



**First Report to Court of  
KSV Restructuring Inc. as Proposal  
Trustee of 125 Ferris Inc.**

July 26, 2024

## Contents

Page

1.0	Introduction .....	1
1.1	Purposes of this Report.....	1
1.2	Currency .....	2
1.3	Restrictions .....	2
1.4	Court Materials.....	3
2.0	Background .....	3
2.1	Secured Creditors .....	4
2.2	Unsecured Creditors .....	4
2.3	Unpaid Property Taxes .....	4
3.0	Sale Process and Listing Agreement .....	4
4.0	Cash Flow Forecast.....	7
5.0	DIP .....	7
5.1	Recommendation .....	8
6.0	Company's Request for an Extension .....	9
7.0	Charges.....	9
7.1	DIP Charge .....	9
7.2	Administration Charge.....	9
7.3	Priority of Charges .....	10
8.0	Conclusion and Recommendation .....	10

## Appendices

<b>Appendix</b>	<b>Tab</b>
Certificate of Filing .....	A
Listing Agreement.....	B
Cash Flow Forecast and Property Manager's Report Thereon.....	C
Proposal Trustee's Report on Cash Flow Statement .....	D
DIP Term Sheet.....	E
Comparative DIP Loan Schedule .....	F



COURT FILE NO.: BK-24-03101800-0031  
ESTATE FILE NO.: 31-3101800

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED,  
OF 125 FERRIS INC.**

**FIRST REPORT TO COURT OF  
PROPOSAL TRUSTEE**

**JULY 26, 2024**

## **1.0 Introduction**

1. This report (the “Report”) is filed by KSV Restructuring Inc. (“KSV”), in its capacity as proposal trustee (in such capacity, the “Proposal Trustee”), in connection with a Notice of Intention to Make a Proposal (“NOI”) filed by 125 Ferris Inc. (the “Company”) on July 8, 2024 (the “Filing Date”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”). A copy of the Certificate of Filing for the Company is provided in Appendix “A”.
2. The Company’s principal asset is the real property municipally known as 125 Ferris Street, North Bay, Ontario (the “Real Property”).
3. The principal purpose of these proceedings (the “NOI Proceedings”) is to provide the Company with access to urgent financing necessary for it to pay critical expenses and to conduct a sale process of the Real Property that maximizes value for the Company’s stakeholders.

## **1.1 Purposes of this Report**

1. The purposes of this Report are to:
  - a) provide additional background information about the Company and the NOI Proceedings;
  - b) report on the Company’s weekly cash flow projection (the “Cash Flow Forecast”) for the period August 8, 2024 to September 21, 2024 (the “Period”);

- c) discuss the Company's need for interim ("DIP") financing, which is proposed to be provided pursuant to the terms of a debtor-in-possession financing term sheet dated June 25, 2024 (the "DIP Term Sheet") between the Company and Laurentian Bank of Canada ("Laurentian"), as lender, in the maximum principal amount of \$235,000 (the "DIP Facility"), secured by a charge (the "DIP Charge") over all of the Company's present and future property, assets and undertakings (collectively, and together with the Real Property, the "Property") in favour of Laurentian for its advances to the Company under the DIP Facility;
- d) discuss the justification for a charge in the amount of \$500,000 on the Property (the "Administration Charge") to secure the fees and disbursements of the Company's legal counsel, the Proposal Trustee and the Proposal Trustee's legal counsel, Aird & Berlis LLP ("A&B");
- e) summarize a sale process (the "Sale Process") with respect to the Real Property and the terms of a listing agreement dated June 25, 2024, pursuant to which the Company proposes to engage Jones Lang Lasalle Real Estate Services, Inc. ("JLL") to act as the listing brokerage for the marketing of the Real Property pursuant to the terms of a listing agreement attached as Appendix "B" (the "Listing Agreement");
- f) recommend that this Court make an order:
  - approving the DIP Facility, pursuant to the DIP Term Sheet, and granting the DIP Charge in favour of Laurentian;
  - granting, pursuant to Section 64.2 of the BIA, the Administration Charge over the Property in the principal amount of \$500,000 to secure the fees and disbursements of the Company's legal counsel, the Proposal Trustee and A&B;
  - approving the Sale Process, including the Listing Agreement;
  - extending the stay of proceedings from August 8, 2024 to and including September 21, 2024.

