



**Supplement to the Report of
KSV Kofman Inc.
as Proposed Receiver of
3291735 Nova Scotia Limited**

May 2, 2018

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HFx NO.: 474742

**IN THE SUPREME COURT OF NOVA SCOTIA
(IN BANKRUPTCY AND INSOLVENCY)**

**FIRST NATIONAL FINANCIAL GP CORPORATION AND
FIRST NATIONAL FINANCIAL LP**

APPLICANTS

- AND -

3291735 NOVA SCOTIA LIMITED

RESPONDENT

**SUPPLEMENT TO THE REPORT OF
KSV KOFMAN INC.
AS PROPOSED RECEIVER**

MAY 2, 2018

1.0 Introduction

1. This report (the "Supplemental Report")¹ supplements KSV's report dated April 5, 2018 (the "Pre-Filing Report") filed as Proposed Receiver of the Company.
2. On March 28, 2018, First National made an application (the "Application") to the Court for an order:
 - a) appointing KSV as receiver (the "Receiver");
 - b) approving a Sale Process, including the retention of Keller Williams as listing agent; and
 - c) approving the terms of the Receiver's Borrowings.
3. The Application was scheduled to be heard by the Court on April 11, 2018; however, it was re-scheduled to May 9, 2018 at the request of First National.

¹ Defined terms in this Supplemental Report have the meanings provided to them in the Pre-Filing Report, unless otherwise defined herein.

4. On April 13, 2018, Keller Williams presented KSV with an offer (“Offer”) from 3308949 Nova Scotia Limited (“3308”) to purchase the Real Property. The Offer is conditional on Court approval. A copy of the Offer was provided to First National, which advised KSV that it supports acceptance of the Offer.
5. To maximize value for creditors and to minimize the risk of losing the Offer, KSV and 3308 discussed that 3308 allow the Offer to be a “stalking horse” in a Court supervised sale process (the “Stalking Horse Sale Process”). 3308 agreed to participate as the stalking horse in such process and KSV and 3308 have agreed to the terms of an agreement of purchase and sale (the “Stalking Horse Agreement”), which is subject to Court approval. Subject to approval by the Court of a superior offer in the Stalking Horse Sale Process, 3308 is to acquire the Purchased Assets in accordance with the Stalking Horse Agreement.
6. First National is seeking to amend the Sale Process described in the Application and to have the Court approve the Stalking Horse Sale Process.

1.1 Purposes of this Supplemental Report

1. The purposes of this Supplemental Report are to:
 - a) summarize the terms of the Stalking Horse Agreement;
 - b) summarize the Stalking Horse Sale Process; and
 - c) recommend that the Court issue an order, among other things:
 - approving the Stalking Horse Agreement as the stalking horse, including the break fee and expense reimbursement (together, the “Bid Protections”) contemplated therein; and
 - approving the Stalking Horse Sale Process.

2.0 The Stalking Horse Agreement²

1. A copy of the Stalking Horse Agreement is attached as Appendix “A”.
2. The key terms and conditions of the Stalking Horse Agreement are provided below.
 - **Purchaser:** 3308
 - **Purchased Assets:**
 - (i) the Real Property
 - (ii) prepaid expenses and all deposits with any Person, public utility or Governmental Authority relating to the Real Property

² Capitalized terms in this section have the meaning provided to them in the Stalking Horse Agreement unless otherwise defined herein.

- (iii) plans
 - (iv) contracts
 - (v) permits in connection with the Real Property, to the extent transferable
 - (vi) all intellectual property, if any, owned by the Company with respect to the project
- **Purchase Price:** \$3,708,750, including HST
 - **Deposit:** \$322,500, being 10% of the purchase price (before HST)
 - **Excluded Assets:** Receiver's and Company's right, title and interest in any assets of the Company, other than the Purchased Assets, and includes: (i) books and records that do not exclusively or primarily relate to the Purchased Assets; and (ii) tax refunds
 - **Representation and Warranties:** consistent with the standard terms of an insolvency transaction, i.e. on an "as is, where is" basis, with limited representations and warranties.
 - **Closing:** first business day which is five business days after receipt of Sale Approval Order
 - **Material Conditions:**
 - (i) There shall be no order issued by a Governmental Authority against either the Company or 3308 or involving the Purchased Assets that prevents completion of the Transaction;
 - (ii) there shall be no new work orders or similar orders and no new Encumbrances registered on title to the Real Property or affecting title to the Real Property arising or registered after the Acceptance Date which cannot be foreclosed pursuant to the Sale Approval Order;
 - (iii) there shall be no new environmental issue that causes a material adverse effect on the Real Property and there shall not be any other material adverse change to the condition or operation of the Real Property; and
 - (iv) the Court shall have issued the Bidding Procedures Order and the Sale Approval Order and those orders shall not have been amended or dismissed at the time of Closing.
 - **Termination:**
 - (i) The Stalking Horse Agreement can be terminated:
 - upon mutual written agreement of the Receiver and 3308;
 - if any of the conditions in favour of 3308 or the Receiver are not waived or satisfied; or

- if prior to closing: (a) the Purchased Assets are substantially damaged or destroyed³; or b) all or a material part of the Real Property is expropriated by a Governmental Authority.
- (ii) The Stalking Horse Agreement will be terminated in the event it is not the Successful Bid.

2.1 Bid Protections

1. The Stalking Horse Agreement provides the following Bid Protections to 3038 in the event a superior transaction is completed with another party:
 - a \$100,000 break fee (equal to 2.7% of the value of the Offer); and
 - a \$25,000 expense reimbursement in respect of legal, diligence and other costs incurred by 3038 in respect of the Stalking Horse Sale Process, including negotiating the Stalking Horse Agreement.
2. The Bid Protections are only payable to 3038 on closing of a superior transaction with another party.
3. KSV is of the view that the Bid Protections are reasonable as break fees in restructuring and insolvency transactions commonly range from 2% and 4%. Appendix "C" provides a summary of break fees in other Canadian restructuring proceedings.
4. KSV is of the view that the Bid Protections should not discourage other interested parties from submitting offers for the Purchased Assets.
5. KSV is also of the view that absent the Bid Protections, 3038 has little incentive to be the stalking horse in these proceedings.

