 8, 2024 and the appendices thereto (“**Proposed Receiver’s Report**”);

AND ON HEARING the submissions of counsel for Applicant, the proposed Receiver and the other parties listed on the Participant Information Sheet, no one else appearing for the other parties listed on the service list although duly served as appears from the affidavit of service of Amanda Adamo sworn June 3, 2024, and on reading the consent of Albert Gelman Inc. to act as the Receiver.

SERVICE

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

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Albert Gelman Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- a. to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- b. to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- c. to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- d. to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- e. to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- f. to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- g. to settle, extend or compromise any indebtedness owing to the Debtor;

- h. to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- i. to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- j. to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- k. to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$75,000 provided that the aggregate consideration for all such transactions does not exceed \$300,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* and/or section 31 of the Ontario *Mortgages Act*, as the case may be shall not be required.

- l. to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- m. to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- n. to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- o. to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- p. to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- q. to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- r. to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate

access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on

any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies

standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated,

might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

APPROVAL OF STALKING HORSE SALE PROCESS

25. **THIS COURT ORDERS** that the stalking horse sale process set out in Schedule "B" to this order in respect of the Debtor's assets and/or business (the "Sale Process") is hereby approved.

26. **THIS COURT ORDERS** that the Receiver is authorized and directed to take such steps as is deemed necessary or advisable to carry out the Sale Process and perform its duties and obligations under the Sale Process; and, to take such steps and execute such documentation as may be necessary or incidental to the Sale Process, provided that any definitive agreement to be executed in respect of the sale of all or part of the Property shall require further approval of this Court.

27. **THIS COURT ORDERS** that the Receiver, and its assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature of kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct in performing their obligations under the Sale Process as determined by this Court.

APPROVAL OF STALKING HORSE APA

28. **THIS COURT ORDERS** that the execution, delivery, and entry into by the Receiver of the Stalking Horse APA between the Receiver and Milestone Distribution 2024 Ltd., is confirmed, authorized and approved. For greater certainty, the Stalking Horse APA is approved only as a bid in the Sale Process (*as defined herein*) and the transaction contemplated therein is subject to prior Court approval.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “Guide”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at 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 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.albertgelman.com/corporate-solutions/other-engagements/>.

30. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

31. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any 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 the Debtor’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 juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

32. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

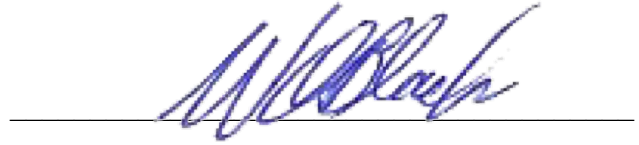
34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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

35. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

36. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

37. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

38. **THIS COURT ORDERS** that this order is effective from 12:01am (Toronto time) on today's date and is enforceable without the need for entry and filing, provided that any party may nonetheless submit a formal order for original signing, entry and filing, as the case may be.

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be 'M. Blach'.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

Schedule B

Procedure for Stalking Horses Sale Process

INTRODUCTION

1. On June 12, 2024, on application by Milestone Distribution 2024 Ltd. (the “**Stalking Horse Bidder**”), the Ontario Superior Court of Justice, Commercial List (the “**Court**”) granted an order (the “**Order**”), among other things, (i) appointing Albert Gelman Inc. as receiver (the “**Receiver**”) of the property, assets and undertakings of the Debtor (collectively, the “**Assets**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 and (ii) authorizing the Receiver to undertake a sale process (“**Sale Process**”) for the sale of the Debtor’s Assets on an “*as is, where is*” basis. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order.
2. Among other things, the Order will also: (a) approve the procedures set out in this Schedule (the “**Bidding Procedures**”) for the solicitation of offers (each, a “**Bid**”) for the acquisition of the Assets; and (b) approve the form of stalking horse agreement (as same may be amended from time to time pursuant to its terms and the Order, the “**Stalking Horse Agreement**”) to be entered into between the Receiver, as vendor, and the Stalking Horse Bidder, as purchaser, for the purposes of serving as the stalking horse bid in the Sale Process (the “**Stalking Horse Bid**”). For the avoidance of doubt, the implementation of the transaction contemplated by the Stalking Horse Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid (as defined below) in accordance with the Bidding Procedures and Court approval of the Stalking Horse Agreement and the transactions contemplated therein on a subsequent motion to be brought by the Debtor following the completion of the Sale Process.

Bidding Procedures

Opportunity

3. The Sale Process is intended to solicit interest in and opportunities for a sale of all of the Assets of the Debtor (the “**Opportunity**”).
4. Any sale of the Assets will be on an “*as is, where is*” basis and without surviving representations or warranties of any kind, nature, or description by the Receiver, the Debtor or any of their respective agents, employees, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Debtor in and to the Assets to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders and definitive documents.
5. The Stalking Horse Agreement constitutes a Binding Offer by the Stalking Horse Bidder (who shall be deemed to be a Binding Offer Bidder (each as defined below)) for all purposes and at all times under this Sale Process and will serve as the Stalking Horse Bid for purposes of this Sale Process and the Bidding Procedures and the Stalking Horse Bidder

shall have the right to participate in the Auction (as defined below), if any. Notwithstanding the Stalking Horse Agreement and proposed transactions therein, all interested parties are encouraged to submit bids to acquire the Assets. A copy of the Stalking Horse Agreement will be made available to all Qualified Bidders and a form of such purchase agreement, to be uploaded to the VDR (each as defined below), may be used as the basis for any Binding Offer made in the Sale Process.

6. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning the Debtor and the Assets, the manner in which bidders may participate in the Sale Process, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder (as defined below) and the requisite approvals to be sought from the Court in connection therewith.
7. The Receiver may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Potential Bidders, Qualified Bidders, Binding Offer Bidders or the Successful Bidder(s) provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and are necessary or useful in order to give effect to the substance of the Sale Process, the Bidding Procedures or the Order. Notwithstanding the foregoing, the dates or time limits indicated in the table contained below may be extended by the Receiver, as the Receiver deems necessary or appropriate, or by order of the Court.
8. The Receiver will post on the Receiver's website and serve on the service list maintained in these proceedings, as soon as practicable, any such modification, amendment, variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.
9. The Sale Process will be conducted by the Receiver in the manner set forth herein and in accordance with the Order. In the event of a dispute as to the interpretation or application of the Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the Sale Process, including the qualification of bids, the construction and enforcement of the Sale Process, and closing of a Successful Bid, as applicable.
10. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

11. A summary of the key dates pursuant to the Sale Process is as follows:

Milestone	Date
Go to market	No later than June 14, 2024
Bid Deadline	July 16, 2024
Auction, if needed	<July 18, 2024
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court
Closing of Transaction (outside date)	No later than August 14, 2024

Solicitation of Interest: Notice of the Sale Process

12. As soon as reasonably practicable after Court approval of the Sale Process:

- a. the Receiver will prepare a list of potential bidders, including (i) parties that have approached the Debtor or the Receiver indicating an interest in the Opportunity and (ii) strategic and financial parties who the Receiver believes may be interested in the Opportunity;
- b. the Receiver, with the assistance of the Debtor, will prepare (i) a process summary (the “**Teaser Letter**”) describing the Opportunity and the contemplated process under the Sale Process and inviting recipients of the Teaser Letter to express their interest in the Opportunity; and (ii) a non-disclosure agreement in form and substance satisfactory to the Receiver, which shall enure to the benefit of any purchaser of the Assets or any part thereof (an “**NDA**”).

13. As soon as reasonably practicable, but, in any event, by no later than five (5) business days after the Court approval of the Sale Process, the Receiver shall (i) publish a notice of the Sale Process (and such other relevant information which the Receiver considers appropriate) (the “**Notice**”) in the National Post and/or in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Receiver.

14. The Receiver will cause the Teaser Letter and NDA to be sent to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Receiver as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Virtual Data Room

15. A confidential virtual data room or rooms (collectively the “**VDR**”) in relation to the Opportunity will be made available by the Receiver to Potential Bidders (as defined below) that have executed the NDA. The VDR will be made available as soon as practicable.

Qualified Bidders

16. Any party who wishes to participate in the Sale Process (a “**Potential Bidder**”) must provide to the Receiver and counsel to the Receiver, at the addresses specified in **Appendix “B”** hereto (including by email transmission), an NDA executed by it, acceptable to the Receiver, and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
17. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a “**Qualified Bidder**” if the Receiver, in its reasonable judgment, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the Sale Process. All Qualified Bidders will be granted access to the VDR. For the avoidance of doubt, the Stalking Horse Bidder is, and will be deemed to be, a Qualified Bidder. The Receiver will provide to each Qualified Bidder a copy of the Stalking Horse Agreement and any material amendment thereto.
18. The Debtor, the Receiver and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter or otherwise made available pursuant to the Sale Process.
19. At any time during the Sale Process, the Receiver may, in its reasonable judgment, eliminate a Qualified Bidder from the Sale Process, in which case such bidder will be eliminated from the Sale Process and will no longer be a “Qualified Bidder” for the purposes of the Sale Process.
20. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Assets in connection with their participation in the Sale Process and any transaction they enter into with the Receiver.

Due Diligence

21. The Receiver shall, subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Assets as is available to the Receiver and as the Receiver may deem appropriate.
22. The Receiver will designate one or more representatives of the Receiver to be solely

responsible for coordinating and responding to all requests for information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Receiver, nor the Debtor through the Receiver, will be obligated to furnish any information relating to the Assets to any person other than to Qualified Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Receiver determines such information to represent proprietary or sensitive competitive information.

Formal Binding Offers

23. Any Qualified Bidder (other than the Stalking Horse Bidder) that wishes to make a formal offer to acquire all or substantially all of the Assets, whether through an asset purchase (a **“Sale Proposal”**) or wishes to propose a liquidation of the assets (a **“Liquidation Proposal”**), must submit a binding offer (a **“Binding Offer”**) by submitting a marked version compared to the Stalking Horse Agreement, a copy of which will be posted in the VDR in form and substance satisfactory to the Receiver (the **“Binding Offer Bidder”**) to the Receiver, no later 5 p.m. EST on July 16, 2024 (the **“Binding Offer Deadline”**).

24. A Binding Offer will be considered if it:

- (a) is submitted in the form of asset purchase agreement template provided by the Receiver, accompanied by a blacklined version of the same showing all changes from the Stalking Horse Agreement (provided that a Liquidation Proposal is not required to be submitted on such template);
- (b) provides for net cash proceeds on closing no less than the aggregate of: (A) the amount of cash equal in value to (i) the cash payable under the Stalking Horse Agreement together with (ii) value of the ‘credit bid’ component of the Stalking Horse Agreement, plus (B) the amount of cash payable to cover the Expense Reimbursement as defined in the Stalking Horse Agreement (\$15,000), plus (C) a minimum overbid amount of \$10,000 (the amounts set forth in this paragraph 24(b), the “Minimum Purchase Price”);
- (c) is submitted on or before the Binding Offer Deadline by a Qualified Bidder;
- (d) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder;
- (e) identifies any executory contracts and leases of the Debtor that the Binding Offer Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
- (f) is not subject to any financing condition, diligence condition or internal or board approval;
- (g) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding

Offer;

- (h) contains or identifies the key terms and provisions to be included in any Approval Order;
- (i) contains the Binding Offer Bidder's proposed treatment of employees of the Debtor (for example, anticipated employment offers and treatment of post-employment benefits);
- (j) includes acknowledgments and representations of the Binding Offer Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Binding Offer; and (ii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer;
- (k) includes evidence satisfactory to the Receiver of funds available to pay the Minimum Purchase Price on closing;
- (l) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;
- (m) includes:
 - (i) the specific purchase price in Canadian dollars and a description of any non- cash consideration;
 - (ii) a description of the Assets that is expected to be subject to the transaction and any of the Assets expected to be excluded;
 - (iii) a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and
 - (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- (n) includes payment of a deposit in the amount of not less than 10% of the cash purchase price payable on closing (the "**Deposit**") by wire transfer to the Receiver;
- (o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject

to approval of such Successful Bid by the Court and the terms described in paragraph 38 below;

- (p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than June 30, 2024 unless otherwise agreed to be extended by the Receiver, in writing, or by order of the Court (the “**Outside Date**”); and
 - (q) includes such other information as reasonably requested or identified as being necessary or required by the Receiver.
25. By submitting an offer for consideration as a Binding Offer, it is deemed that such Binding Offer: (i) may be accepted by the Receiver by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) business days after the date of closing of the applicable Successful Bid; and (B) the Outside Date.
26. The Receiver, in its reasonable judgment, may waive compliance with any one or more of the requirements specified above and consider such non-compliant Binding Offer. For the avoidance of doubt, the completion of any Binding Offer shall be subject to the approval of the Court.
27. In the circumstance that a Binding Offer, does not provide for net cash proceeds on closing that are at least equal to the Minimum Purchase Price, the Receiver may elect that such Binding Offer nevertheless be considered as a potential Successful Bid and be entitled to participate in the Auction.

Selection of Successful Bid

28. The Receiver may, following the receipt of any Binding Offer, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered.
29. The Receiver may negotiate with Binding Offer Bidders in any manner it considers appropriate in its business judgment with a view to maximizing the value of the Assets, including at the Auction (as defined below).
30. The Receiver will (i) review and evaluate each relevant Binding Offer; and (ii) identify the highest and otherwise best Binding Offer (the “**Successful Bid**”, and the Binding Offer Bidder making such Successful Bid, the “**Successful Bidder**”). The Receiver may consider any commercial factor in evaluating Binding Offers, including, but not limited to, speed, certainty, value and preservation of employment. In the event that no Binding Offer (other than the Stalking Horse Bid) is selected as the Successful Bid, the Receiver will promptly seek Court approval of the Stalking Horse Agreement and the transactions contemplated therein.

31. If the Receiver determines that more than one Binding Offer (other than the Stalking Horse Bid) should be considered, the Receiver may, without being obligated to do so, conduct an auction (the “**Auction**”) to select the highest and/or best Binding Offer in accordance with the procedure set out below.
- (a) The Auction will commence at a time to be designated by the Receiver and may, in the discretion of the Receiver, be held virtually via videoconference, teleconference or such other reasonable means as the Receiver deems appropriate. The Receiver will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Receiver may postpone the Auction.
 - (b) The identity of each Binding Offer Bidder participating in the Auction will be disclosed, on a confidential basis, to other Binding Offer Bidders participating in the Auction.
 - (c) Except as otherwise permitted in the Receiver’s discretion, only the Receiver and the Binding Offer Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction. Only Binding Offer Bidders (including, for greater certainty, the Stalking Horse Bidder) are eligible to participate in the Auction.
 - (d) Binding Offer Bidders will participate in the Auction through a duly authorized representative.
 - (e) Except as otherwise set forth herein, the Receiver may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with the Order, the Sale Process, the Bidding Procedures, the BIA, or any order of the Court issued in connection with these proceedings; (ii) disclosed to each Binding Offer Bidder; and (iii) designed, by the Receiver, in its reasonable judgment, to result in the highest and otherwise best offer.
 - (f) The Receiver may arrange for the actual bidding at the Auction to be transcribed or recorded. Each Binding Offer Bidder participating in the Auction will designate a single individual to be its spokesperson during the Auction.
 - (g) Each Binding Offer Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Debtor or any other person, without the consent of the Receiver, regarding the Sale Process, that has not been disclosed to all other Binding Offer Bidders. For greater certainty, communications between the Stalking Horse Bidder and either the Debtor or the Receiver with respect to and in preparation of the Stalking Horse Agreement, the Sale Process and the Bidding Procedures, prior to the issuance of the Order and the commencement of the Sale Process will not represent collusion nor communications prohibited by this paragraph.