## 1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

## 1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company, the books and records of the Company and discussions with representatives of the Company. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

2. The Proposal Trustee accepts no responsibility for any reliance placed by any third party on the Company's financial information presented herein.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

#### 1.4 Court Materials

1. Court materials filed in these proceedings are available on the Proposal Trustee's website at: <https://www.ksvadvisory.com/experience/case/125-ferris>.

## 2.0 Background

1. The Company was incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 on April 21, 2008. Mark Craig Gross has served as the Company's sole director since the Company's incorporation.
2. Gross Capital Inc. ("Gross Capital"), an Ontario corporation, is the sole shareholder of the Company. Gross Capital filed an assignment in bankruptcy under the BIA in June of 2021. KSV is the Licensed Insolvency Trustee in those proceedings.
3. The Company was primarily formed to hold legal title to the Real Property. The Company acts as nominee and legal title holder for a group of co-tenant investors that hold beneficial ownership interests in the Real Property (the "Co-Tenants"). A co-tenancy agreement entered into between the Company, as trustee, and the Co-Tenants, as co-tenants, dated May 8, 2008, outlines the relationship between the parties.
4. Aside from the Real Property and the personal property arising from or used in connection with the Real Property, the Company does not have business operations or assets.
5. Prime Real Estate Group Inc. currently serves as the property manager for the Real Property (the "Property Manager"). The Property Manager is responsible for the day-to-day management and maintenance of the Real Property and has done so since the Company acquired the Real Property in 2008. The Property Manager has agreed to be paid a monthly fee of \$1,500 during the NOI Proceedings to provide its management and maintenance services.
6. The Real Property is vacant other than a section of offices that is currently occupied by an office tenant. The tenant is not currently paying any rent. The Property Manager intends to evict the tenant shortly.
7. Additional information about the Company and its background is included in the Affidavit of Michael Di Iorio sworn July 22, 2024 filed in support of the Company's motion returnable July 31, 2024.

## 2.1 Secured Creditors

1. Pursuant to a recent search of registrations under the *Personal Property Security Act* (Ontario), the Company's only secured creditor, as at the Filing Date, is Laurentian.
2. The Company is the borrower under a loan agreement dated October 10, 2013, pursuant to which Laurentian extended a term loan facility to the Company in the maximum principal amount of \$7,700,000 to refinance the Real Property (as amended, the "Laurentian Loan Agreement"). As security, the Company delivered, among other things, a general security agreement in favour of Laurentian dated October, 2013, and a charge in the amount of \$7,700,000 over the Real Property registered on October 31, 2013 as instrument number BS119911 (the "Charge"). As at March 1, 2024, Laurentian advised that it is owed approximately \$6.1 million, plus interest, charges, fees and costs, which continue to accrue.
3. A&B is in the process of obtaining and reviewing the security documents held by Laurentian, and will, in due course, provide its opinion and findings as to the validity and enforceability of such security to the Proposal Trustee.
4. As a result of the Company's inability to service its debt, on October 31, 2023, Laurentian's counsel, Thornton Grout Finnigan LLP, demanded on the Laurentian Loan Agreement and delivered a notice of intention to enforce security under section 244(1) of the BIA.

## 2.2 Unsecured Creditors

1. According to the Company's books and records, there was approximately \$170,000 owing to unsecured creditors as at the Filing Date, mainly amounts owing to utility providers and realtors.

## 2.3 Unpaid Property Taxes

1. According to the Company's books and records, amounts owing on account of unpaid property taxes are \$120,000 as at the Filing Date.

