

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

BETWEEN:

MERIDIAN CREDIT UNION LIMITED

Applicant

- and -

**2225909 ONTARIO INC. and 2397495 ONTARIO LTD. and 2619342 ONTARIO INC.
and AL-BAASIT FOODS INC. and AL-HAADI FOODS INC. and AL-HAQQ FOODS
INC. and AL-KHALIQ FOODS INC. and AL-MUEED FOODS INC. and AL-RAZZAAQ
FOODS INC. and AL-WAALI FOODS INC. and AL-WAKEEL FOODS INC. and AN-
NAAFI FOODS INC. and MIFK FOODS INC. and Y & F FOOD CORPORATION LTD.**

Respondents

**FIRST REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED,
IN ITS CAPACITY AS COURT APPOINTED INTERIM RECEIVER**

November 10, 2025

Table of Contents

	<u>Page</u>
INTRODUCTION AND PURPOSE OF REPORT	1
Introduction	1
Background	1
Purpose of this Report	4
Scope and Terms of Reference	5
ACTIVITIES OF THE RECEIVER	5
MARKETING PROCESS	6
RECOMMENDATIONS	8

Listing of Appendices

- Appendix I - Order of the Honourable Justice Osborne of the Ontario Superior Court of Justice
- Appendix II - PLK Termination Notice

INTRODUCTION AND PURPOSE OF REPORT

Introduction

1. On October 10, 2025, on an application by Meridian Credit Union Limited (“**Meridian**”), BDO Canada Limited (“**BDO**”) was appointed as the court-appointed interim receiver (in such capacity, the “**Interim Receiver**”) of 2225909 Ontario Inc., 2397495 Ontario Ltd., 2619342 Ontario Inc., Al-Baasit Foods Inc., Al-Haadi Foods Inc., Al-Haqq Foods Inc., Al-Khaliq Foods Inc., Al-Mueed Foods Inc., Al-Razzaaq Foods Inc., Al-Waali Foods Inc., Al-Wakeel Foods Inc., An-Naafi Foods Inc., MIFK Foods Inc., Y & F Food Corporation Ltd. (collectively the “**IR Parties**”) pursuant to an Order (the “**IR Order**”) of the Honourable Justice Osborne of the Ontario Superior Court of Justice (the “**Court**”). A copy of the IR Order is attached hereto as **Appendix “I”**.
2. The IR Parties were franchisees of Popeyes Louisiana Kitchen Inc. (“**PLK**”), a division of Restaurant Brands International (“**RBI**”), each operating its own Popeyes Louisiana Chicken franchise.
3. This first report of the Interim Receiver dated November 10, 2025 (the “**First Report**”), and other court materials and orders issued and filed in these receivership proceedings, are available on the Receiver’s case website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/popeyes>
4. The Interim Receiver has also prepared and filed with the Court, subject to a request for sealing Order, a Confidential Supplemental Report to the First Report dated November 10, 2025 (the “**Confidential Supplemental Report**”), which should be read by the Court in conjunction with this First Report and will assist the Court in considering the relief being sought herein.

Background

5. The IR Parties operated individual Popeyes Louisiana Chicken franchises from the following locations:
 - 1) Y&F Food Corp. (“**Y&F**”) - 2633 Lawrence Ave. East, Scarborough, Ontario;
 - 2) Al-Khaliq Foods Inc. (“**AKF**”) - 790 Military Trail, Units#4 & 9, Scarborough, Ontario;