- (h) Prior to the Auction, the Receiver will identify the highest and best of the Binding Offers received and such Binding Offers will constitute the opening bid for the purposes of the Auction (the “**Opening Bid**”). Subsequent bidding will continue in minimum increments valued at not less than \$25,000.00 cash in excess of the Opening Bid. Each Binding Offer Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price.
 - (i) All Binding Offer Bidders will have the right, at any time, to request that the Receiver announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Binding Offer Bidder, use reasonable efforts to clarify any and all questions such Binding Offer Bidder may have regarding the Receiver’s announcement of the then-current highest and best bid.
 - (j) Each participating Binding Offer Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Binding Offer Bidder. The Receiver shall determine which Binding Offer Bidders have submitted the highest and otherwise best Binding Offer of the Auction, which shall be a Successful Bid. The Receiver may consider any commercial factor in evaluating Binding Offers, including speed, certainty, value and preservation of employment. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Binding Offer Bidder with the highest and otherwise best Binding Offer of the Auction will be a Successful Bidder.
 - (k) Upon selection of a Successful Bidder(s), if any, the Successful Bidder(s), if any, shall deliver to the Receiver an amended and executed transaction document that reflects their final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.
 - (l) Any bids submitted after the conclusion of the Auction will not be considered.
 - (m) The Receiver shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
32. A Successful Bid, if any, will be selected by no later than 5:00 p.m. (Eastern Time) on July 18, 2024 (or such later date immediately thereafter if the Auction is conducted and not completed in one day). If the applicable Successful Bid is terminated for any reason prior to the Outside Date, the Receiver may elect to, or by further order of the Court, seek to complete the transactions contemplated by the Stalking Horse Bid and will promptly seek to close the transaction contemplated by such Stalking Horse Bid, which will be deemed to be a Successful Bid. The Receiver will be deemed to have accepted such Stalking Horse Bid only when the Receiver has made such election.

Approval of Successful Bid

33. The Receiver will apply to the Court (the “**Approval Motion**”) for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the “**Approval Order(s)**”). The Approval Motion will be held on a date to be scheduled by the Debtor and confirmed by the Court upon application by the Debtor. With the consent of the Receiver, the Approval Motion may be adjourned or rescheduled by the Debtor without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the NOI Proceedings prior to the Approval Motion. The Debtor will consult with the Receiver and the applicable Successful Bidder regarding the motion material to be filed by the Debtor for the Approval Motion.
34. All Binding Offers (other than the Successful Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s)), with no further or continuing obligation of the Receiver to any unsuccessful Binding Offer Bidders, including the Stalking Horse Bidder.

Deposits

35. The Deposit(s):

- (a) will, upon receipt from the Binding Offer Bidder(s), be retained by the Receiver and deposited in a non-interest-bearing trust account;
- (b) received from the Successful Bidder(s) will:
 - (i) be applied to the purchase price to be paid by the applicable Successful Bidder whose Successful Bid is the subject of the Approval Order(s), upon closing of the approved transaction; and
 - (ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid, provided that all such documentation will provide that the Deposit will be retained by the Debtor and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and
- (c) received from the Binding Offer Bidder(s) that are not a Successful Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s), as applicable, as soon as practical following the closing of the applicable Successful Bid.

“As is, Where is”

36. Any sale (or sales), including in the case of liquidation, of the Assets or the Business or

portions thereof will be on an “as is, where is” basis except for representations and warranties that are customarily provided in purchase agreements for a company subject to NOI Proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

Confidentiality

37. For greater certainty, other than as required in connection with any Auction or Approval Motion, neither the Debtor nor the Receiver will disclose: (i) the identity of any Potential Bidder or Qualified Bidder (other than the Stalking Horse Bidder); or (ii) the terms of any bid, Sale Proposal, , Liquidation Proposal, or Binding Offer (other than the Stalking Horse Agreement), to any other bidder or any of its affiliates, except to the extent the Receiver, with the consent of such applicable parties is seeking to combine separate bids into Aggregated Bids. Potential Bidders, Qualified Bidders (including the Stalking Horse Bidder), Binding Offer Bidders and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, or their respective affiliates, without the express written consent of the Receiver, and such communications or discussions are to take place under the supervision of the Receiver.

Further Orders

38. At any time during the Sale Process, the Debtor or the Receiver may apply to the Court for advice and directions with respect to any aspect of this Sale Process including, but not limited to, the continuation of or termination of the Sale Process or with respect to the discharge of its powers and duties hereunder.

Additional Terms

39. In addition to any other requirement of the Sale Process:
- (a) Any consent, approval or confirmation to be provided by the Stalking Horse Bidder, the Debtor and/or the Receiver is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the BIA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email will be deemed to have been provided in writing for the purposes of this paragraph.
 - (b) Prior to seeking Court approval for any transaction or bid contemplated by this Sale Process, the Receiver will provide a report to the Court on the Sale Process, parts of which may be filed under seal, including in respect of any and all bids received.
40. This Sale Process does not, and will not be interpreted to create any contractual or legal relationship between the Receiver and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.

41. Notwithstanding anything to the contrary herein, the Receiver shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder (including the Stalking Horse Bidder), Binding Offer Bidder, Known Potential Bidder, Successful Bidder, or any other creditor or stakeholder, or any Applicant, as a result of implementation or otherwise in connection with this Sale Process, except to the extent that any such liabilities result from the gross negligence or willful misconduct of the Receiver, as determined by the Court, and all such persons or entities shall have no claim against the Receiver in respect of the Sale Process for any reason whatsoever.

APPENDIX "B"

The Receiver:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of the Debtor

250 Fernand Dr. – Suite 403
Toronto, Ontario M3C 3G8

Attention: Adam Zeldin
Email: azeldin@albertgelman.com

with a copy to:

RECONSTRUCT LLP

200 Bay Street, Suite 2305 – PO Box 120
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell
Email: cfell@reconstructllp.com

MILESTONE DISTRIBUTION 2024 LTD

- and -

MILESTONE MARBLE & GRANITE LTD.

Applicant

Respondents

APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O 1990, c. C.43, AS AMENDED

Court File No.: CV-24-00720368-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced at **TORONTO**

ORDER (appointing Receiver)

LOOPSTRA NIXON LLP
130 ADELAIDE ST W – SUITE 2800
TORONTO, ON M5H 3P5

R. GRAHAM PHOENIX (LSO No.: 52650N)
SHAHRZAD HAMRAZ (LSO No.: 85218H)

T. 416.746.4710
F. 416.746.8319
E. GPHOENIX@LN.LAW / SHAMRAZ@LN.LAW

COUNSEL TO THE APPLICANT

APPENDIX “B”

**PRE-FILING REPORT OF
ALBERT GELMAN INC.
AS PROPOSED RECEIVER OF
MILESTONE MARBLE & GRANITE LTD.**

JUNE 8, 2024

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

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

- and -

MILESTONE MARBLE & GRANITE LTD.

Respondent

**PRE-FILING REPORT OF ALBERT GELMAN INC.
IN ITS CAPACITY AS PROPOSED RECEIVER**

JUNE 8, 2024

I. INTRODUCTION

1. This report ("**Pre-Filing Report**") is filed by Albert Gelman Inc. ("**AGI**") in its capacity as proposed receiver (the "**Proposed Receiver**") of the property, assets and undertaking (collectively, the "**Property**") of Milestone Marble & Granite Ltd. (the "**Company**").
2. Milestone Distribution 2024 Ltd. (the "**Applicant**"), the Company's senior-secured creditor, has brought an application (the "**Receivership Application**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Receivership Order**"), among other things, appointing AGI as receiver (in such capacity, the "**Receiver**") of the Company. AGI has consented to act as Receiver, should the Court grant the Receivership Order.
3. The primary purpose of these receivership proceedings is to create a stabilized environment to facilitate the sale of the Company's business and/or assets by implementing a Court-supervised sale solicitation process (the "**Sale Process**"). The Sale Process, which is to be conducted by the Receiver, is contemplated to include approval of a "stalking horse bid", as discussed below.
4. The Applicant has submitted an asset purchase agreement (the "**Stalking Horse Agreement**"), pursuant to which the Applicant has agreed to act as a stalking horse bidder (in such capacity, the "**Stalking Horse Bidder**") for the acquisition of substantially all of the Company's assets. The closing of the transaction contemplated by the Stalking Horse Agreement, which is to be largely satisfied by way of a credit bid, is conditional on, among other things: (i) the Stalking Horse Bidder being the Successful Bidder (as defined in the Sale Procedures (as defined below)); and (ii) Court approval of the transaction. The Stalking Horse Bidder is a newly formed Ontario corporation controlled by certain of the Company's shareholders.
5. AGI is a well-experienced, licensed insolvency trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**") and is not subject to any of the restrictions on who may be appointed as Receiver set out in section 13.3(1) of the BIA. AGI was retained by the Company in December 2023 to act as its financial advisor to assist in providing strategic restructuring advice, including with respect to advising on the structure of these proceedings. Given AGI's knowledge of the Company and its recent financial difficulties, AGI believes it is well positioned to efficiently and knowledgeably act as Receiver throughout these proceedings. The Proposed Receiver is of the view that it is not in any way compromised or unable to discharge its duties as Receiver in accordance with the Receivership Order as a result of its former mandate with the Company.

II. PURPOSE OF THIS REPORT

6. The purpose of this Pre-Filing Report is to provide the Court with information pertaining to the following:
 - a. relevant background information of the Company, including the Company's financial position, composition of and amounts owing to its creditors, and the events leading to these receivership proceedings;
 - b. the proposed Sale Process, including the proposed procedures to administer same (the "**Sale Procedures**");
 - c. the terms of the Stalking Horse Agreement; and
 - d. the Proposed Receiver's recommendation that this Court issue the Receivership Order, which, among other things:
 - i. appoints AGI as Receiver;
 - ii. grants a charge for the fees and disbursements of the Receiver and its legal counsel;
 - iii. grants a charge for any amounts borrowed by the Receiver to fund costs of the receivership, if necessary;
 - iv. grants a stay of proceedings; and
 - v. approves the Sale Process, including the Sale Procedures, and the Stalking Horse Agreement.

III. SCOPE AND TERMS OF REFERENCE

7. In preparing this Pre-Filing Report, the Proposed Receiver has relied upon certain unaudited financial information, the Company's books and records, discussions with the Company's management, directors and shareholders and legal counsel, Loopstra Nixon LLP.
8. While the Proposed Receiver has reviewed the various documents and other information provided by the Company, such review does not constitute an audit or verification of such documents/information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises ("**ASPE**") or International Financial Reporting Standards ("**IFRS**") or otherwise. Accordingly, the Proposed Receiver expresses no opinion or other form of assurance pursuant to ASPE or IFRS or otherwise with respect to such documents/information.
9. This Pre-Filing Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Pre-Filing Report may not be appropriate for any other purpose. The Proposed Receiver will not assume responsibility

or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Pre-Filing Report contrary to the provisions of this paragraph.

10. Unless otherwise noted, all monetary amounts referenced are in Canadian dollars.
11. Capitalized terms not otherwise defined have the meanings given to them in the Stalking Horse Agreement, a copy of which is included as Exhibit "P" to the affidavit of Ms. Laura Moscone ("**Laura**") sworn May 30, 2024 (the "**Moscone Affidavit**") and filed in support of the Receivership Application.

IV. BACKGROUND INFORMATION

12. The Company's business, affairs, financial performance, and position, as well as the causes of insolvency, are detailed in the Moscone Affidavit. This Pre-Filing Report should be read in conjunction with the Moscone Affidavit, as certain information contained in the Moscone Affidavit has not been included herein to avoid unnecessary duplication. A copy of the Moscone Affidavit (without exhibits) is attached hereto as **Appendix "A"**.

General Background

13. The Company is a private company incorporated under the laws of the Province of Ontario. It is an importer and supplier of custom marble and granite and services construction projects across Canada.
14. The Company operates from a leased, mixed-use warehouse and office space located at 8181 Jane St, Concord, Ontario (the "**Leased Premises**").
15. The Company was founded in 2000 by Frank Arlotta ("**Frank**"), Laura's spouse. As noted in the Moscone Affidavit, the Company was historically a family owned and operated business. Since 2014, Frank and Laura have shared control and managed all of the Company's operations; they are the only family members still involved in the day-to-day operations of the Company.
16. Frank and Laura are the Company's directors and majority shareholders. Together, they indirectly own 59% of the Company through Group of Six Enterprises Ltd. ("**Group of Six**"), a company controlled by them. Laura also owns an additional 11% of the Company in her personal capacity. The Proposed Receiver understands that the other shareholders of the Company include: (i) Woolacott Holdings Inc. ("**Woolacott**"), a company owned by Laura's brother, Vince Moscone (15%), and (ii) Basentana Holdings Ltd. ("**Basentana**"), a company owned by Laura's sister and brother-in-law, Nina ("**Nina**") and Anthony ("**Anthony**") Marrese, respectively (15%).
17. In addition, and as discussed in more detail below, Frank and Laura control the Applicant and, as such, they are indirectly the Company's only secured creditor.

18. The Proposed Receiver understands that the Company currently employs two (2) hourly individuals (the “**Employees**”) and one independent subcontractor. There is no Company sponsored pension plan for the Employees, nor are any of the Employees unionized.

Historical Financial Results

19. Summarized below are the unaudited historical financial results for the Company for the fiscal years ended May 31, 2024, 2023 and 2022.

Milestone Marble & Granite Ltd. (the “Company”) Historical P&L For the Year Ended (in CAD; unaudited)			
	May 31, 2024 ¹	May 31, 2023	May 31, 2022
Revenue	936,397	743,801	744,232
COGS	609,843	493,758	508,248
Gross profit	326,554	250,043	235,984
Operating expenses	452,916	380,379	345,196
Other expense (income)	93,000	4,985	102,308
Net loss	(219,362)	(135,321)	(211,520)
(1) The May 31, 2024 financials are not finalized and are subject to adjustment. Source: unaudited financials statements of the Company.			

20. While the May 31, 2024 financials are not finalized and subject to adjustment, the Company reports aggregate losses during the past three fiscal years of approximately \$566,000. The Proposed Receiver understands that during fiscal 2019, one the Company’s largest customers, Moscone Marble & Granite (“**Moscone Granite**”), which is partly owned by Nina and Anthony, stopped ordering product from the Company, representing a significant loss in revenue (as noted in the Moscone Affidavit, at its highest point, sales to Moscone Granite were approximately \$1.5 million annually). Additionally, the impacts of COVID-19, particularly with respect to the Company’s supply chain and work stoppages in the construction industry, negatively impacted the Company’s ability to earn revenue or otherwise replace the lost revenue from Moscone Granite. Unfortunately, and as noted in the Moscone Affidavit, the Company’s results (and profitability) continued to suffer due to general market conditions, including lower demand for the Company’s products (which are considered luxury goods), the distressed state of the construction industry, and increased competition in the marble import/supply industry.
21. The Proposed Receiver understands that, as a result of the Company’s financial difficulties, on April 13, 2023, Royal Bank of Canada (“**RBC**”), the Company’s former operating lender, issued formal demands and a notice of intention to enforce security (“**NITES**”) pursuant to section 244 of the BIA, demanding immediate repayment of an operating line RBC made available to the Company. On May

- 23, 2023, Group of Six and Laura (in her personal capacity) advanced \$203,000 to the Company to fund the repayment of the RBC operating line (the “**RBC Repayment**”). As noted in the Moscone Affidavit, the Company issued a cash call to its shareholders to fund the RBC Repayment, which the other shareholders declined to participate in.
22. Further, as noted in the Moscone Affidavit, the Company is subject to litigation advanced by MMG Stone Fabrication Inc. (the “**MMG Litigation**”), a company controlled by Nina and Anthony. The Proposed Receiver understands that the Company has expended significant funds and resources defending the MMG Litigation, which has compounded the Company’s financial challenges.
23. Set out below is the Company’s unaudited summary balance sheet as at May 31, 2024:

Milestone Marble & Granite Ltd. (the "Company")			
Balance Sheet Summary			
As At May 31, 2024			
(in CAD; unaudited)			
<u>Assets</u>		<u>Liabilities</u>	
Cash	6,904	AP, accruals and deposits	301,619
Accounts receivable	88,934	CEBA loan	20,000
Inventory	1,196,821	BDC loans	78,220
Prepaid expense and other	2,885	Advances from SH and related companies	1,922,622
Total current	1,295,544	Total liabilities	2,322,461
PPE, net	3,554	SH Equity	(1,023,363)
Total assets	1,299,098	Total liabilities and SH Equity	1,299,098
(1) The May 31, 2024 financials are not finalized and are subject to adjustment.			
Source: unaudited internal financial statements of Livewire Communications Inc.			