## 3.0 Sale Process and Listing Agreement

1. Prior to the NOI Proceedings, the Company solicited proposals from two realtors, JLL and CBRE Limited, to act as listing agent to market and sell the Real Property. The principal responsible for the mandate at JLL had previously sold the Real Property and CBRE has previously leased the Real Property.
2. KSV has experience working with both realtors.
3. Upon reviewing the proposals of both JLL and CBRE, the Company, in consultation with Laurentian, engaged JLL to list the Real Property pursuant to the Listing Agreement. The material terms of the proposed Listing Agreement are as follows:
  - Listing price: \$12,275,000
  - Commission: 3.50% of the sale price or 3.00% if sold directly by JLL, payable upon successful completion of the sale transaction

- Cooperating Brokerage Commission: 1.00%
  - Expiry: December 23, 2024
4. The Listing Agreement represents a reasonable, fair and efficient process by which the Company can realize on its only asset of significant value. The Listing Agreement was negotiated in consultation with the Proposal Trustee and is supported by Laurentian, the Company’s primary secured creditor. The Proposal Trustee will oversee and provide support with respect to the implementation of the Listing Agreement and the sale and marketing efforts taken thereunder.
5. The Listing Agreement for the Real Property is also subject to Court approval. The milestones of the Sale Process are provided below. The Sale Process does not provide for fixed timelines to provide maximum flexibility as to when the Company will call for offers. Phase 1 of the Sale Process (i.e. marketing) is expected to begin shortly after Court approval of the Sale Process:

<b>Summary of Sale Process</b>	
<b>Milestone</b>	<b>Description of Activities</b>
<b>Phase 1</b>	
Prepare marketing materials	<ul style="list-style-type: none"> <li>➤ JLL and Proposal Trustee to:               <ul style="list-style-type: none"> <li>○ prepare a teaser and confidential information memorandum (“CIM”) for the Real Property;</li> <li>○ populate a virtual data room for the Real Property; and</li> <li>○ prepare a form of confidentiality agreement (“CA”).</li> </ul> </li> </ul>
Prospect Identification	<ul style="list-style-type: none"> <li>➤ For the Real Property, JLL to develop master prospect list in consultation with the Company and the Proposal Trustee.</li> </ul>
<b>Phase 2</b>	
Stage 1 - Marketing	<ul style="list-style-type: none"> <li>➤ JLL to complete mass market introduction, including:               <ul style="list-style-type: none"> <li>○ sending offering summary and marketing materials and brochure to each realtor’s client base, including the prospect list;</li> <li>○ publishing the acquisition opportunity in such journals, publications and online sites as the realtor and the Proposal Trustee believe appropriate in their discretion;</li> <li>○ posting “for sale” signs on the Real Property, to the extent applicable;</li> <li>○ direct canvassing of prospects;</li> <li>○ posting the acquisition opportunity on MLS on an unpriced basis, if requested by the Proposal Trustee; and</li> <li>○ meeting with prospective bidders to explain the potential of the Real Property.</li> </ul> </li> <li>➤ Company and its legal counsel, in consultation with the Proposal Trustee, to prepare a Vendor’s form of Purchase and Sale Agreement (the “PSA”) which will be made available to prospective purchasers in the virtual data room.</li> <li>➤ JLL to provide additional diligence information identified by realtors and the Proposal Trustee to qualified prospects that execute the CA, including access to the virtual data room and a copy of the CIM.</li> <li>➤ JLL to facilitate diligence by interested parties.</li> </ul>

<b>Summary of Sale Process</b>	
<b>Milestone</b>	<b>Description of Activities</b>
Stage 2 – Bid Deadline (if any, and timing to be determined)	➤ Prospective purchasers to submit offers in the form of the PSA, with any changes to the PSA blacklined.
<b>Phase 3</b>	
Offers and Selection of Successful Bids	<ul style="list-style-type: none"> <li>➤ JLL to collect, summarize and provide to the Proposal Trustee commentary on initial bids received. The Proposal Trustee may consult with the applicable creditor(s) on the offers received.</li> <li>➤ Short listing of bidders (if necessary).</li> <li>➤ Further bidding - bidders may be asked to improve their offers. The Company, in consultation with the Proposal Trustee, may invite parties to participate in as many rounds of bidding as is required to maximize the consideration and minimize closing risk. The Company may also seek to clarify terms of the offers submitted and to negotiate such terms.</li> <li>➤ The Company, in consultation with the Proposal Trustee, will be at liberty to consult with the applicable creditor(s) regarding the offers received, subject to any confidentiality requirements that the Proposal Trustee believes appropriate.</li> <li>➤ The Company, in consultation with the Proposal Trustee, will select the successful bidder(s), having regard to, among other things: <ul style="list-style-type: none"> <li>○ total consideration (cash and assumed liabilities);</li> <li>○ form of consideration, including the value of any carried interest;</li> <li>○ third-party approvals required, if any;</li> <li>○ conditions, if any, and time required to satisfy or waive same;</li> <li>and</li> <li>○ such other factors affecting the speed and certainty of closing and the value of the offers as the Proposal Trustee considers relevant.</li> </ul> </li> </ul>
Sale Approval Motion(s) and Closing(s)	➤ Following execution of definitive transaction documents and satisfaction or waiver of such conditions therein.
Closings	➤ Following Court approval.