2.2 Considerations Regarding 3038 as the Stalking Horse

1. KSV considered whether 3038's offer warrants being the stalking horse. KSV's considerations include:
 - KSV invited four realtors to submit proposals to list the Real Property for sale. As part of this process, the realtors were required to provide an opinion of value for the Real Property. The opinions support the value of the Offer. A summary of the opinions will be made available to the Court on the return of this application should the Court wish to review it.
 - The Real Property has been listed for sale by the Company since June 2016. No acceptable offers have been submitted since that time.
 - First National supports the Stalking Horse Sale Process and the Offer from 3038 being the Stalking Horse Bid. It is unclear at this time if the Company's obligations to First National will be repaid in full.

³ Substantial damage is deemed to have occurred if the loss or damage to the Purchased Assets exceeds 15% of the Purchase Price.

3.0 Stalking Horse Sale Process and Bidding Procedures

3.1 Stalking Horse Sale Process

1. As set out in the Pre-Filing Report, Keller Williams is to be engaged as listing agent, subject to Court approval. The terms of Keller Williams listing agreement are provided in the Pre-Filing Report.
2. A summary of the proposed Stalking Horse Sale Process is as follows:

Summary of Stalking Horse Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Due diligence	➤ Keller Williams to review all available documents concerning the Property.	Week 1
Finalize marketing materials	➤ Keller Williams and KSV to: <ul style="list-style-type: none"> ○ prepare a marketing brochure; ○ populate an online data room; ○ prepare a Confidentiality Agreement (“CA”); and ○ prepare a Confidential Information Memorandum (“CIM”). 	
Prospect Identification	➤ Keller Williams will qualify and prioritize prospects; ➤ Keller Williams will also have pre-marketing discussions with targeted prospects.	
<i>Phase 2 – Marketing</i>		
Stage 1	➤ Mass market introduction, including: <ul style="list-style-type: none"> ○ offering summary and marketing materials printed; ○ publication of the acquisition opportunity in a regional newspaper; ○ telephone and email canvass of leading prospects; and ○ meet with and interview bidders. 	Week 2
Stage 2	➤ Keller Williams to provide detailed information to qualified prospects which sign the CA, including the CIM and access to the data room; ➤ Keller Williams to facilitate diligence by interested parties;	Week 3-4
Stage 3	➤ Bid deadline – in order to submit an offer, a prospective purchaser must submit a “Qualified Bid” (as discussed in section 3.2.1 below)	On or around June 8
<i>Phase 3 – Offer Review and Negotiations</i>		
Further Bidding	➤ Qualified Bidders will be asked to re-submit PSAs one or more times, as the Receiver determines appropriate, in its sole and absolute discretion.	On or around June 12
Selection of Successful Bids	➤ Select successful bidder	On or around June 13
Sale Approval Motion and Closing	➤ Motion for sale approval and close transaction.	As soon as possible

3.2 Bidding Procedures⁴

1. The Bidding Procedures are attached as Appendix “B”. The Bidding Procedures are summarized below.

3.2.1 Qualified Bids

1. To be a “Qualified Bid”, a bid must meet the following requirements:
 - a) a cash purchase price equal to or greater than \$3.4 million, plus HST, being the value of the Stalking Horse Bid (\$3.225 million) plus the Break Fee (\$100,000), the Expense Reimbursement (up to \$25,000) and an initial bid increment of \$50,000;
 - b) a provision stating that the bidder’s offer is irrevocably open for acceptance until the first business day following completion of the transaction for the Purchased Assets;
 - c) an executed copy of a proposed purchase agreement and a redline of the bidder’s proposed purchase agreement reflecting variations from the Stalking Horse Agreement;
 - d) a cash deposit at least equivalent to the deposit in the Stalking Horse Agreement; and
 - e) the offer is received by the Bid Deadline.
2. 3308, as the stalking horse, is a Qualified Bidder.

3.2.2 Resubmission Procedures

1. If no Qualified Bids are submitted by the Bid Deadline, 3038 will be the Successful Bidder.
2. If one or more Qualified Bids are received by the Bid Deadline:
 - a) the Receiver will advise all Qualified Bidders of the best offer (the “Lead Bid”) and invite all Qualified Bidders (including 3308) to submit new offers with an initial minimum new purchase price at least \$25,000 above the Lead Bid;
 - b) the Receiver may request that Qualified Bidders re-submit offers in as many rounds of bidding as the Receiver considers appropriate to maximize value. In each round of bidding, the Receiver will advise the Qualified Bidders of the material terms of the then best bid. The Receiver shall be entitled to establish any minimum bid increment after the first round of bidding;

⁴ Capitalized terms in this section have the meaning provided to them in the Bidding Procedures unless otherwise defined herein.

- c) If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid, then such Qualified Bidder shall not be entitled to participate in the subsequent rounds of bidding; and
 - d) If only one Qualified Bid is submitted after a round of offers, then that Qualified Bid shall be the Successful Bidder. The next best offer, as determined by the Receiver, shall be required to keep its offer open and available for acceptance until the closing of the sale to the Successful Bidder and such bidder will be the “Back-up Bidder”. If the transaction with the Successful Bidder does not close, the Receiver will work to close the transaction with the Back-up Bidder.
3. If 3308 is not the Successful Bidder, it will be paid the Bid Protections from the proceeds of sale generated from the transaction with the Successful Bidder forthwith after closing of that transaction.

