

Court File No.: BK-24-03101800-0031
Estate File No.: 31-3101800

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN BANKRUPTCY & INSOLVENCY
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

MOTION RECORD
(returnable July 31, 2024)

July 24, 2024

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: (416) 863-4592

Robert J. Kennedy (LSO # 474070)
Tel: (416) 367-6756
robert.kennedy@dentons.com

Valerie Cross (LSBC # 511475)
Tel: 1-604-648-6541
valerie.cross@dentons.com

Lawyers for 125 Ferris Inc.

TO: SERVICE LIST

**Service List
as at July 24, 2024**

TO:	<p>DENTONS CANADA LLP 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1 Fax: (416) 863-4592</p> <p>Robert J. Kennedy Tel: (416) 367-6756 robert.kennedy@dentons.com</p> <p>Valerie Cross Tel: 1-604-648-6541 valerie.cross@dentons.com</p> <p>Sarah Lam Tel: 416-863-4689 sarah.lam@dentons.com</p> <p><i>Lawyers for 125 Ferris Inc.</i></p>
AND TO:	<p>KSV RESTRUCTURING INC. 220 Bay St. Suite 1300 Toronto, ON M5J 2W4</p> <p>Noah Goldstein Tel: 416-932-6207 ngoldstein@ksvadvisory.com</p> <p>Catherine Theriault Tel: 416-932-6018 ctheriault@ksvadvisory.com</p> <p><i>Proposal Trustee</i></p>
AND TO:	<p>AIRD & BERLIS LLP Brookfield Place 181 Bay St. #1800 Toronto, ON M5J 2T9</p> <p>Kyle Plunkett Tel: 416-865-3406 kplunkett@airdberlis.com</p> <p><i>Lawyers for the Proposal Trustee</i></p>

AND TO:	<p>THORNTON GROUT FINNIGAN LLP 100 Wellington St W #3200 Toronto, ON M5K 1K7</p> <p>Leanne Williams Tel: 416-304-0060 lwilliams@tgf.ca <i>Lawyers for Laurentian Bank of Canada</i></p>
AND TO:	<p>MINISTRY OF FINANCE Ministry of the Attorney General (Ontario) Collections Branch – Bankruptcy and Insolvency Unit 6-33 King Street West Oshawa, ON L1H 8H5 Tel: 1-866-668-8297 insolvency.unit@ontario.ca</p>
AND TO:	<p>ONTARIO REGIONAL OFFICE Department of Justice Canada 120 Adelaide Street West Suite #400 Toronto, ON M5H 1T1 AGC_PGC_TORONTO.TAX-FISC@JUSTICE.GC.CA</p>
AND TO:	<p>OFFICE OF THE SUPERINTENDENT IN BANKRUPTCY 151 Yonge St, 4th Floor Toronto ON M5C 2W7 osbservice-bsfservice@ised-isde.gc.ca</p>
AND TO:	<p>THE CORPORATION OF THE CITY OF NORTH BAY 200 McIntyre St., East P.O. Box 360 North Bay, ON P1B 8H8 customerservice@northbay.ca</p>

Email List

robert.kennedy@dentons.com; valerie.cross@dentons.com; sarah.lam@dentons.com;
ngoldstein@ksvadvisory.com; ctheriault@ksvadvisory.com; kplunkett@airdberlis.com;
lwilliams@tgf.ca; insolvency.unit@ontario.ca; AGC_PGC_TORONTO.TAX-FISC@JUSTICE.GC.CA; osbservice-bsfservice@ised-isde.gc.ca; customerservice@northbay.ca

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TAB 1

Court File No.: BK-24-03101800-0031

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

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

NOTICE OF MOTION
(returnable July 31, 2024)

125 Ferris Inc. (“**Ferris**” or the “**Company**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on July 31, 2024, at 9:30 a.m., or as soon after that time as the motion can be heard.

THE PROPOSED METHOD OF HEARING: The motion is to be heard

- In writing under subrule 37.12.1 (1) because it is (*insert one of* on consent, unopposed *or* made without notice);
- In writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.

at the following location

330 University Ave, Toronto, Ontario via Zoom (details to be provided by the Court at a later date).

THE MOTION IS FOR:

1. An Order substantially in the form attached as **Tab 3** of the Company’s Motion Record, providing the following relief:

- (a) abridging the time for service of this motion and motion record and dispensing with service on any person other than those served;
 - (b) approving an interim financing facility (the “**Interim Financing Facility**”) in the maximum principal amount of \$235,000 to be made available to Ferris by the Interim Lender (as defined below);
 - (c) granting the following charges (the “**Charges**”) over the assets, property, and undertakings of Ferris (collectively, the “**Property**”), in priority to all other creditors of Ferris, and which shall have the relative priority as set out below:
 - (i) firstly, the Interim Lender shall be entitled to the benefit of a charge on the Property (the “**Interim Lender’s Charge**”), which charge shall not exceed an aggregate amount of \$235,000, plus interest, fees and costs, as security for the Interim Financing Facility; and
 - (ii) secondly, legal counsel to Ferris, the Proposal Trustee and legal counsel to the Proposal Trustee (the “**Professionals**”), shall be entitled to the benefit of a charge on the Property (the “**Administration Charge**”), which charge shall not exceed an aggregate amount of \$500,000 as security for their respective fees and disbursements incurred.
 - (d) extending the time for the Company to file a proposal pursuant to section 50.4(9) of the *BIA* from August 7, 2024, to 11:59 p.m. on September 21, 2024;
 - (e) approving a listing agreement for the Commercial Property (as defined below), with Jones Lang Lasalle Real Estate Services, Inc., including the related sale process;
 - (f) extending the stay of proceedings from August 7, 2024 to 11:59 p.m. on September 21, 2024; and
 - (g) such further and other relief as this Honourable Court may deem just.
2. All references in this motion are in Canadian dollars unless noted otherwise.

THE GROUNDS FOR THIS MOTION ARE:*The Company and the Commercial Property*

1. Ferris was formed primarily to hold legal title to lands, together with a commercial building, located at 125 Ferris Drive, North Bay, ON P1B 8Z4 and legally described in PIN 49177-0022 (LT) (the “**Commercial Property**”). Ferris was incorporated pursuant to the laws of the Province of Ontario on April 21, 2008.
2. The sole shareholder of Ferris is Gross Capital Inc., a corporation formed under the laws of Ontario. On June 25, 2021 Gross Capital Inc. filed an assignment in bankruptcy under the *BIA* and KSV Restructuring Inc. was appointed the Licensed Insolvency Trustee (in such capacity, the “**Bankruptcy Trustee**”).
3. Mark Craig Gross is the sole director of Ferris.
4. On March 7, 2024, Michael Di Iorio was appointed as restructuring advisor for Ferris, pursuant to a resolution of the Ferris shareholder.
5. Ferris was incorporated primarily to serve as nominee and bare trustee for a group of co-tenants who hold the beneficial ownership interest in the Commercial Property.
6. Ferris does not have any business operations or any assets, other than the Commercial Property, and the personal property arising from or used in connection with the Commercial Property (all of which is held for the benefit of the Co-Tenants pursuant to the Co-Tenancy Agreement).
7. From 2018 to 2022, Ferris has experienced revenues of approximately \$1.3 million. In 2023, revenue declined from \$1,332,328 (in 2022) to \$1,054,510.
8. Prime Real Estate Group Inc. (the “**Property Manager**”) is the property manager for the Commercial Property, responsible for maintenance, security and administration matters, including communicating with tenants and day-to-day management for the Commercial Property (the “**Management Services**”). The Property Manager has been responsible for

the Commercial Property since Ferris acquired the property in 2008 and has the historic and institutional knowledge that is required to manage the Commercial Property.

9. The Property Manager remains engaged and continues to provide Ferris with Management Services. The Property Manager has agreed to be paid \$1,500 a month during these proceedings.

The Loan Agreement and Related Security

10. Laurentian Bank of Canada (“**Laurentian**” or the “**Bank**”), as lender, and Ferris, as borrower, executed a loan agreement dated October 10, 2013, pursuant to which the Bank extended a term loan facility to Ferris in the maximum principal amount of \$7,700,000 (as amended, the “**Loan Agreement**”).
11. As security for its indebtedness, liabilities, and obligations to the Bank pursuant to the Loan Agreement, Ferris executed and delivered to the Bank various forms of security (collectively, the “**Security**”), including without limitation:
 - (a) a general security agreement dated October 2013 (the “**GSA**”);
 - (b) a charge/mortgage of land in the amount of \$7,700,000.00 over the Commercial Property registered on October 31, 2013 (the “**Charge**”);
 - (c) a notice of assignment of rents over the Commercial Property registered on October 31, 2013 as instrument number BS119917 (the “**917 Assignment of Rents**”); and
 - (d) a notice of assignment of rents over the Commercial Property registered on October 31, 2013 as instrument number BS119918 (the “**918 Assignment of Rents**”).

The Company’s Financial Challenges and Current Financial Position

12. Since October 2023, Ferris has been unable to generate enough funds to preserve and maintain the Commercial Property for a number of reasons, including, Ferris’ sole

shareholder filed an assignment in bankruptcy under the BIA and the long-term tenant of the Commercial Property opted not to extend its lease for the Commercial Property.

13. Further, Ferris' efforts to seek alternative secured financing, between June through July 2023, was unsuccessful due in part to the business nature of the new tenant, a new company with a limited track record and credit history, in conjunction with the tightened risk controls by banking and financial institutions at the time Ferris was seeking to renegotiate its secured lending facilities.
14. On October 31, 2023, the Bank's legal counsel, Thornton Grout Finnigan LLP, issued a demand letter to Ferris for payment of all amounts outstanding to the Bank (the "**Demand Letter**"), being the amount of \$5,918,367.17 as of October 30, 2023. The Demand Letter was accompanied by a Notice of Intention to Enforce Security pursuant to subsection 244(1) of the BIA, also dated October 31, 2023 (the "**NITES**").
15. Ferris continued to make payments of principal and interest to the Bank until October 2023, when the Bank opted not to refinance and issued a demand.
16. As of the date of filing the NOI, the Company owes approximately:
 - (a) \$5,920,000 (as at October 30, 2023), representing secured debt owing to Laurentian;
 - (b) \$165,000, representing unsecured liabilities; and
 - (c) \$120,000, on account of unpaid property taxes.
17. Ferris has negligible cash on hand (as noted above) in large part due to the issues Ferris has faced securing long-term tenants for the Commercial Property. Currently, the only revenue sourced by Ferris is in respect of certain long term power contracts which generate revenue of \$2,000 per month.
18. Based on the cash flow projection, the Company requires approximately \$30,000 a month in financing to pay critical expenses, including property taxes, security, property

management and insurance. The DIP Term Sheet provides approximately six months of liquidity to run a sale process and close a sale for the Commercial Property.

Engagement of JLL - Solicitation

19. As part of the Ferris restructuring strategy and to address the Demand Letter, Ferris intends to implement a sale process to solicit interest in and opportunities for the sale of the Commercial Property. In this regard, Ferris entered into a listing agreement with Jones Lang Lasalle Real Estate Services, Inc. (“**JLL**”). Ferris and JLL executed a listing agreement on June 25, 2024 (the “**JLL Listing Agreement**”).
20. The JLL Listing Agreement was negotiated in consultation with the Proposal Trustee and is supported by the Interim Lender / Laurentian. The process will have JLL market the Commercial Property for sale with a listing price of \$12,275,000. JLL is in the process of commencing or will imminently commence the solicitation in accordance with the JLL Listing Agreement. Of note, the JLL Listing Agreement expires on December 23, 2024.

Interim Financing Facility

21. Due to its financial difficulties, Ferris requires interim financing to provide stability and to preserve and market the Commercial Property while it engages in its restructuring efforts in these Proposal Proceedings.
22. In consultation with the Proposal Trustee, Ferris has negotiated the Interim Financing Facility in the maximum principal amount of \$235,000 with Laurentian, as lender (the “**Interim Lender**”) pursuant to a term sheet (the “**Interim Financing Term Sheet**”) dated June 25, 2024.
23. The maximum principal amount of the Interim Financing Facility was determined by Ferris’ cash flow requirements modeled in a cash flow forecast (the “**Cash Flow Forecast**”) prepared by Ferris in consultation with the Proposal Trustee and the Property Manager. The Cash Flow Forecast reflects the Company’s revenue and its expenses including utilities, landscaping, insurance, taxes, security, and management fees for the Property.

24. The Interim Financing Facility is conditional upon, among other things, the granting of the priority Interim Lender's Charge. In accordance with the Interim Financing Term Sheet, the Interim Financing Facility is to be used during the Proposal Proceedings to generally fund the preservation costs associated with the Commercial Property.
25. As noted above, Ferris is struggling with cash flow is unable to generate sufficient cash to meet critical preservation costs for the Commercial Property. The cash flow forecast indicates that Ferris urgently needs the Interim Financing Facility to ensure it has the liquidity required to meet critical payable obligations during these Proposal Proceedings.

Interim Lender's Charge

26. The Interim Financing Term Sheet provides, among other things, that the Interim Financing Facility is contingent on the granting of a Court-ordered charge (the "**Interim Lender's Charge**"). The Interim Lender's Charge is proposed to rank in priority to all existing security interests and the Administration Charge.
27. The proposed Interim Lender's Charge will secure all of the debts, liabilities and obligations of Ferris under or in connection with the Interim Financing Facility. The Interim Lender's Charge will not secure obligations incurred prior to the issuance of the Order approving the Interim Lender's Charge.

Administration Charge

28. Ferris requests an Order approving a Court-ordered charge over the Property in favour of the Professionals, to secure the payment of their respective fees and disbursements incurred in connection with the services rendered in respect of Ferris in the amount of \$500,000 (the "**Administration Charge**") in accordance with section 64.2 of the BIA, in, ranking ahead of all other creditors, save for the Interim Lender in respect of the Interim Lender's Charge.

Priority of Proposed Charges

29. It is contemplated by the proposed Order that the priorities of the various charges over the Property will be as follows:

- (a) First – the Interim Lender’s Charge to the maximum amount of \$235,000; and
- (b) Second – the Administration Charge to the maximum amount of \$500,000.

Extension of Time to Make a Proposal

- 30. Ferris has continued in its restructuring efforts and is requesting that the time by which it is required to file a proposal be extended to September 21, 2024.
- 31. The Proposal Proceedings are in the best interests of Ferris’ stakeholders, together with the beneficial owners of the Commercial Property. The extension relief requested by Ferris is necessary in order to allow Ferris and JLL to successfully carry out the solicitation contemplated by the JLL Listing Agreement.
- 32. In this regard, Ferris has acted in good faith and with due diligence by:
 - (a) working to stabilize and reduce its operational costs;
 - (b) taking the necessary steps to secure and continually monitor the Commercial Property;
 - (c) working diligently with the Proposal Trustee to develop a sale strategy for the Commercial Property and negotiate the JLL Listing Agreement, all with a view of maximizing the net sale proceeds for the benefit of the Ferris stakeholders; and
 - (d) responding to inquiries from stakeholders and the beneficial owners regarding the Property and the NOI.
- 33. The time to file a proposal currently expires on August 7, 2024. In order to continue to work towards the formulation and filing of a proposal to its creditors, Ferris requests a 45 day extension of the time for filing such proposal to 11:59 p.m. on September 21, 2024, in accordance with section 50.4(9) of the BIA.
- 34. Ferris also requests an extension of the stay of proceedings in this matter until September 21, 2024.
- 35. Section 50.4(9) of the BIA;

36. Rules 1.04, 1.05, 2.01, 2.03, 16.04 and 37 of the *Rules of Civil Procedure* (Ontario); and
37. Such further and other grounds as counsel may advise this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

38. The Affidavit of Michael Di Iorio sworn July 22, 2024;
39. The First Report of the Proposal Trustee, to be filed; and
40. Such further and other materials as counsel may advise and this Honourable Court may permit.

July 24, 2024

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: (416) 863-4592

Robert J. Kennedy (LSO # 474070)
Tel: (416) 367-6756
robert.kennedy@dentons.com

Valerie Cross (LSBC # 511475)
Tel: 1-604-648-6541
valerie.cross@dentons.com

Lawyers for 125 Ferris Inc.

TO: SERVICE LIST

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ONTARIO

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

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: (416) 863-4592

Robert J. Kennedy (LSO # 474070)
Tel: (416) 367-6756
robert.kennedy@dentons.com

Valerie Cross (LSBC # 511475)
Tel: 1-604-648-6541
valerie.cross@dentons.com

Lawyers for 125 Ferris Inc.

TAB 2

Court File No.: BK-24-03101800-0031

Estate File No.: 31-3101800

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

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF MICHAEL DI IORIO
(Sworn July 22, 2024)

I, **Michael Di Iorio**, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY AS FOLLOWS:

1. I am the appointed restructuring advisor (the “**Restructuring Advisor**”) of 125 Ferris Inc. (“**Ferris**” or the “**Company**”), with the power and authority to make decisions in respect of all restructuring matters for the Company and to sign any and all documentation required to support the restructuring proceedings. As such, I have personal knowledge of the matters I hereinafter depose except where I have otherwise indicated and in which case I verily believe the facts deposed to be true.
2. On July 8, 2024, Ferris filed a Notice of Intention to Make a Proposal (“**NOI**”) with the Official Receiver pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). KSV Restructuring Inc. was appointed as the proposal trustee under the NOI (the “**Proposal Trustee**”). Attached hereto as **Exhibit “A”** is a copy of the Certificate of Filing a Notice of Intention to Make a Proposal issued by the Official Receiver.

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3. After the filing of the NOI, all proceedings against Ferris and its assets were automatically stayed for an initial period of thirty (30) days, (i.e., until August 7, 2024), which period I'm advised by the Proposal Trustee may be extended by further court approval.
4. This affidavit is made in support of a notice of motion (the "**Motion**") filed by Ferris in these proceedings pursuant to section 50.4 of the BIA (the "**Proposal Proceedings**") for, among other relief, orders:
 - (a) abridging the time for service of the Motion and dispensing with service on any person other than those served;
 - (b) approving an interim financing facility (the "**Interim Financing Facility**") in the maximum principal amount of \$235,000 to be made available to Ferris by the Interim Lender (as defined below);
 - (c) granting the following charges (the "**Charges**") over the assets, property, and undertakings of Ferris (collectively, the "**Property**"), in priority to all other creditors of Ferris, and which shall have the relative priority as set out below:
 - (i) firstly, the Interim Lender shall be entitled to the benefit of a charge on the Property (the "**Interim Lender's Charge**"), which charge shall not exceed an aggregate amount of \$235,000, plus interest, fees and costs, as security for the Interim Financing Facility; and
 - (ii) secondly, legal counsel to Ferris, the Proposal Trustee and legal counsel to the Proposal Trustee (the "**Professionals**"), shall be entitled to the benefit of a charge on the Property (the "**Administration Charge**"), which charge

-3-

shall not exceed an aggregate amount of \$500,000 as security for their respective fees and disbursements incurred.

- (d) extending the time for the Company to file a proposal pursuant to section 50.4(9) of the *BIA* from August 7, 2024, to 11:59 p.m. on September 21, 2024;
 - (e) approving a listing agreement for the Commercial Property (as defined below), with Jones Lang Lasalle Real Estate Services, Inc., including the related sale process;
 - (f) extending the stay of proceedings from August 7, 2024 to 11:59 p.m. on September 21, 2024; and
 - (g) such further and other relief as this Honourable Court may deem just.
5. All references in this affidavit are in Canadian dollars unless noted otherwise.

Summary

6. Ferris was formed primarily to hold legal title to lands, together with a commercial building, located at 125 Ferris Drive, North Bay, ON P1B 8Z4 and legally described in PIN 49177-0022 (LT) (the “**Commercial Property**”).
7. For a variety of reasons, including the loss of two major tenants, Ferris has been unable to generate and maintain regular income from the Commercial Property and is no longer able to finance its on-going business and in particular, the day to day costs associated with the Commercial Property. Ferris has negligible cash available to it and has received demands for repayment from its primary secured creditor, Laurentian Bank of Canada (“**Laurentian**” or the “**Bank**”). As a result, Ferris has sought protection by filing the NOI

to, among other things, implement a restructuring process in order to preserve the value associated with the Commercial Property.

8. During the Proposal Proceedings, Ferris anticipates implementing a solicitation for Commercial Property in accordance with the JLL Listing Agreement (as defined herein) with the goal of completing a transaction for the sale of the Commercial Property, its primary asset of value. The Proposal Proceedings and the restructuring activities taken thereunder will permit Ferris the opportunity to maximize the value of its assets for the benefit of all of its stakeholders.

BACKGROUND

The Company and the Commercial Property

9. Ferris was incorporated pursuant to the laws of the Province of Ontario on April 21, 2008. The registered office of the Company is 200 Ronson Drive, 201, Toronto, Ontario, Canada M9W 579. A copy of the Company's corporate profile is attached hereto as **Exhibit "B"**.
10. The sole shareholder of Ferris is Gross Capital Inc., a corporation formed under the laws of Ontario. On June 25, 2021 Gross Capital Inc. filed an assignment in bankruptcy under the *BIA* and KSV Restructuring Inc. was appointed the Licensed Insolvency Trustee (in such capacity, the "**Bankruptcy Trustee**"). A copy of the Office of Superintendent of Bankruptcy's certificate of appointment for the Bankruptcy Trustee is attached hereto as **Exhibit "C"**.
11. Mark Craig Gross is the sole director of Ferris.

12. On March 7, 2024, pursuant to a resolution of the Ferris sole shareholder, I was appointed restructuring advisor for Ferris.
13. Ferris was incorporated primarily to serve as nominee and bare trustee, in accordance with the terms of a trust agreement dated May 8, 2008 (the “**Trust Agreement**”) and a declaration of trust dated January 31, 2018 (the “**Declaration of Trust**”), for a group of co-tenants who hold the beneficial ownership interest in the Commercial Property. Attached hereto as **Exhibit “D”**, **Exhibit “E”**, and **Exhibit “F”** are, respectively, copies of the Trust Agreement, Declaration of Trust, and a title search of the Commercial Property.
14. The co-tenants of the Commercial Property (the “**Co-Tenants**”) are listed in the co-tenancy agreement dated May 8, 2008 entered into between Ferris, as trustee, and the Co-Tenants, as co-tenants, a copy of which is attached hereto as **Exhibit “G”** (the “**Co-Tenancy Agreement**”). There have been no amendments to the Co-Tenancy Agreement.
15. Ferris does not have any business operations or any assets, other than the Commercial Property, and the personal property arising from or used in connection with the Commercial Property (all of which is held for the benefit of the Co-Tenants pursuant to the Co-Tenancy Agreement).
16. From 2018 to 2022, Ferris has experienced revenues of approximately \$1.3 million. In 2023, revenue declined from \$1,332,328 (in 2022) to \$1,054,510.
17. Prime Real Estate Group Inc. (the “**Property Manager**”) is the property manager for the Commercial Property, responsible for maintenance, security and administration matters,

including communicating with tenants and day-to-day management for the Commercial Property (the “**Management Services**”). The Property Manager has been responsible for the Commercial Property since Ferris acquired the property in 2008 and has the historic and institutional knowledge that is required to manage the Commercial Property.

18. The Property Manager remains engaged and continues to provide Ferris with Management Services. The Property Manager has agreed to be paid \$1,500 a month during these proceedings.

Secured Creditor – Laurentian

19. Laurentian, as lender, and Ferris, as borrower, executed a loan agreement dated October 10, 2013, pursuant to which the Bank extended a term loan facility to Ferris in the maximum principal amount of \$7,700,000 for the purpose of refinancing the North Bay Property. Attached as **Exhibit “H”** is a copy of the Loan Agreement.
20. As security for its indebtedness, liabilities, and obligations to the Bank pursuant to the Loan Agreement, Ferris executed and delivered to the Bank various forms of security (collectively, the “**Security**”), including without limitation:
 - (a) a general security agreement dated October 2013 (the “**GSA**”). Attached as **Exhibit “I”** is a copy of the GSA;
 - (b) a charge/mortgage of land in the amount of \$7,700,000.00 over the Commercial Property registered on October 31, 2013 as instrument number BS119911 (the “**Charge**”). Attached as **Exhibit “J”** is a copy of the Charge;

- (c) a notice of assignment of rents over the Commercial Property registered on October 31, 2013 as instrument number BS119917 (the “**917 Assignment of Rents**”). Attached as **Exhibit “K”** is a copy of the 917 Assignment of Rents; and
- (d) a notice of assignment of rents over the Commercial Property registered on October 31, 2013 as instrument number BS119918 (the “**918 Assignment of Rents**”). Attached as **Exhibit “L”** is a copy of the 918 Assignment of Rents.

Reason for Financial Challenges

- 21. Since October 2023, Ferris has been unable to generate enough funds to preserve and maintain the Commercial Property for a number of reasons, including:
 - (a) Ferris’ sole shareholder filed an assignment in bankruptcy under the BIA, which limited the shareholder’s involvement and oversight of Ferris’ business and Property;
 - (b) in 2022, for its own business reasons, the long-term tenant of the Commercial Property opted not to extend its lease for the Commercial Property, which was set to expire in late spring 2023;
 - (c) a committee was formed to advise on securing a new tenant and/or disposing of the Commercial Property, and CBRE Limited (“**CBRE**”) was engaged with both a lease and sale mandate to assist with those efforts. CBRE secured a new lease transaction, however, the new tenant that was secured for the Commercial Property defaulted on its lease. The new tenant was a film studio with a minimum 10 year lease for the Commercial Property, commencing in the summer of 2023. I

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understand that Union strikes in the entertainment industry led to financial difficulties for the new tenant and the new tenant eventually defaulted on its rental obligations and has since discontinued its business; and

- (d) in early 2023, CBRE also made efforts to secure viable sale offers for the Commercial Property, however, while several offers were received, no potential purchasers could close those transactions due to difficulties securing acquisition funding.
22. Further, Ferris' efforts to seek alternative secured financing, between June through July 2023, was unsuccessful due in part to the business nature of the new tenant, a new company with a limited track record and credit history, in conjunction with the tightened risk controls by banking and financial institutions at the time Ferris was seeking to renegotiate its secured lending facilities.
23. On October 31, 2023, the Bank's legal counsel, Thornton Grout Finnigan LLP, issued a demand letter to Ferris for payment of all amounts outstanding to the Bank (the "**Demand Letter**"), being the amount of \$5,918,367.17 as of October 30, 2023. The Demand Letter was accompanied by a Notice of Intention to Enforce Security pursuant to subsection 244(1) of the BIA, also dated October 31, 2023 (the "**NITES**"). Attached collectively as **Exhibit "M"** are copies of the Demand Letter and NITES.
24. Ferris continued to make payments of principal and interest to the Bank until October 2023, when the Bank opted not to refinance and issued a demand.

Current Financial Position

25. As of the date of filing the NOI, I understand that the Company owes approximately:
- (a) \$5,920,000 (as at October 30, 2023), representing secured debt owing to Laurentian;
 - (b) \$165,000, representing unsecured liabilities; and
 - (c) \$120,000, on account of unpaid property taxes.
26. Attached and marked as **Exhibit “N”** is a copy of the Ontario Personal Property Registry Search Result (the “**PPR Search**”) for Ferris dated July 16, 2024.
27. At the time of swearing this affidavit, Ferris has negligible cash on hand (as noted above) in large part due to the issues Ferris has faced securing long-term tenants for the Commercial Property. Currently, the only revenue sourced by Ferris is in respect of certain long term power contracts which generate revenue of \$2,000 per month.
28. Based on the cash flow projection, the Company requires approximately \$30,000 a month in financing to pay critical expenses, including property taxes, security, property management and insurance. The Interim Financing Term Sheet provides approximately six months of liquidity to run a sale process and close a sale for the Commercial Property.

Engagement and Approval of JLL Listing Agreement

29. As part of the Ferris restructuring strategy and to address the Demand Letter, Ferris intends to implement a sale process to solicit interest in and opportunities for the sale of the Commercial Property. In this regard, Ferris entered into a listing agreement with Jones Lang Lasalle Real Estate Services, Inc. (“**JLL**”). Ferris and JLL executed a listing agreement on June 25, 2024 (the “**JLL Listing Agreement**”). Attached hereto as **Exhibit “O”** is a copy of the JLL Listing Agreement.

30. The JLL Listing Agreement was negotiated in consultation with the Proposal Trustee and is supported by the Interim Lender / Laurentian. The process will have JLL market the Commercial Property for sale with a listing price of \$12,275,000. I understand that JLL is in the process of commencing or will imminently commence the solicitation in accordance with the JLL Listing Agreement. Of note, the JLL Listing Agreement expires on December 23, 2024.
31. In my view, the JLL Listing Agreement represents a fair and commercially efficient process that allows a sufficient opportunity for Ferris to optimize the chances of securing the best possible price for the Commercial Property.
32. The Proposal Trustee, together with the Property Manager, will provide support and oversight in respect of the implementation JLL Listing Agreement and the marketing efforts taken thereunder. In addition, Ferris, with JLL's assistance and the Proposal Trustee, will review and assess any offer that is received during the marketing period (an "Offer").
33. In the event an Offer is received that is acceptable to Ferris, following consultation with the Interim Lender, Ferris will apply to the Court for approval of the subject transaction.

Interim Financing Facility

34. Due to its financial difficulties, Ferris requires interim financing to provide stability and to preserve and market the Commercial Property while it engages in its restructuring efforts in these Proposal Proceedings.

35. In consultation with the Proposal Trustee, Ferris has negotiated the Interim Financing Facility in the maximum principal amount of \$235,000 with Laurentian, as lender (the “**Interim Lender**”) pursuant to a term sheet (the “**Interim Financing Term Sheet**”) dated June 25, 2024. An executed copy of the Interim Financing Term Sheet dated June 25, 2024 between the Company and the Interim Lender is attached hereto as **Exhibit “P”**.
36. The maximum principal amount of the Interim Financing Facility was determined by Ferris’ cash flow requirements modeled in a cash flow forecast (the “**Cash Flow Forecast**”) prepared by Ferris in consultation with the Proposal Trustee and the Property Manager. The Cash Flow Forecast reflects the Company’s revenue and its expenses including utilities, landscaping, insurance, taxes, security, and management fees for the Property.
37. The Interim Financing Facility includes the following commercial terms:¹
- (a) Facility: Non-revolving facility in the aggregate principal amount of \$235,000.
 - (b) Maturity Date: generally, the earliest of December 31, 2024 or the closing of a transaction.
 - (c) Interim Financing Facility Borrower: 125 Ferris Inc.
 - (d) Interest: Interest shall accrue under the Interim Financing Facility at a rate equal to 14.4% per annum on the outstanding indebtedness.
 - (e) Commitment fee: \$10,000

¹ Capitalized terms not otherwise defined in this section have the meanings attributed to them in the Interim Financing Term Sheet.

-12-

38. The Interim Financing Facility is conditional upon, among other things, the granting of the priority Interim Lender's Charge. In accordance with the Interim Financing Term Sheet, the Interim Financing Facility is to be used during the Proposal Proceedings to generally fund the preservation costs associated with the Commercial Property.
39. I am advised by the Proposal Trustee, who I understand is experienced in these matters and agree with, that for interim financing loan facilities on similar terms in insolvency scenarios, the terms of the Interim Financing Term Sheet are reasonable in the circumstances. Specifically, the interest under the Interim Financing Term Sheet is reasonable in the current interest rate environment and the commitment fee is of a reasonable quantum, particularly when not accompanied by other fees.
40. As noted above, Ferris is struggling with cash flow is unable to generate sufficient cash to meet critical preservation costs for the Commercial Property. The cash flow forecast indicates that Ferris urgently needs the Interim Financing Facility to ensure it has the liquidity required to meet critical payable obligations during these Proposal Proceedings.

RELIEF SOUGHT

Interim Lender's Charge

41. The Interim Financing Term Sheet provides, among other things, that the Interim Financing Facility is contingent on the granting of a Court-ordered charge (the "**Interim Lender's Charge**"). The Interim Lender's Charge is proposed to rank in priority to all existing security interests and the Administration Charge.

42. The proposed Interim Lender's Charge will secure all of the debts, liabilities and obligations of Ferris under or in connection with the Interim Financing Facility. The Interim Lender's Charge will not secure obligations incurred prior to the issuance of the Order approving the Interim Lender's Charge.
43. The amount to be funded under the Interim Financing Facility and the corresponding Interim Lender's Charge was calculated with the assistance of the Proposal Trustee and based on the Company's liquidity needs as set out in the Cash Flow Forecast.

Administration Charge

44. Ferris requests an Order approving a Court-ordered charge over the Property in favour of the Professionals, to secure the payment of their respective fees and disbursements incurred in connection with the services rendered in respect of Ferris in the amount of \$500,000 (the "**Administration Charge**") in accordance with section 64.2 of the BIA, in, ranking ahead of all other creditors, save for the Interim Lender in respect of the Interim Lender's Charge.
45. Ferris requires the expertise, knowledge and continued participation of the proposed beneficiaries of the Administration Charge during the Proposal Proceedings.
46. The Company and the Proposal Trustee worked collaboratively to estimate the quantum of the Administration Charge required, which takes into account that the professionals will be deferring the payment of fees and disbursements until a transaction has successfully closed in respect of the Commercial Property. I believe that the Administration Charge is fair and reasonable in the circumstances. I also understand that the Proposal Trustee is of the view that the Administration Charge is fair and reasonable in the circumstances.

Priority of Proposed Charges

47. It is contemplated by the proposed Order that the priorities of the various charges over the Property will be as follows:
- (a) First – the Interim Lender’s Charge to the maximum amount of \$235,000; and
 - (b) Second – the Administration Charge to the maximum amount of \$500,000.
48. The Proposal Trustee believes that the amounts of charges are fair and reasonable in the circumstances.

Extension of Time to Make a Proposal

49. Ferris has continued in its restructuring efforts and is requesting that the time by which it is required to file a proposal be extended to September 21, 2024.
50. The Proposal Proceedings are in the best interests of Ferris’ stakeholders, together with the beneficial owners of the Commercial Property. The extension relief requested by Ferris is necessary in order to allow Ferris and JLL to successfully carry out the solicitation contemplated by the JLL Listing Agreement.
51. In this regard, Ferris has acted in good faith and with due diligence by:
- (a) working to stabilize and reduce its operational costs;
 - (b) taking the necessary steps to secure and continually monitor the Commercial Property;

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- (c) working diligently with the Proposal Trustee to develop a sale strategy for the Commercial Property and negotiate the JLL Listing Agreement, all with a view of maximizing the net sale proceeds for the benefit of the Ferris stakeholders; and
 - (d) responding to inquiries from stakeholders and the beneficial owners regarding the Property and the NOI.
52. It is anticipated that during the proposed extension period, Ferris will:
- (a) pursue a transaction and opportunities to support a proposal;
 - (b) progress discussions with the Interim Lender / Laurentian and its creditors; and
 - (c) continue to work with the Proposal Trustee to progress the Proposal Proceedings.
53. The time to file a proposal currently expires on August 7, 2024. In order to continue to work towards the formulation and filing of a proposal to its creditors, Ferris requests a 45 day extension of the time for filing such proposal to 11:59 p.m. on September 21, 2024, in accordance with section 50.4(9) of the BIA.
54. Ferris also requests an extension of the stay of proceedings in this matter until September 21, 2024.
55. Ferris has acted in good faith and with due diligence since the NOI was filed.
56. To the best of my knowledge, information and belief, none of Ferris' creditors will be materially prejudiced if this Honourable Court grants the extension sought. Laurentian has been consulted throughout these Proposal Proceedings and is supportive of Ferris' efforts

to progress a sale for the Commercial Property with the assistance of JLL and in accordance with the JLL Listing Agreement.

- 57. The Proposal Trustee has advised the Company that it supports the stay extension.
- 58. I swear this affidavit in support of Ferris' requests to: (i) approve the Interim Financing Facility; (ii) approve the Interim Lender's Charge and the Administration Charge; and (iii) extend the time to file a proposal and extend the stay of proceedings.

SWORN by Michael Di Iorio of the City of Toronto, in the Province of Ontario, before me at the City of Toronto in the Province of Ontario on July 22, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

 716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

Sarah Lam (LSO #87304S)

DocuSigned by:

 879682ACE2664B8...

MICHAEL DI IORIO

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-3101800
Estate No. 31-3101800

In the Matter of the Notice of Intention to make a proposal of:

125 Ferris Inc.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

July 08, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 09, 2024, 09:52

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

THIS IS EXHIBIT "**B**" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



Ministry of Public and
Business Service Delivery

Profile Report

125 FERRIS INC. as of January 11, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	125 FERRIS INC.
Ontario Corporation Number (OCN)	1767513
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	April 21, 2008
Registered or Head Office Address	200 Ronson Drive, 201, Toronto, Ontario, Canada, M9W 5Z9

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name MARK C. GROSS
Address for Service 5145 Steeles Ave W, B210, Toronto, Ontario, Canada, M9L 1R5
Resident Canadian Yes
Date Began April 21, 2008

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

There are no active Officers currently on file for this corporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

125 FERRIS INC.

Effective Date

April 21, 2008

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2019 PAF: MARK GROSS - DIRECTOR	May 24, 2020
Annual Return - 2018 PAF: MARK GROSS - DIRECTOR	April 14, 2019
Annual Return - 2017 PAF: MARK GROSS - DIRECTOR	April 01, 2018
Annual Return - 2016 PAF: MARK GROSS - DIRECTOR	May 21, 2017
Annual Return - 2015 PAF: MARK GROSS - DIRECTOR	May 29, 2016
Annual Return - 2014 PAF: MARK GROSS - DIRECTOR	June 20, 2015
Annual Return - 2013 PAF: MARK GROSS - DIRECTOR	April 05, 2014
Annual Return - 2012 PAF: MARK GROSS - DIRECTOR	May 11, 2013
Annual Return - 2011 PAF: MARK GROSS - DIRECTOR	May 19, 2012
Annual Return - 2010 PAF: MARK GROSS - DIRECTOR	April 16, 2011
Annual Return - 2009 PAF: MARK GROSS - DIRECTOR	July 10, 2010
Annual Return - 2008 PAF: MARK GROSS - DIRECTOR	September 12, 2009
BCA - Articles of Incorporation	April 21, 2008

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: Ontario
Division No.: 09 - Toronto
Court No.: 31-2747949
Estate No.: 31-2747949

In the Matter of the Bankruptcy of:

Gross Capital Inc.

Debtor

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Ordinary Administration

Date and time of bankruptcy:	June 25, 2021, 13:25	Security:	\$0.00
Date of trustee appointment:	June 25, 2021		
Meeting of creditors:	July 15, 2021, 14:00 Meeting to be held by Zoom Meeting ID: 922 5806 1115 Passcode #: tzHVT7, Ontario Canada,		
Chair:	Trustee		

CERTIFICATE OF APPOINTMENT - Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: June 25, 2021, 13:29

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

THIS IS EXHIBIT "D" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

TRUST AGREEMENT

MADE as of the 8th day of May, 2008

BETWEEN:

SHELDON GROSS LIMITED

(hereinafter called "Sheldon")

OF THE FIRST PART

- and -

AVA GROSS

(hereinafter called "Ava")

OF THE SECOND PART

- and -

497227 ONTARIO INC.

(hereinafter called "497227")

OF THE THIRD PART

- and -

GLENN GIBBONS

(hereinafter called "Gibbons")

OF THE FOURTH PART

- and -

ROBERT A. RUBINOFF

(hereinafter called "Rubinoff")

OF THE FIFTH PART

- and -

ALLAN E. GROSS

(hereinafter called "Allan")

OF THE SIXTH PART

- and -

MACAMID HOLDINGS LTD.

(hereinafter called "Macamid")

OF THE SEVENTH PART

- and -

PETER LAURENDI, in trust

(hereinafter called "Laurendi")

OF THE EIGHTH PART

- and -

DR. HAROLD AND MRS. BROWNIE

FLEISHMAN FAMILY TRUST

(hereinafter called "Fleishman")

OF THE NINTH PART

- and -

INGLEWOOD HOLDINGS INC.

(hereinafter called "Inglewood")

OF THE TENTH PART

- and -

JERRY DI IORIO

(hereinafter called "Di Iorio")

OF THE ELEVENTH PART

- and -

PENNY RUBINOFF
(hereinafter called "Penny")

OF THE TWELFTH PART

- and -

J. GRIECO GENERAL CONTRACTING LTD.
(hereinafter called "Grieco")

OF THE THIRTEENTH PART

- and -

ZHENG YI MIAO
(hereinafter called "Miao")

OF THE FOURTEENTH PART

- and -

PHILIP IAN RUBINOFF TRUST
(hereinafter collectively called "Rubinoff Trust")

OF THE FIFTEEN PART

- and -

MARCIA UNGER
(hereinafter called "Unger")

OF THE SIXTEENTH PART

- and -

SANDRA DI IORIO
(hereinafter called the "Sandra")

OF THE SEVENTEENTH PART

- and -

NICK CHEPURNYJ
(hereinafter called "Chepurnyj")

OF THE EIGHTEENTH PART

- and -

ROLAND COOK e.o.b.
R.E. COOK ASSOCIATES
(hereinafter called "R.E.")