6. The Sale Process will be subject to the following additional terms:

- a) the Real Property will be marketed on an “as is, where is” basis;
- b) the Company, in consultation with the Proposal Trustee, will be entitled to extend any deadlines in the Sale Process if it considers it appropriate or necessary in the circumstances;
- c) the Company, in consultation with the Proposal Trustee, will have the right to reject any and all offers, including the highest dollar value offer(s); and
- d) any transaction will be subject to Court approval.



## 4.0 Cash Flow Forecast

1. Pursuant to subsection 50.4(2)(a) of the BIA, the Company is required to prepare and file a cash flow forecast within 10 days of filing the NOI.
2. The Cash Flow Forecast, together with Management's Report on the Cash-Flow Statement (the "Management Report") as required by subsection 50.4(2)(c) of the BIA, are provided as Appendix "C".
3. The Cash Flow Forecast reflects that the Company is projected to require funding of approximately \$30,000 a month to pay critical expenses including, but not limited to, property taxes, security, property management and insurance through to the end of the Period.
4. Further, the Cash Flow Forecast indicates that the Company is in urgent need of the DIP Facility to ensure it has the liquidity required to meet its necessary critical payment obligations. The DIP Term Sheet allows for approximately six months of liquidity which is necessary to allow the Company and JLL to carry out the Sale Process and ultimately close a sale of the Real Property.
5. Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee's Report on the Company's Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as Appendix "D".

## 5.0 DIP

1. As of the Filing Date, the Company has negligible cash on hand. Absent additional financing, the Company will not have the ability to continue to fund the operating costs associated with the NOI Proceedings.
2. The Company's ability to market and maintain the Real Property is contingent upon the anticipated funding from the DIP Facility for which the Company is seeking Court approval.
3. Laurentian is prepared to fund the Company by way of the DIP Facility up to a maximum principal amount of \$235,000. The DIP Charge in favour of Laurentian is sought as a senior ranking, Court-approved debtor-in-possession loan and will secure all of the debts, liabilities and obligations of the Company under or in connection with the DIP Facility.
4. The key terms of the DIP Term Sheet are summarized below. Complete details regarding the terms of the DIP Term Sheet is provided in Appendix "E".
  - Borrower: the Company.
  - Lender: Laurentian.
  - Availability under the DIP Term Sheet: non-revolving term facility in the amount of \$235,000.

- Maturity Date: the earlier of: (i) December 31, 2024, (ii) the closing of a sale transaction; (iii) the occurrence of an event of default under the DIP Facility (as defined in the DIP Term Sheet), (iv) an Order replacing KSV as Proposal Trustee, and (v) the termination of the NOI Proceedings.
- Interest: 14.4% per annum, calculated daily and shall accrue and be paid on the Maturity Date.
- Commitment Fee: \$10,000, representing approximately 4% of the total commitment.
- Charge: first-ranking Court-ordered charge over all present and future properties, assets, and undertakings of the Company, ranking in priority to all other liens, encumbrances and interest of the other parties.
- Material Conditions: include: (i) Court-approval of the DIP Facility and granting of the charge, and (ii) receipt of the approved Cash Flow Projections (as defined in the DIP Term Sheet).
- Material Covenants: include: (i) engagement of JLL pursuant to the terms of the Listing Agreement, and Court approval of same, (ii) immediate termination of any non-paying tenant; (iii) provision to Laurentian of the marketing proposal and any offers received for the purchase of the Real Property; and (iv) receipt of Laurentian's consent prior to accepting any offer to purchase the Real Property.