3.3 Stalking Horse Sale Process Recommendation

1. KSV recommends that this Court issue an order approving the Stalking Horse Agreement and the Stalking Horse Sale Process for the following reasons:
- a) the Stalking Horse Sale Process is commercially reasonable;
 - b) although uncommon in Nova Scotia, stalking horse sale processes are commonly used to maximize recoveries in restructuring cases elsewhere in Canada;
 - c) the Bidding Procedures allow a market test for the benefit of all stakeholders and provide an opportunity to complete a transaction with greater value than the Stalking Horse Agreement;
 - d) it is in the best interest of these proceedings that the Stalking Horse Agreement be preserved in order to maximize value and to protect downside risk in the event that a superior offer is not submitted;
 - e) the value of the Stalking Horse Agreement is supported by the opinions of value received by KSV in the realtor solicitation process;
 - f) the duration of the Stalking Horse Sale Process is sufficient to allow interested parties to perform diligence and submit offers. The Real Property has been for sale since June 2016. Many of the parties that will be contacted by Keller Williams during the Stalking Horse Sale Process are familiar with this opportunity and the nature of the property is vacant lots in Halifax;

- g) the Bid Protections are reasonable in the circumstances and are consistent with such fees in other Canadian restructuring proceedings – KSV does not believe that the Bid Protections will discourage potential purchasers from participating in the Stalking Horse Sale Process; and
- h) First National is the principal economic stakeholder in these proceedings and has consented to relief sought in this motion. It is uncertain at this time whether the proceeds of realization will be sufficient to repay in full the Company's obligations to First National.

4.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that the Court make an order granting the relief detailed in Section 1.1 (1)(c) of this Supplemental Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.,
SOLELY IN ITS CAPACITY AS PROPOSED RECEIVER OF
3291735 NOVA SCOTIA LIMITED
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

Appendix “A”

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made this ____ day of May, 2018.

BETWEEN:

KSV KOFMAN INC. ("KSV"), in its capacity as court-appointed receiver of all the assets, undertakings and properties of 3291735 Nova Scotia Limited, and not in its personal capacity or in any other capacity

(in such capacity, the "**Receiver**")

- and -

3308949 NOVA SCOTIA LIMITED

(the "**Purchaser**")

RECITALS

- A. **WHEREAS** pursuant to an order of the Supreme Court of Nova Scotia (the "**Court**") issued on ●, 2018 (the "**Receivership Order**"), the Receiver was appointed as the court-appointed receiver of all of the assets, undertaking and properties of 3291735 Nova Scotia Limited (the "**Debtor**");
- B. **AND WHEREAS** pursuant to Bidding Procedures Order (as defined herein) the Receiver was authorized to enter into this Agreement and authorize the sale process with respect to the Purchased Assets (as defined herein) in accordance with the Bidding Procedures (as defined herein);
- C. **AND WHEREAS** the Purchaser has agreed: (i) to act as a "stalking horse bidder," and (ii) to purchase the Purchased Assets in the absence of a superior bid to the transaction of purchase and sale contemplated in this Agreement pursuant to the Bidding Procedures;

NOW THEREFORE, in consideration of the promises, mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the Parties (as defined hereafter), the Parties agree as follows:

ARTICLE 1
DEFINED TERMS

1.1 Definitions

In this Agreement:

"**Acceptance Date**" means the date that this Agreement is executed by and delivered to all Parties hereunder;

"**Agreement**" means this agreement of purchase and sale, including all schedules and all amendments or restatements, as permitted, and references to "**article**", "**section**" or "**schedule**" mean the specified article, section of, or schedule to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"**Bidding Procedures**" means the bidding procedures substantially in the form attached as Schedule "A";

"**Bidding Procedures Order**" has the meaning set out in Section 14.1

"**Books and Records**" means the files, documents, instruments, surveys, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise) pertaining to the Purchased Assets in the possession or control of the Receiver; provided, however, that "Books and Records" shall not include any bank or accounting records;

"**Business**" means the business carried on by the Debtor with respect to the Property;

"**Business Day**" means a day on which banks are open for business in the Halifax Regional Municipality but does not include a Saturday, Sunday or statutory holiday in the Province of Nova Scotia;

"**Claims**" means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including solicitor and client costs and disbursements, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, related to the Debtor or the Real Property, and "**Claim**" means any one of them;

"**Closing**" means the successful completion of the Transaction;

"**Closing Certificate**" means the certificate referred to in the Sale Approval Order which, when delivered to the Purchaser, has the effect of invoking the foreclosure provisions contained in the Sale Approval Order;

"**Closing Date**" means the first Business Day which is Five (5) Business Days after receipt of the Sale Approval Order;

"**Closing Time**" means 4:00 p.m. (Halifax time) on the Closing Date or such other time as agreed in writing by the Parties;

"**Confidential Information**" has the meaning given in Section 6.1 herein;

"**Contracts**" means all of the contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements and engagements to which the Debtor is a party and which relate to the Business;

"**Court**" has the meaning set out in the recitals hereof;

"**Debtor**" has the meaning set out in the recitals hereof;

"**Deposit**" has the meaning given in Section 4.2 herein;

"**Encumbrances**" means all liens, charges, security interests (whether contractual, statutory or otherwise), pledges, leases, offers to lease, title retention agreements, mortgages, restrictions on use, development or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

"**ETA**" means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended;

"**Execution Date**" means the date of execution of this Agreement by all parties;

"**Excluded Assets**" means the Receiver's and the Debtor's right, title and interest in and to any asset of the Receiver and the Debtor other than the Purchased Assets, which Excluded Assets include the Receiver's and the Debtor's right, title and interest in and to the following:

- (a) original tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of the Debtor that do not relate exclusively or primarily to any of the Purchased Assets; and
- (b) the benefit of any refundable Taxes payable or paid by the Debtor in respect of the Purchased Assets and applicable to the period prior to the Closing Date net of any amounts withheld by any taxing authority, and any claim or right of the Debtor to any refund, rebate, or credit of Taxes for the period prior to the Closing Date.

