

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
[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 THE PROPOSAL OF 1821372 ONTARIO LIMITED
CARRYING ON BUSINESS AS THE KENNEDY PUBLIC HOUSE,
HAVING ITS HEAD OFFICE IN THE CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO

PROPOSAL TO CREDITORS

1821372 ONTARIO LIMITED o/a The Kennedy Public House, hereby submits the following Proposal under the *Bankruptcy and Insolvency Act* (Canada).

Definitions

1. For the purposes of this Proposal, the following terms shall have the following meaning:
 - (a) **“Act”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - (b) **“Amended Proposal”** means the amended proposal to be filed by the Debtor;
 - (c) **“Claim”** means a claim provable in proceedings under the Act;
 - (d) **“Court”** means the Ontario Superior Court of Justice, in Bankruptcy and Insolvency;
 - (e) **“Court Approval Date”** means the date upon which the Court makes an Order approving the Amended Proposal;
 - (f) **“Creditor”** has the meaning ascribed to that term in the Act;
 - (g) **“Date of Filing”** means May 8, 2017, being the date on which the Notice of Intention to Make a Proposal was filed with the Official Receiver in Toronto in accordance with the Act;
 - (h) **“Debtor”** means 1821372 Ontario Limited o/a The Kennedy Public House;



- (i) **“Inspectors”** means one or more inspectors appointed pursuant to the Act as provided for in the Proposal;
- (j) **“Preferred Creditors”** means those unsecured creditors of the Debtor whose Claims are entitled to be paid in priority to the Claims of Ordinary Creditors as provided under section 136 of the Act;
- (k) **“Proposal Date”** means the date of this Proposal, June 5, 2017;
- (l) **“Secured Creditor”** has the meaning ascribed to that term in the Act;
- (m) **“Trustee”** means MNP Ltd., in its capacity as Trustee under this Proposal;
- (n) **“Unsecured Creditors”** means those persons with ordinary unsecured Claims as at the Date of Filing, including contingent or unliquidated Claims arising out of any transaction entered into prior to the Date of Filing, which are proven in accordance with the Act and which are not secured or preferred under or pursuant to the Act.

Intent

2. This is a holding Proposal. The intent of this holding Proposal is to allow the Debtor sufficient additional time to complete a sale of its business and assets on a going concern basis, the proceeds of which will enable the Debtor to file an Amended Proposal that would provide the Creditors as a whole with a greater recovery compared to any recovery that might be realized under a bankruptcy.

Classes of Creditors

3. For the purposes of voting on the Proposal, only the Unsecured Creditors will be entitled to vote on the Proposal. There shall be one (1) class of Unsecured Creditors.

Treatment of Creditors Claims

4. **Secured Creditors** – The Claim of each Secured Creditor shall be paid by the Debtor in accordance with agreements between the Debtor and the Secured Creditor or as otherwise agreed between the Secured Creditor and the Debtor. For greater clarity, each Secured Creditor shall not be affected by the Proposal or the Proposal proceedings commenced by the Debtor under the Act.

5. **Preferred Creditors** – The time and provision for payment of all Claims of Preferred Creditors shall be set out in the Amended Proposal, provided that, pursuant to the Amended Proposal, all proven preferred Claims as set out in section 136 of the Act, if any, will be paid in full without interest in priority to all Claims of Unsecured Creditors and in accordance with the scheme of distribution set out in the Act; provided, however, that preferred Claims of any employees and any former employees equal to the amounts that they would be qualified to receive under subparagraph 136(1)(d) of the Act if the Debtor became bankrupt on the Date of Filing, shall - be paid immediately after the Court Approval Date. For greater certainty, amounts due or which may become due pursuant to this paragraph do not include Claims for severance or termination pay.



6. **Unsecured Creditors** – The time and provision for payment of all Claims of Unsecured Creditors shall be set out in the Amended Proposal.

Crown Claims

7. Payment of the Claims, if any, of Her Majesty in Right of Canada or a province in existence at the Date of Filing and of a kind that could be subject to a demand under:

- (a) Section 224(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the *Income Tax Act* (Canada) and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the employment insurance act, and of any related interest, penalties or other amount; or
- (c) any substantially similar provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act* (Canada), or that refers to that subsection,

shall be paid by the Debtor within six months following the Court Approval Date.

Post-filing Goods and Services

8. Claims arising in respect of goods supplied, services rendered or other consideration given to the Debtor subsequent to the Date of Filing shall be paid in full by the Debtor in the ordinary course of business, and on regular trade terms.

Claims against Directors of the Debtor

9. The Creditors hereby agree that, immediately upon performance of the Amended Proposal by the Debtor, all Claims against the directors of the Debtor that arose before the Date of Filing and that relate to the obligations of the Debtor where the directors are by law liable in their capacity as directors for payment of such obligations, shall be compromised and extinguished.

Preferences and Transfers at Under Value

10. Section 95 through and including section 101 of the Act will not apply to this Proposal or the Amended Proposal.

Inspectors

11. The Creditors may appoint one or more, but not more than five, inspectors under this Proposal whose powers shall be restricted to advising the Trustee in matters that may be referred to them by the Trustee.

Administrative Fees and Expenses

12. All the fees, expenses, legal fees and disbursements of the Trustee and the Debtor on and incidental to the Proposal and the proceedings arising out of the Proposal shall be paid in



priority to all Claims of Unsecured Creditors, and shall be a first charge on the consideration offered to the Unsecured Creditors under the Amended Proposal.

Proposal Trustee

13. MNP Ltd. shall be the Trustee under this Proposal. The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity, and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the obligations of the Debtor, whether existing as at the Date of Filing or incurred subsequent thereto.

Amendment of Proposal

14. This Proposal may be amended by the Debtor with the consent of the Trustee at any time prior to the conclusion of the meeting of Creditors called to consider the Proposal, provided that any amendment made pursuant to this paragraph shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment, and further provided that any and all amendments shall be deemed to be effective as of the Date of Filing.

Dated this 5th day of June, 2017.

1821372 Ontario Limited

Per:


Name: Michael Derbyshire
Title: President

I have authority to bind the corporation.