## 5.1 Recommendation

1. The Proposal Trustee has considered the factors set out in Section 50.6(5) of the BIA with respect to the granting of a Court order for interim financing and a charge related thereto. The Proposal Trustee respectfully recommends that the Court make the Order sought by the Company for the following reasons:
  - a) without the proposed DIP Facility, the Company would immediately have insufficient liquidity to continue to maintain and preserve its only asset of substantial value, the Real Property;
  - b) the DIP Facility and the corresponding DIP Charge enhance the prospect that the Company will be able to successfully complete a potential sale of the Real Property as the Company will be able to continue to maintain the Real Property until a sale transaction with a proposed purchaser can be completed, provided it is approved by the Court in due course;
  - c) the amount of the proposed DIP Facility is supported by the Cash Flow Forecast;
  - d) the Proposal Trustee has compared the terms of the proposed DIP Facility to other interim financing facilities approved by Canadian courts in recent restructuring proceedings. The comparison is attached hereto as Appendix "F". Based on the Proposal Trustee's review, the cost of the proposed DIP Facility is within the range of similar facilities recently approved by the Court and other Canadian courts in CCAA and other restructuring proceedings; and

- e) in the Proposal Trustee's view, no creditor will be materially prejudiced as a result of the DIP Charge. The DIP Facility will assist to maximize recoveries for stakeholders and facilitate the continued operation of the business during these NOI Proceedings.
2. Based on the foregoing, the Proposal Trustee recommends that the Court issue an Order approving the DIP Facility and granting Laurentian a senior ranking charge for amounts advanced under the DIP Facility.

## **6.0 Company's Request for an Extension**

1. The Company is seeking an extension of the time to file a proposal from August 8 2024, to September 21, 2024.
2. The Proposal Trustee supports the Company's request for the following reasons:
  - a) although the filing of the NOI has occurred only recently, in the Proposal Trustee's assessment, the Company has acted and continues to act in good faith and with due diligence;
  - b) once the Sale Process is completed, the Company is likely to be able to make a viable proposal to creditors that will provide recoveries greater than they would realize in a bankruptcy or liquidation of the Company;
  - c) no creditor would be materially prejudiced if the extension is granted;
  - d) it will allow the Proposal Trustee and the Company to advance the Sale Process, subject to the approval of the Court; and
  - e) as at the date of this Report, the Proposal Trustee is not aware of any party opposed to an extension.

## **7.0 Charges**

### **7.1 DIP Charge**

1. The Company is seeking the DIP Charge to secure amounts advanced under the DIP Facility. The Proposal Trustee is of the view that the DIP Charge is required as: (i) the Company is in immediate need of liquidity; (ii) the terms of the DIP Facility are reasonable for the reasons set out in Section 5.1 of this Report; and (iii) Laurentian is not prepared to provide financing without the benefit of the DIP Charge.

### **7.2 Administration Charge**

1. The Company is also seeking an Administration Charge of \$500,000 to secure the fees and disbursements of the Company's legal counsel, the Proposal Trustee and A&B. Each of the professional firms involved has incurred fees preparing for these proceedings and none of these firms have received a retainer. The Administration Charge ranks junior only to the DIP Charge.

2. An Administration Charge is a standard feature of restructuring proceedings and is required to provide security to the professionals engaged to assist a debtor company and to protect them if the debtor company is unable to pay professional fees and costs during the NOI process.
3. The Company has worked with its legal counsel and the Proposal Trustee to estimate the proposed amount of the Administration Charge.
4. Laurentian, as the DIP lender and senior secured creditor, consents to the Administration Charge.
5. The Proposal Trustee believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexity of the Company's proceedings and the Company's lack of liquidity. Accordingly, the professionals require the benefit of the Administration Charge to protect them for pre-filing fees related to preparing for these proceedings, as well as for their fees and costs that will be incurred during these NOI Proceedings. Without such protection, the professionals are unwilling to continue to provide services in these proceedings.