24. As reported in the Company’s internal unaudited balance sheet dated May 31, 2024 (which is subject to adjustment), the book value of the Company’s assets as at May 31, 2024 was approximately \$1.3 million, which is principally comprised of approximately \$89,000 (book value) of accounts receivable and \$1.2 million (book value) of inventory. In contrast, the book value of the Company’s total liabilities as at May 31, 2024 was approximately \$2.3 million, primarily comprising the secured debt owing to the Applicant (approximately \$903,000, recorded in Advances from SH and related companies; as discussed below), other debts owing to certain shareholders and related parties (approximately \$1.0 million), and AP, accruals and deposits (approximately \$302,000).

Secured Creditors

25. As noted in the Moscone Affidavit, as at February 29, 2024, the Company had secured debt of approximately \$903,000 owing to the following:
- a. Laura – in the amount of approximately \$231,000, pursuant to a demand promissory note dated May 3, 2023 (the “**Laura Note**”), as well as other secured advances made by Laura to the

Company (the “**Laura Secured Advances**” and collectively with the Laura Note, the “**Laura Secured Debt**”);

- b. Falcon Enterprises Corp. (“**Falcon**” and together with Laura and Group of Six, the “**Assignors**”), a company controlled by Frank and Laura – in the amount of approximately \$489,000 (the “**Falcon Secured Debt**”), including approximately \$381,000 pursuant to a demand promissory note dated August 30, 2019 (the “**Falcon Note**”) and approximately \$108,000 on account of accrued and unpaid management fees owing to Falcon (related to fiscal 2023) pursuant to a management services agreement dated April 4, 2014 between the Company and Falcon (the “**Management Services Agreement**”), setting out the terms under which Falcon provides management services to the Company; and
 - c. Group of Six – in the amount of approximately \$182,000, pursuant to a demand promissory note dated May 3, 2023 (the “**Group of Six Note**” and collectively with the Laura Secured Debt and the Falcon Secured Debt, the “**Assignors’ Secured Debt**”).
26. As further noted in the Moscone Affidavit, to secure the obligations in respect of the Assignors’ Secured Debt, the Company granted security (collectively, the “**Assignors’ Security**”) by way of general security agreements dated May 3, 2023, August 19, 2019 and May 3, 2023, in favour of Laura, Falcon and Group of Six, respectively (collectively, the “**GSAs**”). Copies of the GSAs are included as Exhibits “E”, “F” and “G” to the Moscone Affidavit.
27. The Proposed Receiver has received written opinions from its independent counsel, Reconstruct LLP, that, subject to customary assumptions and qualifications for opinions of this nature (including but not limited to whether there was due corporate authority for all of the loan and security documents), the Assignors’ Security is valid and enforceable as against the Company in the Province of Ontario (the “**Security Opinions**”).
28. In addition to obtaining the Security Opinions, the Proposed Receiver reviewed the books and records of the Company to confirm the amounts recorded in respect of Assignors’ Secured Debt. Based on its review, the Proposed Receiver notes the following:
- a. Laura Secured Debt – included as **Appendix “B”** hereto is a schedule (the “**Laura Secured Debt Schedule**”) setting out the transactions comprising the Laura Secured Debt. During the period from September 1, 2017 to February 16, 2024, Laura advanced funds to the Company to fund working capital and other expenses/disbursements (including approximately \$32,000 in respect of the RBC Repayment). Additionally, during the same period, to reduce the balance owing to Laura, the Company made certain repayments, paid certain expenses on her behalf, or recorded certain adjustments such that, as at February 29, 2024, the value of the Laura Secured Debt was approximately \$231,000. The Proposed Receiver discussed the transactions in the Laura Secured Debt Schedule with the Company and reviewed cheque

copies and bank statement details to confirm that any advances made to the Company in respect of the Laura Secured Debt were actually paid by Laura to or on behalf of the Company;

- b. Falcon Secured Debt – as noted above, the Falcon Secured Debt comprises (i) approximately \$381,000 in respect of the Falcon Note and (ii) approximately \$108,000 in respect of accrued and unpaid management fees. The Proposed Receiver has been advised by the Company that the debt giving rise to the Falcon Note is primarily the result of a notional dividend issued to Falcon that Falcon directed back to the Company as a shareholder loan. The Proposed Receiver has been further advised by the Company that the same arrangement was also carried out by the Company's other shareholders at that time, including Woolacott, Basentana, and Perth Park Holdings Ltd. (a company controlled by Anna Moscone, Laura's sister, "**Perth Park**"). With respect to the accrued/unpaid management fees, the Proposed Receiver has reviewed the Management Services Agreement, which provides, among other things, that the annual management fee payable to Falcon is to be "in the amount of no less than \$100,000". A copy of the Management Services Agreement is attached hereto as **Appendix "C"**; and
- c. Group of Six Note – on May 23, 2023, Group of Six advanced \$171,000 to the Company to fund the remaining portion of the RBC Repayment. The Proposed Receiver reviewed a cheque copy and bank statement details to confirm that this advance was made by Group of Six to the Company.

Assignment to the Applicant

- 29. As noted in the Moscone Affidavit, pursuant to three Assignment of Indebtedness and Security Agreements dated February 29, 2024 (collectively, the "**Assignment Agreements**"), between the Applicant and each of the Assignors, the Applicant purchased the Assignors' Secured Debt and the Assignors' right, title and interest in the Assignors' Security. A copy of the Assignment Agreements are included as Exhibit "I" to the Moscone Affidavit.
- 30. The results of a search of the Personal Property Security Registration System (Ontario) for the Company with a currency date of April 18, 2024 (the "**PPSA Search Results**") confirms that, in addition to the Applicant, each of RBC, Laura, Falcon and Group of Six have registered security against the Company. A copy of the PPSA Search Results is included as Exhibit "J" to the Moscone Affidavit.

Unsecured Creditors

- 31. The Company estimates that, as of May 31, 2024, it had arms-length unsecured obligations totaling approximately \$160,000.
- 32. In addition, the Company's records indicate that, as of May 31, 2024, the Company owes approximately \$1.0 million to certain shareholders and other related parties in respect of various

unsecured loans and advances, including from Falcon, Woolacott, Basentana and Perth Park, among others.

Events Leading to the Company's Receivership Proceedings

33. As noted above and discussed in the Moscone Affidavit, various factors have contributed to the Company's financial challenges, including: (i) the loss of a significant customer, being Moscone Granite, (ii) supply chain and other disruptions (work stoppages) caused by the COVID-19 pandemic, which impacted the Company's ability to earn revenue, (iii) recent general market conditions, including reduced demand for luxury marble products, a distressed construction industry, and increased competition in the marble import/supply industry, with many new entrants eroding the Company's market share, (iv) RBC's demand for repayment of the Company's operating line, and (v) the MMG Litigation.
34. As a result of these financial challenges and strains on liquidity, the Company was, and continues to be, reliant on support from Frank and Laura (and companies controlled by them) to fund the business.
35. As noted in the Moscone Affidavit, the Company is not in a financial position to make interest payments on account of the Assignors' Secured Debt and Frank and Laura (or their companies) are no longer willing to fund the business in its current state. In consideration of the foregoing, on March 25, 2024, the Applicant made formal demand for repayment of the Assignors' Secured Debt (the "**Demand Letter**") and delivered a NITES (the "**Applicant's NITES**") pursuant to section 244 of the BIA. Copies of the Demand Letter and Applicant's NITES are included as Exhibit "K" to the Moscone Affidavit. As noted in the Moscone Affidavit, the Company was given until April 5, 2024, to repay the full outstanding balance under the Assignors' Secured Debt. As of the date of this Pre-Filing Report, no payment has been made.
36. In the circumstances, the Applicant brought the Receivership Application to appoint a receiver to take control over and realize on the assets of the business for the benefit of the Company's stakeholders.

V. THE SALE PROCESS, SALE PROCEDURES AND STALKING HORSE AGREEMENT

37. The purpose of the Sale Process is to solicit interest in a sale of the Company's assets while providing the certainty of a transaction through the Stalking Horse Agreement to ensure that the business will emerge as a going concern in the event that there are no superior offers. A copy of the Sale Procedures is attached as Exhibit "Q" to the Moscone Affidavit.
38. The Sale Process is to be conducted by the Receiver in accordance with the Sale Procedures.

39. A summary of the proposed Sale Procedures is as follows (capitalized terms not otherwise defined in this section have the meanings provided to them in the Sale Procedures):

a. subject to Court approval, the following table sets out the Sale Process timeline:

Milestone	Key Dates
Commencement of Sale Process	No later than June 14, 2024
Offer Deadline	July 16, 2024
Auction (if required) and selection of the Successful Bid	July 18, 2024
Sale Approval Motion Hearing / Transaction Closing Date	Subject to Court availability
Closing of transaction	No later than August 14, 2024

- b. the Sale Process is proposed to commence immediately on the date the Court approves the Sale Process (the “**Commencement Date**”);
- c. as soon as practicable following the Commencement Date, the Receiver will distribute an initial offering summary (the “**Teaser Letter**”) detailing the opportunity to potential interested parties (the “**Prospective Participants**”) identified by the Receiver, including (i) parties that approach the Company or the Receiver indicating an interest in the opportunity and (ii) strategic and financial parties who the Receiver believes may be interested in the opportunity. Attached to the Teaser Letter will be a form of non-disclosure agreement (“**NDA**”), which Prospective Participants must execute in order to participate in the Sale Process and receive further information regarding the Company;
- d. as soon as practicable after the Commencement Date but no later than five (5) business days following Court approval of the Sale Process, the Receiver will publish an advertisement of the acquisition opportunity in the National Post and/or in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Receiver;
- e. the Receiver will cause the Teaser Letter and NDA to be sent to any other party who requests a copy or who is identified to the Receiver as a potential bidder as soon as reasonably practicable after such request or identification;
- f. upon execution of an NDA, Prospective Participants will be provided with access to a virtual data room (the “**Data Room**”) to be maintained by the Receiver. The Data Room will contain various financial and other information concerning the Company for purposes of performing diligence on the acquisition opportunity. Selected due diligence materials may be withheld from

Prospective Participants if the Receiver determines such information to represent proprietary or sensitive competitive information;

- g. the Receiver will facilitate due diligence efforts by, *inter alia*, maintaining the Data Room, arranging meetings between Company management and Prospective Participants and responding to or otherwise dealing with Prospective Participants' enquiries regarding the Company and the opportunity;
- h. Prospective Participants will be provided with a copy of a template share purchase agreement and template asset purchase agreement (either such agreement being referred to as the "**Template Purchase Agreement**"). Prospective Participants will be required to submit offers in the form of the Template Purchase Agreement, with a blackline comparison illustrating any changes; and
- i. Offers will be required to be submitted to the Receiver by no later than 5:00 pm (Toronto time) on July 16, 2024 (the "**Offer Deadline**").

Qualified Offer

40. To be a "**Qualified Offer**" an offer must be submitted by the Offer Deadline and by a Prospective Participant that, in the Receiver's judgement, is determined to be likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the Sale Procedures. In addition, to be a Qualified Offer, an offer must be a binding offer and, at a minimum, include, *inter alia*, the following requirements, unless such requirement is waived by the Receiver:
- a. is submitted in the form of the Template Purchase Agreement, accompanied by a blacklined version of the same showing all changes from the Stalking Horse Agreement (provided that a Liquidation Proposal (as defined in the Sale Procedures) is not required to be submitted on such template);
 - b. provides for a cash purchase price of no less than the aggregate of (the "**Minimum Purchase Price**"):
 - i. the amount of cash equal in value to (1) the cash payable under the Stalking Horse Agreement and (2) the value of the 'credit bid' component of the Stalking Horse Agreement, plus

- ii. \$15,000 (being the Expense Reimbursement, as defined in the Stalking Horse Agreement)¹, plus
- iii. \$10,000, being the minimum overbid amount;
- c. a cash deposit (by wire payment to the Receiver) of not less than 10% of the offer purchase price, which is acknowledged to be non-refundable subject to the offeror being the Successful Bidder and its Successful Bid (as defined in the Sale Process) being approved by the Court;
- d. includes evidence satisfactory to the Receiver of funds available to pay the Minimum Purchase Price on closing;
- e. it must not contain any condition or contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction (save and except for approval by the Court);
- f. includes a description of the Company's assets to be acquired and those that are to be excluded;
- g. includes a description of the Company's liabilities that will be assumed, including any of the Company's executory contracts and leases (with clear description, for each contract or on an aggregate basis, how any monetary defaults and non-monetary defaults will be remedied);
- h. contains the proposed treatment of the Company's employees (for example, anticipated employment offers and treatment of post-employment benefits);
- i. it must include written evidence, satisfactory to the Receiver, that the prospective purchaser has the financial means to complete the proposed transaction, including specific indication of the sources of capital and the structure and financing of the transaction;
- j. must provide evidence satisfactory to the Receiver that the offeror has the capacity to close the proposed transaction on or before the date that is ten (10) days from the date of the Sale Approval Order (as defined below) and in any event, no later than August 14, 2024 (the "**Outside Date**");
- k. a provision stating that the offer is irrevocably open for acceptance until the earlier of (i) two (2) business days after the date of closing of the Successful Bid and (ii) the Outside Date; and
- l. it may only contemplate an acquisition on a "as is, where is" basis and must include an acknowledgement that the prospective purchaser has relied solely on its own independent

¹ The Proposed Receiver notes that the Moscone Affidavit references an amount of \$25,000 but that the Stalking Horse Agreement references an amount of \$15,000. The Proposed Receiver has confirmed with the Applicant that the latter is correct and the affidavit included a typo.

review and investigation and that it has not relied on any representation by the Company, the Receiver or their respective agents, employees, or advisors.

- 41. The Stalking Horse Bid is deemed to be a Qualified Offer.
- 42. Offers for all or part of the business, assets and undertakings of the Company will be considered, including liquidation offers.

Auction

- 43. If no Qualified Offers are submitted by the Offer Deadline, the Stalking Horse Bidder will be deemed to have made the Successful Bid.
- 44. If more than one Qualified Offer is received by the Offer Deadline (other than that submitted by the Stalking Horse Bidder), the Receiver may, without being obligated to do so, conduct an auction (the “**Auction**”) to select the highest and/or best offer, using the following procedures:
 - a. the Receiver will notify all bidders who submitted a Qualified Offer, that the Auction will be held at 10:00 am (Toronto time) on July 18, 2024 (unless postponed by the Receiver) virtually via videoconference, teleconference or such other reasonable means as the Receiver deems appropriate;
 - b. the Receiver will conduct the Auction;
 - c. the opening bid in the Auction will be the highest and best of the Qualified Offers, as identified by the Receiver, and subsequent bidding will continue in minimum increments of \$25,000. Additional consideration in excess of the amount set forth in the opening bid must be comprised only of cash consideration; and
 - d. the Receiver is at liberty to modify or to set additional procedures for the Auction as it sees fit.

Selection of Successful Bid

- 45. The Successful Bid shall be, either:
 - a. in the event that no other Qualified Offer is received by the Offer Deadline, the Stalking Horse Bidder’s offer; or
 - b. in the event that multiple Qualified Offers are received, following the conclusion of the Auction (if applicable), the party submitting the highest and best offer through the Auction, which the Receiver is satisfied, acting reasonably, is capable of being completed in accordance with the Sale Procedures.
- 46. Upon selection of the Successful Bid, the Receiver will apply to the Court for one or more orders: (i) approving the Successful Bid and authorizing the Receiver to take the steps required to complete the transaction(s) contemplated therein; and (ii) granting a vesting order(s) to the extent that such

relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the "**Sale Approval Order**").