"**Excluded Liabilities**" has the meaning given in Section 3.3 herein;

"**Governmental Authority**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, republic, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and "**Governmental Authority**" means any one of them;

"**HST**" means harmonized sales tax imposed under Part IX of the ETA, as calculated in the Province in Nova Scotia;

"**ITA**" means the *Income Tax Act*, R.S.C. 1985, c.1, as amended;

"**Lands**" means the real property more particularly described at Schedule "B" hereto, including all rights and benefits appurtenant thereto;

"**LRO**" means the Land Registration Office for the Registration Division of Halifax;

"**Notice**" has the meaning given in Section 17.3 herein;

"**Parties**" means the Receiver and the Purchaser;

"**Permits**" means all the authorizations, registrations, permits, certificates of approval, approvals, consents, commitments, rights or privileges issued, granted or required by any Governmental Authority in respect of the Real Property;

"**Permitted Encumbrances**" means all those Encumbrances described in Schedule "C" hereto;

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

"**Plans**" means all plans, designs and specification in connection with the Real Property which are in the possession or control of the Receiver (it being acknowledged that the Receiver is under no obligation to incur additional expense to obtain such plans, designs and specifications);

"**Purchase Price**" has the meaning set out in Section 4.1 herein;

"**Purchased Assets**" means all of the Receiver's and the Debtor's right, title and interest in and to the following:

- (a) the full benefit of all prepaid expenses and all deposits with any Person, public utility or Governmental Authority relating to the Real Property;
- (b) the Real Property;
- (c) the Plans;
- (d) the Contracts;
- (e) the Permits, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees; and
- (f) all intellectual property, if any, owned by the Debtor with respect to the development to be completed on the Lands,

provided, however, that the Purchased Assets shall not include the Excluded Assets or the Excluded Liabilities;

"**Purchaser**" means 3308949 Nova Scotia Limited;

"**Purchaser Representatives**" has the meaning given in Section 6.1 herein;

"**Qualified Bidder**" has the meaning set out in the Bidding Procedures

"**Real Property**" means the Lands, together with all buildings, improvements and structures thereon, as well as all plans, designs and specifications in connection therewith;

"**Receiver**" has the meaning set out in the recitals hereof;

"**Receivership Order**" has the meaning set out in the recitals hereof;

"**Receiver's Solicitors**" means Cox & Palmer;

"**Rights**" has the meaning given in Section 3.1(c) herein, but only has such meaning in such Section;

"**Sale Approval Order**" means an order of the Court substantially similar to the draft order attached hereto as Schedule "D" or as otherwise, in form and substance satisfactory to the Receiver and the Purchaser acting reasonably, (i) approving this Agreement and the transactions contemplated by this Agreement, (ii) authorizing and directing the Receiver to complete the Transaction to convey to the Purchaser the Purchased Assets, and (iii) foreclosing the interest of the Debtor and all Persons claiming through the Debtor, including all Encumbrances but excluding Permitted Encumbrances;

"**Stalking Horse Bid**" has the meaning set out in Section 14.1;

"**Successful Bid**" has the meaning set out in the Bidding Procedures;

"**Taxes**" means all taxes, HST, land transfer taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, excise, real property and personal property taxes, and any related interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not;

"**Transaction**" means the transaction of purchase and sale contemplated by this Agreement;

ARTICLE 2 **SCHEDULES**

2.1 Schedules

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

<u>Schedule</u>	<u>Description</u>
Schedule A	Bidding Procedures
Schedule B	Legal Description of Lands

Schedule C Permitted Encumbrances
Schedule D Sale Approval Order

ARTICLE 3
AGREEMENT TO PURCHASE

3.1 Purchase and Sale of Purchased Assets

- (a) Relying on the representations and warranties herein, the Receiver hereby agrees to sell, assign, convey and transfer to the Purchaser, and the Purchaser hereby agrees to purchase, all right, title and interest of the Receiver and the Debtor in and to the Purchased Assets free and clear of all Encumbrances, other than the Permitted Encumbrances.
- (b) Subject to the Closing, the Receiver hereby remises, releases and forever discharges to, and in favour of, the Purchaser, all of its rights, claims and demands whatsoever in the Purchased Assets.
- (c) This Agreement or any document delivered in connection with this Agreement shall not constitute an assignment of any rights, benefits or remedies (in this Section 3.1(c), collectively, the "**Rights**") under any Permits that form part of the Purchased Assets and which are not assignable by the Receiver to the Purchaser without the required consent of the other party or parties thereto (collectively, the "**Third Party**"). To the extent any such consent is required and not obtained by the Receiver prior to the Closing Date, then, to the extent permitted by Applicable Law:
 - (i) the Receiver will, at the request, direction and cost of the Purchaser, acting reasonably, assist the Purchaser, in a timely manner and using commercially reasonable efforts, in applying for and obtaining all consents or approvals required under the Permits in a form satisfactory to the Receiver and the Purchaser, acting reasonably;
 - (ii) the Receiver will only deal with or make use of such Rights in accordance with the directions of the Purchaser;
 - (iii) at the Purchaser's cost, the Receiver will use its commercially reasonable efforts to take such actions and do such things as may be reasonably and lawfully designed to provide the benefits of the Permits to the Purchaser, including holding those Permits in trust for the benefit of the Purchaser or acting as agent for the Purchaser pending such assignment; and
 - (iv) in the event that the Receiver receives funds with respect to those Permits, the Receiver will promptly pay over to the Purchaser all such funds collected by the Receiver, net of any outstanding costs directly related to the assignment in respect of such Permits.

The provisions of this Section 3.1 shall not merge but shall survive the completion of the Transaction. Notwithstanding the forgoing, nothing herein shall prohibit the Receiver, in its sole, absolute and unfettered discretion, from seeking to be discharged as receiver of the Debtor at any time after Closing. The parties hereto hereby acknowledge and agree that the covenants of the Receiver contained in this Section 3.1 shall terminate concurrently with the discharge of the Receiver as receiver of the Debtor.

3.2 Excluded Assets

Notwithstanding anything else in this Agreement, the Purchased Assets shall not include the Excluded Assets.

3.3 Excluded Liabilities

The Purchaser is not assuming, and shall not be deemed to have assumed any liabilities, obligations or commitments of the Debtor or the Receiver or of any other Person, whether known or unknown, fixed or contingent or otherwise, including any debts, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the conduct or operation of the Business or the Debtor's ownership or interest therein, whether pursuant to this Agreement or as a result of the Transaction (collectively, the "**Excluded Liabilities**"). For greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:

- (a) except as otherwise agreed in this Agreement, all Taxes payable by the Debtor arising with respect to any period prior to the Closing Date and all Taxes payable relating to any matters or assets other than the Purchased Assets arising with respect to the period from and after the Closing Date;
- (b) any liability, obligation or commitment resulting from an Encumbrance that is not a Permitted Encumbrance;
- (c) any liability, obligation or commitment associated with any of the Excluded Assets; and
- (d) any liability, obligation or commitment in respect to Claims arising from or in relation to any facts, circumstances, events or occurrences existing or arising prior to the Closing Date.