### 7.3 Priority of Charges

1. The Company is seeking approval of the Court-ordered charges in the priority as set out below:
  - a) First, the DIP Charge; and
  - b) Second, the Administration Charge.

### 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an Order granting the relief detailed in Section 1.1(1) (f) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS TRUSTEE *IN RE* THE PROPOSAL OF  
125 FERRIS INC.,  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**



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

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Date of the Notice of Intention:

July 08, 2024

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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**

## **Appendix “B”**





# Listing Agreement - Commercial

## Seller Representation Agreement

### Authority to Offer for Sale

**Form 520**

for use in the Province of Ontario

This is a **Multiple Listing Service® Agreement**  OR **Exclusive Listing Agreement**   
(Seller's Initials) (Seller's Initials)

**BETWEEN:** JONES LANG LASALLE REAL ESTATE SERVICES, INC., BROKERAGE  
**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 (a.m./p.m.) on the 24TH day of JUNE, 2024, 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. (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. (Seller's Initials)

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): 



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.

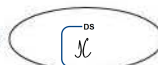
**7. WARRANTY:** The Seller represents and warrants that the Seller has the exclusive authority and power to execute this Authority to offer the Property for sale and that the Seller has informed the Listing Brokerage of any third party interests or claims on the Property such as rights of first refusal, 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):



**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 MLS® System 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: ○ **Does** ○ **Does Not**  
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.

**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.**

.....  
DocuSigned by:  
*Jared Cowley*  
..... (Authorized to bind the Listing Brokerage) ..... 6/23/2024 ..... (Date) ..... JARED COWLEY (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)

.....  
(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.  
.....  
DocuSigned by:  
*Jared Cowley*  
..... (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 ..... day of ....., 20 .....

.....  
(Signature of Seller) ..... (Date)

.....  
(Signature of Seller) ..... (Date)



**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");
2. The Seller acknowledges that, following consultation with the Brokerage, KSV Restructuring Inc. as proposal trustee in the Insolvency Proceeding, and the DIP lender in the Insolvency Proceeding (Laurentian Bank of Canada), the sale price contained in the Listing Agreement can be reduced in order to increase market interest in the Property following an assessment of relevant market factors all with a view of concluding a sale transaction prior to the expiry of the Listing Period;
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):**

# 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](http://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](mailto:information@reco.on.ca)  
[www.reco.on.ca](http://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*  
E9FF8849204CC...

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

Buyer/seller name

Signature of buyer/seller

Signature of buyer/seller

Date

Date



## **Appendix “C”**

125 Ferris Inc. (the "Company")

**Projected Statement of Cash Flow**

For the period ending September 21, 2024


(Unaudited; \$000s)

	Notes	Weeks Ending							Total
		14-Aug-24	21-Aug-24	28-Aug-24	04-Sep-24	11-Sep-24	18-Sep-24	21-Sep-24	
<i>Receipts</i>									
Solar Revenue	2	-	-	-	2.0	-	-	-	2.0
<i>Disbursements</i>									
Utilities	3	0.6	0.6	0.6	0.6	0.6	0.6	0.3	3.8
Landscaping	4	0.2	0.2	0.2	0.2	0.2	0.2	0.1	1.2
Insurance	5	0.5	0.5	0.5	0.5	0.5	0.5	0.2	3.1
Property management fees	6	0.4	0.4	0.4	0.4	0.4	0.4	0.2	2.3
Property taxes	7	-	23	-	-	-	23	-	45.3
Security	8	0.4	0.4	0.4	0.4	0.4	0.4	0.2	2.3
Other		0.6	0.6	0.6	0.6	0.6	0.6	0.3	3.8
<i>Total Operating Disbursements</i>		2.5	25.2	2.5	2.5	2.5	25.2	1.1	61.5
<i>Net Cash Flow</i>		(2.5)	(25.2)	(2.5)	(0.5)	(2.5)	(25.2)	(1.1)	(59.5)
Opening Cash Balance		-	(2.5)	(27.7)	(30.2)	(30.7)	(33.3)	(58.4)	-
Closing Cash Balance		(2.5)	(27.7)	(30.2)	(30.7)	(33.3)	(58.4)	(59.5)	(59.5)

These financial projections are based on management's assumptions detailed in Appendix "1-1".