The Stalking Horse Agreement

47. The Stalking Horse Agreement contemplates the acquisition of substantially all of the Property of the Company with a view to continuing the business as a going concern (as noted above, a copy of the Stalking Horse Agreement is included as Exhibit "P" to the Moscone Affidavit). The key terms and conditions of the Stalking Horse Agreement are provided below.
- a. **Stalking Horse Bidder:** The Applicant, Milestone Distribution 2024 Ltd.;
 - b. **Purchase Price:** estimated to be \$1.1 million (the "**Purchase Price**"), comprising the aggregate of the following amounts:
 - i. the value of Assignors' Secured Debt, as at Closing;
 - ii. any outstanding amounts secured by the Administration Charge at Closing;
 - iii. any and all amounts secured by the Receiver's Borrowing Charge at Closing; and
 - iv. any and all other amounts and claims which rank in priority to the Assignors' Security, if any, including, without limitation, on account of unremitted source deductions (collectively, with the Administration Charge and Receiver's Borrowing Charge, the "**Priority Payables**"); plus
 - v. the value of the Assumed Liabilities;
 - c. **Deposit:** contemporaneously with the execution of the Stalking Horse Agreement, the Stalking Horse Bidder will transfer \$100,000 to the Receiver, to be held in trust (the "**Deposit**"). Upon closing, the Deposit is to be applied against the Purchase Price on closing;
 - d. **Purchased Assets:** substantially all of the Company's assets and property, including equipment, inventory, intellectual property and other intangible assets, accounts receivable, cash and other liquid assets and financial instruments, books and records and the Assigned Contracts (as defined in the Stalking Horse Agreement, but for clarity, includes the lease for the Leased Premises, the Company's equipment leases and IT related contracts);
 - e. **Assumed Liabilities:** all obligations of the Company owed to Business Development Bank of Canada and all liabilities associated with the Purchased Assets, including any Assigned Contracts, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing;
 - f. **Excluded Liabilities:** any liabilities of the Company other than the Assumed Liabilities;

- g. **Employment Offer:** the Stalking Horse Bidder may, in its sole discretion, offer new employment, conditional upon Closing, to certain of the Company's employees as it may determine, in its sole discretion. Any such offer shall be made at least two (2) Business Days prior to Closing, on terms and conditions substantially similar and no less favourable than the terms and conditions on which such employees are employed immediately prior to Closing;
- h. **Expense Reimbursement:** \$15,000, payable only if the Stalking Horse Bid is not the Successful Bid;
- i. **Representations and Warranties:** consistent with the standard terms of an insolvency transaction, i.e. on an "as is, where is" basis, with limited representations and warranties;
- j. **Closing Date:** the date that is ten (10) days after all conditions to closing are satisfied (including the granting of the Sale Approval Order) or waived, or such other earlier or later date as may be agreed by the Receiver and the Stalking Horse Bidder, in writing;
- k. **Material Conditions,** include, *inter alia*:

For the Benefit of Both Parties

- i. the Sale Approval Order shall have been issued and entered and shall not have been stayed, amended, modified, reversed or dismissed;

For the Benefit of the Stalking Horse Bidder

- i. the Stalking Horse Bid is selected as the Successful Bid;
- ii. the Receiver shall have executed and delivered or caused to have been executed and delivered to the Stalking Horse Bidder at the Closing all definitive documents required to complete the transaction, as set out in section 7.2 of the Stalking Horse Agreement;
- iii. the representations and warranties of the Receiver contained in the Stalking Horse Agreement shall be true and correct as of the Closing Date (or such other date as may be agreed to by the parties) in all material respects; and
- iv. the Receiver shall have fulfilled or complied with all covenants contained in the Stalking Horse Agreement required to be fulfilled or complied with by it in all material respects on or before the Closing Date;

For the Benefit of the Receiver

- i. the Stalking Horse Bidder shall have executed and delivered or caused to have been executed and delivered to the Receiver at the Closing all definitive documents required to complete the transaction, as set out in section 7.3 of the Stalking Horse Agreement;

- ii. the representations and warranties of the Stalking Horse Bidder contained in the Stalking Horse Agreement shall be true and correct as of the Closing Date (or such other date as may be agreed to by the parties) in all material respects;
 - iii. the Stalking Horse Bidder shall have fulfilled or complied with all covenants contained in the Stalking Horse Agreement required to be fulfilled or complied with by it in all material respects on or before the Closing Date; and
 - iv. the Receiver will have provided an executed copy of a certificate confirming that all conditions to Closing have either been satisfied or waived by both the Stalking Horse Bidder and the Receiver; and
- I. **Termination:** the Stalking Horse Agreement can be terminated if:
- i. mutually agreed between the Receiver and the Stalking Horse Bidder;
 - ii. there is a material breach by either party of any representation, warranty or covenant contained in the Stalking Horse Agreement, which breach has not been waived or cured in accordance with the Stalking Horse Agreement; and
 - iii. Closing does not occur on or prior to the Outside Date, provided that the failure to close by the Outside Date is not caused by a breach of the Stalking Horse Agreement by the party proposing to terminate same.

Bid Protections

- 48. If the Stalking Horse Bidder is not the successful bidder at the culmination of the Sale Process, it is proposed that the Stalking Horse Bidder should be entitled to payment of the Expense Reimbursement in the maximum amount of \$15,000 (inclusive of HST, if any). The purpose of the Expense Reimbursement is to provide the Stalking Horse Bidder with a means to receive compensation for its costs, expenses and opportunity cost in connection with the Stalking Horse Agreement, if it is not the successful bidder in the Sale Process.
- 49. Bid protections (including expense reimbursements and break fees) in the context of stalking horse sale processes are generally around 2.5% to 5% of the purchase price. In this case, the bid protections represent approximately 1.4% of the estimated Purchase Price, which is below market.
- 50. The Proposed Receiver is of the view that the bid protections are reasonable, not punitive in nature, and will not discourage competitive bidding with respect to the Sale Process.

Stalking Horse Agreement Recommendation

51. The Proposed Receiver has considered whether the Stalking Horse Bidder's offer warrants it being structured as a stalking horse bid, as opposed to the Stalking Horse Bidder simply being a bidder in the Sale Process. The Proposed Receiver is of the view that the stalking horse structure is superior to the alternative for the following reasons:
- a. the Stalking Horse Agreement provides certainty to the Company's customers, employees and other stakeholders that a going concern transaction will be completed;
 - b. the Stalking Horse Purchaser is not being approved as making the Successful Bid at this time, but is subject to the outcome of the Sale Process; and
 - c. the Stalking Horse Agreement sets a minimum bid amount, which will avoid the time and resources being spent on below market offers.

Sale Process Recommendation

52. The Proposed Receiver is of the view that the timelines and procedures provided for under the Sale Process, including the incorporation of the Stalking Horse Agreement, are reasonable and appropriate in the circumstances based on its experience and its review of sale and investment solicitation processes approved by the Court in similar proceedings.
53. The Proposed Receiver therefore recommends that this Court issue an order approving the Stalking Horse Agreement and the Sale Process for the following reasons:
- a. the Sale Process provides for a wide marketing of the Company's business by the Proposed Receiver, which has extensive experience selling distressed assets and businesses;
 - b. stalking horse sale processes are a recognized mechanism in restructuring processes to maximize recoveries, while creating stability for the business and certainty for the stakeholders;
 - c. the Sale Process allows for a fair, efficient and transparent market test for the benefit of all stakeholders, and provides an opportunity to complete a transaction with greater value than what is offered in the Stalking Horse Agreement, should one materialize;
 - d. it is, in the Proposed Receiver's view, in the best interests of the Company's stakeholders that the Stalking Horse Agreement be preserved in order to have the opportunity to maximize value and to protect downside risk in the event that a superior offer is not submitted;
 - e. the proposed timelines of the Sale Process are sufficient to allow interested parties to perform diligence and submit offers;
 - f. the terms of the Stalking Horse Agreement are commercially reasonable;

- g. the requirement to return to Court for approval of a transaction before the Receiver can consummate any Successful Bid ensures that a transaction identified in the Sale Process will not proceed without review and consideration by the Court; and
- h. the bid protections are reasonable in the circumstances and, in the Proposed Receiver's view, will not discourage interested parties from submitting offers in the Sale Process.

VI. PROPOSED RECEIVER'S RECOMMENDATION

54. Based on all of the foregoing, the Proposed Receiver respectfully recommends that this Honourable Court grant the Receivership Order in the form sought.

All of which is respectfully submitted this 8th day of June 2024

**ALBERT GELMAN INC., solely in its capacity as
Proposed Receiver of
Milestone Marble & Granite Ltd.
and not its personal or any other capacity**



Per:

Adam Zeldin, CPA, CA, CIRP, LIT

APPENDIX “C”

STALKING HORSE ASSET PURCHASE AGREEMENT

This Agreement (*as defined herein*) is made as of the 12th day of June 2024 (the “**Effective Date**”)

AMONG:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of Milestone Marble & Granite Ltd. and not in its personal or corporate capacity (in such capacity, the “**Vendor**”)

- and -

MILESTONE DISTRIBUTION 2024 LTD., a corporation incorporated pursuant to the laws of the Province of Ontario (the “**Purchaser**”)

RECITALS:

- A. On June 12, 2024 or as soon after such date as the application may be heard, the Purchaser shall make an application to the Ontario Superior Court of Justice [Commercial List] (the “**Court**”) for an order or orders, *inter alia*:
- i. appointing Albert Gelman Inc. as receiver of all assets, undertakings and properties of the Debtor (in such capacity, the “**Receiver**”) pursuant to the *Bankruptcy and Insolvency Act* R.S.C., 1985, c. B-3 (the “**BIA**”);
 - ii. approving this stalking horse asset purchase agreement and authorizing and directing the Receiver to execute the same, as Vendor; and
 - iii. approving a stalking horse sale process (the “**Sale Process**”), to be implemented by the Receiver, pursuant to which this Agreement will serve as the Stalking Horse Bid (*as defined herein*) to acquire the Purchased Assets (*as described herein*).
- B. In the event that this Agreement is selected as the Successful Bid (*as defined herein*) in the Sale Process, the Purchaser will acquire the Purchased Assets subject to, and in accordance with, the terms and conditions set forth in this Agreement and obtaining final Court approval of the Transaction (*as defined herein*).

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Accounts Receivable**” means all billed accounts receivable of the Debtor relating to the Purchased Assets and the Business relating to any period prior to Closing.

“**Administration Charge**” means a charge on all the assets, undertakings and properties of the Debtor, granted by order of the Court, securing payment of the professional fees and disbursements of the Receiver and its counsel.

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act*, R.S.O. 1990, c.B-16.

“**Agreement**” means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“**Approval and Vesting Order**” means an order by the Court, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, among other things, approving and authorizing this Agreement and the Transaction.

“**Assigned Contracts**” means the Contracts listed in **Schedule “B”**, as the same may be modified by the Purchaser prior to the Closing Date in accordance with the terms hereof (and including as such Assigned Contracts may be amended, restated, supplemented or otherwise modified from time to time).

“**Assignment and Assumption Agreements**” means the assignment and assumption agreements for the Assigned Contracts, in a form reasonably satisfactory to the Vendor and the Purchaser.

“**Assumed Liabilities**” means: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in **Schedule “C”**, as the same may be modified by the Purchaser prior to the Bid Deadline in accordance with the terms hereof; and (b) all Liabilities which relate to the Business under the Purchased Assets and any Assigned Contracts, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

“**BIA**” has the meaning set out in the recitals hereto.

“**BDC Obligations**” means all obligations of the Debtor to Business Development Bank of Canada or any of its affiliates.

“**Bid Deadline**” has the meaning set out in the Sale Process.

“**Business**” means the business conducted by the Debtor.

“**Business Day**” means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

“**Cash Purchase Price**” has the meaning set out in Section 4.3(b).

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), Liability, demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) days after the date upon which the conditions set forth in Article 8 have been satisfied or waived, other than any conditions set forth in Article 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Vendor and the Purchaser in writing).

“**Closing Time**” means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any Vendor is a party, or by which such entity is bound or in which such entity has, or will at Closing have, any rights or by which any of its property or assets are or may be affected.

“**Court**” has the meaning ascribed thereto in the recitals.

“**Cure Costs**” means, in respect of the Assigned Contracts, all amounts, costs, fees and expenses: (i) required to be paid to remedy all of the Vendor’s monetary defaults in relation to the Assigned Contracts, other than those arising by reason only of the Vendor’s bankruptcy, insolvency or failure to perform a non-monetary obligation; (ii) necessary to secure a counterparty’s or any other necessary Person’s consent to the assignment of the Assigned Contracts; or (iii) as may be required pursuant to the Approval and Vesting Order, as applicable, and which for greater certainty, may be an amount agreed to by the Purchaser and the counterparty to an Assigned Contract.

“**Debtor**” means Milestone Granite & Marble Ltd., an incorporation incorporated pursuant to the laws of the Province of Ontario.

“**Deposit**” has the meaning set out in Section 4.3(a).

“**Discharge**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Effective Date**” has the meaning set out in the preamble hereto.

“**Employee**” means any individual who is employed by a Vendor immediately prior to the Closing Date.

“**Encumbrance**” means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming

any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“**Excise Tax Act**” means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

“**Excluded Contracts**” means all Contracts that are not Assigned Contracts.

“**General Conveyance**” means a general conveyance evidencing the conveyance to the Purchaser of the Debtor’s interest in and to the Purchased Assets, in form and substance satisfactory to the Parties, acting reasonably.

“**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“**GST**” means all goods and services tax imposed under Part IX of the *Excise Tax Act*.

“**Income Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Intellectual Property**” means any or all of the following items, wherever located: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, recipes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.

“**Interim Period**” means the period from the Effective Date to the Closing Time.

“**Lease**” means the lease agreement dated as of November 30, 2020 as amended and extended by renewal of lease agreements made February 1, 2006, March 31, 2011, November 20, 2012, November, 2015 and October 30, 2020, between the Debtor, as tenant, and Eurostore Holding Corp., as landlord, relating to the premises located at 8181 Jane Street, Building E, Unit 2, Vaughan, Ontario.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Liquid Assets and Financial Instruments**” means: (i) cash, cash on hand, and cash equivalents, including accounts at any bank or financial institution, (ii) securities (whether capital stock or debt) of or held by or for the Debtor; (iii) any unused and remaining retainers paid by the Debtor for legal, accounting, or other professional services following payment of such legal, accounting or

other professional services; and (iv) any letters of credit or similar financial accommodations issued to any third party or parties for the account of any Debtor (including all Prepaid Amounts).

“Outside Date” means 11:59 pm (Toronto time) on August 14, 2024, or such later date and time as the Vendor and the Purchaser may agree to in writing.

“Parties” means the Vendor and the Purchaser, and **“Party”** means any one of them.

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“Premises” means the premises leased by the Vendor pursuant to the Lease.

“Prepaid Amounts” means all prepayments, prepaid charges, deposits, security deposits, sums and fees related to the Business or in respect of the Purchased Assets.

“Purchased Assets” has the meaning set out in Section 2.1.

“Purchase Price” has the meaning set out in Section 4.1.

“Purchaser” means Milestone Distribution (2024) Ltd., a corporation incorporated pursuant to the laws of Ontario.

“Purchaser Debt” means, collectively, all Liabilities of the Debtor to Laura Moscone, Falcon Enterprises Ltd. and Group of Six Ltd. in the amount of \$1,016,549.80 as at the date hereof, and assigned to the Purchaser pursuant to Assignment Agreements dated February 29, 2024.