OF THE NINETEENTH PART

- and -

1236068 ONTARIO INC.
(hereinafter called "1236068")

OF THE TWENTIETH PART

- and -

EMILY KONDUR
(hereinafter called "Kondur")

OF THE TWENTY FIRST PART

- and -

LINO DI IORIO
(hereinafter called "Lino")

OF THE TWENTY SECOND PART

- and -

MARK CRAIG GROSS HOLDINGS INC.
(hereinafter called "Mark")

OF THE TWENTY THIRD PART

- and -

HIDEO AND TATSUKO KANESHIRO TRUST
(hereinafter called "Kaneshiro")

OF THE TWENTY FOURTH PART

- and -

KELVIN BAO and HELEN BAO
(hereinafter collectively called "Bao")

OF THE TWENTY FIFTH PART

- and -

JING MIAO and LIXIN ZHANG
(hereinafter collectively called "Jing")

OF THE TWENTY SIXTH PART

- and -

MICHAEL and DAVID DI IORIO
(hereinafter collectively called "Michael")

OF THE TWENTY SEVENTH PART

- and -

RAN DU
(hereinafter called "Du")

OF THE TWENTY EIGHTH PART

- and -

125 FERRIS INC.
(hereinafter called the "Trustee")

OF THE TWENTY NINTH PART

WHEREAS Gibbons, 497227, Allan, Laureadi, Di Iorio, Inglewood, Penny, Rubinoff, Rubinoff Trust, Unger, Sandra, Chepurnyj, RE, 1236068, Kondur, Lino, Mark, Ava, Sheldon, Fleishman, Macamid, Kaneshiro, Grieco, Bao, Miao, Jing, Michael and Du are sometimes hereinafter collectively called the "Beneficiaries";

AND WHEREAS pursuant to an Agreement of Purchase and Sale between the Trustee and Gross Capital Inc. the Trustee on behalf of the Beneficiaries agreed to purchase a one-half percent (½%) interest in 125 McGovern Drive, Cambridge (the "McGovern Property");

AND WHEREAS the Trustee is the assignee from Gross Properties Inc. who executed an Agreement of Purchase and Sale dated the 31st day of October, 2007 with O.R.E. Development Corporation (the "Agreement of Purchase and Sale") for the property known as 125 Ferris Drive, North Bay, Ontario, and legally described as Part Block 4, Plan 36M-540, West Ferris Drive being Part 1 on Plan 36R12282 (the "Ferris Property");

AND WHEREAS the Ferris Property and the McGovern Property are hereinafter referred to as the "Properties";

AND WHEREAS the Ferris Agreement of Purchase and Sale and the McGovern Agreement of Purchase and Sale are hereinafter referred to as the "Agreements of Purchase and Sale";

AND WHEREAS the Trustee took the assignment of the Agreements of Purchase and Sale on behalf of the Beneficiaries. The Beneficiaries took an undivided interest in the Properties all as provided in this agreement, namely:

<u>Name</u>	<u>Percentage of Investment</u>
Gibbons	5.076
497227	3.046
Allan	5.076
Laurendi	2.030
Di Iorio	2.030
Inglewood	8.122
Penny	2.030
Rubinoff	4.061
Rubinoff Trust	2.030
Unger	2.030
Sandra	2.030
Chepurnyj	2.030
RE	2.030
1236068	2.030
Kondur	2.538
Lino	2.030
Mark	3.046
Ava	3.046
Sheldon	5.076
Fleishman	8.122
Macamid	6.091
Kancshiro	6.091
Grieco	2.030
Bao	2.030
Miao	2.030
Jing	2.030
Michael	2.030
Du	<u>10.152</u>
	100.00%

AND WHEREAS the Trustee has agreed to hold title to the Properties for and on behalf of the Beneficiaries.

AND WHEREAS the Trustee and the Beneficiaries have agreed to execute this Trust Declaration in order to confirm the terms of the Trust.

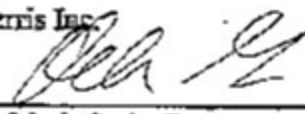
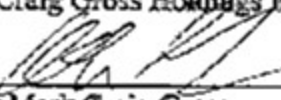
NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of TWO (\$2.00) DOLLARS and other good and valuable consideration now paid by each of the parties hereto to the other, the receipt and sufficiency of which is hereby by each of them acknowledged, the parties hereto covenant, agree and acknowledge as follows:

1. The recitals contained herein are true in substance and in fact.
2. That the Trustee will act as bare trustee for and on behalf of the Beneficiaries, as beneficial owners, in respect of the Properties.
3. That the Beneficiaries will pay to the Trustee all monies required by the Trustee in respect of the Properties including the all costs, legal fees, disbursements, etc., in respect of the Properties and the Agreements of Purchase and Sale.

4. The Trustee will, take title to the Properties that the Beneficiaries is beneficially entitled to in the percentages as set out above.
5. Provided the Trustee acts in good faith, it shall not be responsible or liable for exercising or failing to exercise its duties and shall be indemnified and saved harmless with respect to any and all claims and/or costs suffered by the Trustee as a result of the Trustee exercising its duties as Trustee in connection with Trustee's ownership of the Properties that the Beneficiaries is beneficially entitled to, as Trustee, for and on behalf of the Beneficiaries, the beneficial owner of the Properties.
6. The Beneficiaries hereby agrees to indemnify and save the Trustee harmless from all matters arising out of the Properties that the Beneficiaries is beneficially entitled to.
7. All monies which the Trustee receives for any reason whatsoever in respect of the Properties shall be paid by the Trustee to the Beneficiaries.
8. Each of the Beneficiaries represent and warrant that they are not a non-resident of Canada pursuant to The Income Tax Act.
9. This Declaration of Trust shall be binding upon and enure to the benefit of the respective successors and assigns of the Trustee and the Beneficiaries.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day, month and year first-above written.

SIGNED, SEALED & DELIVERED

)
) 125 Ferris Inc.
)
) Per: 
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Mark Craig Gross Holdings Inc.
)
) Per: 
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Sheldon Gross Limited
)
) Per: _____
) Name: Sheldon Gross
) Title: A.S.O.
) "I have authority to bind the Corporation."
)
) Macamid Holdings Ltd.
)
) Per: _____
) Name: Maxine Cooper
) Title:
) "I have authority to bind the Corporation."
)
) Dr. Harold and Mrs. Brownie
) Fleishman Family Trust
)
) By its Trustee: _____
) Trustee:

THIS IS EXHIBIT "E" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

DECLARATION OF TRUST

KNOW ALL MEN BY THESE PRESENTS that **125 FERRIS INC.**, (hereinafter called the "Trustee") in consideration of the sum of **ONE DOLLAR (\$1.00)** and for other good and valuable consideration (the receipt and sufficiency whereof by the Trustee is hereby acknowledged) hereby acknowledges and declares that it holds and stands possessed of the lands and premises more particularly described in Schedule "A" attached hereto, and all rights, entitlements and benefits with respect thereto or therefrom, as nominee and bare trustee for and on behalf of the following:

Owner	Proportionate Share
Inglewood Holdings Inc.	9.040
The Dr. Harold and Mrs. Brownie Fleishman Family Trust	9.040
Macamid Holdings Ltd.	6.780
Mark Craig Gross Holdings Inc.	6.780
Ava C. Gross	6.780
Glen Gibbons	5.650
Allan E. Gross	5.650
Sheldon Gross Limited	5.650
Robert A. Rubinoff	4.520
1649750 Ontario Inc.	3.390
Emily Kondur	2.825
Peter Laurendi, in trust	2.260
Jerry Di Iorio	2.260
Penny E. Rubinoff	2.260
Phillip Ian Rubinoff Trust	2.260

Marcia Unger	2.260
Sandra Di Iorio	2.260
Nick Chepurnyj	2.260
Roland E. Cook and Yvette R. Symes, jointly	2.260
1236068 Ontario Inc.	2.260
Lino Di Iorio	2.260
Joe Grieco	2.260
Hailei Bao and Haifeng Bao, jointly	2.260
Jing Miao and Lixin Zhang, jointly	2.260
Zhengyi Miao	2.260
Michael and David Di Iorio, jointly	2.260

as beneficial owners and the Trustee does not now have any beneficial estate, right, title or interest to or in any such land, or rights, or part thereof.

DATED as of the 31st day of January, 2018.

125 FERRIS INC.

Name: Mark Gross
 Title: President

SCHEDULE "A"

LEGAL DESCRIPTION

PIN: 49177-0022(LT)

Legal Description: PCL 4-1 SEC 36M540; BLK 4 PL 36M450 WEST FERRIS
EXCEPT PT 1 36R7337, PT 2 36R7353, PT 2 36R7453, PT 1, 2
36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 2 36R8917; NORTH
BAY; DISTRICT OF NIPISSING

THIS IS EXHIBIT "F" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



LAND
REGISTRY
OFFICE #36

49177-0022 (LT)

PAGE 1 OF 3
PREPARED FOR Nadiaboer
ON 2024/07/19 AT 10:24:50

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PCL 4-1 SEC 36M540; BLK 4 PL 36M540 WEST FERRIS EXCEPT PT 1 36R7337, PT 2 36R7353, PT 2 36R7453, PT 1, 2 36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 2 36R8917; NORTH BAY ; DISTRICT OF NIPISSING

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
ABSOLUTE

RECENTLY:

FIRST CONVERSION FROM BOOK

PIN CREATION DATE:

2005/01/24

OWNERS' NAMES

125 FERRIS INC.

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2005/01/21 **						
36R12282	2007/07/12	PLAN REFERENCE				C
BS34841	2007/07/26	TRANSFER		*** COMPLETELY DELETED *** THE CORPORATION OF THE CITY OF NORTH BAY	O.R.E. DEVELOPMENT CORPORATION	
BS34851	2007/07/26	NOTICE	\$2	THE CORPORATION OF THE CITY OF NORTH BAY	O.R.E. DEVELOPMENT CORPORATION	C
REMARKS: SITE PLAN CONTROL AGREEMENT						
BS37011	2007/09/05	BYLAW		THE CORPORATION OF THE CITY OF NORTH BAY		C
REMARKS: BY-LAW 2007-157, TO AUTHORIZE THE EXECUTION OF AN AGT OF PURCHASE AND SALE BETWEEN THE CORPORATIONN OF THE CITY OF NORTH BAY & O.R.E. DEVELOPMENT CORPORATION RELATING TO THE SALE OF THE LAND ON FERRIS DRIVE.						
BS46459	2008/05/09	CHARGE		*** COMPLETELY DELETED *** O.R.E. DEVELOPMENT CORPORATION	PARK NATIONAL BANK	
BS46460	2008/05/09	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** O.R.E. DEVELOPMENT CORPORATION	PARK NATIONAL BANK	
REMARKS: RE CHARGE BS46459						
BS48923	2008/07/03	TRANSFER	\$12,573,233	O.R.E. DEVELOPMENT CORPORATION	125 FERRIS INC.	C
REMARKS: PLANNING ACT STATEMENTS						
BS48924	2008/07/03	NOTICE OF LEASE		125 FERRIS INC.	ATLAS COPCO CANADA INC.	C
BS48925	2008/07/03	CHARGE		*** COMPLETELY DELETED *** 125 FERRIS INC.	GE CANADA REAL ESTATE FINIANCING BUSINESS PROPERTY COMPANY	
BS48926	2008/07/03	NO ASSGN RENT SPEC		*** COMPLETELY DELETED *** 125 FERRIS INC.	GE CANADA REAL ESTATE FINANCING BUSINESS PROPERTY COMPANY	
REMARKS: RE BS48624 & BS48925						
BS49113	2008/07/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** PARK NATIONAL BANK		

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* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
BS70078	2009/12/07	APL CH NAME INST <i>REMARKS: RE: BS46459</i>		*** COMPLETELY DELETED *** GE CANADA REAL ESTATE FINIANCING BUSINESS PROPERTY COMPANY	GE CANADA REAL ESTATE FINANCING BUSINESS PROPERTY COMPANY	
BS70243	2009/12/11	NO CHNG ADDR INST <i>REMARKS: BS48925.</i>		GE CAPITAL CANADA EQUIPMENT FINANCING INC. GE CANADA REAL ESTATE FINANCING BUSINESS PROPERTY COMPANY		C
BS117285	2013/08/15	NOTICE OF LEASE <i>REMARKS: RE LT388797 & BS48925 RE BS48925</i>		OSPS (002122-125 FERRIS) LIMITED PARTNERSHIP 2302030 ONTARIO INC.	2305030 ONTARIO INC.	C
BS119911	2013/10/31	CHARGE	\$7,700,000	125 FERRIS INC.	LAURENTIAN BANK OF CANADA	C
BS119917	2013/10/31	NO ASSGN RENT SPEC <i>REMARKS: BS119911.</i>		125 FERRIS INC.	LAURENTIAN BANK OF CANADA	C
BS119918	2013/10/31	NO ASSGN RENT SPEC <i>REMARKS: BS119911.</i>		125 FERRIS INC.	LAURENTIAN BANK OF CANADA	C
BS120335	2013/11/14	DISCH OF CHARGE <i>REMARKS: BS48925.</i>		*** COMPLETELY DELETED *** GE CANADA REAL ESTATE FINIANCING BUSINESS PROPERTY COMPANY		
BS123402	2014/03/19	APL CH NAME INST <i>REMARKS: BS117285.</i>		2305030 ONTARIO INC.	POTENTIA SOLAR 1 GP INC.	C
BS123692	2014/04/01	NO CHARGE LEASE <i>REMARKS: BS117285. BS117285</i>		*** COMPLETELY DELETED *** POTENTIA SOLAR 1 GP INC. OSPS (002122-125 FERRIS) LIMITED PARTNERSHIP	THE MANUFACTURERS LIFE INSURANCE COMPANY	
BS163614	2017/12/21	NO ASSG LESSEE INT <i>REMARKS: BS117285.</i>	\$2	POTENTIA SOLAR 1 GP INC. OSPS (002122-125 FERRIS) LIMITED PARTNERSHIP	PSI SOLAR FINANCE 1 GP INC.	C
BS163615	2017/12/21	NO CHARGE LEASE <i>REMARKS: BS117285.</i>	\$65,000,000	PSI SOLAR FINANCE 1 GP INC. PSI SOLAR FINANCE 1 LIMITED PARTNERSHIP	THE MANUFACTURERS LIFE INSURANCE COMPANY	C
BS163616	2017/12/21	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE MANUFACTURERS LIFE INSURANCE COMPANY		

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49177-0022 (LT)

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ON 2024/07/19 AT 10:24:50

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
	REMARKS: BS123692.					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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THIS IS EXHIBIT "G" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

CO-TENANCY AGREEMENT

MADE as of the 8th day of May, 2008

BETWEEN :

SHELDON GROSS LIMITED

(hereinafter called "Sheldon")

OF THE FIRST PART

- and -

AVA GROSS

(hereinafter called "Ava")

OF THE SECOND PART

- and -

497227 ONTARIO INC.

(hereinafter called "497227")

OF THE THIRD PART

- and -

GLENN GIBBONS

(hereinafter called "Gibbons")

OF THE FOURTH PART

- and -

ROBERT A. RUBINOFF

(hereinafter called "Rubinoff")

OF THE FIFTH PART

- and -

ALLAN E. GROSS

(hereinafter called "Allan")

OF THE SIXTH PART

- and -

MACAMID HOLDINGS LTD.

(hereinafter called "Macamid")

OF THE SEVENTH PART

- and -

PETER LAURENDI in trust

(hereinafter called "Laurendi")

OF THE EIGHTH PART

- and -

DR. HAROLD AND MRS. BROWNIE

FLEISHMAN FAMILY TRUST

(hereinafter called "Fleishman")

OF THE NINTH PART

- and -

INGLEWOOD HOLDINGS INC.

(hereinafter called "Inglewood")

OF THE TENTH PART

- and -

JERRY DI IORIO

(hereinafter called "Di Iorio")

OF THE ELEVENTH PART

- and -

2

PENNY RUBINOFF
(hereinafter called "Penny")

OF THE TWELFTH PART

- and -

J. GRIECO GENERAL CONTRACTING LTD.
(hereinafter called "Grieco")

OF THE THIRTEENTH PART

- and -

ZHENG YI MIAO
(hereinafter called "Miao")

OF THE FOURTEENTH PART

- and -

PHILIP IAN RUBINOFF TRUST
(hereinafter collectively called "Rubinoff Trust")

OF THE FIFTEEN PART

- and -

MARCIA UNGER
(hereinafter called "Unger")

OF THE SIXTEENTH PART

- and -

SANDRA DI IORIO
(hereinafter called the "Sandra")

OF THE SEVENTEENTH PART

- and -

NICK CHEPURNYJ
(hereinafter called "Chepurnyj")

OF THE EIGHTEENTH PART

- and -

ROLAND COOK c.o.b.
R.E. COOK ASSOCIATES
(hereinafter called "R.E.")

OF THE NINETEENTH PART

- and -

1236068 ONTARIO INC.
(hereinafter called "1236068")

OF THE TWENTIETH PART

- and -

EMILY KONDUR
(hereinafter called "Kondur")

OF THE TWENTY FIRST PART

- and -

LINO DI IORIO
(hereinafter called "Lino")

OF THE TWENTY SECOND PART

- and -

3

MARK CRAIG GROSS HOLDINGS INC.
(hereinafter called "Mark")

OF THE TWENTY THIRD PART

- and -

HIDEO AND TATSUKO KANESHIRO TRUST
(hereinafter called "Kaneshiro")

OF THE TWENTY FOURTH PART

- and -

KELVIN BAO and HELEN BAO
(hereinafter collectively called "Bao")

OF THE TWENTY FIFTH PART

- and -

JING MIAO and LIXIN ZHANG
(hereinafter collectively called "Jing")

OF THE TWENTY SIXTH PART

- and -

MICHAEL and DAVID DI IORIO
(hereinafter collectively called "Michael")

OF THE TWENTY SEVENTH PART

- and -

RAN DU
(hereinafter called "Du")

OF THE TWENTY EIGHTH PART

- and -

125 FERRIS INC.
(hereinafter called the "Trustee")

OF THE TWENTY NINTH PART

WHEREAS the Trustee is the assignee from Gross Properties Inc. of an Agreement of Purchase and Sale dated the 31st day of October, 2007 with O.R.E. Development Corporation (the "ORE Agreement of Purchase and Sale") for the property known as 125 Ferris Drive, in the City of North Bay, District of Nipissing as therein described (the "ORE Property");

AND WHEREAS the Trustee took the assignment of the ORE Agreement of Purchase and Sale as trustee on behalf of the Co-tenants;

AND WHEREAS the Trustee has executed an Agreement of Purchase and Sale with Gross Capital Inc. dated the 8th day of May, 2008 (the "McGovern Agreement of Purchase and Sale") to purchase a undivided one-half (½ %) percent interest in the property known as 125 McGovern Drive, Units 1-11, in the City of Cambridge as therein described (the "McGovern Property");

AND WHEREAS the Trustee has executed the McGovern Agreement of Purchase and Sale as Trustee on behalf of the Co-tenants;

AND WHEREAS the ORE Agreement of Purchase and Sale and the McGovern Agreement of Purchase and Sale are sometimes hereinafter called the "Agreements of Purchase and Sale";

AND WHEREAS the McGovern Property and the ORE Property are sometimes herein called the

"Lands";

AND WHEREAS in order to assist the Co-tenancy, the Trustee has consented to act as Trustee for the Co-tenants for the purpose of holding title to and taking care of the interests of each of the Co-tenants subject to the direction of the Co-tenants in accordance with the terms and conditions hereinafter set forth;

AND WHEREAS the Co-tenants have entered into this agreement in order to govern their rights and obligations to each other both with respect to the Co-tenancy and with respect to the Lands;

IN CONSIDERATION of the mutual covenants and agreements herein contained, the parties agree as follows:

1. Interpretation

For the purposes of this agreement, the following terms shall have the meanings indicated:

- (a) "Agreements of Purchase and Sale" shall mean the agreement of purchase and sale dated the 31st day of October, 2008 between Gross Properties Inc., as purchaser, and O.R.E. Development Corporation, as vendor, and the agreement of purchase and sale dated the 8th day of May, 2008 between 125 Ferris Inc., as purchaser, and Gross Capital Inc., as vendor.
- (b) "Co-tenancy" means the co-tenancy formed by this agreement.
- (c) "Co-tenants" means Sheldon, Ava, 497227, Gibbons, Rubinoff, Allan, Macamid, Laurendi, Fleishman, Inglewood, DiIorio, Penny, Grieco, Miao, Rubinoff Trust, Unger, Sandra, Chepurnyj, R.E., 1236068, Kondur, Lino, Mark, Kaneshiro, Bao, Jing, Michael, and Du.
- (d) "Lands" means the ORE Property municipally known as 125 Ferris Drive, North Bay, in the Province of Ontario, and the McGovern Property municipally known as 125 McGovern Drive, Units 1-1.1, Cambridge, in the Province of Ontario.

2. Recitals

2.1 **Recitals.** The foregoing parties acknowledge that the foregoing recitals are true in substance and in fact.

3. The Co-tenancy

3.1 **Formation of Co-tenancy.** The Co-tenants acknowledge that a Co-tenancy has subsisted from the date of this agreement and the Co-tenants agree that the relationship created by this agreement shall be and shall be deemed to be a Co-tenancy.

3.2 Partnership not created.

(1) Each Co-tenant expressly disclaims any intention to create a partnership or joint venture. Nothing in this agreement shall constitute the Co-tenants or any of them partners or joint venturers or agents nor, except as may be expressly provided in this agreement, constitute any one of them the agent or agents of the other/s. Each Co-tenant expressly declares its intention to rely on the provisions of any applicable common or statutory law relating to partnership at any time effected which provides that the tenants-in-common, common property or part ownership does not itself create a partnership as to anything held or owned, whether the tenants or owners do or do not share any profits made by the use of it.

(2) The Co-tenants specifically deny any intention or agreement to be or to become agents for any other Co-tenant or to create a partnership or other relationship whereby any Co-tenant would be held liable for any tortious, negligent, contractual or other acts, any of omission or of commission, of any other Co-tenant. No Co-tenant shall have any authority to act for or to

assume or to incur any obligations or responsibilities on behalf of any other Co-tenant or the Co-tenancy, save and except as specifically provided in this agreement.

(3) Each Co-tenant and its shareholders and affiliates shall have the free and unrestricted right independently to engage in and receive the full benefits of any and all business endeavours of any sort, including without limitation, the acquisition, subdivision, servicing, development and sale of real property, whether or not competitive with the endeavours contemplated in this agreement, all without consulting the other or inviting or allowing the other to participate. No Co-tenant nor its shareholders or affiliates shall be under any fiduciary or other duty to the other Co-tenants which would prevent it or them or any of them from engaging in or enjoying the benefits of engaging in endeavours in competition with those contemplated by this agreement. The legal doctrines of "corporate opportunity" or "business opportunity" sometimes applied to co-tenancies or to persons having a fiduciary relationship shall not apply to any other endeavour of any Co-tenant, and in particular, without limiting the generality of the foregoing, no Co-tenant nor any of its shareholders shall be accountable to the Co-tenancy or to other Co-tenant/s in respect of any business endeavour in any manner, even if it competes with the endeavours contemplated by this agreement. In addition, it is agreed that any proceeds to which the Co-tenants are entitled, as provided, relate only to the Lands, and not to any other business or venture carried on by the Co-tenants.

(4) The obligations of the Co-tenants shall be several and shall not be, nor be construed to be, either joint or joint and several and, where possible, all contracts and obligations of the Co-tenancy shall expressly provide that the obligations of the Co-tenants are several.

3.3 **Date of commencement.** The Co-tenancy shall be deemed to have commenced as of the date of this agreement and shall terminate as may be mutually agreed on between the Co-tenants or as provided in this agreement.

3.4 **Name.** The Co-tenancy shall be carried on under a name "125 Ferris Co-Tenancy" or such other names as shall be mutually agreed on by the Co-tenants.

3.5 **Purpose of Co-tenancy.** The purpose of the Co-tenancy is to own the Lands and to hold the Lands.

4. Undivided interests in the Co-tenancy

4.1 **Undivided interests.** The Co-tenants shall have the following undivided interests in the Lands, the Co-tenancy and its assets and be subject to and responsible for like parts of the liabilities and obligations of the Co-tenancy, all as provided in this agreement, namely:

<u>Name</u>	<u>Percentage of Investment</u>
Gibbons	5.076
497227	3.046
Allan	5.076
Laurendi	2.030
Di Iorio	2.030
Inglewood	8.122
Penny	2.030
Rubinoff	4.061
Rubinoff Trust	2.030
Unger	2.030
Sandra	2.030
Chepurnyj	2.030
RE	2.030
1236068	2.030
Kondur	2.538
Lino	2.030
Mark	3.046
Ava	3.046
Sheldon	5.076
Fleishman	8.122
Macamid	6.091

6

Kaneshiro	6.091
Grieco	2.030
Bao	2.030
Miao	2.030
Jing	2.030
Michael	2.030
Du	<u>10.152</u>
	100.00%

4.2 Proviso. Obligations of a contractual nature incurred otherwise than pursuant to the written consent of the Co-tenants or otherwise as provided in this agreement shall be the sole liability and responsibility of the Co-tenant incurring the same and, notwithstanding anything to the contrary, the provisions of this agreement in respect of contributions and indemnity shall not apply to the obligations referred to in this Article.

4.3 Expenses and liabilities. All expenses and disbursements payable or paid by the Co-tenancy and all losses, costs, damages and liabilities which may be incurred by the Co-tenancy shall firstly be paid or borne out of the receipts of the Co-tenancy and then be borne by each Co-tenant in the percentage that it owns an undivided interest in the Lands.

4.4 Indemnity.

(1) If at any time any Co-tenant as a guaranteeing party shall become a surety, indebted or liable for any moneys borrowed by the Co-tenancy or for any obligation entered into by the Co-tenancy or expends any moneys on behalf of the Co-tenancy, so long as the debt, liability, obligation and expenditure shall be incurred with the consent of the Co-tenancy, the other Co-tenants covenant and agree to protect and indemnify the guaranteeing party of and from any losses, damages, costs and liabilities whatsoever arising in respect of the debt, liability, obligation and expenditure to the extent that it owns an undivided interest in the Lands.

(2) The Co-tenants acknowledge and agree that, if any Co-tenant becomes indebted to any other Co-tenant/s as a result of the operation of the provisions of this agreement, or has agreed to indemnify any other Co-tenant/s, then until the debt or indemnity shall be fully paid and satisfied the undivided interest of that Co-tenant in the Lands and the Co-tenancy shall represent security to the other Co-tenant/s as against the payment.

5. Financing

5.1 General financing.

(1) The Co-tenants shall inject sufficient monies in proportion to their undivided interest in the Lands for the Co-tenancy to complete the Agreements of Purchase and Sale. The Co-Tenants specifically authorizes and directs the Trustee in this regard to signing all documents to give a mortgage to GE Canada Real Estate Financing Business Property Company in the amount of Eight Million, Five Hundred Thousand (\$8,500,000.00) Dollars over the Lands as set out in the commitment attached hereto as Schedule "B".

(2) In the event that other monies are required for the proper operation of Co-tenancy, Gross Capital (the "Property Manager"), shall attempt to provide for such other monies to be financed and the Co-Tenants shall sign all documents to enable such financing to be completed.

5.2 Additional Capital Contributions.

(1) To the extent the Co-tenancy requires funds in addition to the capital contributions as determined by the Management Committee provided for above in Article 5.1, the Co-tenants agree to make additional capital contributions from time to time in accordance with the provisions herein and in the same percentages as their percentage interests set forth in Article 4.1 (as the same may be adjusted from time to time).

(2) If additional capital contributions are required to be made pursuant to Article 5.2(1) the Property Manager shall give notice to each Co-tenant the manner provided in Article 17.3. Such notice shall specific in reasonable detail, the amount and purpose of such additional capital

contribution. Each Co-tenant shall within ten (10) days from receipt of notice from the Property Manager deposit additional capital contributions as required by this Agreement.

- (3) (i) In the event that any Co-tenant (the "Non Contributing Co-tenant") fails to make any additional contribution within the time specified the Property Manager shall give such prompt notice of such failure to the other Co-tenants (the "Contributing Co-tenants") shall have the right to advance directly to the Co-tenancy to funds required from the Non-Contributing Co-tenant as a loan to such Co-tenant (the "Contributing Loan"); and,
- (ii) In the event the Contributing Co-tenants fails to advance the full amount of the additional funds required by the Non-Contributing Co-tenant then any Contributing Co-tenant shall be entitled to withdraw its additional capital contribution and treat the failure of the Non-Contributing Co-tenant to make the additional capital contribution as an Event of Default.

(4) In the event the Contributing Co-tenant elects to make a Contribution Loan, the Contribution Loan shall bear interest at a rate equal to the lesser of (a) the prime rate in effect from time to time as the Bank of Canada plus five (5) percentage points or (b) the maximum rate of interest then permitted by law and, except as set forth in Article 5.2(5) and shall be repaid solely out of any subsequent distributions made pursuant to this agreement which the Non-Contributing Co-tenant for whose account the Contribution Loan was made would otherwise be entitled which amount shall be applied first to interest and then to principal until such Contribution Loan is paid in full. Repayment of either Co-tenants Contribution Loan shall be secured by the Non-Contributing Co-tenant's Co-tenancy interest, and the Non-Contributing Co-tenant hereby grants a security interest in such Co-tenant interest to the Contributing Co-tenant who has advanced such Contribution Loan and hereby irrevocably and points to the Non-Contributing Co-tenant and any of its agents, officers, employees, or his or its attorneys in fact with full power to prepare and execute any documents, instruments, including but not limited to any note evidencing the Contribution Loan or any other security interest which may be appropriate to perfect and continue security interest in favour of the Contributing Co-tenant.

(5) Notwithstanding anything contained in this agreement to the contrary (including without limitation the provisions of this Article 5.2 and of Article 15.3 et seq.), the rights of a Contributing Co-tenant to realization, and the rights of each Co-tenant in respect of an Event of Default as set forth in Article 5.2(3)(ii), shall be limited to the Non-Contributing Co-tenant's Co-tenancy interest and otherwise shall be non-recourse, and such Contributing Co-tenant or Co-tenant shall have no rights to realize upon the assets of the Non-Contributing Co-tenant outside the Co-tenancy interest as herein set out, or to otherwise recover any amount from the Non-Contributing Co-tenant.

5.3 Liens. Each of the Co-tenants agree that it shall not encumber the Lands without the consent of the other Co-tenants and further agrees to remove on demand any lien affecting the Lands which the Ministry of Revenue for the Province of Ontario or its successors or other governmental authority may claim in respect of the Co-tenant for failing to file any returns, give any information, or pay any taxes or penalties on it; provided that this provision shall not preclude encumbering an interest of a Co-tenant of floating charge provisions in debenture or similar financing security by a Co-tenant, nor preclude a general assignment of book debts by a Co-tenant provided it is subject to all to the other provisions of this agreement.

6. Decisions relating to the Co-tenancy

6.1 Sale of the Co-tenancy. All decisions related to the sale of the Co-tenancy shall be made by the Co-tenants and shall require the approval of Co-tenants representing fifty-one (51%) percent of the undivided interests in the Co-tenancy.

6.2 The management of the Co-tenancy and the committee. Except as set out in Article 6.1 and as herein set out, all other decisions of the Co-tenancy shall be determined by a committee of two (2) members. The initial members of the committee shall be Mark C. Gross, and Sheldon Gross. The members shall remain until they resign or are replaced pursuant to Article 6.6 herein.

6.3 Notice of meetings. No meetings of the committee shall be held unless and until notice of it shall have been sent by prepaid registered mail, or personal delivery, to all members of the committee at least two (2) days before the date set for the holding of a meeting; provided that time for the notice may be shortened or may be waived in writing. Any member of the committee may call a meeting of the committee.

6.4 Quorum. The quorum for the transaction of business at any meeting of the committee shall be two (2) members of the committee present in person or by telephone.

6.5 Decisions. All decisions at all meetings of the committee shall require the vote of the majority of the committee members.

6.6 Replacement of a member or members of the committee. The majority of the Co-tenants shall on thirty (30) days notice to all of the Co-tenants, have the right to call a meeting for the purpose of replacing one or more of the members of the committee. In order for a new member of the committee to be elected, it shall require the vote of the members representing Sixty (60%) percent of the undivided interest in the Co-tenancy.

7. Management

7.1 Duties. From the date hereof, Property Manager shall be responsible for the entire supervision and day-to-day management, including, without limitation, the following:

- (a) dealing with tenants and finalizing lease arrangements;
- (b) arranging insurance, repairs and maintenance;
- (c) enforcing lease obligations of tenants;
- (d) collecting rents and additional rents and invoicing tenants;
- (e) arranging for all accounting and financial statements;
- (f) payment of all expenses on a timely basis;
- (g) performing other acts, duties and responsibilities as would a prudent owner of a industrial building to ensure that the same is operated in a proper and first class manner;

7.2 Management Agreement. The parties acknowledge and agree to the management agreement with Property Manager attached hereto as Schedule "A" and Sheldon Gross has an interest in Sheldon and Sheldon Gross and Mark Gross have an interest in the Property Manager and Mark.

8. Fees

8.1 Negotiation of Agreements of Purchase and Sale Fee. For the negotiation of Agreements of Purchase and Sale in this transaction, obtaining mortgage financing, and for attending to the execution of the Agreements of Purchase and Sale, Property Manager shall be entitled to receive a fee of Six Hundred Thousand (\$600,000.00) (Canadian) Dollars plus G.S.T. from the Co-tenancy on closing of the Agreements of Purchase and Sale.

9. Third Party Offers

9.1 Third Party Offers. If at any time an arm's length third party bona fide offer (the "Bona Fide Offer") is received by the Co-tenancy or by the Trustee on its behalf, to purchase the whole or any part of the Lands which Co-tenants together owning no less than an aggregate of fifty-one percent (51%) undivided ownership interest in the Lands, pursuant to Article 4.1 hereof (hereinafter referred to as the "Quitter") wish to accept, and the remaining Co-tenants (hereinafter called the "Stayer") does not wish to accept, then the Co-tenancy and the Trustee on its behalf, shall accept such Bona Fide Offer, unless the Stayer, within one (1) day prior to the day upon which such Bona Fide Offer expires for acceptance, delivers in cash or by certified

cheque to the Quitter a deposit equal to ten percent (10%) of the purchase price set out in such Bona Fide Offer, together with an agreement in writing to purchase from the Quitter the undivided interest of the Quitter in such lands at the same price and on and subject to the same terms and conditions as are contained in such Bona Fide Offer, with such changes in price, terms and conditions as are made necessary by reason of the fact that the Stayer is purchasing an undivided proportionate interest rather than the entire interest in the said lands, provided that the Stayer shall be given an allowance in respect of the purchase price for the proportionate share of any commission payable to a real estate broker pursuant to such Bona Fide Offer, if such commission is not required to be paid in connection with the Stayer's purchase, provided further, that if the Stayer is more than one of the Co-tenants, such purchase shall be made by the Stayer in the proportions in which they, between or among themselves, as Co-tenants of the Co-tenancy own undivided interest in the Lands, and, if the Quitter is more than one of the Co-tenant owning undivided interest in such lands, and, if the Quitter is more than one of the Co-tenants, cash sale shall be made by the Quitter in the proportions in which they, between or among themselves, as Co-tenants, then own undivided interest in the Lands.

For the purpose of this Article, the undivided proportionate interest in the Lands of each of the Co-tenants shall be equal to the respective proportion of ownership interest held by each such Co-tenants.

In the event a valid and binding agreement of purchase and sale has been entered into by the Stayer, as Purchaser, and the Quitter, as Vendor as hereinbefore set out, and on the date of closing, the Quitter shall fail or refuse to complete the transaction of purchase and sale above mentioned, the Stayer shall have the right upon payment of the purchase price, subject to adjustments as hereinafter set forth, to the credit of the Quitter at the Co-tenancy bank, to execute and deliver on behalf of the Quitter, all transfers and conveyances and other documents and instruments which may be necessary or advisable in order to complete the transaction, and the Stayer is hereby irrevocably appointed the attorney of the Quitter for, and in the name of, and on behalf of, the Quitter to execute any deeds, transfer, conveyances, assignments, assurances and other documents and to do all other things which the Quitter is required to do under the terms hereof. If on the date of closing, the Stayer shall fail or refuse to complete the transaction of purchase and sale above mentioned, the Quitter (hereinafter referred to in this Article as the "Substituted Purchaser") shall have the option, exercisable by notice in writing within ninety (90) days after the date of closing, to purchase all of the right, title and interest of the Stayer (hereinafter referred to in this Article as the "Substituted Vendor") in and to the said Lands for a sum equal to seventy-five percent (75%) of the price originally stipulated to be paid to the Quitter as hereinbefore set out, pro rated to reflect the respective undivided proportionate ownership interest of the Stayer or Substituted Vendor, on the same terms mutatis mutandis, and upon payment of the said sum, subject to adjustments as hereinbefore set forth, to the credit of the Substituted Vendor at the Co-tenancy bank, and delivery of the security required by the aforesaid terms, to execute and deliver on behalf of the Substituted Vendor, all such transfers, conveyances and other documents and instruments which may be necessary or advisable in order to complete the said transaction, and the substituted Purchaser is hereby irrevocably appointed the attorney of the substituted Vendor to execute any deeds, transfer, conveyances, assignment, assurances and other documents and to do all other things which the Substituted Vendor is required to do pursuant to the terms hereof.

10. Priorities

10.1 **The Priorities.** The following respective provisions contained in this Agreement shall inter se, rank in the following priorities:

- (a) First Priority: Article 9, Third Party Offer; and,
- (b) Second Priority: Article 12, Right of First Refusal.

11. No Right to Partition

11.1 **Prohibition Against Partition.** None of the Co-tenants shall have the right to partition, nor shall any Co-tenant make any application to any court or other authority having jurisdiction over the matter, or commence or prosecute any proceeding, for the partition, or the partition and sale, of the Lands or any part thereof. In the event of any breach of the provisions of this Article by a Co-tenant, the other Co-tenants shall, in addition to all rights and remedies at

law or in equity to which it is or they are otherwise entitled, be entitled to a decree or order perpetually restraining and enjoining such partition, application, action or other proceeding, and the first-mentioned Co-tenant shall not plead in defence thereto that there would be an adequate remedy at law, it being acknowledged by all the parties hereto that the injury and damages flowing from any such breach would be impossible to measure monetarily.

12. Right of First Refusal

12.1 Right of First Refusal Procedure

- (a) In the event that any of the Co-tenants wishes at any time to sell all, but not less than all, its Co-tenancy Interest and has received a bona fide offer as hereinafter defined, such Co-tenant (the "Offeror") shall give to the other Co-tenants (the "Offeree") notice in writing thereof, and such Offeror may invoke the provisions of this Article 12.1.
- (i) For the purposes of this Article 12.1, the term "bona fide offer" means an offer received in good faith by any of the Co-tenants hereto from a third party dealing at arms length with such a party, to purchase all or any part of their Co-tenancy beneficially owned or controlled by the party in receipt thereof.
 - (ii) In the event that any Co-tenant (hereinafter in this Article 12.1 referred to as "the Seller") receives a bona fide offer to purchase all of the Seller's Co-tenancy beneficially owned or controlled by him, which he desires to accept, then the Seller shall forthwith give notice in writing (hereinafter in this Article 12.1 referred to as "the Notice of Sale") to the other Co-tenants hereto (hereinafter in this Article 12.1 referred to as "the Offeree") specifying therein the particulars of the Bona Fide Offer received by him, the name of the third party (hereinafter in this Article 12.1 referred to as "the Proposed Purchaser") from whom the Seller has received the bona fide offer, the selling price for such Co-tenancy (hereinafter in this Article 12.1 referred to as "the Selling Price") and the terms and conditions (including a copy of such Bona Fide Offer) relating to the proposed sale to the Proposed Purchaser, such as the right to pay the Selling Price over a period of time (hereinafter in this Article 12.1 referred to as "the Conditions").
 - (iii) The Offeree shall have the right to purchase the Seller's interest in the Co-tenancy indicating in writing to the Seller, within ten (10) days of receipt of the Notice of Sale, whether or not he will purchase the whole of the Co-tenancy Interest specified in the Notice of Sale at the Selling Price and on the Conditions specified in the Notice of Sale; after the expiration of the said period of ten (10) days, if the Offeree has not indicated his desire to purchase the said Co-tenancy Interest covered by the Notice of Sale, in the manner provided for herein, the offer to sell the interest in Co-tenancy covered by the Notice of Sale shall be deemed to have been declined; provided further, that:
 - (a) the Notice of Sale shall not be revocable except with the sanction of the Offeree;
 - (b) the Seller shall be bound to sell at the Selling Price and on the Conditions such interest in the Co-tenancy covered by the Notice of Sale as shall be accepted by the Offeree in accordance with the Provisions hereof;
 - (c) The Notice of Sale shall specify that all, but not less than all of the Co-tenancy covered by the Notice of Sale, may be purchased, and the Seller shall not sell less than all of such interest in the Co-tenancy and any acceptance of the Notice of Sale by the Offeree for less than all of such interest in the Co-tenancy covered by the Notice of Sale, shall be null and void; and,
 - (d) If the Offeree indicates, in the manner aforesaid, his desire to purchase the said interest in the Co-tenancy at the Selling Price and on the Conditions specified in the Notice of Sale, the resulting transaction of purchase and sale shall be closed in accordance with the Conditions specified in the

Notice of Sale within thirty (30) days after the Offeree has so indicated to the Seller his desire to purchase the interest in the said Co-tenancy, and/or at the option of the Offeree but only to the extent permitted by the Notice of Sale, by such other method as may have been specified by the Notice of Sale and by the concurrent compliance by the Offeree of the Conditions specified in the Notice of Sale;

- (e) If the Offeree does not purchase such interest in the Co-tenancy covered by the Notice of Sale, then the Seller may, at any time and from time to time during the period of three (3) months next following the expiry of the time for acceptance of the Notice of Sale, sell such Interest in the Co-tenancy not so purchased to the Proposed Purchaser at a price which is not less than the Selling Price and on terms and conditions not less favourable to the Seller than were specified in the Notice of Sale to the Offeree; provided that the Seller may (subject as hereinafter provided) sell such Interest in the Co-tenancy to the Proposed Purchaser during the said period of three (3) months at a selling price not less than the Selling Price or on terms and conditions less favourable to the Seller than the Conditions specified in the Notice of Sale unless the Offeree is again given an opportunity to purchase such Interest in the Co-tenancy at such lower price or on such more favourable terms and conditions in the manner provided for by the preceding provisions hereof; and further provided that if the Notice of Sale given to the Offeree specified that all but not less than all of the Interest in the Co-tenancy covered by the Notice of Sale is to be purchased and/or if the Notice of Sale contained Conditions, then the Seller may only sell to any Proposed Purchaser all but not less than all of such Interest in the Co-tenancy and/or may only sell on the Conditions specified in the Notice of Sale; if the Seller does not effect a sale to the Proposed Purchaser of the Interest in the Co-tenancy offered by the Notice of Sale during the said period of three (3) months as aforesaid, then the foregoing provisions hereof shall again apply thereto and so on from time to time;
- (f) In the event that a Bona Fide Offer is received by any of the Co-tenants hereto at a time after the Seller has delivered a Notice of Sale pursuant to a prior Bona Fide Offer received by such Co-tenant and before the expiration of the ten (10) day period allowed to the Offeree to accept or decline the offer contained in the Notice of Sale, as hereinbefore provided for, then such first mentioned bona fide offer shall be deemed not to have been received by the party so receiving same, until immediately after the closing of any transaction of purchase and sale arising from the Notice of Sale has been completed or if the Offeree has declined to purchase any or all of the Interest in the Co-tenancy offered by the Notice of Sale, as the case may be, until the expiration of the said ten (10) day period;
- (g) In any sale to a third party in accordance with the terms set forth in this 12.1, the third party shall undertake and agree, as a condition precedent of the sale, to execute a new agreement with the party or parties hereto, as the case may be, wherein such third party agrees to be bound by all of the provisions of this agreement, such undertaking to be evidenced by the execution of a counterpart of this agreement and the delivery of such counterpart of this agreement to the other party or parties hereto, as the case may be. Upon the execution of such counterpart, the third party shall, where the context permits, be bound by the obligations, covenants and agreements herein contained and entitled to the benefits herein provided as if such third party had originally been a signatory hereto;
- (h) In any sale effected pursuant to this Article 12.1, the parties agree to execute all documents, consent to all resolutions and generally do everything necessary to effect the transfer of the interest in the Co-tenancy which is the subject matter of such sale.