- 3) Al-Waali Foods Inc. (“**AWF Lawrence**”) - 5500 Lawrence Ave. East, Scarborough, Ontario;
- 4) Al-Baasit Foods Inc. (“**ABF**”) - 2030 Ellesmere Rd, Unit#1, Scarborough, Ontario;
- 5) MIFK Foods Inc. (“**MIFK**”) - 3740 Midland Ave, Unit#4, Scarborough, Ontario;
- 6) Al-Haadi Foods Inc. (“**AHF Overlea**”) - 62 Overlea Blvd., Bldg A, Unit 1, Scarborough, Ontario;
- 7) Al-Mueed Foods Inc. (“**AMF**”) - 7163 Yonge St., Unit 124 A-F, Markham, Ontario;
- 8) Al-Razzaaq Foods Inc. (“**ARF**”) - 169 Enterprise Blvd., Markham, Ontario;
- 9) 2397495 Ontario Inc. (“**239Ont**”) - 432 The Queensway S, Keswick, Ontario;
- 10) 2619342 Ontario Inc. (“**261Ont**”) - 208 Queens Quay West, Units#5&6, Toronto, Ontario
- 11) Al-Haqq Foods Inc. (“**AHF**”) - 194 Queens Quay East, Units #3&4, Toronto, Ontario;
- 12) Al-Wakeel Foods Inc. (“**AWF**”) - 3591 Sheppard Ave. East, Scarborough, Ontario;
- 13) An-Naafi Foods Inc. (“**ANF**”) - 85 Ellesmere Rd. Parkway Mall, Scarborough, Ontario; and
- 14) 2225909 Ontario Inc. (“**222Ont**”) - 6125 Yonge St., Toronto, Ontario

(collectively, the “**Franchise Locations**”, individually the “**Location**”)

6. Irfan Memon (“**Memon**”) is a director of the IR Parties, with the exception of ANF. Memon’s spouse, Kausar Fatima (“**Fatima**”), is the director of ANF.
7. Prior to the IR Order, in May 2025, Meridan had engaged BDO as its consultant to review and assess, *inter alia*, the IR Parties financial position as the IR Parties were in default of their obligations to Meridan.
8. BDO’s consulting engagement ceased in June 2025 due, in part, to the lack of transparency from Memon and Fatima and a lack of complete and accurate financial information for the IR parties.
9. Meridan and the IR Parties subsequently entered into a Forbearance Agreement while Memon attempted to market and sell the various franchise operations.
10. On September 18, 2025, PLK served Memon with a Notice of Termination and Demand for Compliance (“**PLK Termination Notice**”) over all the IR Parties, with the exception of ANF. The PLK Termination Notice terminated all franchise agreements with the IR Parties,

detailing the numerous financial and other defaults. A copy of the PLK Termination Notice is attached as **Appendix “II”**.

11. The IR Parties ceased operating their respective franchise locations shortly thereafter. ANF was not affected by the PLK Termination Notice and continues to operate as of the date of this First Report, although it is subject to the IR Order.
12. In addition to the defaults noted in the PLK Termination Notice, the IR Parties were in default to numerous landlords, resulting in those landlords terminating the leases of various locations, prior to the IR Order, including:
 - 1) AWF;
 - 2) AHF; and
 - 3) 261Ont.
13. 222Ont’s lease expired and was not renewed. PLK advised the Interim Receiver that 6125 Yonge Street is scheduled for demolition in coming years, and it was determined there was no economic value to renew the lease at this time.
14. Shortly after the PLK Termination Notice, Meridian engaged with BDO and PLK to discuss status of Franchise Locations and options to work collaboratively to sell and convey the restaurant assets and business operations in the former franchises of the IR Parties (the **“Property”**).
15. RBI expressed concerns regarding, among other things:
 - (i) the potential negative impact on the PLK systems due to the actions of the IR Parties;
 - (ii) the actions of the former employees of the IR Parties, including picketing in front of the Franchise Locations and vocalizing the non-payment of wages for an extended period; and
 - (iii) the substantial indebtedness of the IR Parties to Canada Revenue Agency (**“CRA”**).
16. Meridian and BDO proposed to PLK to allow BDO to immediately begin marketing the Property and Franchise Locations, under a court process and subject to PLK’s approval of

the proposed new franchisee, to stabilize the current situation, prevent landlords from taking further action and preserve current value, if any, in the Property and Franchise Locations.