ARTICLE 4

PURCHASE PRICE AND SATISFACTION OF PURCHASE PRICE

4.1 Purchase Price

The purchase price for the Purchased Assets shall be the aggregate of Three Million Two Hundred and Twenty Five Thousand Dollars (\$3,225,000.00) dollars, plus HST (the "**Purchase Price**").

4.2 Deposit

Within two (2) Business Days after the Acceptance Date, the Purchaser shall pay to the Receiver's Solicitors, in trust, a deposit by wire or certified cheque of Three Hundred and Twenty Two Thousand Five Hundred (\$322,500.00) dollars (being 10% of the Purchase Price), (the "**Deposit**"), which Deposit shall be held in accordance with the provisions of this Agreement pending completion or other termination of this Agreement. If this Agreement is the Successful Bid, the Deposit shall be credited and set-off against payment of the Purchase Price, as provided in Section 4.3. If this Agreement is not the Successful Bid or this Agreement is terminated other than pursuant to Section 16.1(b), the Receiver shall refund the Deposit, without interest, to the Purchaser forthwith upon the closing of the Successful Bid or the termination of this Agreement. If this Agreement is terminated by the Receiver pursuant to Section 16.1(b) because the conditions set out in Section 8.1(a) or 8.1(b) not being satisfied or waived, the Purchaser shall forfeit the Deposit.

4.3 Satisfaction of Purchase Price

The Purchaser shall indefeasibly pay and satisfy the Purchase Price as follows:

- (a) the Deposit shall be applied against the Purchase Price; and
- (b) the balance of the Purchase Price, subject to adjustments contained in this Agreement, shall be paid by wire or certified cheque on Closing by the Purchaser to the Receiver's Solicitors or as the Receiver's Solicitors may otherwise direct in writing.

4.4 Allocation of Purchase Price

The Parties, acting reasonably and in good faith, covenant to use best efforts to agree to allocate the Purchase Price among the Purchased Assets in a mutually agreeable manner on or prior to the Closing Time, provided that failure of the Parties to agree upon an allocation shall not result in the termination of this Agreement but rather shall result in the nullity of the application of this Section 4.4 of the Agreement such that each Party shall be free to make its own reasonable allocation.

4.5 Adjustment of Purchase Price

- (a) The Purchase Price shall be adjusted as of the Closing Time for any realty taxes and local improvement rates and charges (including interest thereon), utilities and any other items which are usually adjusted in purchase transactions involving assets similar to the Purchased Assets in the context of a receivership sale. The Receiver shall prepare a statement of adjustments and deliver same with all supporting documentation to the Purchaser for its approval no later than five (5) Business Days prior to the Closing Date. If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined as of the Closing Date, an estimate shall be agreed upon by the Parties as of the Closing Date based upon the best information available to the Parties at such time, each Party acting reasonably, and such estimate shall serve as a final determination. Notwithstanding any other term in this Agreement, in no event shall the Purchaser be responsible for

any charges, fees, Taxes, costs or other adjustments in any way relating to the period prior to the Closing Date or relating to the Excluded Liabilities or to any matters or assets other than the Purchased Assets for the period from and after the Closing Date.

- (b) Other than as provided for in this Section 4.5, there shall be no adjustments to the Purchase Price.

ARTICLE 5

TAXES

5.1 Taxes

The Purchaser shall be responsible for all federal and provincial sales taxes, land transfer tax, goods and services, HST and other similar taxes and duties and all registration fees payable upon or in connection with the conveyance or transfer of the Purchased Assets to the Purchaser. If the sale of the Purchased Assets is subject to HST, then such tax shall be in addition to the Purchase Price. The Receiver will not collect HST if the Purchaser provides to the Receiver a warranty that it is registered under the ETA, together with a copy of the required ETA registration at least five (5) Business Days prior to Closing, a warranty that the Purchaser shall self-assess and remit the HST payable and file the prescribed form, and an indemnity in favour of the Receiver in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the Transaction.

ARTICLE 6

ACCESS AND CONFIDENTIALITY

6.1 Confidentiality

Prior to Closing, the Purchaser shall maintain in confidence and not disclose to any Person this Agreement or the terms thereof or any information or documentation obtained, prepared or summarized by the Purchaser or its representatives (collectively, the "**Confidential Information**"), except, on a need to know basis, to those individuals employed by the Purchaser, its professional consultants, including the Purchaser's legal counsel, and to those Persons who have agreed in writing in favour of the Receiver and Purchaser not to disclose any Confidential Information (collectively, the "**Purchaser Representatives**"). The Purchaser will ensure that each Purchaser Representative treats the Confidential Information as confidential and any failure of a Purchaser Representative to do so will be a breach of this Agreement by the Purchaser.

6.2 Authorizations

Upon request, the Receiver shall provide the Purchaser with authorizations executed by the Receiver and addressed to the appropriate municipal building department, zoning department and fire department and to any other Governmental Authority, authorizing the release of any and all information on file in respect of the Purchased Assets, but such authorization shall not authorize any inspections by any Governmental Authority.

ARTICLE 7

CLOSING ARRANGEMENTS

7.1 Closing

Closing shall take place at the Closing Time at the offices of the Receiver's lawyers located in Halifax, Nova Scotia, or at such other time or at such other place as the Parties may agree in writing.

7.2 Tender

Any tender of documents or money under this Agreement may be made upon the Parties or their respective lawyers, and money shall be tendered by wire transfer of immediately available funds to the account specified by the receiving Party.