13. Distribution of funds

The Co-tenants agree that receipts of all kinds from the Lands, including the sale, option, agreement for sale, expropriation, mortgage or lease of it, or otherwise, shall be applied in the following order:

- (a) To pay any expenses or charges which are due and payable respecting the Lands, those of the longest standing to be paid first.
- (b) To pay to the Property Manager its fees.
- (c) To reimburse any Co-tenant or Co-tenants for any advances made and outstanding by them together with interest on it to the extent that the advances exceed that Co-tenant's proportionate share of advances. For the purposes of this agreement, proportionate share shall mean the amount required to be advanced and outstanding by each Co-tenant in relation to the total amount of advances made and outstanding by all of the Co-tenants so that the amount advanced by each Co-tenant shall equal the percentage of the Lands owned by the Co-tenant.
- (d) To reimburse the Co-tenants for outstanding advances made by them to the Co-tenancy on it in the proportion to the total advances outstanding by each of the Co-tenants to the Co-tenancy.
- (e) The balance shall be paid to the Co-tenants in accordance with their respective interests in the Co-tenancy, except for retaining the amount as may be required for the ongoing normal operation of the Co-tenancy.

14. Non-encumbrance

14.1 Prohibitions. None of the Co-tenants shall sell, transfer, assign, convey or agree to sell, transfer, assign or convey or grant any option of its interest in the Lands or the Co-tenancy and shall not pledge, hypothecate, mortgage or in any other manner encumber the Lands or its interest in the Co-tenancy, except as expressly provided in this agreement without the prior written consent of the other Co-tenant.

14.2 Pledge or hypothecate. A Co-tenant shall have the right to pledge or hypothecate its interest in this Co-tenancy agreement to a Canadian chartered bank or registered trust company as security for loans.

15. Bankruptcy -- Default

15.1 Event of Bankruptcy. "Event of Bankruptcy" means the occurrence of any of the following events:

- (a) If any of the Co-tenants referred to as the bankrupt party shall make an assignment in bankruptcy for the benefit of creditors or shall be adjudicated a bankrupt or insolvent, or shall file a proposal or seek any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under the present or any future bankruptcy act or any other present or future applicable federal or provincial or other statute or law relative to bankruptcy, insolvency or other relief for debtors, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, receiver and manager or liquidator of the bankrupt party or of any substantial part of the party's Property or the bankrupt party's interest in the revenue and assets of the Co-tenancy. The term "acquiesce" as used in this Article includes but is not limited to, the failure to file a petition or motion to vacate or discharge any order, judgment or decree within fifteen (15) days after the date of the order, judgment or decree;
- (b) If a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against the bankrupt party seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future bankruptcy Act or any other present or future

applicable federal, provincial or other statute or law relating to bankruptcy, insolvency or other relief for debtors, and the bankrupt party shall acquiesce in the entry of the order, judgment or decree which shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive, from the date of entry, or any trustee, receiver, receiver and manager or liquidator of the bankrupt party or of any substantial part of the bankruptcy party's Lands or interest in the revenue and assets of the Co-tenancy shall be appointed without the consent or acquiescence of the party and the appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive;

- (c) If any bankrupt party shall admit in writing its inability to pay its debts as they mature and fall due or shall otherwise commit an act of bankruptcy as defined in the *Bankruptcy Act*, R.S.C. 1985, c. B-3; or
- (d) If any bankrupt party shall give notice to any governmental body of insolvency or pending insolvency or suspension of operations.

15.2 Purchase on bankruptcy. If there is an Event of Bankruptcy, the Co-tenant who is not the bankrupt party shall have the right at any time within ninety (90) days to purchase the bankrupt party's interest in the Lands and the Co-tenancy at a purchase price equal to the book value, as at the date of the Event of Bankruptcy, as determined by the auditors and/or accountants of the Co-tenancy by notice in writing to the bankrupt party. The transaction shall be completed thirty (30) days following the delivery of notice by the Co-tenant who is not the bankrupt party and the purchase price shall be payable by certified cheque on completion.

15.3 Default. If any Co-tenant shall, other than as expressly permitted in this agreement, encumber the Lands or fail to remove any lien as provided in Article 5.2, or shall default in the performance of any obligation under this agreement, then the party shall be deemed to be in default and shall be referred to as the defaulting party.

15.4 Payment on behalf of defaulting party. If there shall be a defaulting party, then the other Co-tenants shall have the right to advance the amount of moneys in default by the defaulting party to the Co-tenancy, in which event the contributing Co-tenant shall be entitled to receive interest on the additional moneys so advanced for the defaulting party at a rate per annum which shall be equal to five percent (5%) above the prime lending rate of interest charged by the HSBC Bank Canada. The interest charged shall be adjusted on a daily basis calculated from the date of the advance to the Co-tenancy until the repayment to the contributing Co-tenant. The moneys and any interest, shall be payable on demand and shall be a charge against the defaulting party's interest in the Co-tenancy.

15.5 Purchase of defaulting party's interest. If the defaulting party shall fail to have cured a default within a period of two (2) months the contributing Co-tenant/s shall have the option exercisable at any time after the two (2) month period and prior to the defaulting party curing the default to purchase all but not less than all of the interest of the defaulting party and the Co-tenancy; in the respective proportionate interest of each such contributing Co-tenant as among themselves provided that the contributing Co-tenant/s shall have first sent written notice to the defaulting party and the defaulting party shall have failed to cure the default within a period of thirty (30) days from the receipt of the notice.

15.6 Purchase price for defaulting party's interest. The purchase price for the defaulting party's interest shall be the lesser of:

- (a) One Hundred percent (100%) of the fair market value of the defaulting party's interest as at the date of receipt by the defaulting party of the notice; or
- (b) One Hundred percent (100%) of the book value of the defaulting party's interest as at the date of the receipt by the defaulting party of the notice.

15.7 Determination of defaulting party's interest. If the contributing Co-tenant and the defaulting party shall be unable or unwilling to agree on the fair market value of the defaulting party's interest, as described in the Article above within a period of thirty (30) days from the receipt by the defaulting party of the notice, the market value shall be determined by arbitration.

15.8 Payment of purchase price. The purchase price payable by the contributing Co-tenant shall be paid as follows:

One Hundred percent (100%) cash on closing.

15.9 Conveyance. On completion, the defaulting party shall transfer, assign and convey all of its right, title and interest in and to the defaulting party's interest to the contributing Co-tenant.

15.10 Deficit. If the balance sheet of the Co-tenancy prepared by the accountant of the Co-tenancy shall disclose that as at the date of the receipt of the notice by the defaulting party, the capital account of the defaulting party is in a deficit position, the deficit shall be paid to the Co-tenancy on the date of closing, and if not paid may be adjusted as a reduction to the purchase price.

15.11 Removal of vote. If the contributing Co-tenant/s does not exercise its option to purchase the defaulting party's interest, then until the defaulting party has cured its default, the defaulting party shall not be entitled to vote at any meeting of the committee although it shall be entitled to attend, and all decisions of the committee shall be made by the representatives of the Co-tenant/s which are not in default.

16. General provisions relating to Co-tenancy

16.1 Limited scope of development area. It is understood and agreed that the scope of this agreement relates only to the Lands. In the event that the Co-tenancy mutually agrees that it is necessary to proceed with the acquisition or development of additional lands, the acquisition or development shall be as mutually agreed on between the Co-tenants at that time.

16.2 Head office. The head office of the Co-tenancy shall be located at 5145 Steeles Avenue West, Suite B210, North York, Ontario, M9L 1R5 or any other place or places as shall be mutually agreed on.

16.3 Bank. The bank of the Co-tenancy shall be HSBC Bank Canada or as determined by the Property Manager

16.4 Receipt of moneys. All moneys received on account of the Co-tenancy shall be paid immediately into the bank accounts for the time being in operation in the same drafts, cheques, bills or cash in which they are received and all disbursements on account of the Co-tenancy shall be made by cheque on the bank accounts.

16.5 Signing. All cheques, bills, notes, drafts or other instruments made or accepted by the Co-tenancy, and all contracts of any nature or kind by the Co-tenancy shall be signed on behalf of the Co-tenancy by authorized representatives of the Co-tenants.

16.6 Books of account. Proper books of account shall be kept by the Co-tenancy on an accrual basis and entries shall be made of all the matters, terms, transactions and things as are usually written and entered in books of account kept by persons engaged in an enterprise of similar nature, and each of the Co-tenants shall have free access at all reasonable times, to inspect, examine and copy them, and shall at all times furnish to the others correct information, accounts and statements of and concerning all transactions without any concealment or suppression.

16.7 Accountant. The accountants of the Co-tenancy shall be Segal & Partners or as the Co-tenancy shall otherwise agree.

16.8 Accounting period. The accounting for the Co-tenancy shall be established on an annual basis, each annual period ending on a fiscal year as shall be agreed on.

16.9 Provisions relating generally to the sale of interest in the Co-tenancy. Notwithstanding anything herein contained, if any of the Co-tenants disposes of its interest in the Co-tenancy to the other Co-tenant/s as a result of an operation of the first right of refusal then:

- (a) If the vendor has agreed to sell its interest in the Co-tenancy to the other Co-tenant/s and the vendor shall be indebted to the purchaser or the Co-tenancy, the purchaser shall have the right, out of the purchaser's money payable by it on the closing, to discharge the indebtedness.
- (b) If, on the date of closing, there shall be any loan or loans owing by the Co-tenancy to the vendor, or by the purchaser to the vendor, the amount of the indebtedness shall be added to the purchase price payable to the vendor, and the amount of moneys to be paid on closing shall be increased by the amount of the indebtedness. On closing, the vendor shall deliver an assignment to the purchaser of the indebtedness if loans were owed by the Co-tenancy to the vendor.
- (c) On the sale being closed, the vendor, together with its representative shall resign as member of the Co-tenancy and of the committee.

17. General provisions

17.1 Arbitration.

(1) Except as otherwise provided in this agreement, if any dispute, difference or question arises among the Co-tenants touching this agreement or any part of it, or the business or assets of the Co-tenancy, meaning or effect of these presents or anything contained in this agreement, the dispute shall be determined by arbitration.

(2) Any arbitration shall be conducted by a single arbitrator agreed on by the parties to the dispute. If the parties shall be unable or unwilling to agree on an arbitrator within a period of forty (40) days from the receipt of notice of the dispute, the arbitrator shall be appointed by a judge of Ontario Superior Court of Justice on application to it. The award and determination which shall be made by the arbitrator shall be final and binding on the parties. The provisions of this Article shall be deemed to be a submission to arbitration within the provision of the *Arbitrations Act*, R.S.O. 1990, c. A.24 and any amendment to it provided that any limitation in the remuneration of the arbitrator imposed by the legislation shall not be applicable.

17.2 Further assurances. The Co-tenants shall sign any further and other papers and documents, cause the meetings to be held, resolutions passed and by-laws enacted, do and cause to be done and performed any further and other acts or things as may be necessary or desirable both before and after the closing, in order to give full effect to this agreement and each and every part of it.

17.3 Notice. Any notice or payment required or permitted to be given or made under this agreement may effectually be given or made by being mailed by registered mail, postage prepaid, or delivered to the undermentioned addresses, or sent by telegram, telex or fax, and if mailed, any notice or payment shall be deemed to have been given or made on the date when actually received:

if to the Trustee:

[REDACTED]

if to Sheldon:

[REDACTED]

if to Craig:

[REDACTED]

16

if to Ava:

[REDACTED]

if to Rubinoff:

[REDACTED]

if to Macamid:

[REDACTED]

if to Di Iorio:

[REDACTED]

if to Gibbons:

[REDACTED]

if to Fleishman:

[REDACTED]

[REDACTED]

if to Inglewood:

[REDACTED]

if to Grieco:

[REDACTED]

if to Allan:

[REDACTED]

if to Penny:

[REDACTED]

17

if to R.E.:

[REDACTED]

if to Kondur:

[REDACTED]

if to 1236068:

[REDACTED]

if to 497227:

[REDACTED]

if to Rubinoff Trust:

[REDACTED]

if to Unger:

[REDACTED]

if to Sandra:

[REDACTED]

if to Chepurnyj:

[REDACTED]

if to Laurendi:

[REDACTED]

if to Lino:

[REDACTED]

if to Kaneshiro:

[REDACTED]

if to Bao:

[REDACTED]

if to Miao:

[REDACTED]

if to Jing:

[REDACTED]

if to Michael:

[REDACTED]

if to Du:

[REDACTED]

17.4 Non-waiver. The failure of any party to seek redress for violation of or to insist on the strict performance of any provision of this agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

17.5 Covenants severable. Every provision of this agreement is intended to be severable. If any term or provision of it is illegal or invalid for any reason, the illegality or invalidity shall not affect the validity of the remainder of this agreement.

17.6 Rights cumulative. The rights and remedies provided by this agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. The rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

17.7 Conveyance. The parties acknowledge that on the date of the Closing of the Agreements of Purchase and Sale the Lands will be registered in the name the Trustee, which shall hold same in trust for the Co-tenancy in the percentages set out in Article 4.1.

17.8 Terminology. All personal pronouns used in this agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa and shall refer solely to the parties signatory to it except where otherwise specifically provided. Titles of subheadings and Articles are for convenience only, and no limit nor amplify the provisions of this agreement itself, and all references to subheadings, Articles and subarticles shall refer correspondingly to this agreement unless specified reference is made to subheadings, Articles and subarticles of another document or instrument.

17.9 Additional remedies. The rights and remedies of the Co-tenants shall not be mutually exclusive, that is, the exercise of one or more of the provisions of it shall not preclude the exercise of any other provisions. The Co-tenants confirm that damages at law may be an inadequate remedy for a breach or threatened breach of any provisions of this agreement, the respective rights and obligations shall be enforceable by specific performance, injunction or other equitable remedy, but nothing contained in this agreement shall limit or affect any rights or rights at law or by statute or otherwise of any party aggrieved as against the other for breach or

threatened breach of any provision, it being the intention of this Article to make clear the agreement of the Co-tenants that the respective rights and obligations of the Co-tenants shall be enforceable in equity as well as at law or otherwise.

17.10 Acknowledgement. The parties hereto, and each of them, hereby acknowledge that they have requested Messrs. Cosman & Associates, Barristers and Solicitors, 111 Zenway Blvd., Unit 37, Woodbridge, Ontario, L4H 3H9, to act for all of them in this agreement. The parties hereto each further acknowledge that the said Messrs. Cosman & Associates have advised them that, because they are acting for all the parties to this agreement, they, the said Messrs. Cosman & Associates, cannot treat any information received from or on behalf of any of the parties hereto as confidential insofar as any of the other parties hereto are concerned, and that, if a dispute arises between or among any of the parties hereto, they, the said Cosman & Associates, cannot (except for efforts to resolve such dispute by consent) act for all the parties in that matter. The parties hereto each hereby consent to Messrs. Cosman & Associates acting for all of them, subject to the foregoing.

The parties hereto each hereby further acknowledge that the said Messrs. Cosman & Associates have hereby recommended to each of them that they obtain independent legal advice concerning the advisability of entering into this agreement before executing it. The said parties hereby acknowledge that each of them has obtained such independent legal advice.

17.11 Planning Act (Ontario). Where applicable, the provisions of this agreement requiring compliance with s. 50 of the *Planning Act*, R.S.O. 1990, c. P.13, are agreed to be subject to the condition that the provisions shall be effective only if the provisions of s. 50 of the *Planning Act*, are complied with and the parties agree to use their best efforts to cause the compliance.

17.12 Forum. This agreement shall be deemed to have been made in and be governed in accordance with the laws of the Province of Ontario.

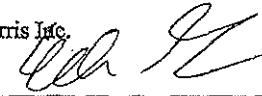

17.13 Binding on successors. This agreement shall enure to the benefit of and be binding on the respective successors and assigns of the parties to it, but shall not be assignable except as expressly provided in this agreement.

17.14 Transmission by Facsimile. The parties hereto agree that this Agreement may be transmitted by facsimile or such other similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

17.15 Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

IN WITNESS WHEREOF the parties have executed this agreement this 8th day of May, 2008

SIGNED, SEALED & DELIVERED

)
) 125 Ferris Inc.
)
) Per: 
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Mark Craig Gross Holdings Inc.
)
) Per: 
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Sheldon Gross Limited
)
) Per: _____
) Name: Sheldon Gross
) Title: A.S.O.
) "I have authority to bind the Corporation."
)
) Macamid Holdings Ltd.
)
) Per: _____
) Name: Maxine Cooper
) Title:
) "I have authority to bind the Corporation."
)
) Dr. Horold and Mrs. Brownie
) Fleishman Family Trust
)
) By its Trustee: _____
) Trustee:
)
) Philip Ian Rubinoff Trust
)
) By its Trustee: _____
) Trustee:
)
) Hideo and Tatsuko Kaneshiro Trust
)
) By its Trustee: _____
) Trustee:
)
) Inglewood Holdings Inc.
)
) Per: _____
) Name: Robert Rubinoff
) Title:
) "I have authority to bind the Corporation."

CT

17.15 Counterparts. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

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)
) Per: _____
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Mark Craig Gross Holdings Inc.
)
) Per: _____
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Sheldon Gross Limited
)
) Per: _____
) Name: Sheldon Gross
) Title: A.S.O.
) "I have authority to bind the Corporation."
)
) Macareid Holdings Ltd.
)
) Per: _____
) Name: Maxine Cooper
) Title:
) "I have authority to bind the Corporation."
)
) Dr. Harold and Mrs. Brownie
) Fleishman Family Trust
)
) By its Trustee: _____
) Trustee:
)
) Philip Ian Rubinfeld Trust
)
) By its Trustee: _____
) Trustee:
)
) Hideo and Tatsuko Kaneshiro Trust
)
) By its Trustee: _____
) Trustee:
)
) Inglewood Holdings Inc.
)
) Per: _____
) Name: Robert Rubinfeld
) Title:
) "I have authority to bind the Corporation." OT

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IN WITNESS WHEREOF the parties have executed this agreement this 8th day of May, 2008

SIGNED, SEALED & DELIVERED

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) 125 Ferris Inc.
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) Per: _____
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
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) Mark Craig Gross Holdings Inc.
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) Per: _____
) Name: Mark Craig Gross
) Title: President
) "I have authority to bind the Corporation."
)
) Sheldon Gross Limited
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) Per: _____
) Name: Sheldon Gross
) Title: A.S.O.
) "I have authority to bind the Corporation."
)
) Macaroid Holdings Ltd.
)
) Per: Maxine Cooper
) Name: Maxine Cooper
) Title:
) "I have authority to bind the Corporation."
)
) Dr. Harold and Mrs. Brownie
) Fleishman Family Trust
)
) By its Trustee: _____
) Trustee:
)
) Philip Ian Rubinoff Trust
)
) By its Trustee: _____
) Trustee:
)
) Hideo and Tetsuko Kaushiro Trust
)
) By its Trustee: _____
) Trustee:
)
) Inglewood Holdings Inc.
)
) Per: _____
) Name: Robert Rubinoff
) Title:
) "I have authority to bind the Corporation." *CR*

THIS IS EXHIBIT "H" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



MAXAFFAIRES
SERVICES

Montréal, October 10th 2013

125 Ferris Inc.
200 Ronson Drive,
Suite 101
Toronto (Ontario)
M9W 5Z9

Attn.: Mr. Mark Gross

RE: Financing Offer

Mr. Gross,

We are pleased to confirm that Laurentian Bank of Canada agrees to provide the following facility subject to the specific terms and conditions provided for in this financing offer (hereafter the "Offer"), and we submit the following for acceptance.

The terms and expressions used herein and beginning with a capital letter shall have the meaning herein ascribed in Appendix A, unless the context otherwise requires.

Please note that all amounts herein are in Canadian dollars, unless otherwise specified.

Lender: **Laurentian Bank of Canada**
1981, McGill College Ave,
Suite 1500
Montréal, Quebec H3A 3K3

(hereafter the "Bank" or the "Lender")

Borrower: **125 Ferris Inc.**
200 Ronson Drive
Suite 101

Toronto, (Ontario) M9W 5Z9

(hereafter the "Borrower")

Tour Banque Laurentienne
1981 McGill College Avenue Suite 1500
Montréal Québec H3A 3K3
Tel. 514.284.4500 Fax 514.284.4551

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1. Description of credit facility

The Lender hereby makes available to the Borrower the following credit facility (hereafter "Credit A"):

- 3.1 Credit A: A term loan of 60 months with an amortization period of 240 months. The amount of the facility will be equal to the lesser of \$7 700 000 or the outstanding amount in capital, interest and fees owing by the Borrower to GE Canada Real Estate Financing Business Property Company under the loan secure by, inter alia, a first-ranking charge/mortgage on the real property located at 125 Ferris Drive, North Bay, Ontario, M9L 1R5 (the "Property"). The loan will be serviced and collected by GE Canada Equipment Financing G.P. ("GE") as agent for the Lender under the terms of an agency agreement to be agreed to with the Lender.

2. Purpose of Credit

The Credit A must be used exclusively to refinance the Property and to pay in full the financing with GE Canada Real Estate Financing Business Property Company secured by the Property.


3. Types of advances**3.1 Applicable interest rate**

Credit A shall be made available through one advance bearing interest at a fixed rate of 5.15%*

*This fixed rate shall be valid only up to October 18th, 2013. After such date, the Lender shall have no obligation to disburse the Credit A under the term and condition of this Offer and may amend the applicable interest rate at its entire discretion.

3.2 Interest payment and calculation

- 3.2.1 Interest is payable monthly in arrears and not in advance on the the same calendar day as the disbursement of the advance.
- 3.2.2 Interest accrues up to the date payment is made on the principal amount owing, after as well as before demand, maturity, default or judgment until full payment thereof.
- 3.2.3 Unpaid principal or interest due on the maturity date bears interest, as of that date, at the interest rate provided for with respect to this advance and is payable on demand. Any other amount due in the form of a commission, professional fees, charges, or other amount not paid when due, bears interest, as of the maturity date, at the same rate applicable to Credit A and payable on demand.
- 3.2.4 Interest is calculated monthly on a 365-day-year basis.
- 3.2.5 For purposes of the *Interest Act* (Canada) in a leap year, the yearly rate of interest to which the rate is calculated on the basis of a year with three-hundred sixty-five days (365 days), is equal to the interest rate so calculated, multiplied by three-hundred sixty-six (366) and divided by three-hundred sixty-five (365).



	Initials
Lender	Borrower

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4. Conditions precedent**4.1 Conditions precedent to the availability of Credit Facility A:**

The Lender shall have no obligation to make available the Credit Facility A unless and until each of the following terms and conditions has been satisfied or required document received, to the entire satisfaction of the Lender, and no later than October 31st, 2013.

- 4.1.1 This Offer duly executed by all parties hereto.
- 4.1.2 Each Security document and all other documents duly executed and registered and first ranking thereof shall be confirmed to the Lender.
- 4.1.3 Lender has received all resolutions and all other authorizations necessary to authorize the execution and delivery of and the performance by the Borrower of its obligations under this Offer.
- 4.1.4 Lender has received a legal opinion from Borrower's counsel with respect to, inter alia the due authorization, execution, delivery, validity and enforceability of the documents executed by the Borrower
- 4.1.5 Lender has received an appraisal report addressed to and accepted by the Lender with respect to the Property, the content of which shall be at the entire satisfaction of the Lender. [condition satisfied]
- 4.1.6 Lender has received an environmental report addressed to and accepted by the Lender with respect to the Property, the content of which shall be at the entire satisfaction of the Lender. [condition satisfied]
- 4.1.7 Title insurance on the Property has been issued by *First Canadian Title Insurance Company of Canada* in favour of the Lender confirming the first ranking mortgage in favour of the Lender on the Property and covering for any irregularities, if applicable
- 4.1.8 Lender has received a recent survey plan with respect to the Property confirming there are no irregularities except if a lender's insurance title covers such irregularities.
- 4.1.9 Lender has received a payment confirmation of the municipal taxes with respect to the Property
- 4.1.10 Lender has received a confirmation of insurance coverage on the Property, including the rental loss, liability and other insurance coverage as may be required by Lender as per Schedule D herein.
- 4.1.11 Lender has received a certificate issued by an officer of the Borrower attesting certain matters of facts and confirming that there are no environmental issues with respect to the Property.
- 4.1.12 Lender has received satisfactory information on the Borrower's structure. Based on such information, Lender will require consent relating to personal information forms to be signed by certain shareholders.
- 4.1.13 Borrower shall have provided to the Lender all required information regarding "Know your client" and Anti-Money Laundering / Terrorist financing obligations including but not limited to

Initials	
	
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all information required to ascertain the identity of the Borrower, its respective directors, authorized signing officers, direct or indirect shareholders or other persons in control of the Borrower, including all supporting documentation and other evidence as may be required by Lender

- 4.1.14 An agency agreement between GE and the Lender has been signed to the entire satisfaction of the Lender in its sole discretion.
- 4.1.15 Lender has received a pay-out letter from GE Canada Real Estate Financing Business Property Company concerning the loan agreement with the Borrower which shall not exceed \$7,700,000 together with an undertaking to discharge its rights on the Property.
- 4.1.16 Evidence that no material adverse change has occurred in the financial situation of the Borrower since the most recent financial statements submitted to the Lender.
- 4.1.17 Any other condition that the Lender may deem reasonable following review of the documentation provided herewith by the Borrower.

5. Fees and commissions

5.1 Legal fees

The Borrower accepts to pay all fees and costs incurred for the preparation, revision, execution, registration and publication of these presents as well as of any documentation with respect to the terms and conditions set forth herein and to the Security, including the Lender's legal counsel fees, whether or not the documents are executed or the advance are funded under the terms and conditions herein. The Borrower hereby expressly authorizes the Lender to debit from his account the amounts as soon as they are due, including any amount due on the date the credit facility is disbursed. The Borrower shall also pay all fees incurred in the realization of Security.

Commitment Fees


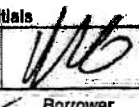
The Borrower shall pay to GE the amount of \$10,000 plus applicable taxes as non-refundable commitment fees. This amount is payable notwithstanding the cancellation or non-disbursement of the total or partial amount of the Credit Facility A. This amount is payable in a single payment on the date of acceptance of this Offer by the Borrower.

5.2 Agency Fee

The Borrower shall also pay a non-refundable annual agency fee of 50 basis points (plus applicable taxes including Harmonized Sales Tax, or equivalent taxes that may be payable from time to time (HST) on the fee amount.) calculated on the then-outstanding principal balance of Credit A, which agency fee shall be payable, on a monthly basis, in arrear, by the Borrower to GE.

5.3 Other fees

- 5.3.1 The Borrower shall pay to the Lender the following fees: (i) \$100 for late filing payable whenever the Lender must follow up on documents filed after the delay prescribed herein such as accounts receivable report, inventory status report; (ii) \$150 for late filing interim financial statements and (iii) \$350 for late filing of the annual financial statements.

	Initials	
Lender		Borrower

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5.3.2 The Borrower shall be responsible for further expenses that are deemed necessary to consummate the transaction, such as appraisal costs, title insurance fees, real estate verifications, disbursement and security documents registration fees

6. Annual Review date

The Credit Facility is reviewed by the Lender at least once a year on or about April 30th, of each year and at any other date during the year when the Lender is of opinion that an unfavourable and material change has occurred in the Borrower's financial situation (hereafter the "Annual Review date").

7. Repayment

7.1 Repayment of Credit Facility A

Credit Facility A is granted for a term of 60 months and amortized over 240 months. Principal owing on Credit A is repayable through 60 equal and consecutive monthly instalments of principal plus interest monthly instalments commencing on the next month following the date of the disbursement of funds under Credit Facility A, followed by a balloon payment on the maturity date being the date on which any unpaid balance must be repaid in full. The maturity date shall be the last day of the 60-month period following the disbursement date.

7.2 Prepayment of Credit Facility A

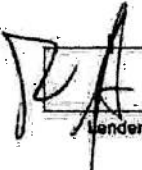
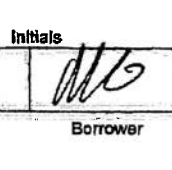
The Borrower can prepay, in whole or in part, advances outstanding granted at Fixed rate before their respective maturity, subject to an indemnity equivalent to the higher of the following amounts: (a) an amount equal to three months (3 months) interest on the principal advances repaid at the interest rate in effect at the time of prepayment, or (b) the present value (discounted at the Bond Yield) of the difference between (i) the amount of the remaining payments (principal and interest) as well as any remaining portion of the Credit Facility payable at the expiration of the Term and (ii) the amount of the remaining payments (principal and interest) required to amortize the outstanding balance of the Credit Facility at the Bond Yield, over the then remaining amortization period of the Credit Facility, up to the expiration of the Term, and the resulting principal balance that would have been outstanding at the expiration of the Term, at the Bond Yield.

For the purpose of this Offer, "Bond Yield" means the then current yield on the Government of Canada Bond for an equal term to the then remaining Term of the Credit Facility at the time the prepayment option is exercised, as published in the edition of the Globe & Mail 3 business days preceding the prepayment date.

8. Preauthorized debit and date of payment

8.1 During servicing of the credit by GE, payments shall be made by preauthorized debit processed by GE. Should the Agency Agreement between the Lender and GE be terminated, the Lender will process directly the preauthorized debit as per the terms and conditions set out in Schedule B

8.2 The date of payment is the date on which GE or the Lender receives value for funds paid. A payment made after 3:00 p.m. shall be considered made on the next business day, unless a one-day (1-day) notice was given prior to such payment or otherwise specified herein.

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Lender	Borrower

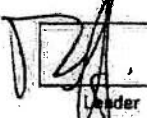

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9. Security

- 9.1 To secure the full and complete repayment of Credit Facility and the Borrower's performance of the obligations set forth herein and to further manage risk with respect to financial derivatives, the Borrower shall maintain in force and in favour of the Lender the security set out hereunder (hereafter the "Security").
- 9.1.1 First ranking collateral mortgage on the Property and all its accessories, improvements and insurance proceeds derived therefrom.
- 9.1.2 First ranking security interest in all equipment used exclusively for the operation of the Property as well as on rents and insurance indemnities covering rents (but excluding manufacturing equipment)
- 9.1.3 A specific assignment in favour of the Lender of all rights and interests of the landlord under the lease entered into between O.R.E Development Corporation, as landlord and Atlas Copco Canada Inc. as tenant ("Tenant"), dated July 3, 2007, as amended, and all renewals or extensions of such lease, written or oral, in whole or in part, and as it may be amended, extended, renewed, replaced or assigned from time to time ("Lease").
- 9.1.4 The appointment of the Lender as the designated beneficiary of the insurance proceeds covering the property under security based on the Lender's interest and with the standard rider designating the Lender as hypothecary creditor, the whole in accordance with the terms and conditions further set out in herein.

10. Representations and warranties

- 10.1 The Borrower hereby represents and warrants the terms and conditions set out hereunder:
- 10.1.1 The Borrower is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation; has the corporate power to execute and deliver, and to perform its obligations under the terms and conditions set out herein, and has the corporate power to carry on its business. Moreover, the terms and conditions herein as well as the Security are in compliance with any applicable law, and do not violate any provision of any obligor's constituting documents or were duly authorized under the provisions of the act, its statutes, regulations and will not violate any provision of its constituting documents or internal corporate resolutions.
- 10.1.2 The Borrower is to the best of its knowledge and belief, in compliance with the terms and provisions of the material contracts to which it is a party, and with all applicable laws, regulations, licenses, permits, or certificates the non compliance with which could reasonably be expected to have a material adverse effect on its financial situation, its capacity to conduct business or to meet its obligations under the terms and conditions therein. Compliance with the terms and conditions herein shall not give rise to such default. To the best of its knowledge and belief, no violation exists which could result in the suspension, termination or revocation of the said licences, permits or certificates.
- 10.1.3 There are no existing, pending or threatened litigation or legal proceedings against the Borrower which could reasonably be expected to result in a material adverse effect on its financial situation, or its ability to conduct business or to fulfill its obligations under the terms and conditions herein.
- 10.1.4 There has been no material adverse change in the Borrower's financial situation since the date of the most recent reviewed financial statements provided to the Lender and those

Initials	
	
Lender	Borrower

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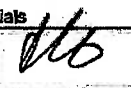
financial statements fairly represent the financial position of the Borrower and its subsidiaries at such dates.

- 10.1.5 The Borrower is not in default with respect to a judgement, order, instruction, injunction, decree or decision rendered by any court, agency, arbitrator, commission or other similar authority.
- 10.1.6 No authorization, consent or exemption is necessary to give effect to this Offer or to the Security, other than any that has been reviewed
- 10.1.7 The assets pledged pursuant to the terms of the Security documents are owned by the Borrower and are free and clear of all liens, other than liens created by the loan documents in favour of the Lender or expressly permitted by the Lender in writing (hereafter the "Permitted Liens")
- 10.1.8 The sole shareholders or partners, as the case may be, are the persons referred to in Schedule C herein and they hold the number and category of stocks or shares attributed respectively to each party.
- 10.1.9 The Borrower has not contracted an engagement under which it is obliged to or could be obligated to issue voting shares of its share capital, whether it be instructed through an agreement, option contract or other instrument, nor any other obligation with respect to the issue of other securities.
- 10.1.10 The Borrower has paid all taxes or income taxes or income tax assessments or has made provisions of appropriate amounts to do so.
- 10.1.11 There are no strikes or other labour disputes against the Borrower that are pending, other than grievances filed in the normal course of business and no obligor is bound by any collective agreement.
- 10.1.12 Accounts receivable are due and payable by debtors residing in Canada and in the United States.
- 10.1.13 The representations and warranties made under Section 10 which are understood to refer, in the future, to the most recent reviewed, or as the case may be, unaudited financial statements.

11. Covenants



The Borrower hereby covenants and agrees to comply with the following covenants until full repayment of the Lender's credit facility:

- 11.1 Prior to the funding of the Loan and during the term of the Loan, 1.15x debt service coverage to be maintained and tested annually. Debt service coverage is to be based on net operating income for the Property from binding and enforceable in place leases and utilizing the actual Loan rate and a 20 year amortization period. For greater certainty, net operating income is defined as gross income from tenants in place paying rent including recoveries, less operating expense, management fee, structural reserve and vacancy/bad debt allowance as accepted or amended by the Lender from time to time and based on reasonable industry standards.
- 11.2 Provide the Lender with the compiled financial statements of Borrower, duly signed by the auditors within 120 days of the end of each fiscal year.

	
Lender	Borrower

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- 11.3 Provide the Lender with audited and consolidated financial statements of the Tenant, duly signed within 180 days of the end of each fiscal year.
- 11.4 Provide annually, thirty days (30 days) before the policy expires, a copy of the renewals with respect to the insurance policy premiums covering assets pledged in favour of the Lender.
- 11.5 Provide proof of municipal and school tax payment at the time the Borrower provides copies of its most recent financial statements.
- 11.6 Not to declare nor pay dividends, neither make advances or loans to any shareholder and/or affiliated entity without the prior written consent of the Lender if the Borrower is in default or if by such payment the Borrower would be in default.
- 11.7 Maintain its current share ownership which is further set out in Schedule C herein without the prior written consent of the Lender, provided that changes of less than 25% aggregate interest during the Term of the Credit Facility, shall be permitted.
- 11.8 Do not consent to any material modification or amendment regarding the Lease without the prior written consent to the Lender
- 11.9 Not to make or grant any loans, advances or other financial assistance (including guarantees) to any of its affiliates, or related affiliates or make any investments therein, nor grant them any security interest on its assets, or conduct any business with them, outside the normal course of business.
- 11.10 Remit promptly when due, all taxes charged to or payable, collectable or remittable by it as prescribed by the *Income Tax Act* (Canada), the *Taxation Act* (Quebec) and all other applicable tax laws, including laws governing employment insurance, retirement and worker's compensation, and immediately notify the Lender upon failure to do so.
- 11.11 Maintain any license or permit required to conduct business.
- 11.12 Not to sell, assign, rent, divest its assets (other than inventory sold during the normal course of business), nor dispose of such assets in any manner whatsoever, save during the normal course of business, including the disposition of obsolete equipment.
- 11.13 Maintain insurance on pledged properties and assets and for the operation of its businesses to cover any damage to its business and property in favour of the Lender for the full replacement value thereof and maintain third-party and public liability insurance for a minimum of five million dollars (\$5,000,000) in accordance with the terms and conditions further set out in Schedule D herein.
- 11.14 Maintain pledged assets free and clear of any liens other than Permitted Liens.
- 11.15 Maintain and renew all its rights, privileges, powers, contracts, agreements, leases, licences, franchises, permits and authorizations required or necessary to carry on its business activities.
- 11.16 Comply with all applicable laws and government approvals including environmental laws.
- 11.17 Promptly notify the Lender in writing of any problems relating to the environment and of the presence of any hazardous materials or substances which could have a material adverse effect on its properties, assets or its operations and remedy the situation, at its expense, and provide the lender, on demand, any information about any environmental risk or liability.

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Lender	Borrower

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11.18 Provide the Lender with the required authorization to complete an Equifax or Credit Bureau under their names.


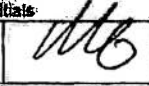
11.19 Provide any information that the Lender may reasonably request from time to time.

12. Events of default

12.1 Events resulting in a default:

The occurrence of one of the events described below shall constitute an event of default under the Offer herein.

- 12.1.1 The Borrower fails to make when due any payment of principal, interest, fees, costs or any other payment required to be made under this Agreement or any other Document.
- 12.1.2 The Borrower fails to perform or observe any covenant or undertaking contained in Sections 4 above or any conditions of the negative or restrictive covenants contained in Section 11 which is not remedied within five (5) business days following receipt of a notice to that effect from the Lender except for sections 11.6 to 11.17 where no remediation period shall apply, .
- 12.1.3 The Borrower fails to perform or observe any other term, condition, undertaking or covenant contained herein which is not remedied within five (5) business days following receipt of a notice to that effect from the Lender.
- 12.1.4 The Borrower makes an assignment for the benefit of its creditors, files a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* or similar legislation or is taken to be insolvent or bankrupt or files a petition for the appointment of a trustee, receiver, liquidator or sequestrator or other like official with respect to all or any material part of its property assets.
- 12.1.5 The Borrower's business or all or a substantial part of its assets are seized, or taken possession of by a creditor or placed in receivership or a liquidator is appointed with respect thereto.
- 12.1.6 The occurrence or likely occurrence of an event which could lead to a material adverse change with respect to the Borrower's financial situation, its capacity to conduct its business activities or fulfill its obligations under the terms and conditions herein.
- 12.1.7 Any material document, certificate, declaration, report or warranty provided by the Borrower under the terms and conditions herein or shall prove to have been false or incorrect, in any material respect at the time it was made.
- 12.1.8 A default occurs under the Security documents or if any Security ceases to be in effect or is no longer enforceable.
- 12.1.9 A default resulting in the payment of a amount exceeding one-hundred thousand dollars (\$100,000) occurs under the terms and conditions of any other commitment entered into by the Borrower or one of the Guarantors towards other creditors.
- 12.1.10 A direct or indirect change in the share ownership of the Borrower or of the Borrower's shareholders, subject to section 11.7.