17. Accepted offers would ultimately be conveyed under a receivership administration.
18. BDO further explained to PLK a formal process would allow the Property to be conveyed free and clear of encumbrances to a new franchisee, and the former employees would benefit from the administration of the Wage Earner Protection Program (“WEPP”). PLK agreed on the proposed process, however, expressed concern that time was of the essence to preserve any goodwill.
19. Meridian subsequently brought this interim receivership application to:
 - (i) Stay landlords of Franchise Locations where leases had not been terminated;
 - (ii) Allow the Interim Receiver to market the Property to a targeted group of existing or new prospective franchisees previously approved by RBI; and
 - (iii) Elicit offers from the identified target list.
20. Accepted offers would be conditional solely upon: i) landlord consent to assignment of the current lease, or entering into a new lease (“**Landlord Consent Condition**”), ii) PLK approval of the successful purchaser as a franchisee or if currently a franchisee, the ability to expand operations, and iii) obtaining an approval and vesting order by a receiver for the contemplated transaction.
21. The current IR Order expires November 14, 2025 and the return date for the receivership application was set as November 12, 2025.
22. As explained further below, the Interim Receiver has marketed the Property, however, successful bidders require additional time to finalize the respective lease assignments with landlords. PLK has provided their consent for the Interim Receiver’s recommended purchasers and proposed transaction for each Franchise Location.

Purpose of this Report

23. The purpose of this First Report is to:

- (a) update the Court on the Interim Receiver's activities since the date of its appointment; and
- (b) Request an Order:
 - (i) approving this First Report, the Confidential Supplemental Report to the First Report ("**Confidential Supplemental Report**") and the conduct and actions of the Interim Receiver to date;
 - (ii) until the completion of the transactions contemplated herein or further Order of this Court, sealing the Confidential Supplemental Report and the appendices thereto, which contain commercially sensitive information;
 - (iii) extending these interim receivership proceedings from November 14, 2025 to December 5, 2025; and
 - (iv) authorizing such further and other relief as counsel may advise and this Honourable Court may permit.

Scope and Terms of Reference

- 24. The First Report has been prepared for the use of this Court as general information relating to the IR Parties and these interim receivership proceedings and to assist the Court in making a determination on whether to grant the relief sought herein. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Interim 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 for a purpose different than set out in this paragraph.
- 25. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.

ACTIVITIES OF THE RECEIVER

- 26. Since its appointment, the Interim Receiver has, *inter alia*:
 - a) served the IR Order upon Memon and demanded delivery of the books and records of the IR Parties;

- b) attended the Y&F, AKF, AWF Lawrence, ABF, MIFK, AHF Overlea, AMF, ARF, and 239Ont Franchise Locations and arranged to have the locks changed. The landlord for Y&F previously changed the locks and was co-operative with the Interim Receiver in providing a key;
- c) Communicated with CRA regarding the IR Order and requested an updated accounting of the various program accounts of the IR Parties;
- d) Held numerous communications with all respective landlords, including those with terminated leases, and advised on the process, timing of the marketing and hopeful sale of the Franchise Locations;
- e) Notified the hydro utility company of the IR Order and stay imposed;
- f) Made per diem rent payments to landlords requesting rent payments;
- g) Arranged to dispose of certain perishable items located amongst the Franchise Locations;
- h) Arranged for the removal of exterior waste disposal bins at the Franchise Locations to prevent unauthorized dumping and rodent attraction;
- i) Held numerous discussions with interested parties for the sale of the Property; and
- j) Communicated and kept Meridian and PLK apprised of marketing efforts and interest in the Property.

MARKETING PROCESS

- 27. Considering the nature of the assets, the costs to maintain rent for certain Franchise Locations, and the preservation of remaining goodwill, if any, the Interim Receiver and PLK determined only currently approved franchisees or parties already approved to be franchisees would be invited to participate and given an opportunity to bid on the Property.
- 28. PLK's process of vetting a new franchisee is an extended and time-consuming process that would detract any value in the proposed marketing process and eventual sale and made it unfeasible to market to these parties.