The note references correspond to the assumption numbers shown in Appendix "1-1".


125 FERRIS INC.

Per: 

July 25, 2024

Date

KSV RESTRUCTURING INC.  
 IN ITS CAPACITY AS TRUSTEE UNDER THE  
 NOTICE OF INTENTION TO MAKE A PROPOSAL AND NOT  
 IN ITS PERSONAL CAPACITY

Per:   
 Noah Goldstein

July 26, 2024

Date

**Notes to Projected Statement of Cash Flow**

For the period ending September 21, 2024

(Unaudited; \$C)

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**Purpose and General Assumptions**

1. The purpose of the projection is to present a forecast of 125 Ferris Inc. (the "Company") from August 8, 2024 to September 21, 2024 in respect of its proposal proceedings under the Bankruptcy and Insolvency Act.

The projected cash flow statement has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company.

**Most Probable**

2. Reflects the lease of solar panels on the roof of the building which generate revenue of \$2,000 per month, collected on the 1st of each month.
3. Reflects the estimated utility expenses for the vacant building.
4. Reflects the estimated cost to maintain the property, including grass cutting.
5. Reflects the property and general commercial liability insurance.
6. Reflects management fees payable to Prime Real Estate Group Inc.
7. Reflects the monthly tax bill owing to the City of North Bay.

**Hypothetical**

8. The Company intends to hire a security guard to monitor the facility on a weekly basis.

**Report on Cash Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA**

The management of 125 Ferris Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow as of the 25<sup>th</sup> day of July 2024, for the period ending September 21, 2024 (the "Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, this 25<sup>th</sup> day of July, 2024

**125 FERRIS INC.**



Per: Michael Di Iorio

## **Appendix “D”**

**Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)**

The attached statement of projected cash-flow of 125 Ferris Inc. (the "Company"), as of the 25<sup>th</sup> day of July, 2024, consisting of a weekly cash flow statement for the period August 8, 2024 to September 21, 2024 (the "Cash Flow"), has been prepared by the management of the Company for the purpose described in Note 1, using hypothetical and probable assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied by the management and employees of the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated this 25<sup>th</sup> day of July, 2024.

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS TRUSTEE IN THE PROPOSAL OF  
125 FERRIS INC.  
AND NOT IN ITS PERSONAL CAPACITY**



Per: Noah Goldstein

## **Appendix “E”**

**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.

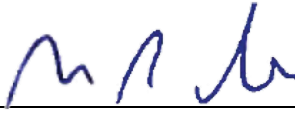


24. **ASSIGNMENT:** The Borrower shall not assign this Term Sheet or any of the provisions set out herein without the prior written consent of the DIP Lender, which consent may be unreasonably withheld. The DIP Lender may assign or sell its rights or obligations with respect to this Term Sheet to any 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.).