	
Lender	Borrower

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12.2 Rights upon default and Event of Default

Upon the event of default under the terms and conditions herein:

- 12.2.1 Unless he waives default or the event of default, the Lender may demand immediate payment of all or part of the advances outstanding hereunder.
- 12.2.2 The Lender may then exercise any recourse under the law or under the terms and conditions herein or as defined in the Security documents.
- 12.2.3 The Lender may terminate specified uses of Credit or the Borrower's right to such Credit.

Without limiting the generality of the foregoing, the Lender may, at any time and without prejudice to its ability to exercise such right or recourse at a later date, waive a default or grant a delay to remedy such default.

13. Indemnity

- 13.1 If the introduction of any applicable law, regulation, guideline or governmental policy applicable to financial institutions, and bearing legal force and effect or where the terms and conditions thereof are to be observed fully by the Lender, or if the introduction of a tax or income tax on revenues other than those of the Lender or a decision rendered by a court causes to (i) increase, for the Lender, the costs of letters of guarantee, letters of credit, advances at the Prime rate or at the USD Base rate, advances at the fixed rate, advances at the LIBOR Rate, bankers' acceptances or financial derivatives, or (ii) reduce the amount received or receivable by the Lender or its effective rate of return in respect of making, maintaining or funding and advance hereunder or (iii) increase the cost with respect to the unused portion of Credit facilities or (iv) require the Lender to pay or to collect a tax or an income tax with respect to the Credit facilities or financial derivatives, the Lender may notify the Borrower of the amount of the increase in cost or reduction in income and the cause thereof. The notice shall be conclusive evidence of the increase in cost or reduction in income and the Borrower shall pay to the Lender within two business days (2 business days) of the giving of notice, such additional amounts.
- 13.2 The Borrower shall pay the Lender for any loss of profit or expenses incurred by reason of the liquidation or redeployment of deposits or other premiums, fees or other charges results from the following:
- 13.2.1 For any reason whatsoever (including a request for payment), fixed rate advances or the face value of bankers' acceptances were repaid or cancelled prior to the expiry of their respective maturity date.
- 13.2.2 The Borrower does not pay when due, any amount in capital, interest or other form, as per the terms and conditions herein.
- 13.2.3 The Borrower does not follow up on a notice of credit use or terminates the use thereof.
- 13.3 The Lender shall notify of the loss so incurred and the cause thereof. This notice shall be conclusive evidence of the amount of such loss and, within two business days (2 business days) upon receipt thereof, the Borrower shall promptly pay this amount to the Lender.
- 13.4 The Borrower agrees to indemnify and hold harmless the Lender, its officers, administrators, employees, representatives and shareholders with respect to any loss, liability, accountability, damages, fees, expense and claim of any nature whatsoever they may incur, contract or engage in or which may be claimed resulting directly or indirectly from a leak, discharge, spill, processing, dispersal or the presence of contaminants or toxic substances on either one of its properties, in the air, in a stream or resulting

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Lender	Borrower

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directly or indirectly from any environmental problem related to the Borrower's or its subsidiaries' business. This obligation also includes the cost related to initiating any defence proceedings or counterclaims as well as any costs, damages, fees, losses, expenses incurred following the settlement with or without the Borrower's or its subsidiaries' consent, provided however, that the Borrower was given prior notice with respect to such an environmental problem. The Borrower's obligation shall remain in force even after this agreement shall cease to be in full force and effect.

14. Miscellaneous

14.1 Accounting terms

Unless otherwise provided herein, all financing terms used in this Offer shall be determined in accordance with the generally accepted accounting principles ("GAAP") in Canada as established, defined and updated in the Canadian Institute for Chartered Accounts Manual. Calculations, audits, audit reports, financial statements (and different balance sheet items) referred to herein or with respect to the Borrower's business operations are made in accordance with the consistently applied principles and industry standards.

Furthermore, the Borrower's affiliated entities shall provide, as per the terms and conditions herein, consolidated and non-consolidated financial statements, unless otherwise provided herein. As well, calculations must be made on a consolidated basis, unless otherwise specified

In the event that the Borrower changes or adopts new accounting principles, the Borrower shall notify the Lender in writing and provide the Lender with a statement stipulating whether or not the changes have an impact or not on their financial calculations thereof. In all cases, a certificate must be provided, along with the statement, evidencing calculations made before and after the change. When the Lender determines, at its discretion, that the amended or new accounting standards impact the financial results, the Lender may require that provisions with respect to this agreement be amended to factor in these changes.

14.2 Prescribed timeframes and business days

The prescribed timeframes herein and those that may be required by law apply concurrently and are not added thereto. In determining such timeframes, the due date, and not the commencement date, is taken into account. Where a payment or calculation is to be made, or any action is to be taken, on or as of a day which is not a business day, that payment, calculation or action is to be taken on or as of the next day that is a business day, unless the context otherwise requires.

14.3 Putting in default


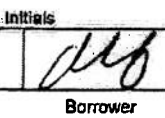
The Borrower is put in default to fulfill its obligations by reason only that the timeframe specified to perform such obligations has elapsed or expired or its obligation is declared an event of default, in addition to other causes prescribed by law.

14.4 Absence of waiver

A party's non-expression, failure or delay in exercising a right or recourse to which the party is entitled herein shall under no circumstances be interpreted as its waiver thereof.

14.5 Lender's records

The records held by the Lender provide conclusive evidence of the transactions performed under the terms and conditions herein, the transaction dates, and the sums owing to the Lender.

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Lender	Borrower

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14.6 Sending of a notice

Unless otherwise specified, any notice is served in writing; a notice or a document is either delivered or forwarded via registered mail or fax:

14.6.1 Notice to the Borrower at this address:

Attention of: ●
Fax: ●

14.6.2 Notice to the Lender at this address:

1981 McGill College ave
Suite 1500
Montréal, (Quebec)
H3A 3K3

Attention of: Sébastien Lemay
Fax: 514-284-4551

14.7 Receipt of notice

A notice or a document is deemed to have been received by its addressee (i) on the day it is delivered, if delivered one business day (1 business day) prior to 3:00 p.m. or the next business day if it is delivered after 3:00 p.m. or (ii) the third business day (3rd business day) after it is mailed, if mailed via registered mail, or (iii) when transmitted via fax, the day it is faxed, if faxed prior to 3:00 p.m. on a business day or the next business day following its transmission, if transmitted as of 3:00 p.m. If for any reason postal or fax services are disrupted (or likely to be disrupted), the notice or the document is delivered.

14.8 Contracting binding the parties

This Offer when duly accepted by all parties to the present constitutes a contract binding all parties legally and serves in lieu of the credit agreement.

14.9 Applicable law and judicial district

The terms and conditions herein are governed and interpreted by applicable law in the province of Ontario. Furthermore, the parties to the present agree to choose the judicial district of Ontario, in the province of Ontario, Canada for any claim or legal proceeding with respect to this Offer.

Initials	
Lender	Borrower

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Please confirm your acceptance of this Offer by returning the enclosed copy duly signed by you no later than the October 31st at 4:30 p.m. Failure to do so shall render this letter of amendment automatically null and void.

We wish to thank you for your cooperation in this matter and we trust that the Bank's financial support will help your business achieve sustainable success.

Lender:

LAURENTIAN BANK OF CANADA

By: 

and

By: Sébastien Lemay, CFA
Senior Manager


Michel Lapalme

Assistant Vice President, National Accounts

	
Lender	Borrower

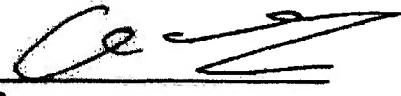
- 14 -

ACCEPTANCE

We hereby accept the terms and conditions of the Offer submitted to us by Laurentian Bank of Canada dated October 10th 2013. Furthermore, the Borrower confirms that the above Credit is for its personal use and is not intended to be used by or for the benefit of a third-party.

ACCEPTED at Toronto, on this 10 day of October

Borrower:

By: 
Name: ●
Title: ●

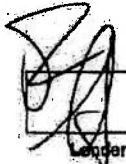
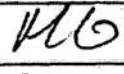
	
Lender	Borrower

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Schedule A

Definitions

Bank	Meaning attributed to the term on Page 1.
Borrower	Meaning attributed to the term in the Introduction on Page 1.
Lender	Meaning attributed to the term on Page 1.
Offer	Meaning attributed to the term in the first paragraph on Page 1.
Prime rate	Refers to the annual interest rate posted and announced from time to time by Laurentian Bank of Canada as being the reference rate in effect to determine the interest rate on commercial loans granted in CAD currency in Canada.
Annual Review date	Meaning attributed to the term in article 6
Security	Meaning attributed to the term in article 9

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Lender	
	Borrower

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Schedule B

Preauthorized Debit Agreement

You, as the account holder(s) (payer), authorize the payee and Laurentian Bank of Canada to debit the account held at the branch of the above-named financial institution, in accordance with the conditions you agreed upon with the payee, unless otherwise notified in writing.

A debit, in written, electronic or other format in the amount of the payment of each credit facility can be drawn from the Borrower's account based on the above-mentioned frequencies, as of the first payment until the advances are paid in full. This amount may be increased or decreased at a later date. The Bank will notify you of the revised amount to the best of its knowledge within a reasonable timeframe.

The branch of the financial institution where the account is held is not required to verify that the payment is drawn in accordance with this authorization.

You will notify the financial institution in writing of any changes to the account information.

This agreement can be revoked at any time subject to thirty days (30 days) notice. Contact your branch for further information on your right to cancel the agreement or go to www.cdnpay.ca.

You have certain rights of recourse if a debit is not in accordance with this agreement. For example, you have the right to be reimbursed for any debit that is not authorized or that is not consistent with this Preauthorized Debit Agreement.

For further information on your rights of recourse, contact your branch or go to www.cdnpay.ca. You understand that a written statement to this effect must be provided to your financial institution.

You agree to waive the requirements of the Canadian Payments Association for advanced notice regarding the amount(s) payable or the due dates of the debits from your account and each time a change is made to the debit due dates.

You acknowledge that by granting this authorization to the payee, you are granting authorization to the above-named financial institution.

I have read and understand the above terms and conditions and accept to be bound thereto.

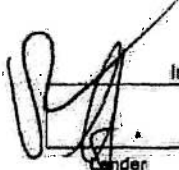
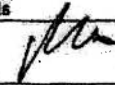
Initials	
Lender	Borrower

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Schedule C

BORROWER'S SHARE OWNERSHIP

To be completed

	
Lender	Borrower

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SCHEDULE D**INSURANCE**

The Borrower shall obtain, maintain and provide the Lender and/or its agent, for the duration of the loan, proof of insurance, as set out below, with respect to the property and operating property. Failure to provide proof of insurance shall result in the Bank not being obliged to disburse funds under the loan as long as the insurance, as set out below, is not taken out with one or several of the Bank's certified insurance companies.

1. **General conditions applicable to all forms of insurance** – For all insurance policies required by the Bank, the Lender shall be added as an additional insured party as the hypothecary creditor. The Borrower shall provide the Lender and/or its agent with proof of insurance, at the time of renewal thereof, a minimum of ten days (10 days) prior to the expiry date and for the duration of the loan. The Borrower and/or its insurers waive any recourse to subrogation against the Lender.

The Lender may require the Borrower to obtain any insurance deemed necessary, useful or appropriate. The provisions with respect to the termination of the said policies, including those pertaining to the hypothecary clause (IBC 3000), shall stipulate that the Lender must be served a minimum notice of thirty days (30 days).

2. **Property insurance:** An "all-risks" insurance policy, including coverage against earthquakes, flooding, back-up of waste water in the sewer system and consequences of statutory provisions with respect to construction (IBC 4045 – General Formula).

The basis for the settlement of claims based on the classes of property should consider the following factors:

- Building: Full replacement value without coinsurance provision
- Contents: Full replacement value including declared value clause
- Equipment: Full replacement value or depreciated value including declared value clause
- Inventory: At the cost per sale including declared value clause.

3. The losses under the said policy shall be payable to the Lender as a first mortgagee, or any other rank, as defined in a hypothecary clause approved by the Insurance Bureau of Canada (IBC 3000).
4. **Business interruption coverage** – A business interruption insurance policy (profits policy), including rental income for coverage at least equal to one-hundred percent (100%) of the gross annual income for a minimum of twelve months (12 months).
5. **Third-party liability insurance** – A comprehensive general liability insurance policy including coverage against bodily injuries and material damages up to a maximum of five million dollars (\$5,000,000). A limited pollution liability endorsement (IBC 2313), should be included, as needed, in this third-party liability insurance.

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Lender	Borrower

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6. **Machinery breakdown insurance** – An insurance policy against the breakdown of machinery covers all electrical and mechanical equipment and pressure vessels; the said insurance policy shall include an endorsement with respect to hypothecary guarantees approved by the Canadian Boiler and Machinery Underwriters Association, with losses payable to the Lender as a first mortgagee. Furthermore, rents and/or business disruption coverage should be added to this insurance policy for the same amount as the one stipulated in article 4.

The losses under the said policy shall be payable to the Lender as a first mortgagee or any other rank as defined in a hypothecary clause approved by the Insurance Bureau of Canada (IBC 3000).

7. **Automobile insurance** – An automobile insurance policy (*Formule des Propriétaires du Québec No. 1*) covering Chapter A for a minimum of two million dollars (\$2,000,000) and Chapter A for an amount equal to the merchant value of insurable goods on this type of automobile insurance policy.

8. **Insurance policy audit** – Prior to disbursing funds on the loan, the above policies shall be forwarded to the Lender's insurance adjuster, for verification and approval, and all fees incurred with respect to such audits and the approval thereof shall be assumed by the Borrower.

9. **Additional coverage** – The Lender may require the Borrower to provide any other insurance policy or any additional coverage it deems necessary to insure its interests, provided that any request made by the Lender to that effect under the terms and conditions herein, comply with standard and current practices, in view of the circumstances.

Initials	
Lender	Borrower

THIS IS EXHIBIT "I" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:

Sarah Lam

716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



GENERAL SECURITY AGREEMENT

THIS AGREEMENT made the ___ day of October, 2013

BETWEEN: **125 FERRIS INC.**

(hereinafter called the "Debtor")

AND: **LAURENTIAN BANK OF CANADA**

(hereinafter called the "Bank")

In consideration of the sum of One Dollar (\$1.00) now paid to it by the Bank (receipt of which is hereby acknowledged), and to secure the due payment and performance of all Obligations (hereinafter defined), the Debtor hereby agrees with the Bank and provides as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

As used herein the following expressions shall have the following meanings:

"Affiliate" has the meaning ascribed to such term in the *Business Corporations Act* (Ontario), including the corporations (if any) referred to as Affiliates in Schedule "D" hereto;

"Business Day" means any day except Saturday, Sunday or a statutory holiday;

"Collateral" means all present and future property and assets of the Debtor whether now or hereafter specifically charged or subjected to the floating charge under Section 2.1 (except as excluded pursuant to Section 2.2);

"Encumbrance" means any mortgage, lien, pledge, assignment, charge, security interest, title retention agreement, hypothec, levy, execution, seizure, attachment, garnishment, right of distress or other claim in respect of property of any nature or kind whatsoever howsoever arising (whether consensual, statutory or arising by operation of law or otherwise) and includes arrangements known as sale and lease-back, sale and buy-back and sale with option to buy-back;

"Environmental Assessment" means any inquiry, investigation or report of the environmental condition of the Premises;

"Environmental Laws" means all applicable federal, provincial, regional, state, municipal or local laws, common law, statutes, regulations, ordinances, codes, rules, guidelines, requirements, certificates of approval, licences or permits relating to Hazardous Substances or the use, consumption, handling, transportation, storage or Release thereof including without limitation (and in addition to any such laws relating to the environment generally) any such laws relating to public health, occupational health and safety, product liability or transportation;

"Environmental Order" means any prosecution, order, decision, notice, direction, report, recommendation or request issued, rendered or made by any Governmental Authority in connection with Environmental Laws or Environmental Orders;

"Event of Default" means any one or more of the events set out or referred to in Section 5.1;

"Financial Indebtedness" of the Debtor means the aggregate (without duplication) of the following amounts:

- (a) money borrowed, indebtedness represented by notes payable, and drafts accepted representing extensions of credit (including, as regards any note or draft issued at a discount, any amount that could reasonably be regarded as being the amortized portion of such discount as at the date of determination);
- (b) all obligations (whether or not with respect to the borrowing of money) which are evidenced by bonds, debentures, notes or other similar instruments or not so evidenced but which would be considered to be indebtedness for borrowed money;
- (c) all indebtedness upon which interest charges are customarily paid;
- (d) net amounts payable pursuant to interest swap arrangements;
- (e) capital lease obligations and all other indebtedness issued or assumed as full or partial payment for property or services or by way of capital contribution;
- (f) all letters of credit and letters of guarantee issued by a financial institution at the request of or for the benefit of the Debtor;
- (g) any guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner, directly or indirectly, of any part or all of any obligation of a type referred to in any of paragraphs (a) to (e) above; and
- (h) any of the foregoing amounts in respect of any Subsidiary of the Debtor whose accounts are not required under generally accepted accounting principles to be consolidated with the accounts of the Debtor; including (without limitation) all Obligations but excluding:

- (i) trade payables, expenses accrued in the ordinary course of business, customer advance payments and deposits received in the ordinary course of business unless the time for due payment of which extends, or is intended to extend, more than twelve months from the date as of which the determination of Financial Indebtedness is being made; and

- (j) indebtedness of the Debtor which is effectively postponed in favour of the Bank;

"**Governmental Authority**" means any nation, government, province, state, region, municipality or other political subdivision or any governmental department, ministry, commission, board, agency or instrumentality or other public authority or person, domestic or foreign, exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing and includes any court of competent jurisdiction;

"**Guarantor**" means any person who has guaranteed the indebtedness of the Debtor in favour of the Bank;

"**Hazardous Substance**" means any substance, combination of substances or by-product of any substance which is or may become hazardous, toxic, injurious or dangerous to any person, property, air, land, water, flora, fauna or wildlife; and includes but is not limited to contaminants, pollutants, wastes and dangerous, toxic, deleterious or designated substances as defined in or pursuant to any Environmental Laws or Environmental Orders;

"**Lease**" means any lease (whether now existing, presently arising or created in future) whereby the Premises or any part thereof are demised and leased to the Debtor;

"**Loan Document**" means this Agreement, any of the Security Documents or any other agreement or instrument (whether now existing, presently arising or created in future) delivered by the Debtor or by any Guarantor to the Bank;

"**Normal Business**" has the meaning ascribed thereto in Schedule "D" hereof;

"**Obligations**" means all monies now or at any time and from time to time hereafter owing or payable by the Debtor to the Bank and all other obligations (whether now existing, presently arising or created in the future) of the Debtor in favour of the Bank, and whether direct or indirect, absolute or contingent, matured or not, whether arising from agreement or dealings between the Bank and the Debtor or from any agreement or dealings with any third person by which the Bank may be or become in any manner whatsoever a creditor or other obligee of the Debtor or however otherwise arising and whether the Debtor be bound alone or with another or others and whether as principal or surety, including monies payable or obligations arising in connection with the Offer of Finance; for certainty, the Obligations include all Obligations recorded at any branch or other office of the Bank, wherever located, and are not restricted to those Obligations recorded at the office of the Bank set out herein;

"**Occupants**" means the Debtor, its tenants and other occupants of any Premises;

"**Offer of Finance**" has the meaning ascribed thereto in Schedule "D" hereof;

"**Permitted Encumbrances**" means the following:

- (a) liens for taxes, assessments, governmental charges or levies not for the time being due and delinquent;
- (b) easements, rights of way or other similar rights in land existing at the date of this Agreement which individually or in the aggregate do not in the Bank's opinion materially detract from the value of the property concerned or materially impair its use in the operation of the business of the Debtor;
- (c) rights reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition of the continuance thereof;
- (d) any Encumbrance the validity of which is being contested by the Debtor in good faith by appropriate legal proceedings and in respect of which either
 - (i) security adequate in the opinion of the Bank has been provided to it to ensure payment of such liens
 - or
 - (ii) the Bank is of the opinion that such liens are not materially prejudicial to the security hereof;
- (e) any reservations, limitations, provisos and conditions expressed in any original grant from the Crown which do not in the Bank's opinion materially detract from the value of the property concerned or materially impair its use in the operation of the business of the Debtor;
- (f) title defects or irregularities which, in the opinion of counsel to the Bank, are of a minor nature and in the aggregate will not in the Bank's opinion materially detract from the value of the property concerned or materially impair its use in the operation of the business of the Debtor;
- (g) Purchase Money Securities; and
- (h) the Encumbrances set out in Schedule "C" hereto;

"**PPSA**" means the *Personal Property Security Act* (Ontario);

"**Premises**" means all lands and premises owned or occupied by the Debtor from time to time (including the lands and premises referred to in Schedule "A" hereto);

"**Purchase Money Security**" means any Encumbrance given, reserved, created, assumed or arising by operation of law, whether or not in favour of the transferor, after the date hereof to provide or secure, or to provide the Debtor with funds to pay the whole or any part of, the consideration for the acquisition of tangible personal property other than Inventory where:

- (a) the principal amount of such Encumbrance is originally at least 75% but not greater than 100% of the cost to the Debtor of all of the property encumbered thereby, and

(b) the Encumbrance only covers the property being acquired by the Debtor

and includes the renewal, extension or refunding of any such Encumbrance and of the indebtedness represented thereby upon the same property provided that the indebtedness secured thereby and the security therefor are not increased thereby;

"Receiver" shall include one or more of a receiver, receiver-manager or receiver and manager of all or a portion of the undertaking, property and assets of the Debtor appointed by the Bank pursuant to this Agreement or by or under any judgment or order of a court;

"Release" includes abandon, add, deposit, discharge, disperse, dispose, dump, emit, empty, escape, leach, leak, migrate, pour, pump, release or spill;

"Security Documents" means, collectively, this Agreement and all other agreements and other instruments delivered to the Bank by the Debtor (whether now existing or presently arising) for the purpose of establishing, perfecting, preserving or protecting any security held by the Bank in respect of any Obligations;

"Share Ownership" has the meaning ascribed to such term in Schedule "D" hereto; and

"Subsidiary" means a corporation in which the Debtor owns, directly and/or indirectly through one or more Subsidiaries, a majority of shares carrying the right to elect at least a majority of the members of the board of directors.

1.2 Interpretation

1.2.1 "This Agreement", "hereto", "hereby", "hereunder", "herein", and similar expressions refer to the whole of this Agreement and not to any particular Article, Section, subsection, paragraph, clause, subdivision or other portion hereof.

1.2.2 The words "including", "includes", "any" and "or" shall not be limiting or exclusive unless expressly indicated to the contrary.

1.2.3 The term, "Debtor" includes each party hereto executing this Agreement in that capacity, both collectively and individually. Their liability hereunder shall be both joint and several. Any provision of this Agreement which mentions the Debtor shall be applied separately to each named Debtor and to all of them collectively. In the case of a Debtor which is a partnership, any provision of this Agreement which mentions the Debtor shall be applied separately to the partnership, to each of the partners (whether or not signatory hereto but excluding the limited partners, if any) and to all of them (including the partnership) collectively.

1.2.4 Except as expressly provided herein, terms which are defined in the PPSA shall have the same meaning where used herein.

1.2.5 Words importing the singular number only include the plural and vice versa and words importing gender shall include all genders and words importing persons include individuals, partnerships, corporations, trusts, unincorporated associations, joint ventures, Governmental Authorities and other entities.

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

1.2.7 Unless otherwise expressly provided in this Agreement, any reference in this Agreement to any law shall include any by-law, regulation, order, act or statute of any Governmental Body and shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

1.3 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

**ARTICLE 2
SECURITY**

2.1 Charge

For the purpose set out in Section 2.5 but subject to the exceptions set forth in Section 2.2, the Debtor hereby:

- 2.1.1 grants, sells, assigns, conveys, transfers, mortgages, pledges and charges, as and by way of fixed and specific mortgage, pledge and charge to and in favour of the Bank, and grants to the Bank a security interest in, all personal property of every nature and kind whatsoever and wheresoever situate now or at any time and from time to time owned by the Debtor or in which or in respect of which the Debtor has any interest or rights of any kind together with all Proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor, including the following described property:
- (a) all inventory of whatsoever kind (including vehicles) and wheresoever situate now owned or hereafter acquired by the Debtor including goods for sale or lease or that have been leased; goods furnished or to be furnished under a contract of service; goods which are raw materials, work in process or materials used or consumed in a business or profession of the Debtor; goods used or procured for packing; finished goods; industrial growing crops, oil, gas and other minerals to be extracted; timber to be cut; and the young of animals after conception ("Inventory");
 - (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due or owned by the Debtor including but not limited to claims against the Crown and claims under insurance policies ("Accounts");
 - (c) all machinery, equipment, tools, apparatus, plants, fixtures, furniture, vehicles, goods and other tangible personal property of whatsoever nature and kind, now owned or hereafter acquired by the Debtor other than Inventory ("Equipment");
 - (d) all chattel paper now owned or hereafter acquired by the Debtor ("Chattel Paper");
 - (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, now owned or hereafter acquired by the Debtor ("Documents of Title");
 - (f) all instruments now owned or hereafter acquired by the Debtor ("Instruments");
 - (g) all deeds, documents, writings, papers, books of accounts and other books and records, whether or not in computerized form, evidencing or relating to Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable; and all contracts, securities, instruments and other rights and benefits in respect thereof;
 - (h) all shares, Securities, stocks, warrants, bonds, debentures, debenture stock or the like now owned or hereafter acquired by the Debtor;
 - (i) all intangible property and intangibles now owned or hereafter acquired by the Debtor including, but not limited to, choses in action, goodwill, patents, trademarks, copyrights and other industrial property ("Intangibles");
 - (j) all monies other than trust monies lawfully belonging to others;
 - (k) any property in any form (including fixtures) derived directly or indirectly from any dealings with any property herein described (including all products and cash and non-cash proceeds thereof); indemnification or compensation for any such property lost, destroyed, damaged or lawfully or unlawfully taken or injuriously affected; all increases, additions and Accessions thereto and substitutions and replacements thereof;
 - (l) all personal property, if any, described in Schedule "B" hereto; and
- 2.1.2 charges with payment and performance of the Obligations to and in favour of the Bank as and by way of a floating charge the whole of the undertaking of the Debtor and all of its property and assets, real and personal, movable and immovable, tangible and intangible, of every nature and kind whatsoever and wheresoever situate, both present and future (other than property and assets from time to time effectively subjected to the fixed and specific mortgages, charges and security interests created hereby or by any instrument supplemental hereto).

2.2 Exceptions

2.2.1 Exception as to Leases

The last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is excepted out of the Collateral, but the Debtor shall stand possessed of any such reversion upon trust to assign and dispose thereof as the Bank may direct. Where the giving of a fixed and specific mortgage and charge on any real or personal property held by the Debtor under lease requires the consent of any person, the giving of the fixed and specific mortgage and charge hereunder on such property shall not take effect until such consent is obtained or legally dispensed with, but the Debtor shall hold its rights in such property in trust for the Bank if so doing does not require the consent of another person. The suspension of the effect of the fixed and specific mortgage and charge on such property shall not affect the fixed and specific mortgage and charge on any other property of the Debtor.

2.2.2 Exception as to Consumer Goods

Consumer Goods now held or hereafter acquired by the Debtor are excepted out of the Collateral.

2.3 Charge Valid Irrespective of Advance of Money

The mortgages, pledges and charges hereby created shall have effect and be deemed to be effective whether or not the monies or obligations hereby secured or any part thereof shall be advanced or owing or in existence before or after or upon the date of this Agreement and neither the giving of this Agreement nor any advance of funds shall oblige the Bank to advance any funds or any additional funds. The Debtor acknowledges that the parties have not agreed to postpone the time for attachment of any of the charges created hereby, including the floating charge created hereby, all of which shall attach upon the execution hereof or, in the case of after-acquired Collateral, as soon as the Debtor acquires rights therein. The Debtor acknowledges that value has been given.

2.4 Supplemental Indentures

The Debtor shall from time to time on demand by the Bank execute and deliver such further deeds or indentures supplemental hereto, which shall thereafter form part hereof, for the purpose of mortgaging to the Bank any property now owned or hereafter acquired by the Debtor and falling within the description of the Collateral, for correcting or amplifying the description of any property hereby mortgaged or intended so to be, or for any other purpose not inconsistent with the terms of this Agreement.

2.5 Continuing Security

The Collateral and any other security given with the Bank's consent in replacement thereof, substitution therefor or in addition thereto shall be held by the Bank as general and continuing security for due payment and performance of all Obligations, including all costs and amounts payable pursuant hereto and interest on the Obligations at the rate or rates applicable thereto in accordance with the Offer of Finance.

2.6 Application of Payments

Any and all payments made at any time in respect of the Obligations and the proceeds realized from any securities held therefor (including moneys realized from the enforcement of this Agreement and any increase in or profits from the Collateral) may be applied (and reapplied from time to time notwithstanding any previous application) to such part or parts of the Obligations as the Bank sees fit, or held by the Bank unappropriated as additional security hereunder for such period of time as the Bank sees fit to be applied against the Obligations when and how the Bank sees fit. The Debtor shall be accountable for any deficiency and the Bank shall be accountable for any surplus.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES**

3.1 General Representations and Warranties

The Debtor represents, warrants and covenants to and with the Bank as follows:

3.1.1 Status

The Debtor is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation (or, if a partnership, is a validly subsisting partnership) and has the power and capacity to own its properties and assets and to carry on its business as presently carried on by it; and holds all material licences, permits and assets as are required to own its properties and assets and to carry on business in each jurisdiction in which it does so.

3.1.2 Power and Capacity

The Debtor has the power and capacity to enter into each of the Security Documents to which it is a party and to do all acts and things as are required or contemplated hereunder or thereunder to be done, observed and performed by it.

3.1.3 Due Authorization and Enforceability

The Debtor has taken all necessary action to authorize the execution, delivery and performance of each of the Security Documents to which it is a party and each such document constitutes, or upon execution and delivery will constitute, a valid and binding obligation of the Debtor enforceable against it in accordance with its terms, subject only to the following qualifications:

- (a) an order of specific performance and an injunction are discretionary remedies, and in particular, may not be available where damages are considered an adequate remedy; and
- (b) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws generally affecting enforceability of creditors' rights.

3.1.4 No Contravention

The execution and delivery of this Agreement and the other Security Documents and the performance by the Debtor of its obligations thereunder (i) does not and will not violate any law or any provision of the articles, by-laws, constituting documents or other organizational documents of the Debtor (or, if a partnership, the partnership agreement respecting the Debtor) or constitute a breach of any existing contractual or other obligation of the Debtor or contravene any licence or permit to which the Debtor is subject, (ii) will not result in the creation of, or require the Debtor to create, any Encumbrance in favour any person other than the Bank, and (iii) will not result in or permit the acceleration of the maturity of any indebtedness or other obligation of the Debtor.

3.1.5 No Consents Required

No authorization, consent or approval of, or filing with or notice to, any person is required in connection with the execution, delivery or performance of this Agreement or any of the other Security Documents by the Debtor.

3.1.6 Locations

The chief executive office of the Debtor is at the location specified in Schedule "D" hereto and all of the tangible Collateral which is personal property (except for inventory in transit) is located at the Premises referred to in Schedule "A" hereto.

3.1.7 Leases

With respect to each Lease now existing:

- (a) the copy of the Lease provided to the Bank contains the entire agreement between the Debtor, the lessee and any guarantor, surety or indemnitor respecting the subject matter and there have been no modifications, amendments or extensions thereto or thereof; and
- (b) the Lease is in full force and effect and in good standing.

3.1.8 Financial Statements

The financial statements of the Debtor in the form delivered by the Debtor to the Bank have been prepared in accordance with generally accepted accounting principles consistently applied and fairly, completely and accurately present the financial condition of the Debtor and the financial information presented therein for the period and as at the date thereof. Since the date of the last financial statements delivered to the Bank there has been no development which has had or will have a material adverse effect upon the business, property, financial condition or prospects of the Debtor or upon the ability of the Debtor to perform its obligations under any of the Security Documents.

3.1.9 Solvency

The Debtor is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada). No act or proceedings have been taken by or, to the Debtor's knowledge, against or, to the Debtor's knowledge, are pending in connection with, and the Debtor is not in the course of and has not received any notice with respect to, amalgamation, winding-up, surrender of charter, cancellation of charter, dissolution, liquidation, insolvency, bankruptcy, reorganization or a sale of assets out of the ordinary course of business. The Debtor is not in default in complying with the provisions of the *Employer Health Tax Act* (Ontario), the *Retail Sales Tax Act* (Ontario), the *Fuel Tax Act* (Ontario), the *Gasoline Tax Act* (Ontario), the *Tobacco Tax Act* (Ontario) or, if a corporation, the *Corporations Information Act* (Ontario) or the *Corporations Tax Act* (Ontario).

3.1.10 No Litigation

There are no actions, suits, judgments, awards or proceedings pending or, to the knowledge of the Debtor, threatened against the Debtor before any court or government department, commission, board, agency or instrumentality, domestic or foreign, or before any other authority, or before any arbitrator of any kind, which would, if determined adversely to the Debtor, materially adversely affect its business, property, financial condition or prospects or its ability to perform any of the provisions of any Security Document to which it is a party or which purports to affect the legality, validity or enforceability of any Security Document, and the Debtor is not in default with respect to any judgment, order, writ, injunction, award, rule or regulation of any Governmental Authority or any arbitrator, which individually or in the aggregate results in any such material adverse effect.

3.1.11 No Default

The Debtor is not in default or breach under any material commitment or obligation (including obligations in relation to Financial Indebtedness) or under any order, writ, decree or demand of any Governmental Authority or with respect to any leases, licences or permits to own and/or operate material properties and assets or to carry on business and there exists no state of facts which, after notice or the passage of time or both, would constitute such a default or breach; and there are not any proceedings in progress, pending or threatened, which may result in the revocation, cancellation, suspension or any adverse modification of any such leases, licences or permits.

3.1.12 All Material Information Supplied

The Debtor has provided to the Bank all material information relating to the financial condition, business and prospects of the Debtor and the Guarantors (if any) and all such information is true, accurate and complete in all material respects.

3.1.13 Serial Numbered Goods and Fixtures

Full particulars (including serial number, year, make and model) of each motor vehicle, trailer, mobile home, boat, outboard motor and aircraft in which the Debtor has rights and which is not Inventory are set out in Schedule "B" hereto. None of the goods comprised in the Collateral are fixtures except any fixtures that are described so that they may be readily identified in Schedule "B" hereto and that are affixed or attached to the Premises described in Schedule "A" hereto.

3.1.14 Consumer Goods

None of the Collateral now owned or hereafter acquired is now or shall at any time be Consumer Goods of the Debtor.

3.2 Environmental Representations and Warranties

Except as disclosed to the Bank in the Phase I environmental site assessment of the Premises report conducted by Conestogo-Rovers & Associates dated June 2013, the Debtor represents, warrants and covenants to and with the Bank as follows:

- 3.2.1 The Collateral and the operations of the Occupants now and will at all times in future comply in all material respects with all Environmental Laws and Environmental Orders.
- 3.2.2 After due and diligent inquiry, it has been found that, except for substances necessary to the carrying on of the Normal Business of the Debtor, there is no Hazardous Substance on or in any of the Premises, no Hazardous Substance has ever been used, stored, located or Released on or in any of the Premises, no part of the Premises is or has ever been contaminated by any Hazardous Substance.

3.2.3 After due and diligent inquiry and except as approved by the Bank in writing, it has been found that there are no:

- (a) underground or above-ground storage tanks;
- (b) asbestos or material containing asbestos;
- (c) urea formaldehyde or material containing urea formaldehyde;

at, on or under the Premises and none of the foregoing will at any time in future be placed, installed or Released at, on or under the Premises without the prior written consent of the Bank.

3.2.4 Any underground or above-ground storage tanks located at, on or under the Premises which have been approved by the Bank have been identified, registered, constructed, operated and maintained as required by Environmental Laws and Environmental Orders and they are presently in a state of good condition and repair, have not leaked and are not presently leaking any of their contents.

3.2.5 There is no judicial or administrative proceeding or investigation pending and no Environmental Order has been issued or, to the best of the Debtor's knowledge, threatened concerning the possible violation of any Environmental Laws or Environmental Orders by any of the Occupants, by any of the operations of the Occupants or otherwise in relation to the Collateral.

3.2.6 To the best of the Debtor's knowledge (after due and diligent inquiry), no condition exists as to any parcel of real property contiguous to or in close proximity with the Premises which would require a qualification to any of the representations or warranties in this Section 3.2 if such condition applied to the Premises.

3.2.7 Except for substances necessary to the carrying on of the Normal Business of the Debtor, no Hazardous Substance shall be brought onto or used on or in any part of the Premises without the prior written consent of the Bank and any Hazardous Substance brought onto or into any part of the Premises or used by any person on or in any part of the Premises shall be transported, used and stored only in accordance with all Environmental Laws, other lawful requirements, prudent industrial standards (including any published environmental standards of any applicable industry association) and any requirements of applicable insurance policies.

3.2.8 The Debtor has created, properly organized and maintained all documentation and records concerning environmental matters as required by any Environmental Laws or Environmental Orders and will maintain such documentation and records at all times in future as aforesaid.

3.2.9 The Debtor has provided to the Bank any Environmental Assessment and related documentation concerning any of the Premises in its possession or control and shall promptly provide to the Bank any such material as the Debtor may obtain in future.

3.2.10 The Debtor shall promptly notify the Bank if it:

- (a) receives notice from any Governmental Authority of any violation or potential violation of any Environmental Laws or Environmental Orders, including the Release of a Hazardous Substance, which may have occurred or been committed or is about to occur or be committed;
- (b) receives notice that any administrative or judicial complaint or Environmental Order has been issued or filed or is about to be issued or filed against any of the Occupants or their representatives alleging violations of any Environmental Laws or Environmental Orders or requiring the taking of any action in connection with any Hazardous Substance;
- (c) learns of the enactment of any Environmental Laws or the issuance of any Environmental Orders which may have a material adverse effect on the Premises or the operations or the condition, financial or otherwise, of any of the Occupants; or
- (d) knows of or suspects that any Hazardous Substance (other than a substance necessary to the carrying on of the Normal Business of the Debtor) has been brought onto any part of the Premises or that there is any actual, threatened or potential Release of any Hazardous Substance (whether or not a substance necessary to the carrying on of the Normal Business of the Debtor) on, from, in or under any part of the Premises.

3.2.11 The Debtor hereby grants to the Bank and its employees and agents an irrevocable and non-exclusive licence, subject to the rights of tenants, to enter any of the Premises to conduct testing and monitoring with respect to Hazardous Substances and to remove and analyze any Hazardous Substance at the cost and expense of the Debtor (which cost and expense shall be secured hereby).

3.2.12 The Debtor shall indemnify the Bank and hold the Bank harmless against and from all loss, costs, damages and expenses which the Bank may sustain, incur or be or become liable for by reason of or arising from the presence, clean-up, removal or disposal of any Hazardous Substance referred to in this Section 3.2.12 or compliance with Environmental Laws or Environmental Orders relating thereto, including any clean-up, decommissioning, restoration or remediation of the Premises and other affected lands or property (and this indemnification shall survive the satisfaction, release or extinguishment of the indebtedness secured hereby).

3.3 Title

The Debtor covenants with the Bank that, subject only to Permitted Encumbrances, it lawfully owns, as legal and beneficial owner, and is lawfully possessed of the Collateral and all property and assets indicated by the financial statements which it has delivered to the Bank to be owned by it and has good right and authority to mortgage and charge the same as provided for herein, free and clear of all Encumbrances (other than Permitted Encumbrances), and it will warrant and defend the title thereto as well as to any other property, rights and interests hereafter acquired by the Debtor. No person has any agreement or right or option to acquire any of such property (except under unfilled purchase orders accepted in the ordinary course of business for the sale of Inventory).

**ARTICLE 4
COVENANTS OF THE DEBTOR**

4.1 General Covenants

So long as this Agreement remains outstanding, the Debtor covenants and agrees as follows:

4.1.1 To Pay Costs

The Debtor shall pay all costs, charges and expenses of or incurred by the Bank (a) incidental to the preparation, execution and filing of this Agreement and any other Security Documents and any instruments relating thereto or required by the Offer of Finance (including any supplemental security or any instrument amending any of the Security Documents), (b) in inspecting the Collateral or in or about taking, recovering or keeping possession of any of the Collateral or in any other proceedings taken in enforcing the remedies provided herein or otherwise in relation to this Agreement or the Collateral, or by reason of non-payment of the moneys hereby secured, (c) the costs of any sale proceedings hereunder, whether such sale proves abortive or not, and (d) the costs of any Receiver with respect to, and all expenditures made by the Bank or any Receiver in the course of, doing anything hereby permitted to be done by the Bank or such Receiver (including any costs and expenditures relating to compliance with the *Bankruptcy and Insolvency Act* (Canada)). All such costs and expenses and other monies payable hereunder, together with interest at the highest rate applicable to any Obligations, shall be payable on demand and shall constitute a charge on the Collateral. Without limiting the generality of the foregoing, such costs shall extend to and include any legal costs incurred by or on behalf of the Bank on a full indemnity basis.