“Purchaser Security” means, collectively, all security interests and security documents granted by the Debtor to Laura Moscone, Falcon Enterprises Ltd. and Group of Six Ltd. to secure the Purchaser Debt and now assigned to the Purchaser pursuant to Assignment Agreements dated February 29, 2024.

“Receiver” has the meaning set out in the recitals hereto.

“Receiver’s Borrowing Charge” means a charge on all the assets, undertakings and properties of the Debtor, granted by order of the Court, securing the repayment of any party any amounts borrowed by the Receiver to fund the administration of the Receivership.

“Receiver’s Certificate” has the meaning set out in Section 8.1(d).

“Receivership” means the receivership proceedings commenced by the application of the Purchaser, as detailed in Recital A hereto;

“Sale Process” has the meaning set out in the recitals hereto.

“Sale Process Order” means an issued order of the Court in the Receivership approving a Sale Process in respect of the Vendor’s assets, property and undertaking, including the Purchased Assets.

“Stalking Horse Bid” has the meaning set out in Section 5.1(a).

“Successful Bid” has the meaning set out in the Sale Process.

“Successful Bidder” has the meaning set out in the Sale Process.

“Taxes” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties.

“Transaction” the transaction contemplated by this Agreement whereby the Purchaser will acquire the Purchased Assets.

“Transfer Taxes” means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including GST.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

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

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

Schedule A	-	Purchased Assets
Schedule B	-	Assigned Contracts
Schedule C	-	Specific Assumed Liabilities

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchase and Sale of Purchased Assets

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell, assign, transfer and convey to the Purchaser pursuant to the Approval and Vesting Order, and the Purchaser shall purchase and assume from the Vendor, all of the Vendor's right, title and interest in, to and under the tangible and intangible assets, properties and rights listed in **Schedule "A"**, attached hereto (collectively, the "**Purchased Assets**").

2.2 Transfer of Purchased Assets and Assumption of Liabilities

Subject to the terms and conditions of this Agreement, possession, risk, legal and beneficial ownership of the Purchased Assets shall transfer from the Vendor to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfill all of the Assumed Liabilities from and after the Closing Date. For certainty, the Purchaser is not assuming any Liabilities of the Vendor other than the Assumed Liabilities and shall have no liability to any Person therefor.

2.3 Assigned Contracts

- (a) Each of the Parties shall use reasonable commercial efforts to obtain, as may be required by the terms of such Assigned Contracts, all consents and approvals required to assign the Assigned Contracts to the Purchaser.
- (b) To the extent that any Assigned Contract is not assignable without the consent or approval of the counterparty or any other Person, and such consent or approval has not been obtained prior to the Closing Date: (i) the applicable Vendor's interest in, to and under such Assigned Contract may be conveyed to the Purchaser pursuant to an order of the Court; (ii) the Vendor will use commercially reasonable efforts to obtain such an order, if requested, in respect of such Assigned Contract on or prior to the Closing Date; and (iii) if such an order is obtained in respect of such Assigned Contract, the Purchaser shall accept the assignment of such Assigned Contract on such terms.

- (c) To the extent that any Cure Costs are payable with respect to any Assigned Contract, the Purchaser shall be responsible for and shall pay all such Cure Costs, which shall be paid either directly to the applicable counterparty or to the Receiver, as may be agreed to by the parties, which Cure Costs shall be in addition to the Purchase Price. Unless the Parties otherwise agree, to the extent that any Cure Cost is payable with respect to any Assigned Contract, where such Assigned Contract is assigned pursuant to an order of the Court, the Purchaser shall pay such Cure Costs in accordance with the order, and where such Assigned Contract is not assigned pursuant to such an order, the Purchaser shall pay such Cure Costs in the manner set out in the consent of the applicable counterparty or as otherwise may be agreed to by the Purchaser and such counterparty.
- (d) It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all financial assurances, deposits or security, including without limitation any Cure Costs that may be required by Governmental Authorities or any third parties to permit the transfer of the Purchased Assets, including the Assigned Contracts, to the Purchaser.

2.4 Excluded Liabilities

Save and except for the Assumed Liabilities explicitly set out herein, if any, the Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Vendor (collectively, the “**Excluded Liabilities**”), which Excluded Liabilities include, but are not limited to, the following:

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing; and
- (b) all Liabilities that arise out of or result from the employment or engagement by the Vendor of any of the Employees and/or the termination or severance of such engagement or employment (in each case, unless otherwise imposed by Applicable Laws).

ARTICLE 3 EMPLOYEE MATTERS

3.1 Employment Offers

The Purchaser may, in its sole discretion, offer new employment, conditional upon Closing, to such Employees as determined by the Purchaser, in its sole discretion. Any such offer shall be made at least two Business Days prior to Closing, on terms and conditions substantially similar and no less favourable than the terms and conditions on which such Employees are employed immediately prior to Closing.

3.2 Employment Terminations

Notwithstanding the foregoing, the Vendor shall terminate, in writing, the employment of all Employees at least 24 hours prior to the Closing Date and shall provide proof of such written termination to the Purchaser as a deliverable at Closing.

ARTICLE 4 PURCHASE PRICE

4.1 Purchase Price

The purchase price payable by the Purchaser for the Purchased Assets shall be the aggregate of the following amounts, without duplication, (the “**Purchase Price**”):

- (a) the value of the Purchaser Debt, as at Closing;
- (b) any outstanding amounts secured by the Administration Charge at Closing;
- (c) any and all outstanding amounts secured by the Receiver’s Borrowing Charge at Closing; and
- (d) any and all other amounts and claims which rank in priority to the Purchaser Security, if any, including, without limitation, on account of unremitted source deductions (collectively, with the Administration Charge and Receiver’s Borrowing Charge, the “**Priority Payables**”);

plus, the Assumed Liabilities.

The Purchase Price shall be satisfied in accordance with Section 4.3.

4.2 Allocation of Purchase Price

The Purchaser and the Vendor agree that the Purchase Price and the Assumed Liabilities shall be allocated among the Purchased Assets for all purposes (including Tax and financial accounting) as agreed between the Vendor and the Purchaser on Closing, acting reasonably.

4.3 Satisfaction of Purchase Price

The Purchaser shall pay and satisfy the Purchase Price in accordance with the following:

- (a) Cash Component Deposit. The Purchaser shall execution of this Agreement, transfer to the Receiver a deposit in the amount of \$100,000, to be dealt with in accordance with Section 4.4 and credited against the Purchase Price at Closing (the “**Deposit**”);
- (b) Cash Purchase Price. At the Closing Time, the Purchaser shall pay to the Receiver an amount equal to the Priority Payables, in immediately available funds (the “**Cash Purchase Price**”);
- (c) Credit Bid Component. At the Closing Time, the Purchaser shall cancel the Purchaser Debt then outstanding, to be credited against the Purchase Price; and
- (d) Assumed Liabilities. An amount equal to the value of the Assumed Liabilities, which the Purchaser shall assume on the Closing Date, shall be satisfied by the Purchaser performing the obligations of the Assumed Liabilities as and when they become due.

4.4 Transfer Taxes

The Parties agree that:

- (a) The Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay any and all Transfer Taxes pertaining to the Purchaser’s acquisition of the Purchased Assets.

- (b) Except where the Vendor is required under Applicable Law to collect or pay such Transfer Taxes, the Purchaser shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due. The Vendor will do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in a timely manner. If the Vendor is required under Applicable Law to pay any such Transfer Taxes which are not paid by the Purchaser at Closing, the Purchaser shall promptly reimburse the Vendor the full amount of such Transfer Taxes upon delivery to the Purchaser of copies of receipts showing payment of such Transfer Taxes.
- (c) At the Closing, the Vendor and the Purchaser shall, if applicable, jointly execute an election under Section 167 of the *Excise Tax Act* to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.
- (d) At the Closing, if so requested by the Purchaser, the Vendor and the Purchaser shall, if applicable, jointly execute:
 - (i) an election under Section 22 of the *Income Tax Act* in respect of the Accounts Receivable and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date; and
 - (ii) an election under subsection 20(24) of the *Income Tax Act*, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, to apply to the obligations of the Vendor in respect of undertakings which arise from the operation of the business to which the Purchased Assets relate and to which paragraph 12(1)(a) of the *Income Tax Act* applies.
- (e) The Purchaser shall indemnify the Vendor for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that the Vendor may pay or for which the Vendor may become liable as a result of any failure by the Purchaser to pay or remit such Transfer Taxes.

ARTICLE 5 SALE PROCESS, DEPOSIT REPAYMENT

5.1 Sale Process and Deposit Repayment

- (a) The Vendor shall conduct the Sale Process in accordance with the terms of the issued Sale Process Order.
- (b) The Vendor shall bring a motion for the Sale Process Order to be heard on or before June 12, 2024. The Sale Process Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or “stalking horse bid” in respect of the Purchased Assets (the “**Stalking Horse Bid**”); and (ii) as a deemed “Qualified Bid”, with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined in the Sale Process). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Assets, and that the within Stalking Horse Bid may or may not be the Successful Bid for the Purchased Assets.

- (c) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to the repayment of reasonable out-of-pocket professional fees, disbursements and expenses of any kind or nature whatsoever incurred in connection with the SISP and the Transaction, to a maximum amount of \$15,000 (the "**Expense Reimbursement**"), which Expense Reimbursement shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.
- (d) In the event that the Stalking Horse Bid is not the Successful Bid, in addition to the Expense Reimbursement, the Purchaser shall be entitled to repayment in full of the Deposit, and all of the foregoing entitlements shall be paid to the Purchaser in priority to any and all Claims and interests that any other Person now has or may hereafter have against the property of the Vendor (the "**Deposit Repayment**").

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Status. The Vendor is executing this Agreement solely in its capacity as Court-appointed Receiver and not in its personal or corporate capacity.
- (b) Authority. The Vendor's authority to execute, deliver and, subject to obtaining the Approval and Vesting Order in respect of the matters to be approved therein, perform all requirements under this Agreement and close the Transaction contemplated hereby is subject to – and shall only be derived from – one or more orders of the Court approving the same, which orders the Purchaser recognizes and acknowledge as sufficient authority.
- (c) Residency. The Vendor is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time, and acknowledges that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under Ontario [*Ontario Business Corporations Act*?], is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening

of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the organizational documents of the Purchaser.

- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin, delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) Residency. The Purchaser is not a non-resident of Canada for purposes of the *Income Tax Act*.

6.3 As is, Where is

- (a) The Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Assets (including the state of title thereto and/or the state of any Encumbrances and permitted Encumbrances), the Assumed Liabilities and all related operations of the Debtor, and, based solely thereon, has determined to proceed with the Transaction contemplated by this Agreement. The representations and warranties of the Vendor shall merge on Closing and shall thereafter be of no further force and effect. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Assets shall be sold and delivered to the Purchaser on an “as is, where is” basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.
- (b) The Purchaser shall be solely responsible for negotiating with and attempting to obtain the agreement of any landlord to amend any Lease contemplated to be an Assigned Contract as may be required by the Purchaser to allow the Purchaser to use the Premises for any purpose. For greater certainty, such amendments are not a Closing delivery or a condition of Closing.
- (c) The Purchaser acknowledges that the Lease may be subject to permitted Encumbrances and the Vendor shall not be responsible for rectifying any permitted Encumbrances prior to the Closing Date, other than as contemplated by this Agreement.
- (d) The remedies expressly set forth in this Agreement are the Purchaser’s sole and exclusive remedies relating to this Agreement, the Transaction contemplated hereby, the Purchased Assets, the Assumed Liabilities and all related operations of the Debtor.
- (e) The Purchaser acknowledges and agrees that the enforceability of this Agreement against the Vendor is subject to entry of the Approval and Vesting Order.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

7.2 Vendor's Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) the tax elections contemplated by Section 4.4;
- (c) the Assignment and Assumption Agreements for the Assigned Contracts, duly executed by the Vendor;
- (d) the General Conveyance, duly executed by the Vendor;
- (e) a specific assignment of any Intellectual Property, as the Purchaser may require;
- (f) proof of the written termination of the employment of all of the Employees prior to the Closing Time;
- (g) a certificate issued by the Vendor dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Time; and
- (h) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor, the following:

- (a) payment of the Cash Purchase Price in immediately available funds;
- (b) the tax elections contemplated by Section 4.4;
- (c) the payment of all Cure Costs to be paid by the Purchaser pursuant to Section 2.3 to the Vendor, or evidence that such Cure Costs have been or will be paid directly to the applicable counterparty;
- (d) the General Conveyance, duly executed by the Purchaser;
- (e) the Assignment and Assumption Agreements for the Assigned Contracts, duly executed by the Purchaser;

- (f) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and
- (g) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8

CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the Sale Process.
- (b) Vendor's Deliverables. The Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.2.
- (c) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (d) No Breach of Covenants. The Vendor shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendor on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set forth in this Section 8.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

8.3 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents and payments contemplated in Section 7.3.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 8.3 may be waived by the Vendor in whole or in part, without prejudice to any of their rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

8.4 Receiver's Certificate

The Receiver shall have provided an executed certificate of the Receiver substantially in the form attached to the Approval and Vesting Order (the “**Receiver's Certificate**”) confirming all conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor. The Parties acknowledge and agree that the Vendor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Receiver's Certificate without independent investigation, upon receiving written confirmation from the Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Receiver shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Receiver may deliver the executed Receiver's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Receiver's written confirmation that all such funds have been received, the Receiver's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor and the Purchaser;
- (b) by the Purchaser upon written notice to the Vendor if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser and, if the breach is curable, such breach has not been cured within five (5) Business Days following the date upon which the Purchaser notified the Vendor of such breach;
- (c) by the Vendor upon written notice to the Purchaser if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor and, if the breach is curable, such breach has not been cured within five (5) Business Days following the date upon which the Vendor notified the Purchaser of such breach;
- (d) by the Vendor or the Purchaser upon written notice to the other Parties if the Closing has not occurred on or prior to the Outside Date; provided that the failure to close by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 9.2; and (b) Section 5.1 with respect to the Purchaser's entitlement to the Expense Reimbursement and Deposit Repayment. Notwithstanding the foregoing, if the Transaction is terminated solely as a result of the Vendor's failure to perform any of its obligations under this Agreement, then the Deposit shall be repaid to the Purchaser in full, without deduction or setoff. If the Transaction is terminated solely as a result of the Purchaser's failure to perform any of its obligations under this Agreement, the Deposit and any other payments made by the Purchaser will be forfeited to the Vendor on account of its liquidated damages, and the Purchased Assets may be resold by the Vendor; provided, however, that in no circumstance will any termination or failure to close the Transaction compromise any amount owing to the Purchaser under the Deposit Facility.

10.1 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by email, addressed:

- (a) in the case of the Purchaser, as follows:

MILESTONE DISTRIBTION 2024-LTD.

Attention: Laura Moscone

Email: brpbent32@gmail.com

with a copy to:

LOOPSTRA NIXON LLP

130 Adelaide Street West, Suite 2800
Toronto, Ontario M5H 3P5

Attention: Graham Phoenix
Email: gphoenix@ln.law

(b) in the case of the Vendor, as follows:

ALBERT GELMAN INC., solely in its capacity as the Court-appointed receiver of the Debtor

250 Fernand Dr. – Suite 403
Toronto, Ontario M3C 3G8

Attention: Adam Zeldin
Email: azeldin@albertgelman.com

with a copy to:

RECONSTRUCT LLP

200 Bay Street, Suite 2305 – PO Box 120
Toronto, Ontario M5J 2J3

Attention: Caitlin Fell
Email: cfell@reconstructllp.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.2 Time

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

10.3 Survival

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

10.4 Benefit of Agreement

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

10.5 Entire Agreement

This Agreement and the Exhibits and Schedules attached hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

10.6 Paramountcy

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

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

10.8 Assignment

- (a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Vendor, provided that: (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Vendor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.
- (b) This Agreement may not be assigned by the Vendor without the consent of the Purchaser.