29. With the assistance of PLK, and identification of prior interested parties through Memon's marketing attempts, the Interim Receiver identified approximately 41 parties (the "**Target Group**") that it communicated with and invited to participate and submit offers.
30. The Interim Receiver's communication with the Target Group included:
- (i) Confirmation of the Interim Receiver's appointment;
 - (ii) The proposed process for submissions of offers;
 - (iii) A copy of the Interim Receiver's templated Asset Purchase Agreement ("**APA**");
and
 - (iv) Instructions that offers were to be conditional only upon: i) Landlord Consent Condition, ii) PLK approval and iii) court approval.
31. The deadline for submissions of offers was set at 5 p.m. Monday October 27, 2025 (the "**Bid Deadline**").
32. Additionally, a total of twenty-one (21) confidentiality agreements were disseminated to those parties in the Target Group requesting due diligence materials for the Property. A number of other parties in the Target Group had previously received due diligence material from Memon and/or PLK, prior to the IR Order.
33. The Interim Receiver fielded various calls through the process from interested parties to assist with their due diligence and confirm logistics and timing.
34. The Interim Receiver kept PLK apprised of initial interest and which parties were completing their due diligence with an intent to submit an offer.
35. The Interim Receiver received a total of twenty (20) offers on the Bid Deadline.
36. The Interim Receiver reviewed the offers it received with Meridian. A number of offers submitted were similar in nature, and accordingly, it was determined to go back to these parties and provide them to 5 p.m. Wednesday October 29, 2025 ("**Second Bid Deadline**") to resubmit their best and final offer.
37. A total of eleven (11) parties resubmitted by the Second Bid Deadline. A summary of the offers received on the Bid Deadline and the Second Bid Deadline is attached as an appendix to the Confidential Supplemental Report.

38. The Interim Receiver and Meridan reviewed the re-submissions and initially identified five (5) recommended purchasers, subject to PLK's approval.
39. On October 31, 2025, the Interim Receiver, PLK and Meridian reviewed these offers and the Interim Receiver's recommendations. On November 4, 2025, PLK provided the Interim Receiver with a conditional approval letter for the five (5) purchasers of the Property.
40. On November 5, 2025, the Interim Receiver communicated with the parties that had submitted offers, advising them their offer was either accepted or, alternatively, rejected. The Interim Receiver proceeded to introduce the purchasers with accepted offers to the respective landlords of each specific Franchise Location to allow for the Landlord Consent Condition to be satisfied.
41. On November 7, 2025, the purchaser of the AKF Location, whose offer included five (5) of the Franchise Locations, advised they would be unable to come to terms with the landlord of that location based on their initial meeting with the landlord and accordingly would not be able to waive the Landlord Consent Condition. Their concern was based on a demolition clause in the lease that the landlord was not willing to remove. They would continue discussions with the landlords of the remaining four (4) Franchise Locations.
42. The Interim Receiver and PLK met to discuss the AFK Location and identified a party that had submitted an offer in the Interim Receiver's process, was approved by PLK, and was interested in the AKF Location, with the current lease terms. Accordingly, the Interim Receiver connected this purchaser with the landlord of the AKF Location.
43. As of the date of this First Report, there are six (6) prospective purchasers that continue to make arrangements with landlords to satisfy the Landlord Consent Condition of the APA's. The Interim Receiver is optimistic the purchasers will be in a position to waive the Landlord Consent Condition by November 14, 2025, or shortly thereafter.

RECOMMENDATIONS

44. The Interim Receiver has received viable offers for all the Property, to the satisfaction of both Meridian and PLK.
45. Purchasers continue to finalize arrangements with the respective landlords to allow them to waive the Landlord Consent Condition. The only remaining condition at that time would be court approval.

46. Additional time is required to allow the purchasers to complete these arrangements. It is the Interim Receiver's opinion that a receivership appointment is premature until such time as all offers firm up, subject only to court approval.
47. A receivership appointment would prematurely trigger unnecessary costs associated with a receiver's statutory duties, including WEPP, that in the event purchasers are unable to waive the Landlord Consent Condition, would not be incurred as a receiver's appointment would not be sought.
48. It is believed no party would be materially prejudiced if the requested extension to the Interim Receiver's appointment be granted.
49. The Interim Receiver recommends and respectfully requests that this Honourable Court make an Order as requested in paragraph 23(b) above.

All of which is respectfully submitted this 10th day of November, 2025

BDO CANADA LIMITED
in its capacity as Court-Appointed Interim Receiver
of 2225909 Ontario Inc., 2397495 Ontario Ltd., 2619342 Ontario Inc.,
Al-Baasit Foods Inc., Al-Haadi Foods Inc., Al-Haqq Foods Inc.,
Al-Khaliq Foods Inc., Al-Mueed Foods Inc., Al-Razzaaq Foods Inc.,
Al-Waali Foods Inc., Al-Wakeel Foods Inc., An-Naafi Foods Inc.,
MIFK Foods Inc., Y & F Food Corporation Ltd.
and without personal or corporate liability



Name: Peter Naumis, B. Comm., CIRP, LIT
Title: Vice President