4.1.2 To Pay Certain Debts

The Debtor shall punctually pay and discharge every obligation, failure to pay or discharge which might result in any lien or charge or right of distress, forfeiture, termination or sale or any other remedy being enforced against the Collateral and provide to the Bank when required satisfactory evidence of such payment and discharge, but the Debtor may on giving the Bank such security (if any) as the Bank may require refrain from paying or discharging any obligation so long as it contests in good faith its liability therefor.

4.1.3 To Maintain Existence and Security

The Debtor shall:

- (a) maintain its existence;
- (b) diligently preserve all its rights, licences, powers, privileges, franchises and goodwill;
- (c) observe and perform all of its obligations and comply with all conditions under leases, licences and other agreements to which it is a party or upon or under which any of the Collateral is held;
- (d) carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and income therefrom;
- (e) keep proper books of account with correct entries of all transactions in relation to its business;
- (f) observe and conform to all valid requirements of law and of any Governmental Authority relative to the Collateral or the carrying on by the Debtor of its business;
- (g) repair and keep in repair and good order and condition all property, including the Collateral, the use of which is necessary or advantageous in connection with its business;
- (h) immediately notify the Bank in writing of any proposed change of name of the Debtor or of the Debtor's chief place of business or chief executive office;
- (i) keep the Bank constantly informed in writing as to the location of the Collateral and the books of account and other records of the Debtor;
- (j) immediately deliver to the Bank any negotiable instrument forming part of the Collateral;
- (k) effect such registrations as may be required by the Bank from time to time to protect the security hereof; and
- (l) prevent the Collateral from being or becoming an Accession to property not charged hereby or becoming affixed to any real property other than real property in respect of which the Bank holds a registered mortgage.

4.1.4 Leases

- (a) The Debtor shall at all times perform and discharge all of the lessor's covenants and obligations under any Lease.
- (b) The Debtor will not without the written consent of the Bank terminate, surrender, amend, alter or vary the terms and conditions of any Lease. Nor shall the Debtor, without the written consent of the Bank, waive performance by the landlord under any of the Leases or release any of the said landlords from any obligations under their respective Leases.

4.1.5 To Insure

The Debtor shall keep the Collateral and the operations of the Debtor insured in such amounts as the Bank may reasonably require against loss or damage by fire and such other risks as the Bank may from time to time specify, with insurers approved by the Bank. The Debtor shall whenever from time to time requested by the Bank provide the Bank with satisfactory evidence of such insurance and any renewal thereof which shall at all times be subject to mortgage clauses in a form approved by the Bank, and shall at the request of the Bank forthwith name the Bank as first loss payee and assign, transfer and deliver unto the Bank the policy or policies of such insurance. Evidence satisfactory to the Bank of the renewal of every policy of insurance shall be provided to the Bank at least seven (7) days before the termination thereof.

4.1.6 To Furnish Proofs

The Debtor shall forthwith on the happening of any loss or damage furnish at its own expense all necessary proofs and do all necessary acts to enable the Bank to obtain payment of the insurance monies, which, in the sole discretion of the Bank, may be applied in reinstating the insured property or be paid to the Debtor or be applied in payment of the monies owing hereunder, whether due or not then due, or paid partly in one way and partly in another.

4.1.7 Inspection by the Bank

The Debtor shall allow any employees or authorized agents of the Bank at any reasonable time to enter the premises of the Debtor in order to inspect the Collateral and to inspect the books and records of the Debtor and make extracts therefrom, and shall permit the Bank prompt access to such other persons as the Bank may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor, provided that any information so obtained shall be kept confidential, save as required by the Bank in exercising its rights hereunder.

4.1.8 Accounts

Subject to any Permitted Encumbrances thereon, Accounts shall be received by the Debtor in trust for the Bank; provided that as long as an Event of Default has not occurred the Debtor may collect and use the Accounts in the ordinary course of business.

4.1.9 Deliver Information

The Debtor shall deliver such financial statements to the Bank together with such other statements and reports as may be required pursuant to the Offer of Finance, within the time periods stipulated therein. Such financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied and shall fairly, completely and accurately present the financial condition of the Debtor and the financial information presented therein for the period and as at the date thereof. The Debtor shall provide to the Bank any other information concerning its financial position and business operations which the Bank may from time to time request.

4.1.10 Notice of Litigation and Damage

The Debtor will promptly give written notice to the Bank of (a) all claims or proceedings pending or threatened against the Debtor which may give rise to uninsured liability in excess of \$25,000 or which may have a material adverse effect on the business or operations of the Debtor, (b) all damage to or loss or destruction of any property comprising part of the Collateral which may give rise to an insurance claim in excess of \$25,000 and (c) all uninsured damage to or loss or destruction of property comprising part of the Collateral in excess of \$25,000; and will supply the Bank with all information reasonably requested in respect of any such matters.

4.1.11 Notice of Default

The Debtor will promptly give written notice to the Bank of the occurrence of any Event of Default or of any event which after notice or lapse of time would constitute an Event of Default.

4.1.12 Representations and Warranties

The representations and warranties made by the Debtor in Article 4 shall be true and correct on each day that this Agreement or any of the Security Documents remains in force, with the same effect as if such representations and warranties had been made and given on and as of such day (except to the extent any such representation and warranty is expressly limited to a particular date or particular period or time), notwithstanding any investigation made at any time by or on behalf of the Bank.

4.1.13 Not to Create Certain Charges

The Debtor shall not, without the prior written consent of the Bank, create or permit to arise any Encumbrance on any of the Collateral (other than Permitted Encumbrances), and will not permit any Subsidiary to do the same (except in favour of the Debtor). Nothing herein contained shall be construed as subordinating the Bank's interest in the Collateral in favour of any third party who claims the Collateral by virtue of a Permitted Encumbrance.

4.1.14 Not to Sell

The Debtor shall not, except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose of any of the Collateral; provided that the Debtor may sell, lease or otherwise dispose of Equipment which has become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior liens or charges, property of at least equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired; and provided further that the Debtor may sell Inventory in the ordinary course of business and for the purpose of carrying on the same.

4.1.15 Not to Make Certain Changes

The Debtor shall not without the prior written consent of the Bank:

- (a) change its financial year end;
- (b) purchase, establish or acquire in any manner any new business undertaking;
- (c) materially change the nature of the Debtor's business as presently carried on;
- (d) enter into a partnership, joint venture or syndicate with any other person; acquire or establish any Subsidiary; or, if a corporation, amalgamate, consolidate or merge with any person;
- (e) enter into any transaction, or permit any Subsidiary to do so, outside the ordinary active business operations of the Debtor and its Subsidiaries;
- (f) acquire or invest in any Securities except instruments or Securities issued by a financial institution or liquid Securities traded on a recognized public securities exchange and acquired only for the Debtor's cash management purposes or permit any Subsidiary to do so;
- (g) remove any of the Collateral or any of the books of account or other records of the Debtor from the jurisdiction where presently located;
- (h) permit Share Ownership to change;
- (i) create, issue, incur or otherwise become liable upon, directly or indirectly, any Financial Indebtedness or permit any Subsidiary to do so;
- (j) reduce or make any distribution of its capital, or redeem, purchase or otherwise retire or pay for any shares in its present or future capital stock;
- (k) create, allot or issue any shares in its capital, change its capital structure, enter into any agreement, or make any offer, to do so or permit any Subsidiary to do any such thing with respect to the capital or capital structure of such Subsidiary; or
- (l) make or repay or guarantee any loan or advance to any person, or endorse or otherwise become surety or guarantor for or upon, or indemnify against loss arising from, the obligations of any person, except by endorsement of negotiable instruments for deposit or collection, and the Debtor shall not permit any Subsidiary to do any such thing.

4.1.16 Serial Numbered Goods and Fixtures

Upon the acquisition by the Debtor from time to time of rights in any motor vehicles, trailers, mobile homes, boats, outboard motors or aircraft which are not Inventory and which are not fully described in Schedule "B" hereto, or upon repossession by or return to the Debtor of any such goods, the Debtor will forthwith give written notice to the Bank of full particulars (including the serial number) of the same. The Debtor will not permit goods now or hereafter comprised in the Collateral to become fixtures unless they are, or are to be, affixed or attached to the Premises described in Schedule "A" hereto and unless the goods are described in Schedule "B" hereto so that they may be readily identified.

**ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES**

5.1 Events of Default

The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

- 5.1.1 if default occurs in payment or performance of any Obligation (whether arising herein or otherwise);
- 5.1.2 if any representation or warranty made by the Debtor herein or in any other Loan Document or in any certificate, statement or report furnished in connection with or pursuant to the Offer of Finance is found to be false or incorrect in any way so as to make it materially misleading when made or when deemed to have been made;
- 5.1.3 if default occurs in payment or performance of any obligation in favour of any person to whom the Debtor is indebted except obligations to trade creditors incurred in the ordinary course of business which do not materially and adversely affect the financial condition of the Debtor;
- 5.1.4 if default occurs in payment or performance of any obligation (whether now existing, presently arising or created in future) of any Affiliate of the Debtor in favour of the Bank;
- 5.1.5 if the Debtor commits an act of bankruptcy or becomes insolvent within the meaning of any bankruptcy or insolvency legislation applicable to it or a petition or other process for the bankruptcy of the Debtor is filed or instituted;

- 5.1.6 if any act, matter or thing is done toward, or any action or proceeding is launched, had or taken for, terminating the corporate existence of the Debtor, whether by winding-up, surrender of charter or otherwise;
- 5.1.7 if the Debtor ceases to carry on its business or makes or proposes to make any sale of its assets in bulk or any sale of its assets out of the usual course of its business;
- 5.1.8 if any proposal is made or any petition is filed by the Debtor under any law having for its purpose the extension of time for payment, composition or compromise of the liabilities of the Debtor or other reorganization or arrangement respecting its liabilities or if the Debtor gives notice of its intention to make or file any such proposal or petition including an application to any court for an order to stay or suspend any proceedings of creditors pending the making or filing of any such proposal or petition;
- 5.1.9 if any receiver, administrator or manager of the property, assets or undertaking of the Debtor or a substantial part thereof is appointed pursuant to the terms of any trust deed, trust indenture, debenture or similar instrument or by or under any judgment or order of any court;
- 5.1.10 if any balance sheet or other financial statement provided by the Debtor to the Bank pursuant to the provisions hereof is false or misleading in any material respect;
- 5.1.11 if the Debtor permits any sum which has been admitted as due by it or is not disputed to be due by it and which forms, or is capable of being made, an Encumbrance upon any of the Collateral in priority to, or *pari passu* with, the charge created by this Agreement to remain unpaid for thirty (30) days after proceedings have been taken to enforce the same as such charge;
- 5.1.12 if any proceedings are taken to enforce any Encumbrance affecting any of the Collateral;
- 5.1.13 if the validity of any Loan Document is brought into question or disputed in whole or in part where the effect of any such invalidity would materially adversely affect the interests of the Bank hereunder or in connection with the Offer of Finance;
- 5.1.14 if any action is taken or power or right be exercised by any Governmental Authority or if any claim or proceeding is pending or threatened by any person which may have a material adverse effect on the Debtor, its business or operations, its properties or its prospects;
- 5.1.15 if in the opinion of the Bank a material adverse change has occurred in the financial condition or business of the Debtor which may impair the ability or willingness of the Debtor to perform its obligations hereunder, under the Offer of Finance or under any other Loan Document or if the Bank considers that the Collateral is in jeopardy or that the Bank is insecure; and
- 5.1.16 if any event occurs with respect to any Guarantor which if a like event had occurred with respect to the Debtor would have constituted an Event of Default.

5.2 Consequences of an Event of Default

Upon the occurrence of an Event of Default, any obligation of the Bank to make further loans or advances or extend other credit to the Debtor shall immediately terminate and all Obligations and all monies secured hereby shall at the option of the Bank become forthwith due and payable whereupon the floating charge hereby created shall crystallize, all of the rights and remedies hereby conferred in respect of the Collateral shall become immediately enforceable and any and all additional and collateral securities for payment of this Agreement shall become immediately enforceable.

5.3 Enforcement

Upon the happening of any Event of Default the Bank shall have the following rights and powers:

- 5.3.1 to enter into possession of all or any part of the Collateral;
- 5.3.2 to preserve and maintain the Collateral and make such replacements thereof and additions thereto as it deems advisable;
- 5.3.3 to borrow money in the Debtor's name or in the Bank's name or on the security of the Collateral or to advance the Bank's own money to the Debtor, in any case upon such terms as the Bank may deem reasonable and upon the security hereof;
- 5.3.4 to pay or otherwise satisfy in whole or in part any Encumbrances which, in the Bank's opinion, rank in priority to the security hereof;
- 5.3.5 after entry by its officers or agents or without entry to sell, lease or otherwise dispose in any way whatsoever of all or any part of the Collateral either en bloc or separately at public auction or by tender or by private agreement and at such time or times and on such terms and conditions as the Bank in its absolute discretion may determine and without any notice to or concurrence of the Debtor except as may be required by applicable law;
- 5.3.6 by instrument in writing to appoint any person or persons (whether an officer or officers of the Bank or not) the Receiver of all or any part of the Collateral and to remove any Receiver so appointed and appoint another or others in his stead;
- 5.3.7 to exercise any of the rights of a secured party under the PPSA or any other rights available at law or equity;
- 5.3.8 to transfer or require the transfer of any Securities forming part of the Collateral to the Bank and to exercise all rights, including voting rights attached to such Securities; and
- 5.3.9 to bring proceedings in any court of competent jurisdiction for the appointment of a Receiver of all or any portion of the Collateral.

The security of this Agreement may be realized and the rights enforced by any remedy or in any manner authorized or permitted by this Agreement or by law or equity and no remedy for the realization of the security hereof shall be exclusive of or dependent upon any other remedy and all or any remedies may from time to time be exercised independently or in any combination.

5.4 Disposition

Without limiting the generality of the foregoing it shall be lawful for the Bank:

- 5.4.1 to make any sale, lease or other disposition of the Collateral either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper;
- 5.4.2 to rescind or vary any contract for sale, lease or other disposition that the Bank may have entered into pursuant hereto and resell, release or redispense of the Collateral with or under any of the powers conferred herein; and
- 5.4.3 to stop, suspend or adjourn any sale, lease or other disposition from time to time and to hold the same as adjourned without further notice.

Upon any such sale, lease or other disposition the Bank shall be accountable only for money actually received by it. The Debtor shall be accountable for any deficiency and the Bank shall distribute any surplus as required by law. The Bank may deliver to the purchaser or purchasers of the Collateral or any part thereof good and sufficient conveyances or deeds for the same free and clear of any claim by the Debtor. The purchaser or lessee receiving any disposition of the Collateral or any part thereof need not inquire whether default under this Agreement has actually occurred but may as to this and all other matters rely upon a statutory declaration of an officer of the Bank, which declaration shall be conclusive evidence as between the Debtor and any such purchaser or lessee, and the purchaser or lessee need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or other disposition, which shall not be affected by any irregularity of any nature or kind relating to the crystallizing or enforcing of the security hereof or the taking of possession of the Collateral or the sale, lease or other disposition thereof.

5.5 Powers of Receiver

Any Receiver appointed as aforesaid shall have the power without legal process:

- 5.5.1 to take possession of the Collateral or any part thereof wherever the same may be found;
- 5.5.2 to carry on the business of the Debtor or any part thereof in the name of the Debtor or of the Receiver; and
- 5.5.3 to exercise on behalf of the Bank all of the rights and remedies herein granted to the Bank,

and without in any way limiting the foregoing the Receiver shall have all the powers of a receiver appointed by a court of competent jurisdiction. Any Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor, and the Bank shall not be in any way responsible for any misconduct or negligence on the part of any Receiver or any loss resulting therefrom.

5.6 Application of Moneys

All moneys actually received by the Bank or by the Receiver in enforcing the security of this Agreement shall be applied, subject to the proper claims of any other person:

- 5.6.1 first, to pay or reimburse the Bank and any Receiver the costs, charges, expenses and advances payable by the Debtor in accordance herewith;
- 5.6.2 second, in or toward the payment to the Bank of all other moneys owing hereunder or secured hereby in such order as the Bank in its sole discretion may determine; and
- 5.6.3 third, any surplus shall be distributed as required by law.

5.7 Powers of Directors and Officers

Upon the Bank declaring as aforesaid that the security hereof has become enforceable and crystallized or the Debtor receiving notice from the Bank of the taking of possession of any of the Collateral or of the appointment of a Receiver, all the powers, functions, rights and privileges of the directors and officers of the Debtor with respect to the property, business and undertaking of the Debtor shall cease except to the extent specifically continued at any time by the Bank in writing, the whole to the extent permitted by law.

5.8 Limitations on Liability

Neither the provisions of this Agreement nor anything done under or pursuant to the rights, remedies and powers conferred upon the Bank and the Receiver, whether hereunder or otherwise, will render the Bank a mortgagee in possession. Neither the Bank nor any Receiver will be bound to collect, dispose of, realize, enforce or sell any Securities, Instruments, Chattel Paper or Intangibles (including any Accounts) comprised in the Collateral or to allow any such Collateral to be sold or disposed of, nor will it be responsible for any loss occasioned by any such sale or other dealing or for any failure to sell or so act, nor will it be responsible for any failure to take necessary steps to preserve rights against others in respect of such Collateral, nor will it be responsible for any loss occasioned by the failure to exercise any rights in respect of Collateral within the time limited for the exercise thereof. Neither the Bank nor the Receiver will be obligated to keep Collateral separate or identifiable.

5.9 Urgency

If an Event of Default occurs, the Debtor agrees that the exercise by the Bank of any of its rights and remedies constitutes an urgent insolvency matter which shall be heard by a judge at Toronto presiding over the Commercial List and, if necessary for such purpose, the Debtor consents to transfer all proceedings to such a judge.

6.1 Waiver

No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the Bank (and by the Debtor, if an amendment), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.2 Other Securities

The rights of the Bank hereunder shall not be prejudiced nor shall the liabilities of the Debtor or of any other person be reduced in any way by the taking of any other security of any nature or kind whatsoever whether in addition to, or in substitution for, existing security either at the time of execution of this Agreement or at any time hereafter.

6.3 No Merger or Novation

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Debtor to pay the moneys hereby secured nor shall the same operate as a merger of any covenant herein contained or of any other Obligation, nor shall the acceptance of any payment or other security constitute or create any novation.

6.4 Amalgamation

The Debtor, if a corporation, acknowledges that if it amalgamates with any other corporation or corporations (a) the Collateral and the lien created hereby shall extend to and include all the property and assets of each of the amalgamating corporations and the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (b) the term, "Debtor", where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (c) the term, "Obligations", where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation. Nothing in this Section 6.4 shall be interpreted as permitting the Debtor to amalgamate in violation of any covenant of the Debtor contained herein or in any other agreement binding the Debtor.

6.5 Power of Attorney

The Debtor for valuable consideration irrevocably appoints the Bank and its officers from time to time or any of them to be the attorneys of the Debtor in the name of and on behalf of the Debtor to execute and do any deeds, transfers, conveyances, assignments, assurances and things which the Debtor ought to execute and do under the covenants and provisions herein contained and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Bank, including to receive, endorse and collect all instruments made payable to the Debtor representing any distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

6.6 The Bank May Remedy Default

If the Debtor fails to do anything hereby required to be done by it, the Bank may, but shall not be obliged to, do such thing and all sums thereby expended by the Bank shall be payable forthwith by the Debtor, shall be secured hereby and shall have the benefit of the lien hereby created, but no such performance by the Bank shall be deemed to relieve the Debtor from any default hereunder.

6.7 Purchase Money Security Interest

The Debtor acknowledges that the security interest in any item of Collateral and its proceeds shall constitute a purchase-money security interest to the extent it secures Obligations incurred by the Debtor to enable the Debtor to acquire rights in such Collateral. The Bank hereby reserves title to any item of Collateral which may be sold by the Bank to the Debtor until satisfaction of the Obligations as aforesaid.

6.8 Taxes and Reserve Requirements

In case the Bank is or becomes subject to any tax with respect to payments of principal, interest or other amounts by the Debtor hereunder or in respect of any of the Obligations (except for taxes on the overall net income of the Bank) or to any reserve or similar requirement against assets held by, or deposits in or for the account of, or loans by, an office of the Bank, or to any other condition with respect to this Agreement, and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining any Obligation or to reduce the income receivable by the Bank in respect of any Obligation, then the Debtor shall pay to the Bank on demand that amount which shall compensate the Bank for such additional cost or reduction in income. A certificate of the Bank setting forth the amount of such additional compensation and the basis therefor shall be submitted by the Bank to the Debtor and shall be conclusive evidence, in the absence of manifest error, of such amount.

6.9 Notices

Any notice or written communication given pursuant to or in connection with this Agreement shall be in writing and shall be given by delivering the same personally or by prepaid courier, prepaid registered mail, telex or telecopier, addressed to the party to be notified at the address of such party set out herein or at such other address of which such party has given notice to the other parties hereto. Any such notice shall be conclusively deemed to have been given and received on the day of actual receipt by the addressee or, if given by prepaid registered mail, on the third Business Day following the mailing date (absent a general disruption in postal service.)

6.10 Offer of Finance

This Agreement is being issued by the Debtor to the Bank pursuant to the terms of the Offer of Finance. All terms and conditions of the Offer of Finance shall remain in full force and effect. In the event of a conflict or inconsistency between any provision of this Agreement and any provision of the Offer of Finance the provision of the Offer of Finance shall govern and prevail.

6.11 Receipt

The Debtor hereby acknowledges receipt of a true copy of this Agreement and a copy of the financing statement registered in respect of the security created hereby.

6.12 Successors and Assigns, etc.

This Agreement and all its provisions shall enure to the benefit of the Bank, its successors and assigns and shall be binding upon the Debtor, its successors and permitted assigns. Every reference to a party hereto shall extend to and include such party's successors and permitted assigns, as if specifically named. Time shall be in all respects of the essence hereof.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF the Debtor has duly executed this Agreement as of the date first written

above.

125 FERRIS INC.

per:



Name: Mark Gross
Title: President

per:

Name: _____
Title: _____

SCHEDULE "A"
PREMISES
(OWNED OR LEASED)

(Section 1.1)

Municipal Address

125 Ferris Drive, North Bay, Ontario

Legal Description

PIN: 49177-0022 (LT)

PCL 4-1 SEC 36M540; BLK 4 PL 36M540 WEST FERRIS EXCEPT PT 1 36R7337, PT 2 36R7353, PT 2 36R7453, PT 1, 2 36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 2 36R8917; NORTH BAY ; DISTRICT OF NIPISSING

SCHEDULE "B"

SPECIFIED PERSONAL PROPERTY

(Section 2.1.1(l))

I. The following goods now located at 125 Ferris Drive, North Bay, Ontario.
(see attached list)

II. The following intellectual property:

-

PERMITTED ENCUMBRANCES

(Section 1.1)

PERSONAL PROPERTY SECURITY ACT

Secured Party	Registration Number	Collateral Description	Amount Secured (Current Balance)
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REAL PROPERTY REGISTRATIONS

Party	Instrument Number	Instrument Type
Atlas Copco Canada Inc.	BS48924	Notice of Lease
2305030 Ontario Inc.	BS117285	Notice of Lease

MISCELLANEOUS PARTICULARS

1.1 **Chief Executive Office.** The Debtor's chief executive office is located at the following address: 5145 Steeles Avenue West, Suite B210, Toronto, Ontario, M9L 1R5.

1.2 **"Affiliate"** includes the following corporations: ●.

1.3 **"Normal Business"** means the following activities: ●.

1.4 **"Offer of Finance"** means the letter of the Bank to the Debtor dated the 10th day of October, 2013, as accepted by the Debtor, as amended, supplemented, restated or replaced from time to time;

1.5 **"Share Ownership"** means the direct or indirect beneficial ownership of shares of the Debtor as follows:

<u>Owner</u>	<u>Class of Shares</u>	<u>Number of Shares</u>
Gross Capital Inc.	Common	

THIS IS EXHIBIT "J" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

LRO # 36 **Charge/Mortgage**

Registered as BS119911 on 2013 10 31 at 13:21

125

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 6

Properties

PIN 49177 – 0022 LT *Interest/Estate* Fee Simple
Description PCL 4-1 SEC 36M540; BLK 4 PL 36M540 WEST FERRIS EXCEPT PT 1 36R7337, PT 2 36R7353, PT 2 36R7453, PT 1, 2 36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 2 36R8917; NORTH BAY ; DISTRICT OF NIPISSING
Address 125 FERRIS DRIVE
 NORTH BAY

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 125 FERRIS INC.
Address for Service 5145 Steeles Avenue West
 Suite B210
 Toronto, Ontario
 M9L 1R5

I, Mark C. Gross, Director, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s) *Capacity* *Share*

Name LAURENTIAN BANK OF CANADA
Address for Service 255 Cremazie Boulevard
 Suite 1100
 Montreal, Quebec
 H2M 1M2

Statements

Schedule: See Schedules

Provisions

Principal \$7,700,000.00 *Currency* CDN
Calculation Period Monthly, not in advance
Balance Due Date 2018/11/30
Interest Rate 5.15%
Payments \$51,456.80
Interest Adjustment Date
Payment Date Last day of each month
First Payment Date 2013 11 30
Last Payment Date 2018 11 30
Standard Charge Terms 201010
Insurance Amount full insurable value
Guarantor

Signed By

Gouri Indira Kumar 2 Queen Street East Suite 1500 acting for Chargor Signed 2013 10 31
 Toronto (s)
 M5C 3G5

Tel 416-593-1221
 Fax 416-593-5437

I have the authority to sign and register the document on behalf of the Chargor(s).

LRO # 36 **Charge/Mortgage**

Registered as BS119911 on 2013 10 31 at 13:21

126

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 6

Submitted By

BLANEY MCMURTRY LLP

2 Queen Street East Suite 1500
Toronto
M5C 3G5

2013 10 31

Tel 416-593-1221

Fax 416-593-5437

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number : 1064020002

**This is a Schedule attached to a Charge/Mortgage between
125 FERRIS INC. (the “Chargor”)
and LAURENTIAN BANK OF CANADA (the “Chargee”)**

1. PRINCIPAL AND INTEREST

The Chargor shall pay to the Chargee the principal sum (the “**Principal Sum**”) of SEVEN MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$7,700,000.00) in lawful money of Canada with interest thereon at the Interest Rate specified in the Charge/Mortgage to which this Schedule is attached (“**Interest**”) computed from the date the Principal Sum or any part thereof is advanced (as well after as before maturity and both before and after default and judgment) in each year on so much of the Principal Sum as shall from time to time remain unpaid until the whole of the Principal Sum is paid as follows:

- (a) monthly instalments on account of the Principal Sum and Interest thereon, each in the Payments amount specified in the Charge/Mortgage to which this Schedule is attached, shall be due and paid on the first day of each month of the term hereof commencing on the First Payment Date up to and including the Last Payment Date (as those dates are specified in the Charge/Mortgage to which this Schedule is attached); and
- (b) the balance of the Principal Sum then remaining unpaid and all accrued and unpaid Interest and other moneys (if any) then owing under this Charge shall be due and paid on the Balance Due Date specified in the Charge/Mortgage to which this Schedule is attached.

Interest on overdue amounts shall be payable at the Interest Rate and shall be calculated daily, compounded daily and payable on demand. All payments under this Charge shall be paid to the Chargee at its office in Montreal, Quebec, or as it or its agents may otherwise direct, before 1:00 p.m. on any payment date. The parties agree that any payment received after 1:00 p.m. shall be deemed to have been made on the banking day next following the date of receipt.

2. AFTER-ACQUIRED PROPERTY

The Chargor shall, at the request of the Chargee, specifically mortgage and charge in favour of the Chargee the right, title and interest of the Chargor in all property, including leaseholds, which the Chargor shall hereafter acquire in respect of, and with respect to, the development of the Lands, and shall execute all such conveyances, charges, mortgages and transfers as may be required in connection therewith.

3. NON-MERGER

The Chargor hereby acknowledges the terms, conditions, obligations, liabilities, warranties and representations contained in the financing offer issued by the Chargee to the Chargor dated October 10, 2013 (as it may be amended or restated from time to time the “**Offer**”) shall not merge on the closing and registration or delivery of the mortgage loan security, including, but not limited to this Charge, but shall remain in full force and effect, notwithstanding the delivery and registration of such security.

In the event of any inconsistency or conflict between any of the provisions of the Offer and any of the provisions of this Charge, the Offer shall prevail.

4. PREPAYMENT

The Chargor can prepay in accordance with section 7.2 of the Offer.

5. REPAYMENT

The Chargor shall pay to the Chargee the outstanding Principal amount, all interest accrued and unpaid and all other amounts due and owing under this Charge on the Balance Due Date.

6. PROPERTY MANAGEMENT

Any change in the professional property management of the Lands shall be subject to the prior written approval of the Chargee both as to the manager and the terms and conditions of any management agreement.

The Chargee shall have the right from time to time to request an accounting from the property manager. In addition, the Chargee shall be entitled to appoint a monitor to review the management and financial position of the business being conducted at the Lands, and for such purpose shall have full access to all books and records relating to same.

The Chargee will not, by virtue only of the exercise of the foregoing rights, be deemed a mortgagee-in-possession of the Lands.

Section 64 of Standard Charge Terms No. 201010 of the Charge is hereby revised to reflect the foregoing provisions of this paragraph 6.

7. DEFAULT

In addition to the events set out in section 36 of Standard Charge Terms No. 201010 of the Chargee, the following events shall constitute events of default under the Charge:

- (a) An order is made or a resolution passed for the winding up of the Chargor or any Covenantor, or if a petition is filed for the winding up of the Chargor or any Covenantor;
- (b) The Chargor or any Covenantor makes an assignment or bulk sale of its assets or if a bankruptcy petition or petition for a receiving order is filed or presented against the Chargor or any Covenantor;
- (c) Any proceedings with respect to the Chargor or any Covenantor are commenced under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada);
- (d) An execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress or analogous process is levied upon the Lands or any part thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
- (e) The Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any of the Lands in priority to or ranking equally with the charge of this Charge to be or remain unpaid;
- (f) Any charge or encumbrance created or issued by the Chargor having the nature of a fixed or floating charge shall become enforceable, whether ranking in priority to, or *pari passu* with, this Charge; and
- (g) The Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy.

8. ENVIRONMENTAL

In these provisions, "**Requirements of Environmental Law**" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgements and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Lands and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid

waste; (iii) any Hazardous Substance; and (iv) the securing, protection, preservation and remediation of health, fire or safety concerns.

In addition to the obligations of the Chargor under the Offer and Standard Charge Terms No. 201010, the Chargor covenants that it will:

- (a) remedy forthwith, at its own expense, any environment damage that may occur or be discovered on the Lands;
- (b) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargor or the Lands or any action, suit or proceeding against the Chargor or others having an interest in the Lands relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of any Hazardous Substance into, on or under the Lands, air and surface and ground water, and will also notify the Chargee promptly of any such above-mentioned information of which the Chargor has or receives knowledge relating to lands adjacent to the Lands;
- (c) not lease or consent to any sub-lease or assignment of any part of the Lands to a tenant, sub-tenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Lands to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of any Hazardous Substance in, on, under or from the Lands save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Lands shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein; and
- (d) save and except for those Hazardous Substances which are present on, in or under the Lands in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing, remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Lands forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken.

9. SUBSEQUENT ENCUMBRANCES

In the event that the Chargor enters into, creates, incurs, assumes, suffers or permits to exist any additional charge, encumbrance, pledge or other financing of the Lands, or of the chattels, equipment or personal property related to the Lands, all sums secured hereunder shall, at the option of the Chargee, become due and payable forthwith unless the prior written consent of the Chargee has been obtained, acting reasonably.

10. ADDITIONAL SECURITY

The Chargor acknowledges that, to the extent that any General Assignment of Rents, Specific Assignment of Leases, General Security Agreement or other additional security for the loan secured by the Charge is executed by the Chargor or any other person (collectively, the “**Additional Security**”), any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge together with all accrued and unpaid interest, to become due and payable.

It is agreed the Chargee’s rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.

11. UNDERTAKINGS

In the event the Chargor or any Covenantor defaults with respect to any undertakings delivered to the Chargee in consideration of any advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default will be an event of default under this Charge.

12. DEFINITIONS

Capitalized terms used but not defined in this Schedule shall have the respective meanings ascribed thereto in Standard Charge Terms No. 201010.

13. MISCELLANEOUS PROVISIONS

In section 8 of Standard Charge Terms No. 201010, the words “face amount” in the second line are hereby deleted therefrom and the word “received” in the fourth line is hereby amended to “receive”.

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 201010, the provisions of this Schedule shall prevail.

THIS IS EXHIBIT "K" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:

Sarah Lam

716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

LRO # 36 **Notice Of Assignment Of Rents--Specific**

Registered as **BS119917** on 2013 10 31 at 13:41

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 13

Properties

PIN 49177 – 0022 LT
Description PCL 4-1 SEC 36M540; BLK 4 PL 36M540 WEST FERRIS EXCEPT PT 1 36R7337, PT 2 36R7353, PT 2 36R7453, PT 1, 2 36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 2 36R8917; NORTH BAY ; DISTRICT OF NIPISSING
Address 125 FERRIS DRIVE
 NORTH BAY

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
BS119911	2013 10 31	Charge/Mortgage

Applicant(s)

The applicant applies for the entry of a notice of specific assignment of rents. The assignor(s) hereby assigns their interest in the rents under the interest specified.

Name 125 FERRIS INC.
Address for Service 5145 Steeles Avenue West
 Suite B210
 Toronto, Ontario
 M9L 1R5

I, MARK C. GROSS, Director, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

<i>Party To(s)</i>	<i>Capacity</i>	<i>Share</i>
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<i>Name</i> LAURENTIAN BANK OF CANADA <i>Address for Service</i> 255 Cremazie Boulevard Suite 1100 Montreal, Quebec H2M 1M2		
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Statements

Schedule: See Schedules

Signed By

Gouri Indira Kumar 2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Applicant(s)	Signed	2013 10 31
----------------------------------------------------------------------------	-------------------------	--------	------------

Tel 416-593-1221
 Fax 416-593-5437

I have the authority to sign and register the document on behalf of the Applicant(s).

Gouri Indira Kumar 2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Party To (s)	Signed	2013 10 31
----------------------------------------------------------------------------	-------------------------	--------	------------

Tel 416-593-1221
 Fax 416-593-5437

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500 Toronto M5C 3G5			2013 10 31
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Tel 416-593-1221
 Fax 416-593-5437

LRO # 36 **Notice Of Assignment Of Rents-Specific**

Registered as BS119917 on 2013 10 31 at 13:41

133

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 13

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Party To Client File Number : 1064020002/OSPS

SPECIFIC ASSIGNMENT OF LEASE

THIS AGREEMENT made as of the 31st day of October, 2013.

B E T W E E N:

125 FERRIS INC., a corporation incorporated pursuant to the laws of the Province of Ontario

(hereinafter called the “**Assignor**”)

OF THE FIRST PART

- and -

LAURENTIAN BANK OF CANADA

(hereinafter called the “**Lender**”)

OF THE SECOND PART

WHEREAS as additional security for the Assignor's covenants and obligations as set out in the Mortgage and set out in all other agreements, documents, instruments, undertakings and assignments entered into between the Assignor and the Lender, made by the Assignor in favour of the Lender or assigned by the Assignor to the Lender, the Assignor agreed to assign, to the Lender, the Lease, together with all benefits, powers and advantages of the Assignor to be derived therefrom.

NOW THEREFORE THIS ASSIGNMENT WITNESSES that in consideration of the sum of Ten Dollars (\$10.00) paid by the Lender to the Assignor (the receipt and sufficiency of which are hereby acknowledged), the parties covenant and agree with each other as follows:

1. **Recitals Correct:**

The Assignor confirms the validity and truth of the above-noted recital, which has the same force and effect as if repeated herein at length.

2. **Definitions:**

In this Agreement, the following capitalized terms have the respective meanings set out below:

- (a) **“Agreement”**, **“this Agreement”**, **“the Agreement”**, **“hereto”**, **“hereof”**, **“hereby”**, **“hereunder”** and similar expressions mean or refer to this entire agreement as amended from time to time and any agreement or instrument supplemental or ancillary hereto or in implementation hereof;
- (b) **“Buildings”** means all buildings, improvements, installation, facility, erection or structure now or hereafter located on, made to, placed upon or erected in, under or on the Lands, any additions and alterations thereto, and any expansions, improvements and replacements thereof and all equipment, chattels and fixtures which may be owned by or on behalf of the Assignor and may now or hereafter be located on the Lands;
- (c) **“Default”** has the meaning ascribed thereto in Section 8 hereof;
- (d) **“Dispute”** has the meaning ascribed thereto in Subsection 8(b) hereof;
- (e) **“Indebtedness”** has the meaning ascribed thereto in Section 3 hereof;
- (f) **“Lands”** means the lands described in the Properties section of the Notice of Assignment of Rents - Specific to which this Agreement is annexed;
- (g) **“Lease”** means lease dated as of December 21, 2012 between the Assignor, as landlord, and OSPS (002122-125 Ferris) Limited Partnership, as tenant, notice of

which was registered in the Land Registry Office for the Land Titles Division of Nippissing (No. 36) on August 15, 2013 as Instrument No. BS117285, as it may be further amended or renewed from time to time;

- (h) **“Mortgage”** means the charge/mortgage of land, executed by the Assignor in favour of the Lender and registered against title to the Lands in the Land Registry Office for the Land Titles Division of Nippissing (No. 36) on the date hereof, as it may be amended or supplemented from time to time;
- (i) **“Project”** means the Lands and Buildings;
- (j) **“Rents”** means all present and future incomes, rents, issues, profits and any other monies including rental insurance proceeds and expropriation awards to be derived from, reserved or payable under the Lease; and
- (k) **“Tenant”** means OSPS (002122-125 Ferris) Limited Partnership and its successors and assigns.

3. **Assignment:**

As continuing and additional security for:

- (a) the repayment to the Lender of all indebtedness and liability (the **“Indebtedness”**) from time to time of the Assignor to the Lender pertaining to the Project, under, in connection with or arising out of or from the Mortgage and other agreements (including, without limitation, any loan agreements) entered into by the Assignor with the Lender pertaining to the Project, made by the Assignor in favour of the Lender with respect to the Project or assigned by the Assignor to the Lender with respect to the Project; and
- (b) the due performance by the Assignor of the terms, agreements, provisions, conditions, obligations and covenants on the part of the Assignor to be performed under the Mortgage and all other agreements (including, without limitation, any loan agreements), documents, instruments, undertakings and assignments entered into with respect to the Project, made in favour of the Lender with respect to the Project or assigned to the Lender with respect to the Project;

the Assignor, upon and subject to the terms of this Agreement, assigns, sets over and transfers to the Lender all its rights, benefits, title and interest under, in and to, and all claims of whatsoever nature or kind which the Assignor now has or may hereafter have under or pursuant to:

- (c) the Lease;
- (d) the Rents;
- (e) the benefit of any and all present and future guarantees of and indemnities with respect to the Lease and the performance of any or all of the obligations of the Tenant thereunder;
- (f) the benefit of any and all present and future letters of credit and security documents provided to secure the obligations of the Tenant under the Lease;
- (g) the benefit of any and all present and existing assignments of the Lease by the Tenant and agreements to assume the obligations of the Tenant thereunder; and
- (h) all books, accounts, invoices, letters, papers, drawings and documents in any way evidencing or relating to the Lease, and any guarantees or indemnities of the Lease;

all of the foregoing described in Subsections 3(c) to and including 3(h) together with all agreements pertaining thereto and all proceeds therefrom being hereinafter collectively called the **“Premises Hereby Assigned”**.

4. **Acknowledgment of Assignor:**

The Assignor acknowledges that none of this Agreement, the assignment constituted hereby or the enforcement by the Lender of any of its rights and remedies hereunder:

- (a) shall in any way lessen or relieve the Assignor from:
 - (i) the obligation of the Assignor to observe, satisfy and perform each and every term, agreement, provision, condition, obligation and covenant set out in, or required to be observed by the Assignor in order to fulfil its obligations under, any of the Premises Hereby Assigned; and
 - (ii) any liability of the Assignor to the Tenant, the Lender or to any other person, firm or corporation;
- (b) imposes any obligation on the Lender to assume any liability or obligation under, or to observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant set out in any of the Premises Hereby Assigned;
- (c) imposes any liability on the Lender for any act or omission on its part in connection with this Agreement or the assignment constituted hereby including, without limitation, the fulfilment or non-fulfilment by the Lender of the obligations, covenants and agreements of the Assignor set out in the Premises Hereby Assigned;
- (d) obligates the Lender to give notice of this Agreement and the assignment constituted hereby to the Tenant or any other person, firm or corporation whatsoever; provided that the Lender may, in its absolute discretion, give any such notice at any time or from time to time without further notice to the Assignor;
- (e) shall cause the Lender to be or be deemed to be a mortgagee in possession;
- (f) shall delay, prejudice, impair, diminish or adversely affect the rights and remedies of the Lender pursuant to the Mortgage or any other agreement (including, without limitation, any loan agreement) entered into by the Assignor with the Lender, made by the Assignor in favour of the Lender or assigned by the Assignor to the Lender; or
- (g) authorizes the Assignor to dispose of or transfer by way of conveyance, mortgage, lease, assignment or otherwise, the Project, the interest of the Assignor in the Project or any part of either.