7.3 Receiver's Closing Deliverables

The Receiver covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date as expressly provided herein:

- (a) a copy of the issued Sale Approval Order with confirmation that same has been submitted for recording at the LRO;
- (b) a Receiver's Deed for the Real Property and Closing Certificate;
- (c) a statement of adjustments prepared in accordance with Section 4.5 hereof, to be delivered not less than five (5) Business Days prior to Closing;
- (d) to the extent applicable, an assignment and assumption agreement with respect to all Permits and to the extent not assignable, an agreement that the Receiver will hold same in trust for the Purchaser in accordance with the provisions of Section 3.1(c);
- (e) a certificate signed by a senior officer of the Receiver confirming that the Receiver is not a non-resident of Canada within the meaning of section 116 of the ITA and that, to the best of the Receiver's knowledge, the Debtor is not a non-resident of Canada within the meaning of the said section 116;
- (f) a certificate from the Receiver, dated as of the Closing Date, certifying:
 - (i) that, except as disclosed in the certificate, the Receiver has not been served with any notice of appeal with respect to the Sale Approval Order, or any notice of any application, motion or proceedings seeking to set aside or vary the Sale Approval Order or to enjoin, restrict or prohibit the Transaction; and

- (ii) that all representations, warranties and covenants of the Receiver contained in this Agreement are true as of the Closing Time, with the same effect as though made on and as of the Closing Time;
- (g) an acknowledgement, dated as of the Closing Date, that each of the conditions in Section 8.1 hereof have been fulfilled, performed or waived as of the Closing Time; and
- (h) such further documentation relating to the completion of the Transaction as shall be otherwise referred to herein or required by the Purchaser, acting reasonably, or by Applicable Law or any Governmental Authority.

7.4 Purchaser's Closing Deliverables

The Purchaser covenants to execute, where applicable, and deliver the following to the Receiver at Closing or on such other date as expressly provided herein:

- (a) the indefeasible payment and satisfaction in full of the Purchase Price according to Section 4.3 hereof;
- (b) an assignment and assumption agreement with respect to all Permits pertaining to the Real Property (to the extent assignable) and to the extent not assignable, an agreement that the Receiver will hold same in trust for the Purchaser in accordance with the provisions of Section 3.1(c);
- (c) a certificate from the Purchaser, dated as of the Closing Date, certifying that all representations, warranties and covenants of the Purchaser contained in Article 10 are true as of the Closing Time, with the same effect as though made on and as of the Closing Time;
- (d) if necessary, payment or evidence of payment of HST applicable to the Purchased Assets or, if applicable, appropriate tax exemption certificates with respect to HST in accordance with Article 5 hereof;
- (e) if desired, a direction directing the Receiver to convey title to any of the Purchased Assets to an entity other than the Purchaser; and
- (f) such further documentation relating to the completion of the Transaction as shall be otherwise referred to herein or required by the Receiver, acting reasonably, or by Applicable Law or any Governmental Authority.

7.5 Receiver's Certificate

Upon receipt of written confirmation from the Purchaser that all of the conditions contained in Section 8.3 have been satisfied or waived by the Purchaser, and upon satisfaction or waiver by the Receiver of all of the conditions contained in Section 8.1, the Receiver shall forthwith deliver to the Purchaser the Closing Certificate.

ARTICLE 8
CONDITIONS PRECEDENT TO CLOSING

8.1 Conditions in Favour of the Receiver

The obligation of the Receiver to complete the Transaction is subject and conditional to the satisfaction of the following conditions on or before the Closing Date:

- (a) all the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects on the Closing Date;
- (b) all the covenants of the Purchaser contained in Article 10 to be performed on or before the Closing Date shall have been duly performed by the Purchaser;
- (c) there shall be no order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets enjoining, preventing or restraining the completion of the Transaction;
- (d) This Agreement shall be the Successful Bid; and
- (e) the Court shall have issued the Bidding Procedures Order and Sale Approval Order, and the operation and effect of such orders shall not have been stayed, amended, modified, reversed or dismissed at the Time of Closing.

8.2 Conditions in Favour of Receiver Not Fulfilled

If any of the conditions contained in Section 8.1 hereof is not fulfilled on or prior to the Closing Date and such non-fulfillment is not directly or indirectly as a result of any action or omission of the Receiver, then the Receiver may, at its sole discretion (other than as stipulated below), and without limiting any rights or remedies available to it at law or in equity:

- (a) terminate this Agreement by notice to the Purchaser, in which event the Receiver shall be released from its obligations under this Agreement to complete the Transaction; or
- (b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

8.3 Conditions in Favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject and conditional to the satisfaction of the following conditions on or before the Closing Date, which conditions are inserted for the sole benefit of the Purchaser and may be waived in whole or in part at the Purchaser's sole option:

- (a) all the representations and warranties of the Receiver contained in this Agreement shall be true and correct in all material respects on the Closing Date;

- (b) all the covenants of the Receiver under this Agreement to be performed on or before the Closing Date shall have been duly performed by the Receiver;
- (c) there shall be no order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets enjoining, preventing or restraining the completion of the Transaction;
- (d) from the Acceptance Date to Closing, there shall have been no new work orders, deficiency notices, notices of violation or non-compliance or similar orders, and no new Encumbrances registered on title to the Lands or matters affecting the title to the Lands arising or registered after the Acceptance Date, in each case which are not otherwise foreclosed pursuant to the Sale Approval Order;
- (e) from the Acceptance Date to Closing, there shall not have been any emission, release, discharge, disposal, or other deposit of a hazardous substance occurring on or which has migrated onto the Lands which has a material adverse effect on the Lands, and there shall not have been any material adverse change in the condition or operation of the Lands;
- (f) This Agreement shall be the Successful Bid; and
- (g) the Court shall have issued the Bidding Procedures Order and Sale Approval Order, and the operation and effect of such orders shall not have been stayed, amended, modified, reversed or dismissed at the Time of Closing.