10.9 Further Assurances

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

10.10 Counterparts

This Agreement may be executed electronically in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

10.11 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.12 Receiver's Capacity

In addition to all of the protections granted to the Receiver under the BIA or any order of the Court in these receivership proceedings, the Purchaser acknowledges and agrees that as Vendor hereunder, the Receiver, acting in its capacity Court-appointed receiver of the Debtor and not in its personal capacity, will have no Liability, in its personal capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever.

[Signature Page Follows]

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

For the Vendor:

**ALBERT GELMAN INC., solely in its
capacity as Court-appointed Receiver of the
Debtor and not in its personal or corporate
capacities**

By: Adam Zeldin
Adam Zeldin (Jul 29, 2024 15:29 EDT)

Name: Adam Zeldin
Title: Vice President

I have authority to bind the Receiver

For the Purchaser:

MILESTONE DISTIBUTION 2024 LTD.

By: Laura Moscone
Laura Moscone (Jul 29, 2024 15:34 EDT)

Name: Laura Moscone
Title: Authorized Signing Authority

I have authority to bind the Corporation.

SCHEDULE "A"
PURCHASED ASSETS

1. All of the Vendor's and Debtor's right, title and interest in and to all equipment used in connection with the Business including, without limitation, furniture, display equipment, refrigeration equipment, shelving and storage, deli cutters and slicers, commercial scales, prepared food department supplies and equipment and appliances.
2. All of the Vendor's and Debtor's right, title and interest in and to all inventory used in connection with the Business.
3. All of the Vendor's and Debtor's right, title and interest in and to any Intellectual Property used in connection with the Business.
4. All of Vendor's and Debtor's right, title and interest in and to all websites, domains, hosting services, email services, any social media accounts and all other active or inactive online profiles.
5. All of the Debtor's books and records, including all financial and customer data.
6. All Accounts Receivable.
7. All Liquid Assets and Financial Instruments.
8. The Assigned Contracts

**SCHEDULE “B”
ASSIGNED CONTRACTS**

1. Any contract for webhosting, data storage and management, email services, and/or other telecommunications services.

**SCHEDULE “C”
SPECIFIC ASSUMED LIABILITIES**

1. The BDC Obligations.
2. All obligations of the Debtor to Bank of Montreal.

APPENDIX “D”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C.43, AS AMENDED

AFFIDAVIT OF BRYAN GELMAN
(sworn July 30, 2024)

I, Bryan Gelman, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Senior Managing Director at Albert Gelman Inc. ("**AGI**"), and, as such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.
2. By order (the "**Appointment Order**") of the Honourable Justice Black of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 12, 2024, AGI was appointed receiver and manager (the "**Receiver**") without security, of all present and future property, assets and undertakings of Milestone Marble & Granite Ltd. (the "**Company**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990, C. C.43, as amended.
3. Pursuant to the Appointment Order, the Receiver has provided services and incurred disbursements, in the amount of \$46,934.00 and \$1,752.96 (all excluding HST), respectively, during the period from December 8, 2023 to July 28, 2024 (the "**Period**"). AGI was previously retained by the Company to act as its financial advisor to assist with, among other things, assessing strategic options. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a summary of all invoices rendered by the Receiver (including AGI during its prior financial advisory mandate) on a periodic basis during the Period (the "**Accounts**").
4. True copies of the Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Receiver (and AGI during its prior financial advisory mandate), are attached as **Exhibit "B"** to this my Affidavit.
5. AGI, in its capacity as proposed Receiver of the Company, previously filed one report with the Court dated June 8, 2024 (the "**Pre-Filing Report**"). In addition, and contemporaneously with the filing of this Affidavit, the Receiver

is filing its First Report to the Court dated July 30, 2024 (the “**First Report**”). Details of the activities undertaken and services provided by the Receiver in connection with its prior mandate and the administration of the receivership proceedings are described in the Pre-Filing Report and the First Report.

6. In the course of performing its duties pursuant to the Appointment Order, the Receiver’s staff has expended a total of 98.8 hours during the Period. Attached as **Exhibit “C”** to this my Affidavit is a schedule setting out a summary of the individual staff involved in AGI’s prior mandate and the administration of the receivership and the hours and applicable rates claimed by AGI and the Receiver for the Period. The average hourly rate billed by AGI/the Receiver during the Period is \$475.04.
7. The Receiver requests that this Court approve its Accounts for the Period, in the total amount of \$48,686.96 (excluding HST) for services rendered and recorded during the Period.
8. Reconstruct LLP (“**Recon**”), as independent legal counsel to the Receiver, has also rendered services and incurred disbursements throughout these proceedings in a manner consistent with the instructions of the Receiver (and AGI during its prior financial advisory mandate) and has prepared an affidavit with respect to the services rendered for the period from December 19, 2023 to July 28, 2024. The Receiver has reviewed the invoices rendered by Recon during this period and is satisfied that its activities were consistent with the instructions of the Receiver (and AGI during its prior financial advisory mandate).
9. The Receiver’s and Recon’s fees and disbursements for the period from and after July 28, 2024 to the completion of all work relating to the Company’s receivership proceedings will be calculated and billed at the standard rates currently in effect. Barring any delays, disputes or unforeseen circumstances in connection with this matter and taking into account the remaining work to be done in connection with this matter, I estimate that those fees and disbursements will not exceed \$40,000 (excluding applicable taxes) (the “**Remaining Fees and Disbursements**”), as follows:
 - a) AGI – \$20,000; and
 - b) Recon – \$20,000.
10. The above estimates take into consideration the reasonable professional and legal fees and disbursements required to complete all work relating to the Company’s receivership proceedings up to the effective date of the Receiver’s discharge. If the actual Remaining Fees and Disbursements are less than the above estimates, no further Court approval of fees/disbursements is required. If the actual Remaining Fees and Disbursements

exceed the above estimates, the Receiver will seek the consent of the Purchaser (as defined in the First Report) to pay same or otherwise seek a further Order of the Court.

11. To the best of my knowledge, the rates charged by the Receiver and Recon are comparable to the rates charged for the provision of similar services by other accounting and law firms in the Toronto market.
12. I verily believe that the fees and disbursements incurred by the Receiver and Recon are fair and reasonable in the circumstances.
13. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Receiver and Recon and for no other or improper purpose.

Sworn remotely by Bryan Gelman at Toronto,
Ontario before me at Toronto, Ontario in
accordance with
O. Reg. 431/20, Administering Oath or Declaration
Remotely, the 30th day of July 2024



Mahmood Shafique

SM2PVQC8JRH6XEVA

Commissioner for taking affidavits

Bryan Gelman

Mahmood Shafique, Commissioner of Oaths

For the Province of Ontario

Expires January 2, 2027

This is Exhibit "A" referred to in the Affidavit of
Bryan Gelman, sworn before me on
July 30, 2024



Commissioner for Taking Affidavits, etc.

Mahmood Shafique, Commissioner of Oaths

For the Province of Ontario

Expires January 2, 2027

Albert Gelman Inc.
 In its capacity as Receiver and Manager of
 Milestone Marble & Granite Ltd.
 And not in its personal or corporate capacity
 Statement of Accounts

Exhibit A

Invoice #	Period	Fees		Disbursements		Sub total		HST		Total
7014	December 8, 2023 to March 31, 2024	\$	11,724.00	\$	31.12	\$	11,755.12	\$	1,528.23	\$ 13,283.35
4662-1	April 1, 2024 to July 28, 2024	\$	35,210.00	\$	1,721.84	\$	36,931.84	\$	4,786.61	\$ 41,718.45
Total		\$	46,934.00	\$	1,752.96	\$	48,686.96	\$	6,314.84	\$ 55,001.80

This is Exhibit "B" referred to in the Affidavit of
Bryan Gelman, sworn before me on
July 30, 2024



Mahmood Shafique

STDS6YC6ZD8Y2MG3

Commissioner for Taking Affidavits, etc.

Mahmood Shafique, Commissioner of Oaths

For the Province of Ontario

Expires January 2, 2027

Falcon Enterprises Corp.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Mar 18, 2024

Invoice No: 7014

Billing Through: Mar 18, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2023-12-08	BGELMAN	Meeting onsite with principals, Laura Moscone and Frank Ariotta, John Rosenthal and Iana Raguimov;	2.00	\$565.00	\$1,130.00
2023-12-08	IRAGUIMOV	Attended premises; initial meeting; planning engagement	2.00	\$395.00	\$790.00
2023-12-11	BGELMAN	Call with Caitlin Fell re next steps;	0.20	\$565.00	\$113.00
2023-12-19	BGELMAN	Prepare for and attend meeting with F. Ariotta, L. Moscone, C. Fell and I. Raguimov;	1.00	\$565.00	\$565.00
2023-12-19	IRAGUIMOV	Reviewed documents sent by L. Moscone; attend planning meeting with L. Moscone, F. Ariotta, C. Fell and B. Gelman;	1.10	\$395.00	\$434.50
2023-12-20	BGELMAN	Call from L. Moscone re need for corporate counsel and referral to same;	0.30	\$565.00	\$169.50
2023-12-20	IRAGUIMOV	Reviewed received information from L. Moscone	0.30	\$395.00	\$118.50
2024-01-04	BGELMAN	Emails with G. Phoenix; email with secured creditor F. Ariotta and L. Moscone and G. Phoenix re next steps;	0.20	\$615.00	\$123.00
2024-01-11	BGELMAN	Attend call with F. Ariotta, L. Moscone, G.Pheonix and C. Fell;	0.50	\$615.00	\$307.50
2024-01-16	AZELDIN	Review of emails from client/B. Gelman re security matters, info request, other; Review of DMG retainer letter, and emails from DMG;	0.50	\$470.00	\$235.00
2024-01-23	AZELDIN	Review of emails re security opinion, info request; Emails from B. Gelman re next steps;	0.20	\$470.00	\$94.00
2024-01-29	AZELDIN	Draft email to Company/Recon/LN re next steps; Call/discussions with B. Gelman re next steps, security opinion status, PPSA registrations, other; Review of PPSA search, November 2023 TB;	1.00	\$470.00	\$470.00
2024-01-29	BGELMAN	Call with Caitlin Fell re update on opinion; call with Adam Zeldin to prepare for next steps;	0.30	\$615.00	\$184.50
2024-01-30	BGELMAN	Email to all counsel re next steps; Call with Graham Pheonix re stalking horse concept;	0.50	\$615.00	\$307.50
2024-01-31	AZELDIN	Call with L. Moscone re proposed next steps, filing matters, banking/cash activity matters;	0.60	\$470.00	\$282.00
2024-02-05	BGELMAN	Call with F. Ariotta and L. Moscone, G. Pheonix, C.Fell and A. Zeldin;	0.50	\$615.00	\$307.50
2024-02-05	AZELDIN	Call with Company/LN/Recon; Email to L. Moscone re vetting loan advances; Emails/call with S. Mizrahi re appraisal, email to L. Moscone re same.	0.80	\$470.00	\$376.00
2024-02-06	AZELDIN	Attend at Milestone Marble to meet with S. Mizrahi, F. Ariotta.	1.50	\$470.00	\$705.00
2024-02-06	BGELMAN	Review and approval of draft security;	0.20	\$615.00	\$123.00

Falcon Enterprises Corp.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Mar 18, 2024

Invoice No: 7014

Billing Through: Mar 18, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-02-12	AZELDIN	Call with L. Moscone re cash flow matters; Review of Canam-Appraiz appraisal;	0.80	\$470.00	\$376.00
2024-02-13	AZELDIN	Emails with L. Moscone/C. Fell/B. Gelman re review of loan advances;	0.30	\$470.00	\$141.00
2024-02-13	BGELMAN	Call with F. Ariotta re appraisal;	0.10	\$615.00	\$61.50
2024-02-14	BGELMAN	Call with Sia Mizrahi re appraisal;	0.10	\$615.00	\$61.50
2024-02-14	AZELDIN	Calls with L. Moscone re loan advance review, review of supporting schedules/documents re same;	0.60	\$470.00	\$282.00
2024-02-15	AZELDIN	Call with I. Khan re secured loan balances, review of supporting schedules re same;	0.50	\$470.00	\$235.00
2024-02-16	AZELDIN	Continue review of secured debt obligations, including schedules/bank statements/GL details supporting same;	1.50	\$470.00	\$705.00
2024-02-26	AZELDIN	Call with G. Phoenix re review of secured loans, timing for next steps;	0.30	\$470.00	\$141.00
2024-02-27	AZELDIN	Calls/emails with L. Moscone re loan review, review of supporting documents re same; Emails with G. Phoenix re status update;	0.60	\$470.00	\$282.00
2024-02-27	BGELMAN	Call with L. Moscone re update and next steps;	0.10	\$615.00	\$61.50
2024-02-28	AZELDIN	Review of email from J. Rosenthal re Falcon secured debt/management fees, call with L. Moscone re same;	0.50	\$470.00	\$235.00
2024-03-03	AZELDIN	Review/update analysis of loan advances. Review of support, including bank statements, cheque copies, promissory notes, accountant correspondence and other documents re loan advances;	1.00	\$470.00	\$470.00
2024-03-04	AZELDIN	Emails with L. Moscone re proposed court hearing, next steps; Emails with G. Phoenix re secured loan review, proposed Court hearing; Calls with L. Moscone re debts to BDC, proposed receivership/stalking horse process, other matters; Review of BDC loan agreement, emails/calls with L. Moscone/G. Phoenix re same;	1.20	\$470.00	\$564.00
2024-03-04	BGELMAN	Planning meeting with A. Zeldin; Cal with L. Moscone re litigation; Review and respond to L. Moscone re BDC guarantee;	0.40	\$615.00	\$246.00
2024-03-05	BGELMAN	Call with Graham Pheonix re update;	0.10	\$615.00	\$61.50
2024-03-05	AZELDIN	Review of 2012 agreement between Milestone shareholders re acknowledgement of debts owing to shareholders; Call with L. Moscone re Falcon secured debt; Review of emails between L. Moscone/LN/B. Gelman re BDC obligations;	0.50	\$470.00	\$235.00

Falcon Enterprises Corp.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Mar 18, 2024

Invoice No: 7014

Billing Through: Mar 18, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

2024-03-07	AZELDIN	Call with G. Phoenix re secured debts, AGI review of same; Review of email and supporting agreements from L. Moscone re debts to Falcon;	0.50	\$470.00	\$235.00
2024-03-18	BGELMAN	Call with L. Moscone re future business sales; Call with G. Bowden, D. Marr and I. Raguimov;	0.50	\$615.00	\$307.50
2024-03-18	AZELDIN	Call with L. Moscone/G. Phoenix/B. Gelman re proposed sale process and related matters;	0.40	\$470.00	\$188.00
Total Fees:					\$11,724.00
HST/GST:					\$1,524.18

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Adam Zeldin (Vice President, CPA CIRP LIT)	13.30	\$470.00	\$6,251.00
Bryan A. Gelman (Principal, CIRP LIT)	7.00	\$590.00	\$4,130.00
Ianina Raguimov (LIT, CIRP)	3.40	\$395.00	\$1,343.00

Disbursements:

Taxable Disbursements

SEARCH FEES:	\$8.00
TRAVEL:	\$23.12

Total Disbursements: **\$31.12**

HST/GST: **\$4.05**

Amount Due This Invoice: **\$13,283.35**

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$11,755.12
TOTAL HST/GST:	\$1,528.23
TOTAL AMOUNT DUE:	\$13,283.35

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

HST/GST No. 83741 9514 RT 0001

Milestone Marble & Granite Ltd.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Jul 28, 2024