5. **Positive Covenants of Assignor:**

The Assignor covenants and agrees:

- (a) to observe, perform and satisfy each and every term, agreement, provision, condition, obligation and covenant set out in, or required to be observed, performed and satisfied by the Assignor pertaining to or under or pursuant to, the Premises Hereby Assigned;
- (b) to deliver to the Lender a copy of all written notices, demands or requests given under, in connection with or pursuant to the Premises Hereby Assigned that are:
 - (i) received by the Assignor, forthwith upon receipt of same; and
 - (ii) delivered by the Assignor, contemporaneously with the delivery of same;
- (c) to indemnify and save the Lender harmless from and against any liabilities, losses, costs, charges, expenses (including legal fees and disbursements on a solicitor and his own client basis), damages, claims, demands, actions, suits, proceedings, judgments and forfeitures (collectively referred to hereinafter as the "Liabilities")

suffered, incurred or paid by the Lender in connection with, on account of or by reason of:

- (i) the assignment to the Lender of the Premises Hereby Assigned;
- (ii) any alleged obligation of the Lender to observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant set out in any of the Premises Hereby Assigned;
- (iii) any failure of the Assignor to observe, perform or satisfy its covenants, agreements, warranties and representations set out in this Agreement; and
- (iv) the enforcement of the assignment constituted by this Agreement or any of its rights and remedies hereunder;

save and except any Liabilities caused by the Lender's own negligence.

- (d) to notify the Lender in writing as soon as the Assignor becomes aware of any material Dispute (as hereinafter defined), claim or litigation in respect of any of the Premises Hereby Assigned or of any material breach of default by the Assignor or any other person, firm or corporation in the observance, performance or satisfaction of any of the terms, agreements, provisions, conditions, obligations or covenants set out in the Premises Hereby Assigned;
- (e) to keep, with regard to the Project, separate, up-to-date, detailed and accurate records of all revenues, including, without limitation, all Rents, and expenditures;
- (f) to obtain such consents from third parties including, without limitation, the Tenant as may be necessary or required pursuant to any of the Premises Hereby Assigned in connection with the assignment constituted by this Agreement and, in addition, such other consents and acknowledgments from third parties as the Lender may require or desire;
- (g) to deliver to the Lender, at the request of the Lender from time to time, a notarial copy of the Lease and of any guarantee or indemnity in respect of the obligations of any Tenant under the Lease;
- (h) to execute and deliver to the Tenant and the Lender, at the request of the Lender from time to time, a written notice to the Tenant directing such Tenant to pay the Rents and all other sums owing under the Lease to the Lender;
- (i) if requested to do so by the Lender, from time to time, it will enforce any or all of its rights and remedies under the Premises Hereby Assigned;
- (j) that each of its warranties and representations set out in this Agreement is now and will continue to be true and correct; and
- (k) that it will pay or cause to be paid to the Lender or pursuant to the Lender's direction, upon demand, all reasonable costs, charges, fees and expenses, including, without limitation, legal fees and disbursements on a solicitor and his own client basis, court costs and any other out-of-pocket costs and expenses, incurred by the Lender in connection with or arising out of or with respect to this Agreement including, without limitation, any one or more of the following:
 - (i) the negotiation, preparation, execution and enforcement of this Agreement and all documents, agreements and other writings incidental or ancillary hereto;
 - (ii) any act done or taken pursuant to this Agreement including, without limitation, recovering the Indebtedness and registering, discharging and reassigning this Agreement;
 - (iii) the preservation, protection, enforcement or realization of the Premises Hereby Assigned including, without limitation, retaking, holding,

repairing, preparing for disposition and disposing of the Premises Hereby Assigned;

- (iv) any action or other proceeding instituted by the Assignor, the Lender, the Tenant or any other person, firm or corporation in connection with or in any way relating to:
 - A. this Agreement or any part hereof;
 - B. the preservation, protection, enforcement or realization of the Premises Hereby Assigned; or
 - C. the recovery of the Indebtedness;
- (v) all Liabilities suffered, incurred or paid by the Lender as set out in subparagraph 5(c) hereof; and
- (vi) all amounts incurred or paid by the Lender pursuant to Paragraph 8 hereof;

together with interest thereon from the date of the incurring of such expenses at the rate provided for in the Mortgage, calculated daily and compounded monthly. Whether any action or any judicial proceedings to enforce the aforesaid payments has been taken or not, the amount owing to the Lender under this Subparagraph shall be added to the Indebtedness and secured by the Mortgage, this Agreement and all other security agreements entered into by the Assignor in favour of the Lender and relating to the Project.

6. **Negative Covenants of Assignor:**

The Assignor covenants and agrees that it shall not:

- (a) sell, assign, transfer, dispose of, collect, receive or accept any of the Premises Hereby Assigned including, without limitation, the Rents, except as may be permitted in this Agreement, nor do, nor permit to be done, any act or thing whereby the Lender may be prevented or hindered from so doing, in each case, without the prior written consent of the Lender;
- (b) pledge, charge, mortgage, hypothecate, create a security interest in or otherwise encumber the Premises Hereby Assigned or any part thereof in any manner whatsoever other than to the Lender without the prior written consent of the Lender;
- (c) terminate, accept a surrender of, amend or vary the Lease other than with the Lender's prior written consent;
- (d) accept payment of any Rents in advance except for the current monthly rental period and except for security deposits provided for in such Lease;
- (e) suffer or permit anything allowing the Tenant to cancel, terminate, forfeit any of the Premises Hereby Assigned, or suffer or permit anything allowing the surrender of any of the Premises Hereby Assigned, in each case without the prior written approval of the Lender;
- (f) waive, amend, modify or vary any of the terms, agreements, provisions, conditions, obligations and covenants set out in the Premises Hereby Assigned, or otherwise agree or consent to any waiver, amendment, modification or variation of any of them, whether by way of collateral agreement or otherwise, in each case without the prior written approval of the Lender;
- (g) waive or agree to waive any material failure of any party to any of the Premises Hereby Assigned including, without limitation, the Tenant, to observe, perform or satisfy any of the terms, agreements, provisions, conditions, obligations or covenants set out in any of the Premises Hereby Assigned, in each case without the prior written approval of the Lender;

- (h) give any consent or approval contemplated by, or required or permitted to be given pursuant to, any of the Premises Hereby Assigned, without the prior written consent of the Lender; or
- (i) settle or resolve any Dispute, without the prior written consent of the Lender.

7. **Representations and Warranties of Assignor:**

The Assignor represents and warrants to the Lender that:

- (a) the Premises Hereby Assigned including, without limitation, the Lease in effect as of the date hereof, is valid and subsisting, is in full force and effect, unamended, in good standing and there are no defaults thereunder;
- (b) the Assignor has good, valid and legal right to absolutely assign and transfer to the Lender the Premises Hereby Assigned, free and clear of all assignments, mortgages, charges, pledges, security interest and other encumbrances;
- (c) the Assignor has not performed any act or executed any agreement that might prevent the Lender from operating under, or exercising its rights and remedies under, any of the provisions of this Agreement or that would limit the Lender in any such operation or exercise;
- (d) the Assignor has the corporate power, authority and capacity to enter into this Agreement, to make the assignment constituted hereby and to perform its obligations hereunder;
- (e) the Assignor has taken all necessary action, corporate or otherwise, to authorize the execution and delivery of this Agreement and the performance of its obligations set out in this Agreement and in the Lease;
- (f) neither the execution nor the delivery of this Agreement by the Assignor, nor the consummation by it of the transactions herein contemplated, nor the compliance by it with the terms, conditions and provisions hereof will conflict with or result in a breach of any terms, conditions or provisions of:
 - (i) the constating documents of the Assignor;
 - (ii) any agreement, instrument or arrangement to which the Assignor is a party or by which the Assignor or any of its property is, or may be bound, or constitute a default thereunder, or result thereunder in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon the Project or upon any of the other properties or assets of the Assignor;
 - (iii) any judgment, order, writ, injunction or decree of any court, relating to the Assignor; or
 - (iv) any applicable law or governmental regulation relating to the Project;
- (g) this Agreement has been duly executed and, when delivered, will be in full force and effect and constitutes a legal, valid and binding obligation of the Assignor, enforceable in accordance with its terms, subject to applicable laws relating to bankruptcy, insolvency and other similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies, including specific performance and injunction, may only be granted in the discretion of a court of competent jurisdiction;
- (h) there is no pending or threatened litigation, action, claim or fact known to the Assignor and not disclosed to the Lender in writing which adversely affect or could adversely affect of the Premises Hereby Assigned or the rights of the Assignor or any other party thereunder or the rights of the Lender under this Agreement;

- (i) the Premises Hereby Assigned in existence on the date hereof is capable of assignment to the Lender in accordance with the provisions of this Agreement, and the Premises Hereby Assigned is capable of further assignment by the Lender or by any receiver or receiver and manager, and the consent of any third party is not required for any assignment set out in this Agreement or in connection with any further assignment by the Lender; and
- (j) no Rents, payments, proceeds, receipts or other distributions due or to become due on any date subsequent to the date of this Agreement have been collected or paid in advance of the time when the same become due under the terms of the Premises Hereby Assigned.

8. **Enforcement Upon Default:**

Without limiting in any manner whatsoever the Lender's rights, remedies, and recourses pursuant to this Agreement, by operation of law or otherwise, upon a default by the Assignor in the observance or performance of any of its covenants and agreements hereunder or under the Mortgage or any other agreement entered into by the Assignor with respect to the Project (including, without limitation, any loan agreement) (hereinafter collectively called a "Default"), the Lender and any receiver or any receiver and manager appointed by the Lender, may from time to time and at any time, in its own name or in the name of the Assignor and without notice to the Assignor, do any one or more of the following:

- (a) observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant which, pursuant to the Premises Hereby Assigned, could or should be observed, performed or satisfied by the Assignor;
- (b) exercise any of the rights, powers, authority and discretion which, pursuant to the Premises Hereby Assigned, by operation of law or otherwise, could be exercised, observed, performed or satisfied by the Assignor including, without limitation, entering into, terminating, amending, renewing and assigning the Lease and otherwise dealing with the Tenant and others and participating in all settlement negotiations and arbitration proceedings resulting from a dispute (the "Dispute") arising out of, in connection with or pursuant to the Premises Hereby Assigned; and
- (c) collect any Rents, proceeds, receipts or income arising from or out of the Premises Hereby Assigned including, without limitation, the institution of proceedings, whether in the name of the Assignor or the Lender or both, for the collection of same.

The Assignor agrees that the Lender shall be entitled to retain such agents as the Lender wishes to assist the Lender in doing, or to effect, any of the foregoing. The Assignor acknowledges and agrees that all costs, charges and expenses incurred by the Lender in connection with doing anything permitted in this Section 8 including, without limitation, legal fees and disbursements on a solicitor and his own client basis, and the fees and disbursements of any agent as aforesaid, shall be forthwith paid by the Assignor to the Lender.

9. **Lender Not Liable:**

The Lender shall not be bound to exercise any of the rights afforded to it hereunder nor to collect, dispose of, realize, preserve or enforce the Premises Hereby Assigned. The Lender shall not be liable or responsible to the Assignor or any other person for the fulfilment or non-fulfilment of this Agreement or the terms, obligations, covenants or agreements set out in this Agreement or for any loss or damage incurred or suffered by the Assignor or any other person, firm or corporation as a result of:

- (a) any delay by, or any failure of, the Lender to:
 - (i) exercise any of the rights afforded to it under this Agreement; or
 - (ii) collect, dispose of, realize, preserve or enforce the Premises Hereby Assigned; or

- (b) the negligence of any receiver, receiver and manager, officer, servant, agent, counsel or other attorney employed or appointed by the Lender in the exercise of the rights afforded to the Lender hereunder, or in the collection, disposition, realization, entering into, terminating, preservation or enforcement of the Premises Hereby Assigned.

10. **Application of Funds:**

The Lender shall be entitled (in the sole discretion of the Lender) to utilize any amount received by the Lender arising out of or from the collection, disposition, realization or enforcement of the Premises Hereby Assigned in any one or more of the following ways:

- (a) to pay all costs, charges and expenses incurred by the Lender in connection with the collection, disposition, realization or enforcement of the same, including without limitation the fees and disbursements of any agents retained by the Lender to assist or effect such collection, disposition, realization or enforcement;
- (b) to pay any prior mortgages, charges, assignments or encumbrances of or against the Premises Hereby Assigned or the Project or any part thereof;
- (c) to pay any costs, charges or expenses arising from the Project or any part thereof or the operation thereof, including without limitation realty and other taxes, utilities costs and charges, ground rent (if any), repair, maintenance and replacement costs, management fees and costs and employees' salaries and costs; and
- (d) to apply such amount or any part thereof in reduction of the Indebtedness.

Notwithstanding the generality of the foregoing, the Lender shall be entitled to apply all or any part of such amounts received by it on account of such part or parts of the Indebtedness, in such manner and at such times or from time to time, as the Lender deems best and the Lender may at any time and from time to time change any such application.

11. **Further Assurances:**

The Assignor covenants and agrees to execute all such further assignments and other documents and to do all such further acts and things including, without limitation, obtaining any consents which are required by the Lender, from time to time, to more effectively assign, set over and transfer the Premises Hereby Assigned to the Lender, to perfect and keep perfected the security interest constituted hereby and to assist in the collection, disposition, realization or enforcement thereof, and the Lender is hereby irrevocably constituted the true and lawful attorney of the Assignor, with full power of substitution, to execute in the name of the Assignor any assignment or other document for such purposes.

12. **Information:**

The Assignor covenants and agrees that from time to time forthwith, upon the request of the Lender, it shall furnish to the Lender in writing all information requested by the Lender relating to the Premises Hereby Assigned.

13. **Dealing with Lease:**

The Assignor confirms and agrees that the Lender, as assignee hereunder, has the authority to exercise all of the rights, powers, authority and discretion of the Assignor pursuant to the Premises Hereby Assigned, including without limitation to collect any Rents and other monies payable or arising out of or from the Premises Hereby Assigned. Notwithstanding the foregoing sentence, the Assignor shall have the authority, subject to Section 6 hereof:

- (a) to collect any Rents and other monies properly payable or arising out of or from the Premises Hereby Assigned; and
- (b) to exercise in good faith all of the benefits, advantages and powers as landlord under the Premises Hereby Assigned,

unless and until such authority is revoked in writing by the Lender, provided, however, that any monies received by the Assignor arising out of or from any of the Premises Hereby Assigned shall be received and held in trust for the Lender and forthwith upon request by the Lender be remitted to the Lender. The Lender may, at any time or times by notice to the Tenant, direct the Tenant to pay Rents and other monies payable to the Lender and such notice shall be good and sufficient authority for the Tenant so doing. Any payment of Rents and other monies by the Tenant to the Lender shall not constitute a default under the Lease. The receipt by the Lender of Rents or other monies from the Tenant shall constitute and be deemed receipt thereof by the Assignor.

14. **No Novation:**

This Assignment and transfer to the Lender of the Premises Hereby Assigned:

- (a) is continuing security granted to the Lender without novation or impairment of any other existing or future security held by the Lender in order to secure payment to the Lender of the Indebtedness and the due performance of the Assignor's obligations under the Mortgage and all other agreements (including, without limitation, any loan agreement), documents, instruments, undertakings and commitments entered into between the Assignor and the Lender, made by the Assignor in favour of the Lender or assigned by the Assignor to the Lender;
- (b) is in addition to and not in substitution for any other security now or hereafter granted to or held by the Lender in connection with the Indebtedness; and
- (c) shall remain in full force and effect without regard to and shall not be affected or impaired by:
 - (i) any amendment or modification of or addition or supplement to the Mortgage, this Agreement or any other security or securities (the "Additional Securities") now or hereafter held by or on behalf of the Lender in connection with the Indebtedness or any part thereof;
 - (ii) any exercise or non-exercise of any right, remedy, power or privilege in respect of the Mortgage, this Agreement or the Additional Securities;
 - (iii) any waiver, consent, extension, indulgence or other action, inaction or omission under or in respect of the Mortgage, this Agreement or the Additional Securities;
 - (iv) any default by the Assignor under, or any invalidity or unenforceability of, or any limitation on the liability of the Assignor or on the method or terms of payment under, or any irregularity or other defect in, the Mortgage, this Agreement or the Additional Securities;
 - (v) any merger, consolidation or amalgamation of the Assignor into or with any other company or corporation; or
 - (vi) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Assignor.

15. **Re-assignment:**

Upon the Indebtedness being paid in full, the Lender shall, within a reasonable time following its receipt of a written request from the Assignor and at the sole cost and expense of the Assignor, reassign the Premises Hereby Assigned to the Assignor.

16. **Enurement:**

Subject to Paragraph 6 and the other provisions hereof, this Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

17. **Notices:**

Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered to the party for whom it is intended, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail to the address of the addressee provided for in the Mortgage, and shall be deemed to have been received by such addressee after the time periods with respect thereto in the Mortgage.

18. **Waiver:**

No consent or waiver, express or implied, by the Lender to or of any breach or default by the Assignor in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by the Assignor of its obligations hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Assignor or to declare the Assignor in default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder.

19. **Amendments:**

This Agreement may not be modified or amended except with the written consent of the Lender and the Assignor.

20. **Entire Agreement:**

This Agreement constitutes the entire agreement between the Lender and the Assignor pertaining to the assignment of the Premises Hereby Assigned and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, relating thereto.

21. **Assignment:**

The Lender may assign, transfer, negotiate, pledge or otherwise hypothecate this Agreement, any of the Premises Hereby Assigned, any of its rights hereunder or any part thereof and all rights and remedies of the Lender in connection with the interest so assigned shall be enforceable against the Assignor as the same would have been by the Lender but for such assignment.

22. **No Agency, Joint Venture or Partnership:**

The Lender is not the agent, representative, partner of or joint-venturer with the Assignor, and the Assignor is not the agent, representative, partner of or joint-venturer with the Lender, and this Agreement shall not be construed to make the Lender liable to any person or persons for goods or services furnished to, on behalf of or for the benefit of the Assignor nor for debts, liability or claims accruing therefrom against the Assignor.

23. **Rights, Powers and Remedies:**

Each right, power and remedy of the Lender provided for herein or available at law or in equity or in any other agreement shall be separate and in addition to every other such right, power and remedy. Any one or more or any combination of such rights, remedies and powers may be exercised by the Lender from time to time and no such exercise shall exhaust the rights, remedies or powers of the Lender or preclude the Lender from exercising any one or more of such rights, remedies and powers or any combination thereof from time to time thereafter or simultaneously. Without limiting the foregoing provisions of this Paragraph 23, the Lender in its discretion may exercise its rights, powers and remedies hereunder in respect of the Premises Hereby Assigned separately and whether or not the Lender exercises such rights, powers and remedies in respect of any or all of the other Premises Hereby Assigned.

24. **Survival:**

All covenants, undertakings, agreements, representations and warranties made by the Assignor in this Agreement and any instruments delivered pursuant to or in connection herewith, shall survive the execution and delivery of this Agreement and any advances made by the Lender

to the Assignor, and shall continue in full force and effect until the Indebtedness is paid in full. All representations and warranties made by the Assignor shall be deemed to have been relied upon by the Lender.

25. **Severability:**

Any term, condition or provision of this Agreement which is or is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom, be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.

26. **Governing Law:**

This Agreement and the interpretation, construction, application and enforcement of this Agreement shall be governed by and construed in all respects, exclusively in accordance with the laws of the Province of Ontario.

27. **Headings:**

The insertion in this Agreement of headings is for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

28. **Number and Gender:**

All nouns and personal pronouns relating thereto shall be read and construed as the number and gender may require and the verb shall be read and construed as agreeing with the noun and pronoun.

29. **Registrations:**

Neither the preparation, execution nor any registrations or filings with respect hereto, in and of itself, shall bind the Lender to make an advance under the Mortgage.

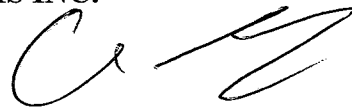
30. **Receipt of Copy:**

The Assignor acknowledges receipt of a copy of this Agreement and of any financing statement registered under the *Personal Property Security Act* (Ontario) with respect hereto.

IN WITNESS WHEREOF the Assignor has executed this Agreement as of the date and year first above-written.

125 FERRIS INC.

Per:



Name: Mark Gross

Title: President

I have authority to bind the corporation

THIS IS EXHIBIT "L" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

LRO # 36 **Notice Of Assignment Of Rents--Specific**

Registered as BS119918 on 2013 10 31 at 13:41

146

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 13

Properties

PIN 49177 - 0022 LT
Description PCL 4-1 SEC 36M540; BLK 4 PL 36M540 WEST FERRIS EXCEPT PT 1 36R7337, PT 2 36R7353, PT 2 36R7453, PT 1, 2 36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 2 36R8917; NORTH BAY ; DISTRICT OF NIPISSING
Address 125 FERRIS DRIVE
 NORTH BAY

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
BS119911	2013 10 31	Charge/Mortgage

Applicant(s)

The applicant applies for the entry of a notice of specific assignment of rents. The assignor(s) hereby assigns their interest in the rents under the interest specified.

Name 125 FERRIS INC.
Address for Service 5145 Steeles Avenue West
 Suite B210
 Toronto, Ontario
 M9L 1R5

I, MARK C. GROSS, Director, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

<i>Party To(s)</i>	<i>Capacity</i>	<i>Share</i>
--------------------	-----------------	--------------

<i>Name</i> LAURENTIAN BANK OF CANADA <i>Address for Service</i> 255 Cremazie Boulevard Suite 1100 Montreal, Quebec H2M 1M2		
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Statements

Schedule: See Schedules

Signed By

Gouri Indira Kumar 2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Applicant(s)	Signed	2013 10 31
----------------------------------------------------------------------------	-------------------------	--------	------------

Tel 416-593-1221
 Fax 416-593-5437

I have the authority to sign and register the document on behalf of the Applicant(s).

Gouri Indira Kumar 2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Party To (s)	Signed	2013 10 31
----------------------------------------------------------------------------	-------------------------	--------	------------

Tel 416-593-1221
 Fax 416-593-5437

I have the authority to sign and register the document on behalf of the Party To(s).

Submitted By

BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500 Toronto M5C 3G5			2013 10 31
-----------------------------------------------------------------------------	--	--	------------

Tel 416-593-1221
 Fax 416-593-5437

LRO # 36 **Notice Of Assignment Of Rents-Specific**

Registered as BS119918 on 2013 10 31 at 13:41

147

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 13

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Party To Client File Number : 1064020002/ORE

SPECIFIC ASSIGNMENT OF LEASE

THIS AGREEMENT made as of the 31st day of October, 2013.

B E T W E E N:

125 FERRIS INC., a corporation incorporated pursuant to the laws of the Province of Ontario

(hereinafter called the “**Assignor**”)

OF THE FIRST PART

- and -

LAURENTIAN BANK OF CANADA

(hereinafter called the “**Lender**”)

OF THE SECOND PART

WHEREAS as additional security for the Assignor's covenants and obligations as set out in the Mortgage and set out in all other agreements, documents, instruments, undertakings and assignments entered into between the Assignor and the Lender, made by the Assignor in favour of the Lender or assigned by the Assignor to the Lender, the Assignor agreed to assign, to the Lender, the Lease, together with all benefits, powers and advantages of the Assignor to be derived therefrom.

NOW THEREFORE THIS ASSIGNMENT WITNESSES that in consideration of the sum of Ten Dollars (\$10.00) paid by the Lender to the Assignor (the receipt and sufficiency of which are hereby acknowledged), the parties covenant and agree with each other as follows:

1. **Recitals Correct:**

The Assignor confirms the validity and truth of the above-noted recital, which has the same force and effect as if repeated herein at length.

2. **Definitions:**

In this Agreement, the following capitalized terms have the respective meanings set out below:

- (a) **“Agreement”**, **“this Agreement”**, **“the Agreement”**, **“hereto”**, **“hereof”**, **“hereby”**, **“hereunder”** and similar expressions mean or refer to this entire agreement as amended from time to time and any agreement or instrument supplemental or ancillary hereto or in implementation hereof;
- (b) **“Buildings”** means all buildings, improvements, installation, facility, erection or structure now or hereafter located on, made to, placed upon or erected in, under or on the Lands, any additions and alterations thereto, and any expansions, improvements and replacements thereof and all equipment, chattels and fixtures which may be owned by or on behalf of the Assignor and may now or hereafter be located on the Lands;
- (c) **“Default”** has the meaning ascribed thereto in Section 8 hereof;
- (d) **“Dispute”** has the meaning ascribed thereto in Subsection 8(b) hereof;
- (e) **“Indebtedness”** has the meaning ascribed thereto in Section 3 hereof;
- (f) **“Lands”** means the lands described in the Properties section of the Notice of Assignment of Rents - Specific to which this Agreement is annexed;
- (g) **“Lease”** means the lease made as of the 3rd day of July, 2007 between O.R.E. Development Corporation, as landlord, and Atlas Copco Exploration Products, a

division of Atlas Copco Canada Inc., as tenant, and assigned to the Assignor, as landlord, and as amended on June 23, 2008 pursuant to a lease amending agreement, notice of which was registered in the Land Registry Office for the Land Titles Division of Nippissing (No. 36) on July 3, 2008 as Instrument No. BS48924, as it may be further amended or renewed from time to time;

- (h) **“Mortgage”** means the charge/mortgage of land, executed by the Assignor in favour of the Lender and registered against title to the Lands in the Land Registry Office for the Land Titles Division of Nippissing (No. 36) on the date hereof, as it may be amended or supplemented from time to time;
- (i) **“Project”** means the Lands and Buildings;
- (j) **“Rents”** means all present and future incomes, rents, issues, profits and any other monies including rental insurance proceeds and expropriation awards to be derived from, reserved or payable under the Lease; and
- (k) **“Tenant”** means Atlas Copco Canada Inc. and its successors and assigns.

3. **Assignment:**

As continuing and additional security for:

- (a) the repayment to the Lender of all indebtedness and liability (the **“Indebtedness”**) from time to time of the Assignor to the Lender pertaining to the Project, under, in connection with or arising out of or from the Mortgage and other agreements (including, without limitation, any loan agreements) entered into by the Assignor with the Lender pertaining to the Project, made by the Assignor in favour of the Lender with respect to the Project or assigned by the Assignor to the Lender with respect to the Project; and
- (b) the due performance by the Assignor of the terms, agreements, provisions, conditions, obligations and covenants on the part of the Assignor to be performed under the Mortgage and all other agreements (including, without limitation, any loan agreements), documents, instruments, undertakings and assignments entered into with respect to the Project, made in favour of the Lender with respect to the Project or assigned to the Lender with respect to the Project;

the Assignor, upon and subject to the terms of this Agreement, assigns, sets over and transfers to the Lender all its rights, benefits, title and interest under, in and to, and all claims of whatsoever nature or kind which the Assignor now has or may hereafter have under or pursuant to:

- (c) the Lease;
- (d) the Rents;
- (e) the benefit of any and all present and future guarantees of and indemnities with respect to the Lease and the performance of any or all of the obligations of the Tenant thereunder;
- (f) the benefit of any and all present and future letters of credit and security documents provided to secure the obligations of the Tenant under the Lease;
- (g) the benefit of any and all present and existing assignments of the Lease by the Tenant and agreements to assume the obligations of the Tenant thereunder; and
- (h) all books, accounts, invoices, letters, papers, drawings and documents in any way evidencing or relating to the Lease, and any guarantees or indemnities of the Lease;

all of the foregoing described in Subsections 3(c) to and including 3(h) together with all agreements pertaining thereto and all proceeds therefrom being hereinafter collectively called the **“Premises Hereby Assigned”**.

4. **Acknowledgment of Assignor:**

The Assignor acknowledges that none of this Agreement, the assignment constituted hereby or the enforcement by the Lender of any of its rights and remedies hereunder:

- (a) shall in any way lessen or relieve the Assignor from:
 - (i) the obligation of the Assignor to observe, satisfy and perform each and every term, agreement, provision, condition, obligation and covenant set out in, or required to be observed by the Assignor in order to fulfil its obligations under, any of the Premises Hereby Assigned; and
 - (ii) any liability of the Assignor to the Tenant, the Lender or to any other person, firm or corporation;
- (b) imposes any obligation on the Lender to assume any liability or obligation under, or to observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant set out in any of the Premises Hereby Assigned;
- (c) imposes any liability on the Lender for any act or omission on its part in connection with this Agreement or the assignment constituted hereby including, without limitation, the fulfilment or non-fulfilment by the Lender of the obligations, covenants and agreements of the Assignor set out in the Premises Hereby Assigned;
- (d) obligates the Lender to give notice of this Agreement and the assignment constituted hereby to the Tenant or any other person, firm or corporation whatsoever; provided that the Lender may, in its absolute discretion, give any such notice at any time or from time to time without further notice to the Assignor;
- (e) shall cause the Lender to be or be deemed to be a mortgagee in possession;
- (f) shall delay, prejudice, impair, diminish or adversely affect the rights and remedies of the Lender pursuant to the Mortgage or any other agreement (including, without limitation, any loan agreement) entered into by the Assignor with the Lender, made by the Assignor in favour of the Lender or assigned by the Assignor to the Lender; or
- (g) authorizes the Assignor to dispose of or transfer by way of conveyance, mortgage, lease, assignment or otherwise, the Project, the interest of the Assignor in the Project or any part of either.

5. **Positive Covenants of Assignor:**

The Assignor covenants and agrees:

- (a) to observe, perform and satisfy each and every term, agreement, provision, condition, obligation and covenant set out in, or required to be observed, performed and satisfied by the Assignor pertaining to or under or pursuant to, the Premises Hereby Assigned;
- (b) to deliver to the Lender a copy of all written notices, demands or requests given under, in connection with or pursuant to the Premises Hereby Assigned that are:
 - (i) received by the Assignor, forthwith upon receipt of same; and
 - (ii) delivered by the Assignor, contemporaneously with the delivery of same;
- (c) to indemnify and save the Lender harmless from and against any liabilities, losses, costs, charges, expenses (including legal fees and disbursements on a solicitor and his own client basis), damages, claims, demands, actions, suits, proceedings, judgments and forfeitures (collectively referred to hereinafter as the "Liabilities")

suffered, incurred or paid by the Lender in connection with, on account of or by reason of:

- (i) the assignment to the Lender of the Premises Hereby Assigned;
- (ii) any alleged obligation of the Lender to observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant set out in any of the Premises Hereby Assigned;
- (iii) any failure of the Assignor to observe, perform or satisfy its covenants, agreements, warranties and representations set out in this Agreement; and
- (iv) the enforcement of the assignment constituted by this Agreement or any of its rights and remedies hereunder;

save and except any Liabilities caused by the Lender's own negligence.

- (d) to notify the Lender in writing as soon as the Assignor becomes aware of any material Dispute (as hereinafter defined), claim or litigation in respect of any of the Premises Hereby Assigned or of any material breach of default by the Assignor or any other person, firm or corporation in the observance, performance or satisfaction of any of the terms, agreements, provisions, conditions, obligations or covenants set out in the Premises Hereby Assigned;
- (e) to keep, with regard to the Project, separate, up-to-date, detailed and accurate records of all revenues, including, without limitation, all Rents, and expenditures;
- (f) to obtain such consents from third parties including, without limitation, the Tenant as may be necessary or required pursuant to any of the Premises Hereby Assigned in connection with the assignment constituted by this Agreement and, in addition, such other consents and acknowledgments from third parties as the Lender may require or desire;
- (g) to deliver to the Lender, at the request of the Lender from time to time, a notarial copy of the Lease and of any guarantee or indemnity in respect of the obligations of any Tenant under the Lease;
- (h) to execute and deliver to the Tenant and the Lender, at the request of the Lender from time to time, a written notice to the Tenant directing such Tenant to pay the Rents and all other sums owing under the Lease to the Lender;
- (i) if requested to do so by the Lender, from time to time, it will enforce any or all of its rights and remedies under the Premises Hereby Assigned;
- (j) that each of its warranties and representations set out in this Agreement is now and will continue to be true and correct; and
- (k) that it will pay or cause to be paid to the Lender or pursuant to the Lender's direction, upon demand, all reasonable costs, charges, fees and expenses, including, without limitation, legal fees and disbursements on a solicitor and his own client basis, court costs and any other out-of-pocket costs and expenses, incurred by the Lender in connection with or arising out of or with respect to this Agreement including, without limitation, any one or more of the following:
 - (i) the negotiation, preparation, execution and enforcement of this Agreement and all documents, agreements and other writings incidental or ancillary hereto;
 - (ii) any act done or taken pursuant to this Agreement including, without limitation, recovering the Indebtedness and registering, discharging and reassigning this Agreement;
 - (iii) the preservation, protection, enforcement or realization of the Premises Hereby Assigned including, without limitation, retaking, holding,

repairing, preparing for disposition and disposing of the Premises Hereby Assigned;

- (iv) any action or other proceeding instituted by the Assignor, the Lender, the Tenant or any other person, firm or corporation in connection with or in any way relating to:
 - A. this Agreement or any part hereof;
 - B. the preservation, protection, enforcement or realization of the Premises Hereby Assigned; or
 - C. the recovery of the Indebtedness;
- (v) all Liabilities suffered, incurred or paid by the Lender as set out in subparagraph 5(c) hereof; and
- (vi) all amounts incurred or paid by the Lender pursuant to Paragraph 8 hereof;

together with interest thereon from the date of the incurring of such expenses at the rate provided for in the Mortgage, calculated daily and compounded monthly. Whether any action or any judicial proceedings to enforce the aforesaid payments has been taken or not, the amount owing to the Lender under this Subparagraph shall be added to the Indebtedness and secured by the Mortgage, this Agreement and all other security agreements entered into by the Assignor in favour of the Lender and relating to the Project.

6. **Negative Covenants of Assignor:**

The Assignor covenants and agrees that it shall not:

- (a) sell, assign, transfer, dispose of, collect, receive or accept any of the Premises Hereby Assigned including, without limitation, the Rents, except as may be permitted in this Agreement, nor do, nor permit to be done, any act or thing whereby the Lender may be prevented or hindered from so doing, in each case, without the prior written consent of the Lender;
- (b) pledge, charge, mortgage, hypothecate, create a security interest in or otherwise encumber the Premises Hereby Assigned or any part thereof in any manner whatsoever other than to the Lender without the prior written consent of the Lender;
- (c) terminate, accept a surrender of, amend or vary the Lease other than with the Lender's prior written consent;
- (d) accept payment of any Rents in advance except for the current monthly rental period and except for security deposits provided for in such Lease;
- (e) suffer or permit anything allowing the Tenant to cancel, terminate, forfeit any of the Premises Hereby Assigned, or suffer or permit anything allowing the surrender of any of the Premises Hereby Assigned, in each case without the prior written approval of the Lender;
- (f) waive, amend, modify or vary any of the terms, agreements, provisions, conditions, obligations and covenants set out in the Premises Hereby Assigned, or otherwise agree or consent to any waiver, amendment, modification or variation of any of them, whether by way of collateral agreement or otherwise, in each case without the prior written approval of the Lender;
- (g) waive or agree to waive any material failure of any party to any of the Premises Hereby Assigned including, without limitation, the Tenant, to observe, perform or satisfy any of the terms, agreements, provisions, conditions, obligations or covenants set out in any of the Premises Hereby Assigned, in each case without the prior written approval of the Lender;

- (h) give any material consent or approval contemplated by, or required or permitted to be given pursuant to, any of the Premises Hereby Assigned, without the prior written consent of the Lender; or
- (i) settle or resolve any material Dispute, without the prior written consent of the Lender.

7. **Representations and Warranties of Assignor:**

The Assignor represents and warrants to the Lender that:

- (a) the Premises Hereby Assigned including, without limitation, the Lease in effect as of the date hereof, is valid and subsisting, is in full force and effect, unamended, in good standing and there are no defaults thereunder;
- (b) the Assignor has good, valid and legal right to absolutely assign and transfer to the Lender the Premises Hereby Assigned, free and clear of all assignments, mortgages, charges, pledges, security interest and other encumbrances;
- (c) the Assignor has not performed any act or executed any agreement that might prevent the Lender from operating under, or exercising its rights and remedies under, any of the provisions of this Agreement or that would limit the Lender in any such operation or exercise;
- (d) the Assignor has the corporate power, authority and capacity to enter into this Agreement, to make the assignment constituted hereby and to perform its obligations hereunder;
- (e) the Assignor has taken all necessary action, corporate or otherwise, to authorize the execution and delivery of this Agreement and the performance of its obligations set out in this Agreement and in the Lease;
- (f) neither the execution nor the delivery of this Agreement by the Assignor, nor the consummation by it of the transactions herein contemplated, nor the compliance by it with the terms, conditions and provisions hereof will conflict with or result in a breach of any terms, conditions or provisions of:
 - (i) the constating documents of the Assignor;
 - (ii) any agreement, instrument or arrangement to which the Assignor is a party or by which the Assignor or any of its property is, or may be bound, or constitute a default thereunder, or result thereunder in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon the Project or upon any of the other properties or assets of the Assignor;
 - (iii) any judgment, order, writ, injunction or decree of any court, relating to the Assignor; or
 - (iv) any applicable law or governmental regulation relating to the Project;
- (g) this Agreement has been duly executed and, when delivered, will be in full force and effect and constitutes a legal, valid and binding obligation of the Assignor, enforceable in accordance with its terms, subject to applicable laws relating to bankruptcy, insolvency and other similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies, including specific performance and injunction, may only be granted in the discretion of a court of competent jurisdiction;
- (h) there is no pending or threatened litigation, action, claim or fact known to the Assignor and not disclosed to the Lender in writing which adversely affect or could adversely affect of the Premises Hereby Assigned or the rights of the Assignor or any other party thereunder or the rights of the Lender under this Agreement;

- (i) the Premises Hereby Assigned in existence on the date hereof is capable of assignment to the Lender in accordance with the provisions of this Agreement, and the Premises Hereby Assigned is capable of further assignment by the Lender or by any receiver or receiver and manager, and the consent of any third party is not required for any assignment set out in this Agreement or in connection with any further assignment by the Lender; and
- (j) no Rents, payments, proceeds, receipts or other distributions due or to become due on any date subsequent to the date of this Agreement have been collected or paid in advance of the time when the same become due under the terms of the Premises Hereby Assigned.

8. **Enforcement Upon Default:**

Without limiting in any manner whatsoever the Lender's rights, remedies, and recourses pursuant to this Agreement, by operation of law or otherwise, upon a default by the Assignor in the observance or performance of any of its covenants and agreements hereunder or under the Mortgage or any other agreement entered into by the Assignor with respect to the Project (including, without limitation, any loan agreement) (hereinafter collectively called a "Default"), the Lender and any receiver or any receiver and manager appointed by the Lender, may from time to time and at any time, in its own name or in the name of the Assignor and without notice to the Assignor, do any one or more of the following:

- (a) observe, perform or satisfy any term, agreement, provision, condition, obligation or covenant which, pursuant to the Premises Hereby Assigned, could or should be observed, performed or satisfied by the Assignor;
- (b) exercise any of the rights, powers, authority and discretion which, pursuant to the Premises Hereby Assigned, by operation of law or otherwise, could be exercised, observed, performed or satisfied by the Assignor including, without limitation, entering into, terminating, amending, renewing and assigning the Lease and otherwise dealing with the Tenant and others and participating in all settlement negotiations and arbitration proceedings resulting from a dispute (the "Dispute") arising out of, in connection with or pursuant to the Premises Hereby Assigned; and
- (c) collect any Rents, proceeds, receipts or income arising from or out of the Premises Hereby Assigned including, without limitation, the institution of proceedings, whether in the name of the Assignor or the Lender or both, for the collection of same.

The Assignor agrees that the Lender shall be entitled to retain such agents as the Lender wishes to assist the Lender in doing, or to effect, any of the foregoing. The Assignor acknowledges and agrees that all costs, charges and expenses incurred by the Lender in connection with doing anything permitted in this Section 8 including, without limitation, legal fees and disbursements on a solicitor and his own client basis, and the fees and disbursements of any agent as aforesaid, shall be forthwith paid by the Assignor to the Lender.

9. **Lender Not Liable:**

The Lender shall not be bound to exercise any of the rights afforded to it hereunder nor to collect, dispose of, realize, preserve or enforce the Premises Hereby Assigned. The Lender shall not be liable or responsible to the Assignor or any other person for the fulfilment or non-fulfilment of this Agreement or the terms, obligations, covenants or agreements set out in this Agreement or for any loss or damage incurred or suffered by the Assignor or any other person, firm or corporation as a result of:

- (a) any delay by, or any failure of, the Lender to:
 - (i) exercise any of the rights afforded to it under this Agreement; or
 - (ii) collect, dispose of, realize, preserve or enforce the Premises Hereby Assigned; or

- (b) the negligence of any receiver, receiver and manager, officer, servant, agent, counsel or other attorney employed or appointed by the Lender in the exercise of the rights afforded to the Lender hereunder, or in the collection, disposition, realization, entering into, terminating, preservation or enforcement of the Premises Hereby Assigned.