8.4 Conditions in Favour of Purchaser Not Fulfilled

If any of the conditions contained in Section 8.3 hereof is not fulfilled on or prior to the Closing Date and such non-fulfillment is not directly or indirectly as a result of any action or omission of the Purchaser, then the Purchaser may, in its sole discretion and without limiting its rights or remedies available at law or in equity:

- (a) terminate this Agreement by notice to the Receiver, in which event the Purchaser and the Receiver shall be released from their obligations under this Agreement to complete the Transaction and the Deposit and all interest accrued thereon shall be immediately returned to the Purchaser without deduction; or
- (b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

ARTICLE 9 REPRESENTATIONS & WARRANTIES OF THE RECEIVER

The Receiver represents and warrants to the Purchaser as follows, with the knowledge and expectation that the Purchaser is placing complete reliance thereon and, but for such representations and warranties, the Purchaser would not have entered into this Agreement:

- (a) the Receiver has all necessary power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary action on the part of the Receiver, subject to the Bidding Procedures Order. This Agreement is a valid and binding obligation of the Receiver enforceable in accordance with its terms;
- (b) the Receiver has been duly appointed as the receiver of the Real Property by the Receivership Order and such Receivership Order is in full force and effect and has not been stayed, and the Receiver has the full right, power and authority to enter into this Agreement, perform its obligations hereunder and convey all right, title and interest of the Receiver and the Debtor in and to the Purchased Assets subject to Court approval by the Sale Approval Order;
- (c) the Receiver is not a non-resident of Canada for the purposes of the ITA; and
- (d) subject to any charges created by the Receivership Order, the Receiver has done no act itself to encumber or dispose of the Purchased Assets and is not aware of any action or process pending or threatened against the Debtor that may affect its ability to convey any of the Purchased Assets as contemplated herein.

ARTICLE 10
REPRESENTATIONS & WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Receiver as follows, with the knowledge and expectation that the Receiver is placing complete reliance thereon and, but for such representations and warranties, the Receiver would not have entered into this Agreement:

- (a) the Purchaser is a corporation duly formed and validly subsisting under the laws of the Province of Nova Scotia;
- (b) the Purchaser has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. Neither the execution of this Agreement nor the performance by the Purchaser of the Transaction will violate the Purchaser's constating documents, any agreement to which the Purchaser is bound, any judgment or order of a court of competent jurisdiction or any Governmental Authority, or any Applicable Law. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable in accordance with its terms;
- (c) the Purchaser is or will be a registrant under Part IX of the ETA on the Closing Date; and
- (d) the Purchaser has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any application for a bankruptcy order filed against it, has not taken any proceeding and no proceeding has been taken to have a receiver appointed over any of its assets,

has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property.

ARTICLE 11 **COVENANTS**

11.1 Mutual Covenants

Each of the Receiver and the Purchaser hereby covenants and agrees that, from the date hereof until Closing, each shall take all such actions as are necessary to have the Transaction approved in the Sale Approval Order on substantially the same terms and conditions as are contained in this Agreement, and to take all commercially reasonable actions as are within its power to control, and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions set forth in Article 8 hereof.

11.2 Receiver Covenants

The Receiver hereby covenants and agrees that, from the date hereof until Closing, it shall use commercially reasonable efforts to provide to the Purchaser all necessary information in respect of the Debtor and the Purchased Assets reasonably required to complete the applicable tax elections in accordance with Article 5 hereof and to execute all necessary forms related thereto.

ARTICLE 12 **POSSESSION AND ACCESS PRIOR TO CLOSING**

12.1 Possession of Purchased Assets

The Receiver shall remain in possession of the Purchased Assets until the Closing Time, at which time the Purchaser shall take possession of the Purchased Assets where situated. In no event shall the Purchased Assets be sold, assigned, conveyed or transferred to the Purchaser until all the conditions set out in this Agreement and the Sale Approval Order have been satisfied or waived and the Purchaser has satisfied or the Receiver has waived all the delivery requirements outlined in Section 8.1 hereof.

12.2 Risk

- (a) The Purchased Assets shall be and remain at the risk of the Receiver until Closing and at the risk of the Purchaser from and after Closing.
- (b) If, prior to Closing, the Purchased Assets are substantially damaged or destroyed by fire, casualty or otherwise, then, at its option, the Purchaser may decline to complete the Transaction. Such option shall be exercised within fifteen (15) calendar days after notification to the Purchaser by the Receiver of the occurrence of such damage or destruction (or prior to the Closing Date if such occurrence takes place within fifteen (15) calendar days of the Closing Date), in which event this Agreement shall be terminated automatically. If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment

of any proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Purchaser shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. For the purposes of this Section 12.2(b), substantial damage or destruction shall be deemed to have occurred if the loss or damage to the Purchased Assets exceeds fifteen percent (15%) of the total Purchase Price (inclusive of the Deposit).

- (c) If, prior to the Closing Date, all or a material part of the Lands is expropriated or a notice of expropriation or intent to expropriate all or a material part of the Lands is issued by any Governmental Authority, the Receiver shall immediately advise the Purchaser thereof by Notice in writing. The Purchaser shall, by Notice in writing given within three (3) Business Days after the Purchaser receives Notice in writing from the Receiver of such expropriation, elect to either: (i) complete the Transaction contemplated herein in accordance with the terms hereof without reduction of the Purchase Price, and all compensation for expropriation shall be payable to the Purchaser and all right, title and interest of the Receiver or Debtor to such amounts, if any, shall be assigned to the Purchaser on a without recourse basis; or (ii) terminate this Agreement and not complete the Transaction, in which case all rights and obligations of the Receiver and the Purchaser (except for those obligations which are expressly stated to survive the termination of this Agreement) shall terminate, and the Deposit shall be returned to the Purchaser forthwith.

ARTICLE 13 **AS IS, WHERE IS**

13.1 Condition of the Purchased Assets

The Purchaser acknowledges that the Receiver is selling and the Purchaser is purchasing the Purchased Assets on an "*as is, where is*" and "*without recourse*" basis as the Purchased Assets shall exist on the Closing Date, including, without limitation, whatever defects, conditions, impediments, hazardous materials or deficiencies exist on the Closing Date, whether patent or latent. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that neither the Receiver nor the Debtor has guaranteed or will guarantee title to or marketability, use or quality of the Purchased Assets, that the Purchaser will conduct such inspections of the condition and title to the Purchased Assets as it deems appropriate and will satisfy itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrance, description, fitness for purpose, environmental compliance, merchantability, condition or quality, or in respect of any other matter or thing whatsoever concerning the Purchased Assets, or the right of the Receiver to sell, assign, convey or transfer same, save and except as expressly provided in this Agreement. The description of the Purchased Assets contained in this Agreement is for the purpose of identification only and no representation, warranty or condition has or will be given by the Receiver concerning the accuracy of such description.