Invoice No: <4662-1>

Billing Through: Jul 28, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-04-08	AZELDIN	Review/comment on L. Moscone Affidavit, email to G. Phoenix re same;	1.50	\$470.00	\$705.00
2024-04-09	AZELDIN	Emails with B. Gelman/C. Fell re Moscone Affidavit, proposed stalking horse bid and assets to be acquired;	0.30	\$470.00	\$141.00
2024-04-09	BGELMAN	Review and comments to Adam Zeldin re draft affidavit of applicant;	0.50	\$500.00	\$250.00
2024-04-12	TMCELROY	Review and sign cheque;	0.10	\$575.00	\$57.50
2024-04-12	AZELDIN	Begin drafting Receiver's pre-filing report;	1.20	\$470.00	\$564.00
2024-04-25	AZELDIN	Review/comment on stalking horse sale agreement, sale process; Emails with Loopstra/Recon re same; Continue drafting Pre-Filing Report;	6.50	\$470.00	\$3,055.00
2024-04-25	BGELMAN	Review of draft Stalking Horse Agreement and sales process;	0.60	\$500.00	\$300.00
2024-04-29	BGELMAN	Update call with Adam Zeldin re update and next steps;	0.10	\$500.00	\$50.00
2024-04-29	AZELDIN	Update discussion with B. Gelman;	0.10	\$470.00	\$47.00
2024-04-30	AZELDIN	Emails with C. Fell, B. Gelman, G. Phoenix re status of application materials; Review of Stalking Horse Agreement;	0.50	\$470.00	\$235.00
2024-05-01	AZELDIN	Calls with B. Gelman, L. Moscone, C. Fell re status of application materials; Review/update Pre-Filing Report;	1.10	\$470.00	\$517.00
2024-05-02	AZELDIN	Followup email to C. Fell re status of application material review; court date; Calls with L. Moscone re status update; Prepare summary of Sale Process terms for Pre-Filing Report;	1.30	\$470.00	\$611.00
2024-05-03	AZELDIN	Review of counsel comments on Stalking Horse APA, Sale Process procedures, emails with C. Fell re same; Email update to L. Moscone re status of application materials;	1.30	\$470.00	\$611.00
2024-05-07	AZELDIN	Call with G. Phoenix re status of application materials;	0.20	\$470.00	\$94.00
2024-05-09	AZELDIN	Review of notice of application, updates to Sale Process procedures,	1.00	\$470.00	\$470.00
2024-05-13	AZELDIN	Review of updated Sale Process procedures, email to Loopstra/Recon re same;	0.40	\$470.00	\$188.00
2024-05-14	AZELDIN	Calls with G. Phoenix/C. Fell re finalizing application record;	0.20	\$470.00	\$94.00
2024-05-15	AZELDIN	Review of emails from G. Phoenix re receivership filing matters;	0.20	\$470.00	\$94.00
2024-05-16	AZELDIN	Review and respond to emails with Loopstra/Recon re filing matters; Review of emails with Court re hearing date; Review/update Pre-Filing report;	0.90	\$470.00	\$423.00

Milestone Marble & Granite Ltd.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Jul 28, 2024

Invoice No: <4662-1>

Billing Through: Jul 28, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

Professional Fees:

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-05-21	AZELDIN	Emails with G. Phoenix, C. Fell re court date;	0.10	\$470.00	\$47.00
2024-05-24	AZELDIN	Review of promissory notes; Review of secured debt schedule, supporting documents, update summary schedule;	0.90	\$470.00	\$423.00
2024-05-27	AZELDIN	Emails with C. Fell, G. Phoenix re sale process timelines, Pre-Filing Report; Review of emails from G. Phoenix/L. Moscone re draft affidavit;	0.30	\$470.00	\$141.00
2024-05-30	AZELDIN	Update call with B. Gelman; Review of emails from L. Moscone, Loopstra re affidavit, court hearing;	0.30	\$470.00	\$141.00
2024-05-31	AZELDIN	Continue drafting Pre-Filing Report; Review of updates to Sale Procedures; Emails with Loopstra re application record;	3.40	\$470.00	\$1,598.00
2024-06-03	AZELDIN	Emails with Loopstra re application record, consent to act; Prepare/sign consent to act; Calls/emails with L. Moscone re MMG Litigation, review of statement of claim and statement of defence re same;	2.30	\$470.00	\$1,081.00
2024-06-04	AZELDIN	Review/update Pre-filing Report;	1.20	\$470.00	\$564.00
2024-06-05	AZELDIN	Call with C. Fell re Pre-Filing Report, various filing and sale process matters; Several calls/emails with L. Moscone, I. Khan re Pre-Filing Report, secured debt matters, Falcon management services agreement; sale process matters and other filing considerations; Review of Falcon management services agreement; Review of historical financials, summarize same for report; Review/update Pre-filing Report;	7.60	\$470.00	\$3,572.00
2024-06-06	AZELDIN	Review/update Pre-filing Report, calls with L. Moscone re same; Review of RBC demand/NITES;	1.80	\$470.00	\$846.00
2024-06-07	BGELMAN	Review and call with Adam Zeldin re pre-filing report;	0.60	\$500.00	\$300.00
2024-06-07	AZELDIN	Review of counsel comments re Pre- filing Report, update same and emails/calls with Loopstra, Recon re same;	1.90	\$470.00	\$893.00
2024-06-08	AZELDIN	Prepare/compile appendices for Pre-Filing Report; Review/finalize Pre- filing Report, emails with Recon re service of same;	1.60	\$470.00	\$752.00
2024-06-10	AZELDIN	Emails/call with G. Phoenix re RBC payout;	0.20	\$470.00	\$94.00
2024-06-11	AZELDIN	Review of motion materials, Pre-Filing Report in preparation for next day Court hearing, emails/calls with G. Phoenix, L. Moscone re same/related matters;	1.50	\$470.00	\$705.00

Milestone Marble & Granite Ltd.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Jul 28, 2024

Invoice No: <4662-1>

Billing Through: Jul 28, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

2024-06-12	AZELDIN	Attend Court hearing re approval of stalking horse sale process; Emails/calls with G. Phoenix; Emails/calls with L. Moscone; Review of endorsement/order; Update call with B. Gelman;	1.60	\$470.00	\$752.00
2024-06-13	AZELDIN	Prepare NDA; Begin compiling prospective buyers list; Establish and upload files to Case Website;	1.50	\$470.00	\$705.00
2024-06-16	AZELDIN	Draft teaser for Sale Process;	2.00	\$470.00	\$940.00
2024-06-17	AZELDIN	Review/update teaser; Call/emails with F. Arlotta/L. Moscone re teaser, prospective buyer list, due diligence materials, other sale process matters; Compile/finalize prospective buyer list, discussions with T. Scott re same; Respond to enquiries from prospective buyers, including attending calls and responding to various emails; Arrange for and set up of Data Room, upload due diligence materials re same; Distribute teaser/NDA to prospective buyers;	4.20	\$470.00	\$1,974.00
2024-06-17	TSCOTT	Research compliance prospective buyers list, including industry participants, financial buyers and liquidators;	1.80	\$400.00	\$720.00
2024-06-20	AZELDIN	Several emails/calls with prospective buyers re sale process matters; Review of NDA from Infinity, provide DR access; Populate Data Room with due diligence materials;	1.10	\$470.00	\$517.00
2024-06-21	IRAGUIMOV	Send notice and statement of Receiver to OSB, creditors, CRA, emails/calls with A. Zeldin re same;	0.40	\$470.00	\$188.00
2024-06-21	AZELDIN	Prepare notice and statement of receiver, emails/calls with I. Khan/L. Moscone re same; Emails/calls with I. Raguimov re notice and statement of receiver, including filing with OSB/mailling to creditors; Call with prospective buyer re sale process;	2.30	\$470.00	\$1,081.00
2024-06-24	AZELDIN	Review of NDA from AD Hennick, provide Data Room access; Emails with OSB re receivership order, arrange for efilling of same;	0.80	\$470.00	\$376.00
2024-06-24	IRAGUIMOV	Communication with the debtor; communication with the secured creditor re mailing; drafted notice to creditors; attempted to find addresses of creditors; ordered corporate profile searches of the creditors of the debtor;	1.00	\$470.00	\$470.00
2024-06-24	MSHAFIQUE	Perform five corporate searches and review same;	0.30	\$385.00	\$115.50
2024-06-25	AZELDIN	Emails/calls with prospective buyers regarding sale process, send teaser/NDA to same;	0.30	\$470.00	\$141.00
2024-06-25	IRAGUIMOV	Review corporate profile searches; finalize notice to creditors; communication with A. Zeldin re notice to creditors;	0.50	\$470.00	\$235.00

Milestone Marble & Granite Ltd.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Jul 28, 2024

Invoice No: <4662-1>

Billing Through: Jul 28, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

<u>Date</u>	<u>Employee</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
2024-06-26	AZELDIN	Call with L. Moscone re update on sale process; Email S. 245/246 Notice to L. Moscone, discuss same; Calls with prospective buyers re sale process; Discussions with I. Raguimov;	0.80	\$470.00	\$376.00
2024-06-27	AZELDIN	Emails/calls with L. Moscone re S. 245/246 notice, arrange for creditor mailing of same; Several emails/calls with prospective buyers/other interested parties re sale process; Review of data room activity;	1.10	\$470.00	\$517.00
2024-07-03	AZELDIN	Emails with J. Albert re prospective buyer; email teaser to prospective buyer and call with same to discuss sale process; Emails/calls with other prospective buyers;	0.60	\$470.00	\$282.00
2024-07-04	AZELDIN	Emails/calls with prospective buyers; Call with Infinity re sale process matters, due diligence materials, inventory listing, further diligence requests; Emails with A. Hennick re site visit, call with L. Moscone re same;	0.50	\$470.00	\$235.00
2024-07-05	AZELDIN	Review of email from L. Moscone re bid protections, call with L. Moscone re same and general update on sale process; Call with prospective buyer; Review banking activity;	0.40	\$470.00	\$188.00
2024-07-08	AZELDIN	Call with prospective buyer; Emails with J. Wuthmann re sale process update;	0.40	\$470.00	\$188.00
2024-07-09	AZELDIN	Attend at Milestone marble to meet/tour facility with Danbury, F. Arlotta; Call with L. Moscone re Danbury tour; Call with G. Phoenix re sale process update;	2.30	\$470.00	\$1,081.00
2024-07-10	AZELDIN	Call with prospective purchaser; Discussions with Milestone team re banking matters;	0.30	\$470.00	\$141.00
2024-07-11	AZELDIN	Emails/call with L. Moscone re transaction matters; Call with prospective buyer;	0.30	\$470.00	\$141.00
2024-07-17	AZELDIN	Emails/calls with J. Wuthmann/Milestone team/G. Phoenix re sale process results, next steps re Court-approval of stalking horse agreement; Review of sale procedures re same;	0.50	\$470.00	\$235.00
2024-07-18	AZELDIN	Emails with J. Wuthmann re sale approval motion, preparing materials for same, including Receiver's report to Court;	0.20	\$470.00	\$94.00
2024-07-23	AZELDIN	Begin drafting First Report, prepare schedules for same; Update discussion with B. Gelman;	3.70	\$470.00	\$1,739.00
2024-07-24	AZELDIN	Emails with C. Fell re status of First Report; Call with J. Wuthmann re sale approval motion matters, First Report, other related matters; Continue drafting First Report;	1.10	\$470.00	\$517.00

Milestone Marble & Granite Ltd.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Jul 28, 2024

Invoice No: <4662-1>

Billing Through: Jul 28, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

2024-07-25	AZELDIN	Review/update First Report; Call with L. Moscone re assumed liabilities; Call with G. Phoenix re sale approval motion matters, transaction matters; Emails/call with J. Wuthmann re transaction matters, First Report;	2.60	\$470.00	\$1,222.00
2024-07-26	AZELDIN	Review/update First Report, emails with J. Wuthmann re same;	0.80	\$470.00	\$376.00

Total Fees: \$35,210.00

HST/GST: \$4,577.31

Summary by Staff:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Adam Zeldin (Vice President, CPA CIRP LIT)	69.20	\$470.00	\$32,524.00
Bryan A. Gelman (Principal, CIRP LIT)	1.80	\$500.00	\$900.00
Ianina Raguimov (LIT, CIRP)	1.90	\$470.00	\$893.00
Mahmood Shafique (Associate)	0.30	\$385.00	\$115.50
Tom McElroy (Director, CPA CBV CIRP LIT)	0.10	\$575.00	\$57.50
Terry Scott (CPA)	1.80	\$400.00	\$720.00

Disbursements:

Non-Taxable Disbursements

SEARCH FEES:	\$48.00
TRAVEL:	\$63.84

Taxable Disbursements

OTHER MISC.:	\$1,250.00
SEARCH FEES:	\$360.00

Total Disbursements: \$1,721.84

HST/GST: \$209.30

Amount Due This Invoice: \$41,718.45

Invoice Summary:

TOTAL FEES AND DISBURSEMENTS:	\$36,931.84
TOTAL HST/GST:	\$4,786.61
TOTAL AMOUNT DUE:	\$41,718.45

Payment of this account is due on receipt
HST Registration # 83741 9514 RT0001

Milestone Marble & Granite Ltd.
8181 Jane St., Unit 2
Concord, ON

Attention: Mrs. Laura Moscone

Invoice

Invoice Date: Jul 28, 2024

Invoice No: <4662-1>

Billing Through: Jul 28, 2024

File ID: MILESTONEMARBLE-ON

Re: Milestone Marble and Granite Ltd.

HST/GST No. 83741 9514 RT 0001

This is Exhibit "C" referred to in the Affidavit of
Bryan Gelman, sworn before me on
July 30, 2024



Mahmood Shafique

SZ36BU9EMGJZ3PB6

Commissioner for Taking Affidavits, etc.

Mahmood Shafique, Commissioner of Oaths

For the Province of Ontario

Expires January 2, 2027

Albert Gelman Inc.

Exhibit C

**In its capacity as Receiver and Manager of
Milestone Marble & Granite Ltd.
And not in its personal or corporate capacity
Statement of Accounts**

Staff member	Position	Hours worked	Avg. Hourly rate	Total
			(\$)	(\$)
Bryan Gelman, CIRP, LIT	Senior Managing Director	8.8	571.59	5,030.00
Tom McElroy, CPA, CA, CBV, CIRP, LIT	Managing Director	0.1	575.00	57.50
Adam Zeldin, CPA, CA, CIRP, LIT	Vice President	82.5	470.00	38,775.00
Terry Scott, CPA	Senior Associate	1.8	400.00	720.00
I. Raguimov, CIRP, LIT	Senior Associate	5.3	421.89	2,236.00
Mahmood Shafique	Associate	0.3	385.00	115.50
		98.8	475.04	46,934.00

APPENDIX “E”

Court File No. CV-24-00720368-00CL

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

B E T W E E N:

MILESTONE DISTRIBUTION 2024 LTD.

Applicant

– and –

MILESTONE MARBLE & GRANITE LTD.

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 242(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED and
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, as amended

FEE AFFIDAVIT OF CAITLIN FELL

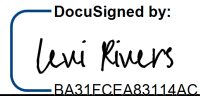
I, **CAITLIN FELL**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am a Partner with the law firm Reconstruct LLP (“**RECON**”) and therefore have knowledge of the matters set out in this affidavit. Where this affidavit is based on information and belief, I have stated the source of my information and believe it to be true.
2. RECON are lawyers of record for Albert Gelman Inc. in its capacity as Court-appointed receiver and manager of the Applicant (in such capacity, the “**Receiver**”).
3. RECON has prepared statements of account (the “**Accounts**”) in connection with its mandate as counsel to the Receiver, detailing its fees and disbursements incurred for the period from December 19, 2023 to July 28, 2024 (the “**Billing Period**”). Attached as **Exhibit “A”** are copies of the Accounts.

8. This affidavit is sworn in support of the Applicant's motion for, *inter alia*, approval of the fees and disbursements of RECON as counsel to the Receiver, and for no other improper purpose.

CAITLIN FELL

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT OF **CAITLIN FELL**
SWORN BEFORE ME AT THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO
THIS 29TH DAY OF JULY, 2024.