10. **Application of Funds:**

The Lender shall be entitled (in the sole discretion of the Lender) to utilize any amount received by the Lender arising out of or from the collection, disposition, realization or enforcement of the Premises Hereby Assigned in any one or more of the following ways:

- (a) to pay all costs, charges and expenses incurred by the Lender in connection with the collection, disposition, realization or enforcement of the same, including without limitation the fees and disbursements of any agents retained by the Lender to assist or effect such collection, disposition, realization or enforcement;
- (b) to pay any prior mortgages, charges, assignments or encumbrances of or against the Premises Hereby Assigned or the Project or any part thereof;
- (c) to pay any costs, charges or expenses arising from the Project or any part thereof or the operation thereof, including without limitation realty and other taxes, utilities costs and charges, ground rent (if any), repair, maintenance and replacement costs, management fees and costs and employees' salaries and costs; and
- (d) to apply such amount or any part thereof in reduction of the Indebtedness.

Notwithstanding the generality of the foregoing, the Lender shall be entitled to apply all or any part of such amounts received by it on account of such part or parts of the Indebtedness, in such manner and at such times or from time to time, as the Lender deems best and the Lender may at any time and from time to time change any such application.

11. **Further Assurances:**

The Assignor covenants and agrees to execute all such further assignments and other documents and to do all such further acts and things including, without limitation, obtaining any consents which are required by the Lender, from time to time, to more effectively assign, set over and transfer the Premises Hereby Assigned to the Lender, to perfect and keep perfected the security interest constituted hereby and to assist in the collection, disposition, realization or enforcement thereof, and the Lender is hereby irrevocably constituted the true and lawful attorney of the Assignor, with full power of substitution, to execute in the name of the Assignor any assignment or other document for such purposes.

12. **Information:**

The Assignor covenants and agrees that from time to time forthwith, upon the request of the Lender, it shall furnish to the Lender in writing all information requested by the Lender relating to the Premises Hereby Assigned.

13. **Dealing with Lease:**

The Assignor confirms and agrees that the Lender, as assignee hereunder, has the authority to exercise all of the rights, powers, authority and discretion of the Assignor pursuant to the Premises Hereby Assigned, including without limitation to collect any Rents and other monies payable or arising out of or from the Premises Hereby Assigned. Notwithstanding the foregoing sentence, the Assignor shall have the authority, subject to Section 6 hereof:

- (a) to collect any Rents and other monies properly payable or arising out of or from the Premises Hereby Assigned; and
- (b) to exercise in good faith all of the benefits, advantages and powers as landlord under the Premises Hereby Assigned,

unless and until such authority is revoked in writing by the Lender, provided, however, that any monies received by the Assignor arising out of or from any of the Premises Hereby Assigned shall be received and held in trust for the Lender and forthwith upon request by the Lender be remitted to the Lender. The Lender may, at any time or times by notice to the Tenant, direct the Tenant to pay Rents and other monies payable to the Lender and such notice shall be good and sufficient authority for the Tenant so doing. Any payment of Rents and other monies by the Tenant to the Lender shall not constitute a default under the Lease. The receipt by the Lender of Rents or other monies from the Tenant shall constitute and be deemed receipt thereof by the Assignor.

14. **No Novation:**

This Assignment and transfer to the Lender of the Premises Hereby Assigned:

- (a) is continuing security granted to the Lender without novation or impairment of any other existing or future security held by the Lender in order to secure payment to the Lender of the Indebtedness and the due performance of the Assignor's obligations under the Mortgage and all other agreements (including, without limitation, any loan agreement), documents, instruments, undertakings and commitments entered into between the Assignor and the Lender, made by the Assignor in favour of the Lender or assigned by the Assignor to the Lender;
- (b) is in addition to and not in substitution for any other security now or hereafter granted to or held by the Lender in connection with the Indebtedness; and
- (c) shall remain in full force and effect without regard to and shall not be affected or impaired by:
 - (i) any amendment or modification of or addition or supplement to the Mortgage, this Agreement or any other security or securities (the "Additional Securities") now or hereafter held by or on behalf of the Lender in connection with the Indebtedness or any part thereof;
 - (ii) any exercise or non-exercise of any right, remedy, power or privilege in respect of the Mortgage, this Agreement or the Additional Securities;
 - (iii) any waiver, consent, extension, indulgence or other action, inaction or omission under or in respect of the Mortgage, this Agreement or the Additional Securities;
 - (iv) any default by the Assignor under, or any invalidity or unenforceability of, or any limitation on the liability of the Assignor or on the method or terms of payment under, or any irregularity or other defect in, the Mortgage, this Agreement or the Additional Securities;
 - (v) any merger, consolidation or amalgamation of the Assignor into or with any other company or corporation; or
 - (vi) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Assignor.

15. **Re-assignment:**

Upon the Indebtedness being paid in full, the Lender shall, within a reasonable time following its receipt of a written request from the Assignor and at the sole cost and expense of the Assignor, reassign the Premises Hereby Assigned to the Assignor.

16. **Enurement:**

Subject to Paragraph 6 and the other provisions hereof, this Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

17. **Notices:**

Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered to the party for whom it is intended, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail to the address of the addressee provided for in the Mortgage, and shall be deemed to have been received by such addressee after the time periods with respect thereto in the Mortgage.

18. **Waiver:**

No consent or waiver, express or implied, by the Lender to or of any breach or default by the Assignor in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by the Assignor of its obligations hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Assignor or to declare the Assignor in default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder.

19. **Amendments:**

This Agreement may not be modified or amended except with the written consent of the Lender and the Assignor.

20. **Entire Agreement:**

This Agreement constitutes the entire agreement between the Lender and the Assignor pertaining to the assignment of the Premises Hereby Assigned and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, relating thereto.

21. **Assignment:**

The Lender may assign, transfer, negotiate, pledge or otherwise hypothecate this Agreement, any of the Premises Hereby Assigned, any of its rights hereunder or any part thereof and all rights and remedies of the Lender in connection with the interest so assigned shall be enforceable against the Assignor as the same would have been by the Lender but for such assignment.

22. **No Agency, Joint Venture or Partnership:**

The Lender is not the agent, representative, partner of or joint-venturer with the Assignor, and the Assignor is not the agent, representative, partner of or joint-venturer with the Lender, and this Agreement shall not be construed to make the Lender liable to any person or persons for goods or services furnished to, on behalf of or for the benefit of the Assignor nor for debts, liability or claims accruing therefrom against the Assignor.

23. **Rights, Powers and Remedies:**

Each right, power and remedy of the Lender provided for herein or available at law or in equity or in any other agreement shall be separate and in addition to every other such right, power and remedy. Any one or more or any combination of such rights, remedies and powers may be exercised by the Lender from time to time and no such exercise shall exhaust the rights, remedies or powers of the Lender or preclude the Lender from exercising any one or more of such rights, remedies and powers or any combination thereof from time to time thereafter or simultaneously. Without limiting the foregoing provisions of this Paragraph 23, the Lender in its discretion may exercise its rights, powers and remedies hereunder in respect of the Premises Hereby Assigned separately and whether or not the Lender exercises such rights, powers and remedies in respect of any or all of the other Premises Hereby Assigned.

24. **Survival:**

All covenants, undertakings, agreements, representations and warranties made by the Assignor in this Agreement and any instruments delivered pursuant to or in connection herewith, shall survive the execution and delivery of this Agreement and any advances made by the Lender

to the Assignor, and shall continue in full force and effect until the Indebtedness is paid in full. All representations and warranties made by the Assignor shall be deemed to have been relied upon by the Lender.

25. **Severability:**

Any term, condition or provision of this Agreement which is or is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom, be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.

26. **Governing Law:**

This Agreement and the interpretation, construction, application and enforcement of this Agreement shall be governed by and construed in all respects, exclusively in accordance with the laws of the Province of Ontario.

27. **Headings:**

The insertion in this Agreement of headings is for the convenience of reference only and shall not affect the construction or interpretation of this Agreement.

28. **Number and Gender:**

All nouns and personal pronouns relating thereto shall be read and construed as the number and gender may require and the verb shall be read and construed as agreeing with the noun and pronoun.

29. **Registrations:**

Neither the preparation, execution nor any registrations or filings with respect hereto, in and of itself, shall bind the Lender to make an advance under the Mortgage.

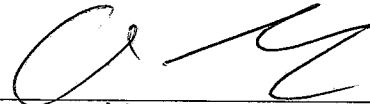
30. **Receipt of Copy:**

The Assignor acknowledges receipt of a copy of this Agreement and of any financing statement registered under the *Personal Property Security Act* (Ontario) with respect hereto.

IN WITNESS WHEREOF the Assignor has executed this Agreement as of the date and year first above-written.

125 FERRIS INC.

Per:



Name: Mark Gross

Title: President

I have authority to bind the corporation

THIS IS EXHIBIT "M" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Leanne M. Williams
T: 416-304-0060
E: lwilliams@tgf.ca
File No.: 1082-053

Personal & Confidential

October 31, 2023

Via Electronic Mail and Courier

125 Ferris Inc.
200 Ronson Drive, Suite 201
Toronto, ON. M9W 5Z9

**Attention: Mark Gross
Director & Officer**

Dear Sir:

Re: Indebtedness of 125 Ferris Inc. (the “Borrower”) to Laurentian Bank of Canada (the “Lender”)

We are the lawyers for the Lender with respect to the above matter.

We refer to Credit A, a term loan facility in the maximum principal amount of \$7,700,000 (the “**Credit Facility**”), that was made available by the Lender to the Borrower pursuant to an offer of financing letter dated October 10, 2013 (the “**Offer of Financing**”).

The Borrower is in default of its obligations to the Lender pursuant to the Offer of Financing, which have not been waived.

The Lender is entitled to exercise all of its rights and remedies against the Borrower including, without limitation, taking steps to enforce the security granted by the Borrower pursuant to the Offer of Financing. As of October 30, 2023, the Borrower is indebted to the Lender in respect of the Credit Facility in the amount of CAD \$5,918,367.17 as set out further in Schedule “A” (the “**Indebtedness**”).

On behalf of the Lender, we hereby demand payment from the Borrower of the Indebtedness, together with interest thereon accruing on the Indebtedness at the rates set out in Schedule “A”, and all costs, including legal fees and disbursements, incurred by the Lender to the date of payment in full.

If you fail to pay the Indebtedness by **4:00 p.m. on November 10, 2023**, the Lender shall pursue its remedies against you.



2.

We also enclose herewith a Notice of Intention to Enforce Security delivered to you in accordance with the *Bankruptcy and Insolvency Act* (Canada). If you consent to the Lender enforcing its rights and remedies without further delay, please date and execute the copy of the Consent attached to the enclosed Notice of Intention to Enforce Security and return same to us by email forthwith.

Yours truly,

Thornton Grout Finnigan LLP

A handwritten signature in black ink, appearing to be 'Leanne M. Williams', written over a circular scribble.

Leanne M. Williams

LMW/rc

Encl.



3.

Schedule "A"

Indebtedness (CAD \$) of 125 Ferris Inc. to Laurentian Bank of Canada as at October 30, 2023

Facility	Principal Balance	Accrued Interest ⁱ	Total	Per Diem
Term Loan	\$5,771,978.00	\$47,577.52	\$5,918,367.17	\$1,640.60
TOTAL OUTSTANDING			<u>\$5,918,367.17</u>	

E. & E.O.

ⁱ Interest accrues on the Loan at the rate of 10.20% per annum.

**NOTICE OF INTENTION TO ENFORCE SECURITY
PURSUANT TO SECTION 244 OF THE
BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

To: 125 Ferris Inc. (the “Company”)

Take notice that:

1. Laurentian Bank of Canada (the “**Bank**”), a secured creditor, intends to enforce its security on the property of the Company described below:

- (a) all present and after-acquired real and personal property of the Company; and
- (b) all proceeds of the foregoing collateral.

2. The security that is to be enforced is in the form of:

- (a) a General Security Agreement dated October 31, 2013;
- (b) a Charge/Mortgage in the principal amount of CAD \$7,700,000 registered on October 31, 2013 in the Land Registry Office for the Land Titles Division of Nipissing (LRO #36) as Instrument No. BS119911, on title to the property municipally known as 125 Ferris Drive, North Bay, Ontario (the “**Property**”), and more specifically described as:

PIN 49177-0022 (LT): PCL 4-1 SEC 36M540; BLK 4 PL 36M540 WEST FERRIS EXCEPT PT 1 36R7337, PT 236R7353, PT 2 36R7453, PT 1, 2 36R7682, PT 1 36R8707, PT 1 36R8730, PT 1, 236R8917; NORTH BAY; DISTRICT OF NIPISSING;

- (c) a Specific Assignment of Lease dated October 31, 2013 registered on title to the Property on October 31, 2013 in the Land Registry Office for the Land Titles Division of Nipissing (LRO #36) as Instrument No. BS119917; and

- (d) a Specific Assignment of Lease dated October 31, 2013 registered on title to the Property on October 31, 2013 in the Land Registry Office for the Land Titles Division of Nipissing (LRO #36) as Instrument No. BS119918;

(collectively, the “**Security**”).

3. As of October 30, 2023, the total amount of the indebtedness secured by the Security is CAD \$5,918,367.17 (the “**Indebtedness**”), plus interest accruing thereafter and all costs incurred by or charged to the Bank including, without limitation, legal and consultant fees and disbursements. Interest accrues on the Indebtedness at a rate of 10.20%. As at October 30, 2023, interest is accruing in the amount of CAD \$1,640.60 per day.

4. The secured creditor will not have the right to enforce the Security until the expiry of the 10-day period after this notice is sent, unless the Company consents to an earlier enforcement.

Dated at Toronto, Ontario, this 31st day of October, 2023.

LAURENTIAN BANK OF CANADA
by Thornton Grout Finnigan LLP, its solicitors herein



Per:

Leanne M. Williams
Email: lwilliams@tgf.ca
File no. 1082-053

CONSENT

TO: LAURENTIAN BANK OF CANADA (the “Bank”)

FROM: 125 FERRIS INC. (the “Company”)

The Company acknowledges receipt of a Notice of Intention to Enforce Security delivered by the Bank.

For consideration received, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Company hereby consents to the immediate enforcement by the Bank of the security held it from the Company, and for the same consideration waives completely all rights to any delay by or any further notice from the Bank with respect to the enforcement of the Bank’s security and the exercise of the other remedies of the Bank against the Company.

DATED at _____ this _____ day of _____, 2023.

125 FERRIS INC.

Per: _____

Name:

Title:

I have the authority to bind the Company.

THIS IS EXHIBIT "N" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:

Sarah Lam

716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



Ontario Search Results
ID 2480396
Search Type [BD] Business Debtor

Phone: (416) 599-4040

Liens : 1 Pages : 1

Searched :17JUL2024 09:05 AM
Printed :17JUL2024 09:12 AM

PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 07/17/2024
CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 09:04:56
ACCOUNT : 009233-0001 FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 1
FILE CURRENCY : 16JUL 2024
SEARCH : BD : 125 FERRIS INC.

00 FILE NUMBER : 798529401 EXPIRY DATE : 30OCT 2033 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
 REG NUM : 20231030 1032 1590 6132 REG TYP: P PPSA REG PERIOD: 10
02 IND DOB : IND NAME:
03 BUS NAME: 125 FERRIS INC.

OCN :

04 ADDRESS : 200 RONSON DRIVE, SUITE 201
 CITY : TORONTO PROV: ON POSTAL CODE: M9W 5Z9
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 LAURENTIAN BANK OF CANADA

09 ADDRESS : 1360 RENE-LEVESQUE BLVD WEST, SUITE 600
 CITY : MONTREAL PROV: QC POSTAL CODE: H3G 0E5
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
 YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13 THIS IS A RE-REGISTRATION OF PPSA REGISTRATION NO. 20131022 1649 1862
14 7211, REFERENCE FILE NO. 691251228.
15
16 AGENT: THORNTON GROUT FINNIGAN LLP (LMW)
17 ADDRESS : 3200-100 WELLINGTON STREET WEST
 CITY : TORONTO PROV: ON POSTAL CODE: M5K 1K7

END OF REPORT

THIS IS EXHIBIT "O" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.



Listing Agreement - Commercial Seller Representation Agreement Authority to Offer for Sale

This is a Multiple Listing Service® Agreement



OR Exclusive Listing Agreement



BETWEEN:

BROKERAGE: JONES LANG LASALLE REAL ESTATE SERVICES, INC., BROKERAGE

2600-22 ADELAIDE STREET WEST, TORONTO

[the "Listing Brokerage"] Tel. No.

SELLER: 125 FERRIS INC.

(the "Seller")

In consideration of the Listing Brokerage listing the real property for sale known as 125 FERRIS DRIVE

NORTH BAY, ON (PIN:491770022)

(the "Property")

the Seller hereby gives the Listing Brokerage the exclusive and irrevocable right to act as the Seller's agent,

commencing at 5:00 on the 24TH day of JUNE, 2024
(a.m./p.m.)

and expiring at 11:59 p.m. on the 23RD day of DECEMBER, 2024 (the "Listing Period"),

{ Seller acknowledges that the length of the Listing Period is negotiable between the Seller and the Listing Brokerage and, if an MLS® listing, may be subject to minimum requirements of the real estate board, however, in accordance with the Trust in Real Estate Services Act, 2002 (TRESA), the Listing Brokerage must obtain the Seller's initials.



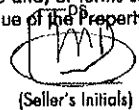
to offer the Property for sale at a price of: Dollars (CDN\$) 12,275,000.00

Twelve Million Two Hundred Seventy-Five Thousand

Dollars

and upon the terms particularly set out herein, or at such other price and/or terms acceptable to the Seller. It is understood that the price and/or terms set out herein are at the Seller's personal request, after full discussion with the Listing Brokerage's representative regarding potential market value of the Property.

The Seller hereby represents and warrants that the Seller is not a party to any other listing agreement for the Property or agreement to pay commission to any other real estate brokerage for the sale of the Property.



Schedule A, A attached hereto forms part of this Agreement, of which Schedule A sets out the details with respect to the services, confidentiality and representation of the Brokerage.

1. DEFINITIONS AND INTERPRETATIONS: For the purposes of this Agreement ("Authority" or "Agreement"): "Seller" includes vendor and a "buyer" includes a purchaser or a prospective purchaser. "Self-represented assistance" shall mean assistance provided to a self-represented party. A purchase shall be deemed to include the entering into of any agreement to exchange, or the obtaining of an option to purchase which is subsequently exercised, or the causing of a First Right of Refusal to be exercised, or an agreement to sell or transfer shares or assets. "Real Property" includes real estate as defined in the Trust in Real Estate Services Act (2002). The "Property" shall be deemed to include any part thereof or interest therein. A "real estate board" includes a real estate association. Commission shall be deemed to include other remuneration. This Agreement shall be read with all changes of gender or number required by the context. For purposes of this Agreement, anyone introduced to or shown the Property shall be deemed to include any spouse, heirs, executors, administrators, successors, assigns, related corporations and affiliated corporations. Related corporations or affiliated corporations shall include any corporation where one half or a majority of the shareholders, directors or officers of the related or affiliated corporation are the same person(s) as the shareholders, directors, or officers of the corporation introduced to or shown the Property.

2. COMMISSION: In consideration of the Listing Brokerage listing the Property, the Seller agrees to pay the Listing Brokerage a commission of 3.50% of the sale price of the Property or 3.00% if sold directly by the listing brokerage (The commission is payable upon successful completion of the sale transaction) for any valid offer to purchase the Property from any source whatsoever obtained during the Listing Period, as may be acceptable to the Seller. The Seller authorizes the Listing Brokerage to co-operate with any other registered real estate brokerage (co-operating brokerage) and to offer to pay the co-operating brokerage a commission of 1.00% of the sale price of the Property

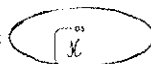
out of the commission the Seller pays the Listing Brokerage.

The Seller further agrees to pay such commission as calculated above if an agreement to purchase is agreed to or accepted by the Seller or anyone

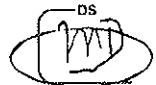
on the Seller's behalf within 30 days after the expiration of the Listing Period (Holdover Period), so long as such agreement is with anyone who was introduced to the Property from any source whatsoever during the Listing Period or shown the Property during the Listing Period. If, however, the offer for the purchase of the Property is pursuant to a new agreement in writing to pay commission to another registered real estate brokerage, the Seller's liability for commission shall be reduced by the amount paid by the Seller under the new agreement.

The Seller further agrees to pay such commission as calculated above even if the transaction contemplated by an agreement to purchase agreed to or accepted by the Seller or anyone on the Seller's behalf is not completed, if such non-completion is owing or attributable to the Seller's default or neglect, said commission to be payable on the date set for completion of the purchase of the Property.

INITIALS OF LISTING BROKERAGE:



INITIALS OF SELLER(S):



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Any deposit in respect of any agreement where the transaction has been completed shall first be applied to reduce the commission payable. Should such amounts paid to the Listing Brokerage from the deposit or by the Seller's solicitor not be sufficient, the Seller shall be liable to pay to the Listing Brokerage on demand, any deficiency in commission and taxes owing on such commission.

In the event the buyer fails to complete the purchase and the deposit or any part thereof becomes forfeited, awarded, directed or released to the Seller, the Seller then authorizes the Listing Brokerage to retain as commission for services rendered, fifty (50%) per cent of the amount of the said deposit forfeited, awarded, directed or released to the Seller [but not to exceed the commission payable had a sale been consummated] and to pay the balance of the deposit to the Seller. All amounts set out as commission are to be paid plus applicable taxes on such commission.

3. REPRESENTATION: The Seller acknowledges that the Listing Brokerage has provided the Seller with written information explaining relationships, including information on Seller Representation, Sub-agency, Buyer Representation, Multiple Representation and Self-Represented Party assistance. The Seller understands that unless the Seller is otherwise informed, the co-operating brokerage is representing the interests of the buyer in the transaction. The Seller further acknowledges that the Listing Brokerage may be listing other properties that may be similar to the Seller's Property and the Seller hereby consents to the Listing Brokerage listing other properties that may be similar to the Seller's Property without any claim by the Seller of conflict of interest. The Seller hereby appoints the Listing Brokerage as the Seller's agent for the purpose of giving and receiving notices pursuant to any offer or agreement to purchase the Property. Unless otherwise agreed in writing between Seller and Listing Brokerage, any commission payable to any other brokerage shall be paid out of the commission the Seller pays the Listing Brokerage, said commission to be disbursed in accordance with the Commission Trust Agreement.

MULTIPLE REPRESENTATION: The Seller hereby acknowledges that the Listing Brokerage may be entering into buyer representation agreements with buyers who may be interested in purchasing the Seller's Property. In the event that the Listing Brokerage has entered into or enters into a buyer representation agreement with a prospective buyer for the Seller's Property, the Listing Brokerage will require the Seller's written consent to represent both the Seller and the buyer for the transaction. The Seller understands and acknowledges that the Listing Brokerage must be impartial when representing both the Seller and the buyer and equally protect the interests of the Seller and buyer. The Seller understands and acknowledges that when representing both the Seller and the buyer, the Listing Brokerage shall have a duty of full disclosure to both the Seller and the buyer.

However, the Seller further understands and acknowledges that the Listing Brokerage shall not disclose:

- that the Seller may or will accept less than the listed price, unless otherwise instructed in writing by the Seller;
- that the buyer may or will pay more than the offered price, unless otherwise instructed in writing by the buyer;
- the motivation of or personal information about the Seller or buyer, unless otherwise instructed in writing by the party to which the information applies or unless failure to disclose would constitute fraudulent, unlawful or unethical practice;
- the price the buyer should offer or the price the Seller should accept; and
- the Listing Brokerage shall not disclose to the buyer the terms of any other offer, unless otherwise directed in writing by the Seller.

However, it is understood that factual market information about comparable properties and information known to the Listing Brokerage concerning potential uses for the property will be disclosed to both Seller and Buyer to assist them to come to their own conclusions.

The Brokerage shall not be appointed or authorized to be agent for either the Seller or the buyer for the purpose of giving and receiving notices where the Brokerage represents both the Seller and the buyer (multiple representation) or where the buyer or the seller is a self-represented party.

MULTIPLE REPRESENTATION AND DESIGNATED REPRESENTATION: The Seller understands and acknowledges where both the Seller and buyer are represented by a designated representative of the Listing Brokerage, multiple representation will not result, unless that designated representative represents more than one client in the same trade, and will require consent in writing for such multiple representation. In the event of multiple representation and designated representation, the Brokerage duty of disclosure to both the seller and the buyer client is as more particularly set out in the agreement with the respective seller or buyer.

4. FINDERS FEES: The Seller acknowledges that the Brokerage may be receiving a finder's fee, reward and/or referral incentive, and the Seller consents to any such benefit being received and retained by the Brokerage in addition to the Commission as described above.

5. REFERRAL OF ENQUIRIES: The Seller agrees that during the Listing Period, the Seller shall advise the Listing Brokerage immediately of all enquiries from any source whatsoever, and all offers to purchase submitted to the Seller shall be immediately submitted to the Listing Brokerage by the Seller before the Seller accepts or rejects the same. If any enquiry during the Listing Period results in the Seller accepting a valid offer to purchase during the Listing Period or within the Holdover Period after the expiration of the Listing Period described above, the Seller agrees to pay the Listing Brokerage the amount of Commission set out above, payable within five (5) days following the Listing Brokerage's written demand therefor.

6. MARKETING: The Seller agrees to allow the Listing Brokerage to show and permit prospective buyers to fully inspect the Property during reasonable hours and the Seller gives the Listing Brokerage the sole and exclusive right to place "For Sale" and "Sold" sign(s) upon the Property. The Seller consents to the Listing Brokerage including information in advertising that may identify the Property. The Seller further agrees that the Listing Brokerage shall have sole and exclusive authority to make all advertising decisions relating to the marketing of the Property for sale during the Listing Period. The Seller agrees that the Listing Brokerage will not be held liable in any manner whatsoever for any acts or omissions with respect to advertising by the Listing Brokerage or any other party, other than by the Listing Brokerage's gross negligence or wilful act.

7. WARRANTY: The Seller represents and warrants that the Seller has the exclusive authority and power to execute this Authority to offer the Property for sale and that the Seller has informed the Listing Brokerage of any third party interests or claims on the Property such as rights of first refusal, options, easements, mortgages, encumbrances or otherwise concerning the Property, which may affect the sale of the Property.

8. INDEMNIFICATION AND INSURANCE: The Seller will not hold the Listing Brokerage and representatives of the Brokerage responsible for any loss or damage to the Property or contents occurring during the term of this Agreement caused by the Listing Brokerage or anyone else by any means, including theft, fire or vandalism, other than by the Listing Brokerage's gross negligence or wilful act. The Seller agrees to indemnify and save harmless the Listing Brokerage and representatives of the Brokerage and any co-operating brokerage from any liability, claim, loss, cost, damage or injury, including but not limited to loss of the Commission payable under this Agreement, caused or contributed to by the breach of any warranty or representation made by the Seller in this Agreement and, if attached, the accompanying data form. The Seller warrants the Property is insured, including personal liability insurance against any claims or lawsuits resulting from bodily injury or property damage to others caused in any way on or at the Property and the Seller indemnifies the Brokerage and all of its employees, representatives, salespersons and brokers (Listing Brokerage) and any co-operating brokerage and all of its employees, representatives, salespersons and brokers (co-operating brokerage) for and against any claims against the Listing Brokerage or co-operating brokerage made by anyone who attends or visits the Property.

9. ENVIRONMENTAL INDEMNIFICATION: The Seller agrees to indemnify and save harmless the Listing Brokerage and representatives of the Brokerage and any co-operating brokerage from any liability, claim, loss, cost, damage or injury as a result of the Property being affected by any contaminants or environmental problems.

10. FAMILY LAW ACT: The Seller hereby warrants that spousal consent is not necessary under the provisions of the Family Law Act, R.S.O. 1990, unless the spouse of the Seller has executed the consent hereinafter provided.

INITIALS OF LISTING BROKERAGE:

INITIALS OF SELLER(S):



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11. VERIFICATION OF INFORMATION: The Seller authorizes the Listing Brokerage to obtain any information from any regulatory authorities, governments, mortgagees or others affecting the Property and the Seller agrees to execute and deliver such further authorizations in this regard as may be reasonably required. The Seller hereby appoints the Listing Brokerage or the Listing Brokerage's authorized representative as the Seller's attorney to execute such documentation as may be necessary to effect obtaining any information as aforesaid. The Seller hereby authorizes, instructs and directs the above noted regulatory authorities, governments, mortgagees or others to release any and all information to the Listing Brokerage.

12. USE AND DISTRIBUTION OF INFORMATION: The Seller consents to the collection, use and disclosure of personal information by the Brokerage for the purpose of listing and marketing the Property including, but not limited to: listing and advertising the Property using any medium including the Internet; disclosing Property information to prospective buyers, brokerages, salespersons and others who may assist in the sale of the Property; such other use of the Seller's personal information as is consistent with listing and marketing of the Property. The Seller consents, if this is an MLS® Listing, to placement of the listing information and sales information by the Brokerage into the database(s) of the MLS® System of the appropriate Board, and to the posting of any documents and other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) provided by or on behalf of the Seller into the database(s) of the appropriate Board. The Seller hereby indemnifies and saves harmless the Brokerage and/or any of its employees, servants, brokers or sales representatives from any and all claims, liabilities, suits, actions, losses, costs and legal fees caused by, or arising out of, or resulting from the posting of any documents or other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) as aforesaid. The Seller acknowledges that the database, within the board's MLS® System is the property of the real estate board(s) and can be licensed, resold, or otherwise dealt with by the board(s). The Seller further acknowledges that the real estate board(s) may: during the term of the listing and thereafter, distribute the information in the database, within the board's MLS® System to any persons authorized to use such service which may include other brokerages, government departments, appraisers, municipal organizations and others, market the Property, at its option, in any medium, including electronic media; during the term of the listing and thereafter, compile, retain and publish any statistics including historical data within the board's MLS® System and retain, reproduce and display photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions which may be used by board members to conduct comparative analyses; and make such other use of the information as the Brokerage and/or real estate board(s) deem appropriate, in connection with the listing, marketing and selling of real estate during the term of the listing and thereafter. The Seller acknowledges that the information, personal or otherwise ("information"), provided to the real estate board or association may be stored on databases located outside of Canada, in which case the information would be subject to the laws of the jurisdiction in which the information is located.

In the event that this Agreement expires or is cancelled or otherwise terminated and the Property is not sold, the Seller, by initialling:

consent to allow other real estate board members to contact the Seller after expiration or other termination of this Agreement to discuss listing or otherwise marketing the Property.

DS


Does



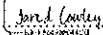
Does Not

- 13. SUCCESSORS AND ASSIGNS: The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms of this Agreement.
- 14. CONFLICT OR DISCREPANCY: If there is any conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement, including any Schedule attached hereto, shall constitute the entire Authority from the Seller to the Listing Brokerage. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein.
- 15. ELECTRONIC COMMUNICATION: This Agreement and any agreements, notices or other communications contemplated thereby may be transmitted by means of electronic systems, in which case signatures shall be deemed to be original. The transmission of this Agreement by the Seller by electronic means shall be deemed to confirm the Seller has retained a true copy of the Agreement.
- 16. ELECTRONIC SIGNATURES: If this Agreement has been signed with an electronic signature the parties hereto consent and agree to the use of such electronic signature with respect to this Agreement pursuant to the Electronic Commerce Act, 2000, S.O. 2000, c17 as amended from time to time.

THE LISTING BROKERAGE AGREES TO MARKET THE PROPERTY ON BEHALF OF THE SELLER AND REPRESENT THE SELLER IN AN ENDEAVOUR TO OBTAIN A VALID OFFER TO PURCHASE THE PROPERTY ON THE TERMS SET OUT IN THIS AGREEMENT OR ON SUCH OTHER TERMS SATISFACTORY TO THE SELLER.

6/23/2024

JARED COWLEY


(Authorized to bind the Listing Brokerage)

(Date)

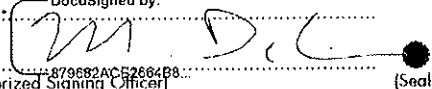
(Name of Person Signing)

THIS AGREEMENT HAS BEEN READ AND FULLY UNDERSTOOD BY ME, I ACCEPT THE TERMS OF THIS AGREEMENT AND I ACKNOWLEDGE ON THIS DATE I HAVE SIGNED UNDER SEAL. Any representations contained herein or as shown on any accompanying data form respecting the Property are true to the best of my knowledge, information and belief.

SIGNED, SEALED AND DELIVERED I have hereunto set my hand and seal:

125 FERRIS INC.
(Name of Seller)

DocuSigned by:



June 25, 2024 | 6:29 PDT 416.670.9406

(Signature of Seller/Authorized Signing Officer)

(Seal)

(Date)

(Tel. No.)

(Signature of Seller/Authorized Signing Officer)

(Seal)

(Date)

(Tel. No.)

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the listing of the Property herein pursuant to the provisions of the Family Law Act, R.S.O. 1990 and hereby agrees to execute all necessary or incidental documents to further any transaction provided for herein.

(Spouse)

(Seal)

(Date)

(Tel. No.)

DECLARATION OF INSURANCE

The Salesperson/Broker/Broker of Record JARED COWLEY
(Name of Salesperson/Broker/Broker of Record)

hereby declares that he/she is insured as required by TRESA.

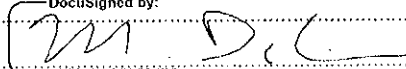
(Signature(s) of Salesperson/Broker/Broker of Record) JARED COWLEY

ACKNOWLEDGEMENT

The Seller(s) hereby acknowledge that the Seller(s) fully understand the terms of this Agreement and have received a copy of this Agreement on the 25 day of June, 2024

(Signature of Seller)

DocuSigned by:



(Date) June 25, 2024 | 6:29 PDT

(Signature of Seller)

(Date)

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Form 520
for use in the Province of Ontario

Schedule A

Listing Agreement - Commercial

Seller Representation Agreement

Authority to Offer for Sale

This Schedule is attached to and forms part of the Listing Agreement - Commercial Seller Representation Agreement, Authority to Offer for Sale (Agreement) between:

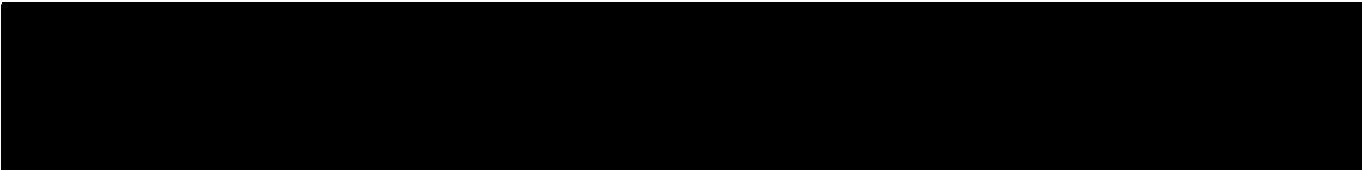
BROKERAGE: JONES LANG LASALLE REAL ESTATE SERVICES, INC., BROKERAGE,and

SELLER: 125 FERRIS INC.

PROPERTY: 125 FERRIS DRIVE NORTH BAY, ON [PIN:491770022]

This Schedule to the Agreement, *inter alia*, sets out the details of the provision of services, confidentiality and representation by the Brokerage, and subject to the terms of Clause 14 in the Agreement (Conflict or Discrepancy), is in addition to provision of services, confidentiality and representation set out in the Agreement.

1. Any transaction to be accepted by the Seller shall be subject to Court approval in the insolvency proceeding to be initiated by the Seller (the "Insolvency Proceeding");



3. Multiple Representation: The Seller acknowledges and agrees that Multiple Representation is solely applicable under this Agreement in the event that the Designated Representatives enter into buyer representation agreements with buyers who may be interested in purchasing the Seller's Property. For clarity, and notwithstanding anything to the contrary in the Agreement, the representation of potential purchasers by any brokers/agents of the Listing Brokerage other than the Designated Representatives' shall not be construed to be Multiple Representation.

4. Limited Liability: Neither party shall be liable to the other for, and each party hereby waives any and all rights to claim against the other, any special, indirect, incidental, consequential, punitive or exemplary damages in connection with this Agreement, including, but not limited to, lost profits, even if such party has knowledge of the possibility of such damages; and excluding (i) third party claims for bodily injury or property damage, and; (ii) claims based on the Listing Brokerage's and/or Designated Representatives' gross negligence or willful misconduct, in no event shall the Listing Brokerage's or Designated Representatives' cumulative liability to the Seller exceed One Million (\$1,000,000.00) Dollars.

5. FINTRAC: The Seller at all times agree to: i) comply with all legal requirements under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and FINTRAC and ii) provide any and all reasonable assistance/information as soon as reasonably possible (but in no event no later than 5 business days) upon request by the Listing Brokerage in order to allow it to do the same.

6. EXCLUDED FROM SERVICES: The Designated Representatives may assist in the preparation of offer documentation but the Seller acknowledges and agrees that it will be solely responsible for reviewing and approving any offers it accepts and drafting and negotiating the sale and purchase agreement and related documentation (collectively the "Purchase Agreement") with respect to the Property and may require certain legal advice and analysis in connection with the preparation, review, negotiation(s) and eventual sale and conveyancing of the Property by its legal advisors. It is expressly understood and agreed that Designated Representatives are not providing any legal advice or legal services in connection with the Agreement or the Purchase Agreement and Seller agrees to indemnify and hold the Listing Brokerage and Designated Representatives harmless in this regard.

This form must be initialed by all parties to the Agreement.

INITIALS OF LISTING BROKERAGE:

INITIALS OF SELLER(S):

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Working with a real estate agent: Things you need to know

RECO INFORMATION GUIDE



**Real Estate
Council of Ontario**

The guide is produced by the Real Estate Council of Ontario (RECO)

RECO regulates real estate agents and brokerages, educates consumers, and promotes a safe and informed real estate marketplace. RECO administers and enforces the *Trust in Real Estate Services Act, 2002*. Find out more on the RECO website (www.reco.on.ca).

About this guide

You have received this guide from a real estate agent because:

- you are considering receiving services from the real estate agent, or
- the agent is representing a client in the transaction, and you might receive assistance from the agent.

Real estate agents in Ontario are required to walk you through this guide before providing services or assistance to you.

In this guide:

- *brokerage* means a real estate brokerage
- *real estate agent* and *agent* mean a real estate salesperson or broker
- *you* and *client* mean a buyer or seller
- *buyer* and *seller* can also mean *lessee* and *lessor* respectively

Please read the guide carefully and talk to the agent if you have questions.

What's inside

Working with a real estate agent — page 2

This section describes the benefits of working with a real estate agent, what you can expect, and the responsibilities of clients.

Know the risks of representing yourself — page 4

This section explains the risks if you choose not to work with a real estate agent and the risks of receiving assistance from a real estate agent who is working for the person on the other side of the transaction.

Signing a contract with a real estate brokerage — page 6

When you work with a real estate agent, you sign a contract with the brokerage the agent works for. These contracts are called *representation agreements*. This section highlights what you should look for before you sign.

Understanding multiple representation — page 9

Multiple representation means the brokerage, or the agent represents more than one client in the same transaction. This section explains how multiple representation works, the risks, and what to expect if you agree.

How to make a complaint — page 11

Ontario brokerages and real estate agents are accountable for their conduct. This section tells you how to raise a concern with the brokerage and with RECO.

Legal disclaimer: The content of the *RECO Information Guide* is intended to help buyers and sellers make informed decisions. This guide is not intended to act as a substitute for legal advice or as a replacement for the *Trust in Real Estate Services Act, 2002*. Readers are encouraged to retain qualified and independent legal counsel to answer any legal questions or address any legal issues. Where there is any discrepancy, the legislation will take precedence.

Working with a real estate agent

Agents in Ontario must be registered, which requires completing the necessary education, and carrying consumer deposit insurance and professional liability insurance.

Real estate agents provide valuable information, advice, and guidance to buyers and sellers as they navigate the complexities of real estate transactions.

If you are a seller, an agent can:

- Advise you on market conditions and the best strategy to attract buyers and get the best price for your home
- Market or advertise your home, including arranging photographs, videos and virtual tours
- Provide referrals to other professionals you'll need, like a lawyer or home staging company
- Arrange and attend home inspections and appraisals
- Arrange showings for interested buyers
- Advise you on how to handle competing offers, sharing the content of competing offers, and other aspects of the transaction
- Vet offers and potential buyers to ensure they can afford to buy your property
- Negotiate with buyers to achieve the best results, price, and terms, for you
- Guide you through paperwork and closing the transaction successfully

If you are a buyer, an agent can:

- Assist you with getting pre-approvals for financing so you know how much you can afford
- Make you aware of any tax exemptions you might be eligible for
- Gather and share information about neighbourhoods and homes that meet your requirements, and arrange to show you homes you'd like to see
- Make inquiries about zoning, permitted property use, or other aspects of the home
- Advise you on the best approach in competing offer situations and how to protect your offer information
- Negotiate with sellers to achieve the best results, price, and terms, for you
- Guide you through paperwork and closing the transaction successfully
- Provide referrals to other professionals you'll need (for example, home inspectors, lawyers, or contractors)

You will also benefit from the duties the brokerage and agent owe to you as a client

- **Undivided loyalty**

Your best interests are promoted and protected by the brokerage or agent representing you. As a client, your interests take priority over the interests of the brokerage, its agents, and any other party.