## **Appendix “F”**

**Schedule of Debtor-in-Possession Financing Terms**  
**June 26, 2023 to December 31, 2023**  
(\$, 000)

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate	Notes
Candesto Enterprises Corp. et al.	Durisol Ltd.	CCAA	A&M	20-Dec-23	Alberta	Professional Services	1.30		8.5%	
Duvaltex Inc.	Wells Fargo	CCAA	EY	14-Dec-23	Quebec	Manufacturing	14.00	Engagement fee of \$75,000	Basic rate plus 2.5%	
Mastermind GP Inc.	CIBC	CCAA		23-Nov-23	Ontario	Retail	36.25	Forbearance fee of 1.25% of the outstanding balance under the CIBC Revolving Loan Facility and the BCAP Loan	CIBC's prime interest rate plus 0.75%	CIBC was the company's existing lender and agreed to forbear and provide a DIP loan
Tergeo Mineraux Critiques Inc. et al.	Investissement Québec	CCAA	Raymond Chabot	10-Nov-23	Quebec	Mining	2.60	Commitment fee of 3%	18.0%	
MAV Beauty Brands Inc. et al.	RBC as administrative agent	CCAA	A&M	14-Nov-23	Ontario	Distribution	3.90	Reasonable fees and expenses of the DIP lender	SOFR plus 5.1%	
Simply Green Home Services Inc., Crown Crest Capital Management Corp., et al.	Peoples Trust Company	CCAA	KPMG	09-Nov-23	Ontario	Professional Services	15.00	Commitment fee of \$150,000	9.5%	
Harbour Grace Ocean Enterprises Ltd. and Laureceton Holdings Ltd.	Gray Enterprise Ltd.	CCAA	PwC	02-Nov-23	Newfoundland	Construction	1.00	Commitment fee of 1.5%	13.0%	
South Shore Seafoods Ltd. et al.	TD Bank	CCAA	Deloitte	21-Sep-23	New Brunswick	Distribution	10.00	-	Prime rate or US base rate plus 1%	
Datatax Business Services Limited	BMO	NOI	KPMG	14-Aug-23	Alberta	Professional Services	16.25	-	Prime plus 1.15%	
Quebec Parmentier Inc. et al.	Caisse Desjardins de la RiveNord du Saguenay	CCAA	MNP	10-Oct-23	Quebec	Distribution	2.25	unclear	unclear	
Tacora Resources Inc.	Cargill, Incorporated	CCAA	FTI	10-Oct-23	Ontario	Mining	75.00	Exit fee of \$2,250,000 (3%)	10.0%	
Quality Sterling Group	Ironbridge Equity Partners	CCAA	RSM	17-Aug-23	Ontario	Other	7.00	Reasonable fees and expenses of the DIP lender	12.0%	
Aventura Phase VII Inc. et al.	TBD	CCAA	Raymond Chabot	28-Aug-23	Quebec	Real Estate / Construction	6.00	unclear	unclear	It appears the DIP loan was approved in advance, prior to locating a DIP lender
Ideal Protein Group	BMO & Caisse Desjardins as agents	CCAA	EY	15-Aug-23	Quebec	Manufacturing	4.00	-	same interest rate as existing term loan	
Aereus Technologies Inc.	1000608245 Ontario Inc.	NOI	Farber	31-Jul-23	Ontario	Manufacturing	0.78	Commitment fee of \$16,400 (2%)	15.0%	
Lighthouse Immersive Inc. and Lighthouse Immersive USA Inc.	SCS Finance, Inc.	CCAA	B. Riley Farber	27-Jul-23	Ontario	Entertainment	US 3.5	Reasonable fees and expenses of the DIP lender	10.0%	
NextPoint Financial Inc. et al.	BP Commercial Funding Trust and Drake Enterprises Ltd.	CCAA	FTI	25-Jul-23	British Columbia	Financial Services	25.00	Commitment fee of 1%	SOFR plus 6.5%	
Aleafia Health Inc. et al.	Red White & Bloom Brands Inc.	CCAA	KSV	25-Jul-23	Ontario	Cannabis	6.60	Commitment fee of \$198,000 (3%)	12.5%	
Bron Media Corp. et al.	Creative Wealth Media Lending LP 2016	CCAA	Grant Thornton	19-Jul-23	British Columbia	Media	6.20	Commitment fee of \$124,000 (2%)	15.0%	
Gesco Industries Inc., Gesco GP ULC and Tierra Sol Ceramic Tile Ltd.	BNS	CCAA	PwC	19-May-23	Ontario	Manufacturing & Distribution	8.60	Commitment fee of \$50,000; reasonable fees and expenses of DIP lender	Prime plus 6%	
Joseph Richard Hospitality Group Ltd. et al.	Canadian Western Bank	CCAA	EY	17-Jul-23	British Columbia	Food & Accommodation	0.50	-	Prime plus 5%; default interest rate of prime plus 10%	
OGEN Ltd. and OGEN Holdings Ltd.	Hawksworth Holdings Ltd. and G. Edwards Holdings Ltd.	NOI	KSV	26-Jun-23	Alberta	Cannabis	0.50	-	15.0%	