DocuSigned by:

BA31FCEA83114AC

A COMMISSIONER FOR TAKING AFFIDAVITS
LEVI RIVERS

**INVOICE**

Invoice # 495989
 Date: 02/13/2024
 Due On: 03/14/2024

120 Adelaide Street West, Suite 2500
 Toronto, ON
 M5H 1T1
 T: 416.613.8280
 F: 416.613.8290

Albert Gelman Inc.
 100 Simcoe Street, Suite 125
 Toronto, ON
 M5H 3G2

00388-Albert Gelman Inc.**Milestone Marble & Granite Ltd.****Services**

Date	Description	Hours	Rate	Total	LP
12/19/2023	Call with B. Gelman and clients re: Milestone Tire.	0.80	\$705.00	\$564.00	CF
01/11/2024	Review of security of Falcon and Laura; call with clients re: same with G. Phoenix.	2.40	\$705.00	\$1,692.00	CF
01/23/2024	Emails to B. Gelman and Milestone re: security. Reviewing security.	0.80	\$705.00	\$564.00	CF
01/30/2024	Conducting review of security on Falcon; Group of Six and Laure Moscone; and drafting security reviews re: same.	1.80	\$705.00	\$1,269.00	CF
01/31/2024	Conducting review of security on Falcon; Group of Six and Laure Moscone; and drafting security review re: same. emails to B. Gelman re: falcon security and emails to L. Moscone re: promissory note of Group of Six	1.40	\$705.00	\$987.00	CF
Quantity Subtotal					7.2
Services Subtotal					\$5,076.00

Expenses

Date	Type	Description	Quantity	Rate	Total	Total
01/30/2024	Expense	Centro Legal Searches: PPSA search and Certificate of status on Milestone Marble	1.00	\$96.15	\$96.15	\$108.65

Granite Ltd						
01/30/2024	Expense	Centro Legal Searches: Corp profile search on Milestone Marble & Granite Ltd.	1.00	\$41.90	\$41.90	\$47.35
Expenses Subtotal						\$138.05

Time Keeper	Hours	Rate	Total
Caitlin Fell	7.2	\$705.00	\$5,076.00
Quantity Total			7.2
Subtotal			\$5,214.05
Tax (13.0%)			\$677.83
Total			\$5,891.88
Payment (04/02/2024)			-\$5,891.88
Balance Owing			\$0.00

Detailed Statement of Account

Other Invoices

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496154	05/10/2024	\$398.33	\$0.00	\$398.33
496323	07/06/2024	\$4,138.06	\$0.00	\$4,138.06
496409	08/04/2024	\$2,802.40	\$0.00	\$2,802.40

Interest On Other Invoices

Original Invoice	Due On	Amount Due	Payments Received	Balance Due
496323	08/06/2024	\$34.01	\$0.00	\$34.01

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
495989	03/14/2024	\$5,891.88	\$5,891.88	\$0.00
Outstanding Balance				\$7,372.80

Total Amount Outstanding	\$7,372.80
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Please make all amounts payable to: Reconstruct LLP

Please pay within 30 days.

HST No.: 737783274 RT 0001



INVOICE

Invoice # 496154
Date: 04/10/2024
Due On: 05/10/2024

120 Adelaide Street West, Suite 2500
Toronto, ON
M5H 1T1
T: 416.613.8280
F: 416.613.8290

Albert Gelman Inc.
100 Simcoe Street, Suite 125
Toronto, ON
M5H 3G2

00388-Albert Gelman Inc.

Milestone Marble & Granite Ltd.

Date	Description	Hours	Rate	Total	LP
03/04/2024	Call with A. Zeldin re: shareholders loans	0.50	\$705.00	\$352.50	CF
Quantity Subtotal					0.5

Time Keeper	Hours	Rate	Total
Caitlin Fell	0.5	\$705.00	\$352.50
Quantity Total			0.5
Subtotal			\$352.50
Tax (13.0%)			\$45.83
Total			\$398.33

Detailed Statement of Account

Other Invoices

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496323	07/06/2024	\$4,138.06	\$0.00	\$4,138.06

496409	08/04/2024	\$2,802.40	\$0.00	\$2,802.40
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Interest On Other Invoices

Original Invoice	Due On	Amount Due	Payments Received	Balance Due
496323	08/06/2024	\$34.01	\$0.00	\$34.01

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496154	05/10/2024	\$398.33	\$0.00	\$398.33

Outstanding Balance	\$7,372.80
Total Amount Outstanding	\$7,372.80

Please make all amounts payable to: Reconstruct LLP

Please pay within 30 days.

HST No.: 737783274 RT 0001

Remittance Advice

Wire Transfer Information

Bank Name/Address: Royal Bank of Canada
Main Branch - Toronto
Royal Bank Plaza
200 Bay Street
Toronto, ON M5J 2J5

Account Number: 1570423
Transit Number: 00002
Bank Number: 003

Name/Account #: Reconstruct LLP

SWIFT: ROYCCAT2

Payment by e-transfer: accountspayable@reconllp.com

Payment by Credit Card: Please call 416.613.8280 to make a payment.

Please include the invoice number 496154 as an additional reference so we may accurately identify and apply your payment.
Please provide adequate payment to cover the wire fees assessed by your financial institution.



INVOICE

Invoice # 496323
Date: 06/06/2024
Due On: 07/06/2024

120 Adelaide Street West, Suite 2500
Toronto, ON
M5H 1T1
T: 416.613.8280
F: 416.613.8290

Albert Gelman Inc.
100 Simcoe Street, Suite 125
Toronto, ON
M5H 3G2

00388-Albert Gelman Inc.

Milestone Marble & Granite Ltd.

Date	Description	Hours	Rate	Total	LP
05/01/2024	Reviewing stalking horse documents; reviewing corporate search; revising affidavit;	1.30	\$485.00	\$630.50	AO
05/03/2024	Review and comment on sale process and stalking horse bid; emails to A. Zeldin re: same.	1.80	\$705.00	\$1,269.00	CF
05/06/2024	Emails to G. Phoenix re comments on stalking horse bid and sale process.	0.80	\$705.00	\$564.00	CF
05/09/2024	Review comments on affidavit and emails with L. Overton re same.	0.80	\$705.00	\$564.00	CF
05/13/2024	Review of draft receivership order and call with A. Zeldin re: same. Emails to G. Phoenix.	0.70	\$705.00	\$493.50	CF
05/27/2024	Emails re timing of service of receiver's report.	0.20	\$705.00	\$141.00	CF
Quantity Subtotal					5.6

Time Keeper	Hours	Rate	Total
Caitlin Fell	4.3	\$705.00	\$3,031.50
Alexander Overton	1.3	\$485.00	\$630.50
Subtotal			\$3,662.00

Interest

Type	Date	Description	Total
Interest	07/07/2024	Interest on overdue invoice #496323	\$34.01
Interest Subtotal			\$34.01
Quantity Total			5.6
Subtotal			\$3,662.00
Tax (13.0%)			\$476.06
Interest			\$34.01
Total			\$4,172.07

Detailed Statement of Account

Other Invoices

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496154	05/10/2024	\$398.33	\$0.00	\$398.33
496409	08/04/2024	\$2,802.40	\$0.00	\$2,802.40

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496323	07/06/2024	\$4,172.07	\$0.00	\$4,172.07
Outstanding Balance				\$7,372.80
Total Amount Outstanding				\$7,372.80

Please make all amounts payable to: Reconstruct LLP

Please pay within 30 days. 10.0% simple annual interest will be charged every 30 days.

HST No.: 737783274 RT 0001

Remittance Advice

Wire Transfer Information

Bank Name/Address: Royal Bank of Canada
Main Branch - Toronto
Royal Bank Plaza
200 Bay Street
Toronto, ON M5J 2J5

Account Number: 1570423
Transit Number: 00002
Bank Number: 003

Name/Account #: Reconstruct LLP

SWIFT: ROYCCAT2

Payment by e-transfer: accountspayable@reconllp.com

Payment by Credit Card: Please call 416.613.8280 to make a payment.

Please include the invoice number 496323 as an additional reference so we may accurately identify and apply your payment.
Please provide adequate payment to cover the wire fees assessed by your financial institution.



INVOICE

Invoice # 496409
Date: 07/05/2024
Due On: 08/04/2024

120 Adelaide Street West, Suite 2500
Toronto, ON
M5H 1T1
T: 416.613.8280
F: 416.613.8290

Albert Gelman Inc.
100 Simcoe Street, Suite 125
Toronto, ON
M5H 3G2

00388-Albert Gelman Inc.

Milestone Marble & Granite Ltd.

Date	Description	Hours	Rate	Total	LP
06/07/2024	Review and modification of the pre-filing report; review of draft orders; correspondence with the trustee regarding the report and security opinions.	2.40	\$575.00	\$1,380.00	JW
06/07/2024	Emails re: report of the receiver. Calls with J. Wuffman re: same.	0.50	\$705.00	\$352.50	CF
06/11/2024	Review of applicants Factum.	0.20	\$575.00	\$115.00	JW
06/12/2024	Preparation for and attendance at the receivership application.	0.70	\$575.00	\$402.50	JW
06/17/2024	Review and modification of the NDA.	0.40	\$575.00	\$230.00	JW
Quantity Subtotal					4.2

Time Keeper	Hours	Rate	Total
Caitlin Fell	0.5	\$705.00	\$352.50
Jessica Wuthmann	3.7	\$575.00	\$2,127.50
Quantity Total			4.2
Subtotal			\$2,480.00
Tax (13.0%)			\$322.40
Total			\$2,802.40

Detailed Statement of Account

Other Invoices

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496154	05/10/2024	\$398.33	\$0.00	\$398.33
496323	07/06/2024	\$4,138.06	\$0.00	\$4,138.06

Interest On Other Invoices

Original Invoice	Due On	Amount Due	Payments Received	Balance Due
496323	08/06/2024	\$34.01	\$0.00	\$34.01

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496409	08/04/2024	\$2,802.40	\$0.00	\$2,802.40
Outstanding Balance				\$7,372.80
Total Amount Outstanding				\$7,372.80

Please make all amounts payable to: Reconstruct LLP

Please pay within 30 days. 10.0% simple annual interest will be charged every 30 days.

HST No.: 737783274 RT 0001

Remittance Advice

Wire Transfer Information

Bank Name/Address: Royal Bank of Canada
Main Branch - Toronto
Royal Bank Plaza
200 Bay Street
Toronto, ON M5J 2J5

Account Number: 1570423
Transit Number: 00002
Bank Number: 003

Name/Account #: Reconstruct LLP

SWIFT: ROYCCAT2

Payment by e-transfer: accountspayable@reconllp.com

Payment by Credit Card: Please call 416.613.8280 to make a payment.

Please include the invoice number 496409 as an additional reference so we may accurately identify and apply your payment.
Please provide adequate payment to cover the wire fees assessed by your financial institution.

**INVOICE**

Invoice # 496512
Date: 07/29/2024
Due On: 08/28/2024

120 Adelaide Street West, Suite 2500
Toronto, ON
M5H 1T1
T: 416.613.8280
F: 416.613.8290

Albert Gelman Inc.
100 Simcoe Street, Suite e 125
Toronto, ON
M5H 3G2

00388-Albert Gelman Inc.**Milestone Marble & Granite Ltd.**

Date	Description	Hours	Rate	Total	LP
07/08/2024	Correspondence with A. Zeldin regarding the sale process.	0.10	\$575.00	\$57.50	JW
07/09/2024	Review of the sale process and correspondence with client regarding same; beginning to draft the notice of motion.	0.40	\$575.00	\$230.00	JW
07/17/2024	Teleconference with A. Zeldin regarding outcome of sale process; email correspondence with A. Zeldin on the outcome of the sale process.	0.50	\$575.00	\$287.50	JW
07/18/2024	Correspondence with client regarding the relief for the august 9th motion and the schedule to prepare materials for same.	0.10	\$575.00	\$57.50	JW
07/24/2024	Correspondence with client; preparing the draft ancillary order and approval and vesting order; review and analysis of the SPA.	2.20	\$575.00	\$1,265.00	JW
07/25/2024	Teleconference with the client regarding the strategy for the upcoming motion.	0.30	\$575.00	\$172.50	JW
07/25/2024	Teleconference with the Receiver regarding the draft report and orders being sought.	0.20	\$575.00	\$115.00	JW
07/26/2024	Modifying draft orders; beginning to review receiver's report.	0.90	\$575.00	\$517.50	JW
07/28/2024	Review and modification of the draft report.	1.90	\$575.00	\$1,092.50	JW
Quantity Subtotal					6.6

Time Keeper	Hours	Rate	Total
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Jessica Wuthmann	6.6	\$575.00	\$3,795.00
Quantity Total			6.6
Subtotal			\$3,795.00
Tax (13.0%)			\$493.35
Total			\$4,288.35

Detailed Statement of Account

Other Invoices

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496154	05/10/2024	\$398.33	\$0.00	\$398.33
496323	07/06/2024	\$4,138.06	\$0.00	\$4,138.06
496409	08/04/2024	\$2,802.40	\$0.00	\$2,802.40

Interest On Other Invoices

Original Invoice	Due On	Amount Due	Payments Received	Balance Due
496323	08/06/2024	\$34.01	\$0.00	\$34.01

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
496512	08/28/2024	\$4,288.35	\$0.00	\$4,288.35
Outstanding Balance				\$11,661.15
Total Amount Outstanding				\$11,661.15

Please make all amounts payable to: Reconstruct LLP

Please pay within 30 days. 10.0% simple annual interest will be charged every 30 days.

HST No.: 737783274 RT 0001

Remittance Advice

Wire Transfer Information

Bank Name/Address: Royal Bank of Canada
Main Branch - Toronto
Royal Bank Plaza
200 Bay Street
Toronto, ON M5J 2J5

Account Number: 1570423
Transit Number: 00002
Bank Number: 003

Name/Account #: Reconstruct LLP

SWIFT: ROYCCAT2

Payment by e-transfer: accountspayable@reconllp.com

Payment by Credit Card: Please call 416.613.8280 to make a payment.

Please include the invoice number 496512 as an additional reference so we may accurately identify and apply your payment.
Please provide adequate payment to cover the wire fees assessed by your financial institution.

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT OF **CAITLIN FELL**
SWORN BEFORE ME AT THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO
THIS 29TH DAY OF JULY, 2024.

DocuSigned by:

BA31ECEA83114AC

A COMMISSIONER FOR TAKING AFFIDAVITS
LEVI RIVERS

Summary of Accounts of Reconstruct LLP

(From December 19, 2023 to July 28, 2024)

SUMMARY OF TIMEKEEPERS		
Legal Professional	Year of Call	Hourly Rate
Caitlin Fell, Partner	2010	\$705
Jessica Wuthmann, Counsel	2017	\$575
Alexander Overton	2022	\$485

Billing Summary		
	Total Hours for C. Fell:	12.5
	Total Professional Fees for C. Fell:	\$8,812.50
	Total Hours for J. Wuthmann:	10.3
	Total Professional Fees for J. Wuthmann:	\$5,922.5
	Total Hours for A. Overton:	1.3
	Total Professional Fees for A. Overton:	\$630.5
	Total Hours:	24.1
	Average Hourly Rate:	\$643.3
	Professional fees:	\$15,503.55
	Disbursements:	138.05
	Sub-Total	\$15,641.6
	HST	2,015.47
	TOTAL PROFESSIONAL FEES:	\$17,657.07

MILESTONE DISTRIBUTIONS 2024 LTD.

and

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at Toronto

FEE AFFIDAVIT OF CAITLIN FELL

RECONSTRUCT LLP
Richmond-Adelaide Centre
120 Adelaide Street West, Suite 2500
Toronto, ON M5H 1T1

Caitlin Fell LSO No. 60091H
cfell@reconllp.com
Tel: 416.613.8282

Jessica Wuthmann LSO No. 72442W
jwuthmann@reconllp.com
Tel: 416.613.8288
Fax: 416.613.8290

**Lawyers for Alberta Gelman Inc., in its
capacity as the court-appointed Receiver of
Milestone Marble & Granite Ltd.**