- **Disclosure**

They must tell you everything they know about the transaction or your client relationship that could have an impact on any decisions you make.

- **Confidentiality**

Your confidential information cannot be shared with anyone outside of the brokerage without your written consent, except where required by law, even after your client relationship ends. This includes, for example, your motivation for buying or selling, and the amount you would be willing to pay or accept.

- **Avoid conflicts of interest**

They must avoid any situation that would affect their duty to act in your best interests. If a conflict arises, they must disclose it to you and cannot provide any additional services to you unless you agree in writing to continue receiving services.

You have responsibilities as a client

You need to:

- be clear about what you want and don't want and make sure you share all information that might be relevant (for example, you might want zoning that permits your intended use, maybe a home office or another specific use, or you might *not* want a property where there has been a violent crime);
- respond to your agent's questions quickly;
- understand the terms of your agreement with the brokerage; and,
- pay the fees you have agreed on (see page 7), even if an agreement to buy or sell later falls through because of your default or neglect.

Know the risks of representing yourself

If you are involved in a real estate transaction and are *not* a client of a real estate brokerage, you are considered a *self-represented party*. This means that you have chosen to represent yourself, which has different rights and responsibilities. Very few buyers or sellers make this choice.

There are significant risks to representing yourself in a real estate transaction if you do not have the knowledge and expertise required to navigate the transaction on your own. You will be dealing with a seller or buyer who is benefitting from the services, opinions, and advice of an experienced real estate agent.

RECO recommends that you seek independent professional advice before you proceed as a self-represented party.

If you choose not to work with a real estate agent, it will be your responsibility to look after your own best interests and protect yourself. This may include things like:

- making inquiries about zoning, permitted property use, or any other aspect of the property;
- determining what you believe to be the value of the property you are buying or selling;
- determining how much you are willing to offer or accept;
- navigating competing offer situations;
- deciding what terms you want to include in an offer or agreement of purchase and sale; and,
- preparing all documents.

The real estate agent is working for another party in the transaction

It's important to be aware that the agent has a legal obligation to act in the best interests of the person on the other side of the transaction. If you are a buyer or even just inquiring about the property, for example, and the agent is working for the seller — the agent has a duty to do what's best for their seller client.

Be aware that the agent is obligated to share anything you tell them with their client, which might not be in your best interests to tell them, including:

- your motivation for buying or selling the property;
- the minimum or maximum price you are willing to offer or accept; and,
- your preferred terms or conditions for an agreement of purchase and sale.

The agent cannot:

- provide you with any services, opinions, or advice;
- do anything that would encourage you to rely on their knowledge, skill, or judgement; or,
- encourage you to represent yourself or discourage you from working with another real estate agent or brokerage.

Any assistance the agent offers you:

- is a service to their client, not you;
- is in the best interests of their client, not you; and,
- is to help their client sell or buy a property.

The agent must give you RECO's *Information and Disclosure to Self-represented Party* form and walk you through it before they can provide you any assistance. You will be asked to confirm you received it and understand what it means to be a self-represented party.

You have the right to change your mind

If you're concerned about completing a transaction on your own, or you need advice from a real estate agent, you can choose to become a client of a real estate brokerage at any point during the transaction (see *Signing a contract with a real estate brokerage* on page 6).

Signing a contract with a real estate brokerage

When you become a client, you sign a *representation agreement* with the brokerage — a contract between you and the brokerage for real estate services and representation. If you don't want to sign an agreement, you should not expect the real estate agent to provide you with any services, like showing you homes.

Representation agreements can be called buyer representation agreements, or seller representation or listing agreements. Your agreement must be put in writing and presented to you as soon as possible.

Protect yourself by reviewing the agreement in detail. This will help to avoid any misunderstandings between you and your real estate agent.

What to look for in a representation agreement

Your representation agreement should describe the duties owed to you, the services you will receive, your rights and responsibilities, what you will pay, and specific terms of the agreement, including how long the agreement will last and whether you can cancel it.

Here are some key things to look for.

Name of your designated representative

If the contract is a designated representation agreement, the name of your designated representative will be included. More than one real estate agent working at the brokerage can be identified as your designated representative.

Scope

Your agreement should specify the scope of the engagement. If you are a seller, this means the agreement will identify the specific property.

There are two kinds of representation agreements in Ontario:

Brokerage representation:

The brokerage and all its agents represent you and must promote and protect your best interests, but one of the brokerage's real estate agents may be your primary contact. They may provide referrals to other professionals you'll need (for example, home inspectors, lawyers, contractors).

Designated representation:

One (or more) of the brokerage's real estate agents is your *designated representative*. The agent(s) represent(s) you and must promote and protect your best interests.

The brokerage and its other agents are required to treat you impartially and objectively.

An important aspect of designated representation is that it reduces the likelihood of multiple representation. You can read more about this in *Understanding multiple representation* on [page 9](#).

Designated representation was introduced in Ontario on December 1, 2023. Ask the real estate agent what type of representation the brokerage offers.

If you are a buyer, you should consider the scope of the agreement carefully. Your agreement might identify a specific property, a geographic area you are searching in, a type of property you are looking for, or other specific requirements. For example, if you are looking for both a house in a particular city, and a cottage property near a lake, and want to work with different real estate agents with local and property type expertise for each property, the scope should be clear in each of the agreements to avoid disputes about who you might have to pay if you buy a property.

Services

The agreement must clearly set out the services you will receive. **There is no standard set of services** — brokerages offer a variety of service options. You choose the services you want that best meet your needs.

You might enter into an agreement with a brokerage for a specific purpose like, for example, having an agent prepare an offer on a property you want to buy, or viewing a specific property. Some sellers enter into an agreement solely for the purpose of having their property advertised on a local listing service.

Ask the real estate agent about the available services or combination of services that may be right for you and your situation. If there are specific services you need or expect to receive, make sure they are included in the agreement or as a schedule to the agreement. Don't assume a particular service will be provided if it's not included in the agreement.

Payment amount and terms

You and the brokerage decide the amount you will pay for services. The amount is not fixed or approved by RECO, any government authority, or any real estate association or real estate board.

You can agree to pay a fixed dollar amount, a percentage of the sale price, or a combination of both. The representation agreement cannot specify an amount based on the difference between a property's listing price and what it sells for.

Agreements must also identify circumstances in which the amounts agreed to might change and how they will change in each circumstance.

If you are a seller:

Your agreement needs to clearly indicate:

- the amount you agree to pay your brokerage (or how it will be calculated) for the services and representation you receive;
- the amount (or how it will be calculated) you agree to pay, if any, to compensate the buyer for their brokerage fees; and,
- how the amounts you agree to pay might change if you consent to multiple representation ([see page 9](#)).

If you are a buyer:

Your agreement needs to clearly indicate:

- the amount you agree to pay your brokerage (or how it will be calculated) for the services and representation you receive;
- how the amount you agree to pay will change if the seller agrees to cover some or all of your brokerage fees; and,
- how the amount you agree to pay might change if you consent to multiple representation ([see page 9](#)).

Important note for buyers: A seller might not offer any amount to cover the fees you owe to your brokerage under your agreement. This could affect the amount you are able to offer for a property. Depending on your financial circumstances, you may not be able to afford to buy a property when the seller does not agree to pay your brokerage fees.

Termination provisions

The agreement should list all circumstances when the agreement can be terminated. Review when the brokerage can terminate the agreement, and make sure you are aware of any penalties or costs that might apply in each case.

Two important circumstances to be aware of:

- **Multiple representation:** You do not have to agree to multiple representation, and your agreement should be clear about what happens in that situation. For example, the agreement could terminate completely, or you might be referred to another brokerage or designated representative for the specific transaction but otherwise remain under the agreement with the brokerage.
- **Changing your designated representative:** If you have entered a designated representation agreement, the brokerage cannot appoint a different designated representative unless you agree. The brokerage may ask to appoint someone else if, for example, your designated representative stops working with the brokerage, or is otherwise not available to provide the services and representation outlined in the agreement.

Expiry date

The agreement's expiry date must appear prominently on the first page. There is no set time or standard term for a representation agreement: it can be in place for a day, a few weeks, or months. Consider how long you want the agreement to remain in place, and make sure you know when your agreement will expire. Keep in mind that a holdover clause could mean you owe money even after the expiry of the agreement.

Holdover clause

Most representation agreements include what is often called a *holdover clause*. The clause may require you to pay the brokerage fees for a purchase or sale even when the transaction happens *after* your representation agreement expires. The clause will specify the time the holdover clause is in effect from the date the agreement expires.

A holdover clause is designed to protect the brokerage, and there is no minimum or set time for a holdover period. If your agreement includes a holdover clause, make sure you agree to the length of the holdover period before you sign it.

For example, let's say you are a seller, and your agreement includes a 30-day holdover clause. This means that even if your agreement has expired, under certain conditions, you might be obligated to pay the brokerage commission if you sell your home during the 30-day holdover period.

Similarly, assume you enter into a buyer agreement that includes a 30-day holdover clause and the agent shows you a home before the expiry of the contract. If you buy the home after the expiry of the agreement, but during the holdover period, you might be obligated to pay the brokerage commission.

Understanding multiple representation

Multiple representation means a designated representative or brokerage represents more than one client, with competing interests, in the same transaction. This can happen in different ways, depending on the type of representation agreement you and the other clients have with the brokerage:

Brokerage representation:

Multiple representation exists when the brokerage represents both the buyer and seller in the same transaction, or two or more competing buyers interested in the same property — even when the clients are working with different real estate agents.

Designated representation:

Multiple representation exists when the same real estate agent is the designated representative for both the buyer and the seller in the same transaction, or for two or more competing buyers interested in the same property.

Multiple representation is not permitted unless each of the clients involved agrees. You should seek independent professional advice (for example, from your real estate lawyer) before proceeding.

The brokerage or your designated representative has a duty to promote and protect your best interests and avoid conflicts of interest. If your brokerage or designated representative enters into an agreement with another client who has an interest in the same property as you, this places both clients in multiple representation. Multiple representation introduces risks you and the other client should consider.

It's important to understand the risks. If you agree to multiple representation, the brokerage or designated representative:

- Must treat each of the clients involved in an objective and impartial manner;
- Cannot maintain undivided loyalty to you or promote and protect your interests over the interests of the other client; and,
- Cannot offer advice to you about such things as the price you should offer or accept or terms that should be included in an agreement of purchase and sale.

What to expect before you agree to multiple representation

The brokerage is required to provide you with a written disclosure that explains:

- how the brokerage's duties or the designated representative's duties to you will change;
- the differences in the services you will receive; and,
- any change to how much you pay the brokerage.

Until this information is disclosed in writing to all clients in the transaction, and they all agree in writing, the brokerage or designated representative cannot take any further steps on behalf of any of the clients.

Confidential information you provided to the brokerage or the designated representative when you were represented cannot be shared without your written consent.

You can refuse multiple representation

If you don't agree, the brokerage or your designated representative is not allowed to proceed.

Ask the brokerage or real estate agent about alternatives to multiple representation. For example, if you are a buyer, the brokerage could refer you to another brokerage or another designated representative to help you make an offer on the property.

Agreeing to multiple representation significantly reduces what the brokerage and its agents can do for you, which could have consequences and costs.

A note about content of other offers

You may have seen articles in the media about *open bidding*, or an *open offer process*.

Buyers in Ontario who have made an offer on a property are entitled to know the *number* of competing offers. Sellers choose how much other information, if any, they want to share about the offers they receive.

If you are a seller:

- You decide how much information you want to share about the competing offers.
- Your agent will advise you based on the characteristics of your property, market conditions, the content of the offers you receive and other things.
- You need to provide clear written direction to your agent before the content of any offers can be shared. Personal or identifying information contained in offers cannot be shared.

If you are a buyer:

- You decide whether you want to participate in a process where the content of your offer might be shared with other buyers.
- Your agent can tell you the steps to take to avoid having the content of your offer shared with other buyers.
- Be aware that the seller can make the decision to share the content of offers at any time. You may not know in advance.

How to make a complaint

Brokerage firms and real estate agents working in Ontario must be registered with RECO. Ontario brokerages and real estate agents are accountable for their conduct. If you have a concern:

First, contact your brokerage

In many cases, your brokerage will be able to mediate or resolve your complaint about a real estate agent or the services provided under your representation agreement. Search for the brokerage in RECO's Public Register to find the name of the broker of record (the person responsible for ensuring the brokerage complies with the law) and their contact information. Note that the brokerage cannot ask you to sign an agreement that requires you to withdraw a complaint to RECO or prevents you from making one.

Contact RECO

To file a complaint with RECO about a brokerage or real estate agent, visit the [complaints section](#) of the RECO website. The website explains the complaints process, possible outcomes, and how to file your complaint. RECO will review the issue, determine if it has the authority to deal with it, and what next steps, if any, it will take.

Real Estate Council of Ontario
3300 Bloor Street West
Suite 1400, West Tower
Toronto, ON Canada M8X 2X2

Phone: 416-207-4800
Toll Free: 1-800-245-6910
Consumer inquiries: information@reco.on.ca
www.reco.on.ca

Where to get more information

For more information about buying and selling property in Ontario: [RECO's website](#).
For the legislation that governs brokerages and real estate agents trading in real estate in Ontario: [Trust in Real Estate Services Act, 2002](#).

Acknowledgement

JARED COWLEY

Real estate agent name

JONES LANG LASALLE REAL ESTATE SERVICES, INC.

Brokerage name

6/23/2024

Date guide was provided

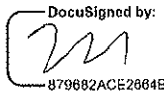
DocuSigned by:
Jared Cowley
LS77882248CC

Signature of real estate agent

I acknowledge the real estate agent named above provided the *RECO Information Guide* to me and explained the content.

Buyer/seller name **MICHAEL DI IORIO**

Buyer/seller name

Signature of buyer/seller  879682ACE2064B8

M. Di Iorio Signature of buyer/seller

Date **June 25, 2024 | 6:29 PDT**

Date

THIS IS EXHIBIT "P" REFERRED TO IN THE
AFFIDAVIT OF MICHAEL DI IORIO SWORN
BEFORE ME THIS 22nd DAY OF JULY, 2024.

DocuSigned by:
Sarah Lam
716DC5FB63604ED...

A Commissioner for Taking Affidavits, etc.

125 FERRIS INC.
DEBTOR IN POSSESSION FINANCING TERM SHEET
 (the “**Term Sheet**”)

June 25, 2024

125 Ferris Inc.
 200 Ronson Drive, Suite 201
 Toronto, Ontario
 M9W 5Z9

Attention: Michael Di Iorio

Re: Debtor in Possession Financing for 125 Ferris Inc.

Recitals

- A. On or about the date hereof, 125 Ferris Inc. (the “**Borrower**”) has filed or will imminently file a Notice of Intention to Make a Proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act* (Canada) (the “**NOI Proceedings**”). KSV Restructuring Inc. has consented to or will imminently consent to act as the proposal trustee of the Borrower (the “**Proposal Trustee**”).
- B. The Borrower intends to bring a motion to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order, among other things, approving this Term Sheet (the “**DIP Order**”) and granting the DIP Charge (as defined herein) to secure the advance made under the DIP Facility (as defined herein);
- C. The Borrower requires funding to preserve and maintain the real property municipally known as 125 Ferris Drive, North Bay, Ontario (the “**Property**”) for the benefit of the stakeholders and in order to complete a sale of the Property; and
- D. Laurentian Bank of Canada (the “**DIP Lender**”) has agreed to advance a debtor-in-possession loan in the aggregate principal amount of CA\$235,000, subject to and in accordance with the terms and conditions of this Term Sheet.

1. **BORROWER:** 125 Ferris Inc.
2. **LOAN AMOUNT:** CA\$235,000
3. **DIP FACILITY:** Non-revolving facility in the maximum aggregate amount of CA\$235,000 (the “**DIP Facility**”).

The DIP Facility shall be used to preserve and maintain the Property in accordance with the cash flow projections attached hereto as Schedule “A” (the “**Cash Flow Projections**”) approved by the DIP Lender and the Proposal Trustee while the Borrower identifies a buyer for the Property (a “**Transaction**”) pursuant to sale process to be conducted by Jones Lang LaSalle (“**JLL**”) within the NOI Proceeding. Commencing on or about the date hereof, the Cash Flow Projections shall be updated on a monthly basis and approved by the DIP Lender (the “**Updated CFP**”).

The amount of the DIP Facility may be amended by the Borrower and the DIP Lender in writing and subject to the consent of the Proposal Trustee, or further order of the Court. The Borrower may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrower or fees of the professionals retained by the Borrower (which shall be secured by a second ranking Court ordered administration charge in the amount of \$500,000 (the “**Administration Charge**”)), except with the written consent of the DIP Lender.

4. **DIP ADVANCE:**

Subject to the Conditions Precedent set out in Section 11 of this Term Sheet, and the Borrower complying with the provisions of this Term Sheet, the DIP Lender shall make the DIP Facility available to the Borrower in one advance (the “**Advance**”) which shall be requested by the Borrower in writing (the “**Advance Request**”).

Nothing in this Term Sheet creates a legally binding obligation on the DIP Lender to advance any amount under the DIP Facility at any time unless the Borrower complies with the provisions of this Term Sheet.

The Advance shall be funded by wire transfer into an account designated by the Proposal Trustee, or such other means as determined or approved by the DIP Lender in its sole discretion, acting reasonably.

5. **INTEREST:**

Interest shall accrue under the DIP Facility at a rate equal to 14.4% per annum on the outstanding indebtedness (the “**Interest**”). Interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall accrue and be paid on the Maturity Date (as defined herein).

6. **RECOVERABLE EXPENSES:**

The Borrower shall pay, in each case, on a full indemnity basis: (i) all reasonable and documented legal expenses incurred by the DIP Lender in connection with the negotiation, preparation and performance of this Term Sheet, (ii) all of the DIP Lender’s reasonable and documented costs of realization or enforcement, in each case in connection with or related to the DIP Facility, the DIP Charge, this Term Sheet, or the NOI Proceedings, and (iii) all of the reasonable and documented legal expenses incurred by Laurentian Bank of Canada in respect of the indebtedness pursuant to the Offer of Financing dated October 10, 2013 (the “**Existing Credit Agreement**”) (collectively, “**Recoverable Expenses**”), provided that the Recoverable Expenses will become payable on the Maturity Date and shall be added to the indebtedness outstanding under the DIP Facility and secured by the DIP Charge.

If the DIP Lender has paid any expense for which the DIP Lender is entitled to reimbursement from the Borrower, such expenses shall be added to the DIP Facility and shall accrue interest at the rate set out above. All such fees and expenses and interest thereon shall be secured by the DIP Charge, whether or not any funds are advanced under the DIP Facility.

7. **COMMITMENT FEE:** The Borrower shall pay a commitment fee in the amount of CA\$10,000 (the “**Fee**”) which shall be deemed to be fully earned by the DIP Lender and payable on the date that the Court issues the DIP Order approving the DIP Facility. The Fee shall be added to the indebtedness outstanding under the DIP Facility and secured by the DIP Charge.
8. **SECURITY:** All debts, liabilities and obligations of the Borrower to the DIP Lender under or in connection with the DIP Facility, this Term Sheet, and any other documents executed in connection therewith shall be secured by a Court-ordered super-priority charge (the “**DIP Charge**”) granted to the DIP Lender in and to all present and future properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible owned by the Borrower, whether now owned or hereafter acquired, including but not limited to the Property (collectively, the “**DIP Property**”). For greater certainty, the DIP Charge shall be a first ranking Court ordered charge, ranking in priority to the second ranking Court ordered Administration Charge.
9. **MATURITY DATE:** Unless otherwise agreed by the DIP Lender in its sole discretion, the term of the DIP Facility shall expire, and the Borrower shall repay all obligations owing to the DIP Lender under this Term Sheet on the earliest of (the “**Maturity Date**”):
- (a) December 31, 2024;
 - (b) the closing of a Transaction;
 - (c) any Order made by the Court replacing KSV Restructuring Inc. as Proposal Trustee;
 - (d) the date on which the NOI Proceedings are terminated for any reason, including if the Borrower becomes bankrupt, whether voluntarily or involuntarily; and
 - (e) the occurrence of an Event of Default (as defined herein).
10. **REPAYMENT:** The aggregate principal amount owing under the DIP Facility plus all accrued and unpaid Interest, Recoverable Expenses and the Fee, shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time, without penalty (provided all accrued and unpaid Interest, Recoverable Expenses and the Fee are paid in full). If the Borrower chooses to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the Fee and all Recoverable Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.
- In the event that the Borrower earns net income from the Property in an amount sufficient to pay interest accruing in respect of the DIP Facility and/or to service the indebtedness outstanding under the Existing Credit

Agreement, such funds must be used by the Borrower to pay that corresponding indebtedness to the DIP Lender when due.

11. **CONDITIONS
PRECEDENT:**

The availability of the DIP Advance shall be conditional upon the following, which may be waived by the DIP Lender, in its reasonable discretion, in writing (the “**Conditions Precedent**”):

- (a) written acceptance of this Term Sheet by the Borrower;
- (b) the DIP Lender shall have received and approved the Cash Flow Projections in accordance with the terms of this Term Sheet;
- (c) the Court shall have issued the DIP Order, in a form satisfactory to the DIP Lender, including:
 - i. approving this Term Sheet and the DIP Facility up to an authorized limit of CA\$235,000; and
 - ii. granting the DIP Charge in favour of the DIP Lender;
- (d) the DIP Lender shall, acting reasonably, be satisfied that the Borrower has complied with and is continuing to comply, in all material respects, with all applicable laws, regulations and policies in relation to its business other than as may be permitted by an Order of the Court in the NOI Proceedings, provided that the issuance of any such Order does not result in the occurrence of an Event of Default;
- (e) no Event of Default has occurred or will occur as a result of the Advance; and
- (f) the DIP Lender shall have received an Advance Request from the Borrower, which may be from counsel to the Borrower, confirming that the Borrower is in compliance with this Term Sheet and the DIP Order.

12. **REPRESENTATIONS
AND WARRANTIES**

The Borrower represents and warrants to the DIP Lender, upon which representations and warranties the DIP Lender relies in entering into this Term Sheet and when making the Advance, as follows (the “**Representations and Warranties**”):

- (a) the Borrower is a corporation existing under the laws of their jurisdiction of incorporation;
- (b) save to the extent previously disclosed by the Borrower to the DIP Lender, the Borrower has paid, where due, its tax and other obligations, including *Harmonized Sales Tax*, and is not in arrears in respect of these obligations;
- (c) the Borrower maintains, with financially sound and reputable insurance companies, insurance in such amounts and against

such risks as are customarily maintained in respect of commercial real property; and

- (d) to the best of the Borrower's knowledge, all factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of or in connection with this Term Sheet or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

13. COVENANTS:

During the period of this Term Sheet, the Borrower will:

- (a) list the Property for sale with JLL as soon as reasonably possible on terms acceptable to the DIP Lender;
- (b) provide the DIP Lender with:
 - i. an outline of the marketing proposal proposed by JLL which shall be satisfactory to the DIP Lender;
 - ii. copies of all offers received for the purchase of the Real Property; and
 - iii. bi-weekly updates in respect of the sale and marketing process of the Property from JLL;
- (c) immediately terminate any non-paying tenant of the Property and provide for their immediate eviction;
- (d) obtain the consent of the DIP Lender prior to accepting any offer to purchase the Property, such consent not be unreasonably withheld by the DIP Lender;
- (e) accept an offer to purchase the Property within the parameters set by the DIP Lender in writing from time to time;
- (f) conduct regular inspections of the Property as required to maintain adequate insurance coverage and to the satisfaction of the DIP Lender;
- (g) promptly, upon receipt by the Borrower of same, give the DIP Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the DIP Order, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the DIP Charge, or otherwise for the variation of the priority of the DIP Charge;

- (h) prior to service, provide the DIP Lender with all materials the Borrower intends to file in the NOI Proceedings and provide the DIP Lender and its counsel a reasonable amount of time to review same;
- (i) provide the DIP Lender with any additional financial information reasonably requested by the DIP Lender, including any the Updated CFP;
- (j) use the Advance under the DIP Facility for the purposes for which they are being provided, as set out in Section 3 of this Term Sheet, or such other purposes that may be agreed to by the DIP Lender and the Proposal Trustee in writing;
- (k) comply with the provisions of the DIP Order and any other court order made in the NOI Proceedings; provided that if any court order in the NOI Proceedings contravenes this Term Sheet or any other DIP Facility documentation so as to adversely impact the rights or interests of the DIP Lender in a material manner, the same shall be an Event of Default hereunder;
- (l) provide the DIP Lender with prompt written notice of any event that constitutes, or would, with notice, lapse of time, or both, constitute an Event of Default, a breach of any covenant, or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet;
- (m) conduct all activities in a manner consistent with the Cash Flow Projections and Updated CFP and make all payments outlined in the Cash Flow Projections and Updated CFP;
- (n) provide the Proposal Trustee with unfettered access to its books and records and consent to the Proposal Trustee providing financial information to the DIP Lender as reasonably requested;
- (o) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (p) maintain adequate insurance in respect of the Property in form and substance satisfactory to the DIP Lender listing the DIP Lender as the first loss payee; and
- (q) not, without the prior written consent of the DIP Lender and the consent of the Proposal Trustee or further order of the Court, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge and the DIP

Charge) over the Property, whether ranking in priority to or subordinate to the DIP Charge.

14. INDEMNITY:

The Borrower shall indemnify and hold harmless the DIP Lender and its affiliates and officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “**Indemnified Persons**”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever that may be incurred by or asserted against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, the proposed or actual use of proceeds of the DIP Facility, this Term Sheet, the NOI Proceedings, the DIP Order or any other agreements entered into between the DIP Lender and the Borrower with respect to the foregoing. Notwithstanding the foregoing, the Borrower shall have no obligation to indemnify any Indemnified Person against any such loss, liability cost or expense (a) to the extent that such Indemnified Person is found by a final judgment of a court of competent jurisdiction to arise from their gross negligence, bad faith or wilful misconduct, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The DIP Lender shall not be responsible or liable to the Borrower or any other person for consequential or punitive damages.

15. EVENTS OF DEFAULT: The DIP Facility shall be subject to the following events of default (“**Events of Default**”):

- (a) the Borrower’s failure to pay any amount due hereunder when due and payable;
- (b) any covenant, Condition Precedent, payment obligation, or other term of this Term Sheet is not complied with or fulfilled to the satisfaction of the DIP Lender, acting reasonably;
- (c) any representation or warranty made by the Borrower is incorrect or misleading in any material respect when made;
- (d) the seeking or support by the Borrower of any Court order (in the NOI Proceedings or otherwise) that is adverse or potentially adverse to the interests of the DIP Lender;
- (e) the issuance of any court order staying, reversing, vacating or modifying the terms of the DIP Order, the DIP Facility or the DIP Charge without the DIP Lender’s consent, which consent may be withheld in the DIP Lender’s sole discretion;
- (f) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in respect of the DIP Order that is not being diligently contested by the Borrower, provided that, if the

Borrower is unsuccessful in contesting any such appeal, that shall automatically constitute an Event of Default;

- (g) an event occurs that will, in the opinion of the DIP Lender, acting reasonably, materially impair the Borrower's financial condition, operations or ability to perform its obligations under this Term Sheet or any order of the Court;
- (h) failure by the Borrower to comply with the DIP Order or any further Order of the Court;
- (i) any material adverse change in (i) the Property; (ii) the DIP Charge, including its priority; (iii) the ability of the Borrower to perform its obligations under this Term Sheet or to any person under any material contract; and (iv) the DIP Lender's ability to enforce any of its rights or remedies against the Property, or for the obligations of the Borrower to be satisfied from the realization thereof;
- (j) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter (collectively, a "**Claim**") that is not being diligently contested by the Borrower, the purpose of which is to seek or the result of which would be to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrower under the DIP Facility, the DIP Charge or its priority, (ii) for monetary, injunctive or other relief against the DIP Lender or the Property, or (iii) preventing, hindering or otherwise delaying the exercise by the DIP Lender of any of its rights and remedies hereunder, pursuant to the DIP Order or under applicable law, or the enforcement or realization by the DIP Lender against the Property, provided that if the Borrower is unsuccessful in contesting any such Claim, that shall automatically constitute an Event of Default.

16. REMEDIES AND ENFORCEMENT:

Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, by way of written notice to the Borrower, elect to terminate the DIP Facility and accelerate all amounts outstanding under the DIP Facility. Upon the occurrence of an Event of Default, the DIP Lender may, upon providing five business days' written notice to the Borrower and the Proposal Trustee:

- (a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manager over the Property, or for the appointment of a trustee in bankruptcy of the Borrower; and
- (b) exercise all such other rights and remedies available to the DIP Lender under this Term Sheet, the DIP Order, any other order of the Court or applicable law.

No failure or delay on the part of the DIP Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

17. **DIP LENDER APPROVALS:** Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the DIP Lender, or its counsel, pursuant to the terms hereof.
18. **UNAFFECTED CREDITOR STATUS:** The DIP Lender shall at all times be treated as an “unaffected creditor” in the NOI Proceedings, including in any proposal filed pursuant thereto and/or in any other insolvency, restructuring, reorganization and/or arrangement proceeding with respect to the Borrower thereafter including, without limitation, proceedings under the Bankruptcy and Insolvency Act (Canada), Companies’ Creditors Arrangement Act (Canada) or any other legislation of any jurisdiction pertaining to insolvency or creditors’ rights; and
- No proposal or plan of compromise or arrangement filed by the Borrower shall contemplate or result in a compromise or other impairment of indebtedness of the Borrower to the DIP Lender under this Term Sheet or under the Existing Credit Agreement.
19. **LEGAL FEES:** The Borrower shall be responsible for all of the DIP Lender’s reasonable legal fees incurred in respect of the DIP Facility and the obligations under the Existing Credit Agreement on a full indemnity basis.
20. **FURTHER ASSURANCES:** The Borrower will, at its own expense and promptly on demand by the DIP Lender at any time, do such acts and things and execute and deliver such documents as the DIP Lender may reasonably request to give effect to any other provisions set out hereunder.
21. **ENTIRE AGREEMENT; CONFLICT** This Term Sheet constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Term Sheet and any of the other documentation that the DIP Lender requires the Borrower to execute, this Term Sheet shall govern.
22. **WAIVERS:** No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lender and delivered in accordance with the terms of this Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
23. **SEVERABILITY:** Any provision in this Term Sheet, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

24. **ASSIGNMENT:** The Borrower shall not assign this Term Sheet or any of the provisions set out herein without the prior written consent of the DIP Lender, which consent may be unreasonably withheld. The DIP Lender may assign or sell its rights or obligations with respect to this Term Sheet to any person without the prior written consent of the Borrower.
25. **STANDSTILL:** During the period of this Term Sheet, Laurentian Bank of Canada hereby agrees to forbear from enforcing its legal rights and remedies pursuant to the Existing Credit Agreement, related security or otherwise.
26. **GOVERNING LAW:** The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
27. **COUNTERPARTS:** This Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same instrument.
28. **ACCEPTANCE:** The Borrower agrees that the DIP Lender's services are rendered at the time this Term Sheet is both accepted by the Borrower and approved by the Court. Notwithstanding the foregoing, the Fee shall be payable by the Borrower to the DIP Lender if this Term Sheet is not approved by the Court.

If the terms and conditions set out herein are satisfactory and the Borrower is prepared to seek Court approval of same, kindly acknowledge acceptance by initialling each page and signing below.

This Term Sheet will be open for acceptance by the Borrower until 5:00 p.m. (Eastern Time) on June 25, 2024.

LAURENTIAN BANK OF CANADA

Per:



Name: ~~Christopher Coreoran~~ Marc-Antoine Plante,

Title: ~~Manager - Special Loans~~ AVP Special Loans

I have the authority to bind the Bank.

BORROWERS' ACKNOWLEDGMENT AND ACCEPTANCE:

The undersigned hereby acknowledge that they have been advised by the DIP Lender to seek legal advice with respect to this Term Sheet and have done so prior to signing this Term Sheet.

The undersigned hereby accepts and agreed to be bound by the terms and conditions of this Term Sheet, expressly subject to Court approval of same.

Dated this 25 day of June, 2024.

BORROWER:

125 FERRIS INC.

Per: 
Name: Michael Di Iorio
Title: Authorized Signing Officer

I have the authority to bind the Corporation.

Schedule "A"
Cash Flow Forecast

(attached).

125 Ferris Inc. (the "Company")

Projected Cash Flow

As prepared by Property Management

For the seven month period ending October 31, 2024

(unaudited; C\$)

	Notes	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Total
Solar Revenue	1	2,000	2,000	2,000	2,000	2,000	2,000	2,000	14,000
Expenses									
Utilities	2	2,500	2,500	2,500	2,500	2,500	2,500	2,500	17,500
Landscaping	3	786	786	786	786	786	786	786	5,500
Insurance	4	2,042	2,042	2,042	2,042	2,042	2,042	2,042	14,292
Management fees	5	1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,500
Taxes	6	22,641	22,641	22,641	22,641	22,641	22,641	22,641	158,486
Security	7	1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,500
Other		2,500	2,500	2,500	2,500	2,500	2,500	2,500	17,500
	8,9	<u>33,468</u>	<u>33,468</u>	<u>33,468</u>	<u>33,468</u>	<u>33,468</u>	<u>33,468</u>	<u>33,468</u>	<u>234,278</u>
Net cash flow		<u>-31,468</u>	<u>-31,468</u>	<u>-31,468</u>	<u>-31,468</u>	<u>-31,468</u>	<u>-31,468</u>	<u>-31,468</u>	<u>-220,278</u>

Notes

1. The company leases solar panels on the roof of its building which generate revenue of \$2,000 per month.
2. Represents an estimate for utilities if the building is vacant.
3. Represents the estimated cost to maintain the property (grass cutting, etc.).
4. Represents property and general commercial liability insurance.
5. Represents management fees payable to Prime Real Estate Group Inc.
6. Represents the Companies' monthly tax bill owing to the City of North Bay. The Company expects to receive its final 2024 tax bill in June 2024 which may reflect a small increase.
7. The Company intends to hire a security guard to monitor the facility on a weekly basis.
8. Excludes all professional fees which are assumed to be secured under a \$500,000 administration charge.
9. The cash flow excludes any contingency for unexpected costs (i.e. burst pipe, damage to the property, etc.).

Court File No.: BK-24-03101800-0031
Estate File No.: 31-3101800

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ONTARIO

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

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF MICHAEL DI IORIO

DENTONS CANADA LLP

77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: (416) 863-4592

Robert J. Kennedy (LSO # 474070)

Tel: (416) 367-6756

Valerie Cross (LSBC # 511475)

Tel: 1-604-648-6541

valerie.cross@dentons.com

Lawyers for 125 Ferris Inc.

TAB 3

Court File No.: BK-24-03101800-0031

Estate File No.: 31-3101800

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

THE HONOURABLE)	WEDNESDAY, THE 31st
)	
JUSTICE KIMMEL)	DAY OF JULY, 2024

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

ORDER

THIS MOTION, made by 125 Ferris Inc. (“**Ferris**” or the “**Company**”) was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the affidavit of Michael Di Iorio sworn July 22, 2024 (the “**Di Iorio Affidavit**”) and the First Report of KSV Restructuring Inc., in its capacity as proposal trustee for the Company (the “**Proposal Trustee**”) dated July ●, 2024, and on hearing the submissions of counsel for the Company, the Proposal Trustee and such other counsel listed on the counsel slip, no one else appearing although properly served as appears from the affidavit of service of ● sworn July ●, 2024 filed:

SERVICE

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

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in the Di Iorio Affidavit.

EXTENSION OF TIME TO FILE A PROPOSAL

3. **THIS COURT ORDERS** that the time within which the Company is required to file a proposal to its creditors with the Official Receiver, under section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the “**BIA**”), shall be and is hereby extended to September 21, 2024.

EXTENSION OF STAY

4. **THIS COURT ORDERS** that the stay of proceedings shall be and is hereby extended to 11:59 p.m. on September 21, 2024.

INTERIM FINANCING

5. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the “**Interim Financing Facility**”) from Laurentian Bank of Canada (the “**Interim Lender**”) in order to finance the Company’s working capital requirements, provided that borrowings under the Interim Financing Facility shall not exceed \$235,000, unless permitted by further Order of this Court.

6. **THIS COURT ORDERS** that the Interim Financing Facility shall be on the terms and subject to the conditions set forth in the interim financing term sheet between Ferris and the Interim Lender, dated June 25, 2024 (the “**Term Sheet**”) and attached to the Di Iorio Affidavit as an Exhibit.

7. **THIS COURT ORDERS** that the Term Sheet is approved and Ferris is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Term Sheet or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and Ferris is hereby authorized and directed to pay

and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

8. **THIS COURT ORDERS** that the Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the “**Interim Lender’s Charge**”) on all of the present and after-acquired assets, property and undertaking (the “**Property**”) of the Company. The Interim Lender’s Charge secures: (a) the obligations of Ferris to the Interim Lender, including the payment of principal, interest, fees and other amounts under the Term Sheet, and (b) all costs, fees and expenses, including legal fees and disbursements, incurred by the Interim Lender in connection with the Term Sheet, the Interim Financing Facility, the within proceedings and the enforcement of the Interim Lender’s rights under the Term Sheet, this Order, any other Court order and the Interim Lender’s Charge. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender’s Charge shall have the priority set out in paragraphs 14 and 15 hereof.

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

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender’s Charge: (i) the Interim Lender may cease making advances to the Company, and (ii) the Interim Lender may make demand, accelerate payment and give other notices, and apply to this Court, upon not less than 3 business days' notice to the Company, the Proposal Trustee and to the service list, to exercise any and all of their rights and remedies against the Company or the Property under or pursuant to the Definitive Documents, including, without limitation, for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

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

10. **THIS COURT ORDERS AND DECLARES** that the Interim Lender shall be treated as unaffected in any proposal filed by the Company under the BIA.

11. **THIS COURT ORDERS** that the Interim Lender's Charge shall constitute a charge on the Property and shall have the priority set out in paragraphs 14 and 15 hereof.

ADMINISTRATION CHARGE

12. **THIS COURTS ORDERS** that counsel to the Company, the Proposal Trustee and counsel to the Proposal Trustee, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on all of the Property of the Company, which charge shall not exceed \$500,000, as security for their professional fees and disbursements incurred at the normal rates and charges of counsel to the Company, the Proposal Trustee and counsel to the Proposal Trustee.

13. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and shall have the priority set out in paragraphs 14 and 15 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

First – Interim Lender's Charge (up to the maximum amount of \$235,000); and

Second – Administration Charge (up to the maximum amount of \$500,000).

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

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

17. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Company also obtains the prior written consent of the Proposal Trustee and the applicable chargee(s) entitled to the benefit of such Charges (collectively, the "**Chargees**"), or further Order of this Court.

18. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein, (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, any bankruptcy order made pursuant to such applications, or any deemed bankruptcy, (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA, (d) the provisions of any federal or provincial statutes, or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Company pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances,

transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

JLL LISTING AGREEMENT

19. **THIS COURT ORDERS** that the execution by the Company of the JLL Listing Agreement is authorized and that the Company is authorized and directed to perform its obligations under and in connection with the JLL Listing Agreement and the Company, the Proposal Trustee and JLL are each authorized and directed to take such steps and execute such additional documents as the Company and the Proposal Trustee consider necessary or reasonable or incidental to entering a sale agreement in connection with the JLL Listing Agreement, provided that the Company and the Proposal Trustee shall seek approval of this Court before completing or closing any transaction in connection with the JLL Listing Agreement.

20. **THIS COURT ORDERS** that the Proposal Trustee and JLL, and their respective agents, employees, legal counsel, advisors and affiliates shall have no liability whatsoever with respect to any and all losses, claims, damages or liabilities of any nature or kind to any person or entity as a result of the entering of the JLL Listing Agreement or implementing a sale process in connection with same and performing their duties thereunder or this Order, or otherwise in the connection with such a sale, except to the extent that any losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Proposal Trustee or JLL, as determined by the Court.

SERVICE AND NOTICE

21. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (Toronto) (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/experience/case/125-ferris>

22. **THIS COURT ORDERS** that the Company and the Proposal Trustee and each of their 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 Company's creditors or other interested parties and their advisors. For greater certainty, such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

23. **THIS COURT ORDERS** that the Company or the Proposal Trustee may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

Court File No.: BK-24-03101800-0031
Estate File No.: 31-3101800

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ONTARIO

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

PROCEEDING COMMENCED AT TORONTO

ORDER

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: (416) 863-4592

Robert J. Kennedy (LSO # 474070)
Tel: (416) 367-6756
robert.kennedy@dentons.com

Valerie Cross (LSBC # 511475)
Tel: 1-604-648-6541
valerie.cross@dentons.com

Lawyers for 125 Ferris Inc.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 125 FERRIS INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

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

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD
(returnable July 31, 2024)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
Fax: (416) 863-4592

Robert J. Kennedy (LSO # 474070)
Tel: (416) 367-6756
robert.kennedy@dentons.com

Valerie Cross (LSBC # 511475)
Tel: 1-604-648-6541
valerie.cross@dentons.com

Lawyers for 125 Ferris Inc.