ARTICLE 14
Bidding Procedures

14.1 Bidding Procedures

- (a) The Receiver and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to Court approval.

- (b) The Receiver and the Purchaser acknowledge and agree that the Receiver shall apply to the Court by no later than June 21, 2018, or such other date as they may agree, for an order (the “**Bidding Procedures Order**”), *inter alia*, recognizing this Agreement, and in particular the Purchase Price, as a baseline or “stalking horse bid” (the “**Stalking Horse Bid**”) and approving the Bidding Procedures, the payment of the break fee and expense reimbursement in the circumstances set out in Section 14.2, and the parties will use commercially reasonable efforts to have the Bidding Procedures Order issued. The Purchaser acknowledges and agrees that the Bidding Procedures are in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.

14.2 Break Fee and Expense Reimbursement

In consideration for the Purchaser’s expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to: (i) a break fee in the amount of \$100,000; and (ii) an expense reimbursement an amount not to exceed \$25,000, in each case payable by the Receiver to the Purchaser only in the event that a Successful Bid other than the Stalking Horse Bid is accepted by the Receiver, approved by the Court and completed. The payment of the foregoing amounts shall be approved in the Bidding Procedures Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the Successful Bid. Each of the parties hereto acknowledges and agrees that the foregoing amounts represent a fair and reasonable estimate of the costs and damages that will be incurred by the Purchaser as a result of non-completion of this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets, Business and Assumed Liabilities. For greater certainty, the Receiver shall not be liable in its personal capacity for the payment to the Purchaser of the foregoing break fee and expense reimbursement. The Purchaser agrees to indemnify and hold harmless the Receiver (and its shareholders, directors, officers and employees) from and against any Tax, interest and penalties assessed, reassessed or imposed upon the Receiver or the Debtor as a result of or in connection with the failure to withhold or remit any amount required to be withheld and remitted under Part XIII of the ITA in respect the break fee or expense reimbursement payable pursuant to this Section 14.2.

ARTICLE 15
POST-CLOSING MATTERS

15.1 Books and Records

The Purchaser shall keep and maintain the Books and Records for a period of Two (2) years from the Closing Date, or for any longer period as may be required by Applicable Law or Governmental Authority or as requested by the Receiver (the “**Retention Period**”). Upon reasonable advance notice, during such Two (2) year period after the Closing Date, the Purchaser will grant the Receiver and the Debtor and, in the event the Debtor is adjudged bankrupt, any trustee of the estate of the Debtor and their respective representatives, reasonable access during normal business hours to use and copy the Books and Records at the sole cost of the Receiver or bankruptcy trustee of the estate of the Debtor, as the case may be, and at no cost to the Purchaser. After the Retention Period, the Purchaser shall give the Receiver 30 days’ prior written notice of its intent to destroy the Books and Records. The parties agree that the covenants of the Purchaser in this Section 15.1 shall survive the closing of the Transaction.

ARTICLE 16
TERMINATION

16.1 Termination of this Agreement

This Agreement may be validly terminated:

- (a) upon the mutual written agreement of the Parties;
- (b) pursuant to Section 8.2 hereof by the Receiver;
- (c) pursuant to Section (f) hereof by the Purchaser; or
- (d) pursuant to Section 12.2 hereof.

16.2 Remedies for Breach of Agreement

If this Agreement is terminated as a result of any breach of a representation, warranty, covenant or obligation of the Receiver, the Purchaser shall be entitled to the return of the Deposit without deduction, which shall be returned to the Purchaser forthwith, and this shall be the Purchaser's sole right and remedy pursuant to this Agreement or at law as a result of the Receiver's breach. If this Agreement is terminated as a result of a breach of a representation, warranty, covenant or obligation of the Purchaser, the Deposit shall be forfeited to the Receiver as liquidated damages and not as a penalty, which Deposit the Parties agree is a genuine estimate of the liquidated damages that the Receiver would suffer in such circumstances, and this shall be the Receiver's sole right and remedy pursuant to this Agreement or at law as a result of the Purchaser's breach.

16.3 Termination If No Breach of Agreement

If this Agreement is terminated other than as a result of a breach of a representation, warranty, covenant or obligation of a Party, then the parties hereto shall be released from all obligations and

liabilities hereunder, other than their obligations under Article 6, and the Deposit shall be forthwith returned to the Purchaser without deduction.

ARTICLE 17
GENERAL CONTRACT PROVISIONS

17.1 Further Assurances

From time to time after Closing, each of the Parties shall execute and deliver such further documents and instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and which are not inconsistent with the terms hereof, including, at the Purchaser's request and expense, the Receiver shall execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of the Parties or their counsel, acting reasonably, be reasonably required to effectually carry out the intent of this Agreement and transfer the Purchased Assets to the Purchaser.

17.2 Survival Following Completion

Notwithstanding any other provision of this Agreement, Article 9, Article 10, Section 16.2 and Section 16.3 shall survive the termination of this Agreement and the completion of the Transaction, provided, however, that upon the discharge of the Receiver, the Parties' respective obligations by reason of this Agreement shall end completely and they shall have no further or continuing obligations by reason thereof.

17.3 Notice

All notices, requests, demands, waivers, consents, agreements, approvals, communications or other writings required or permitted to be given hereunder or for the purposes hereof (each, a "Notice") shall be in writing and be sufficiently given if personally delivered, sent by prepaid registered mail or transmitted by email, addressed to the Party to whom it is given, as follows:

(a) to the Receiver:

KSV Kofman Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

Attention: Robert Kofman and Noah Goldstein
Tel: (416) 932-6228 / (416) 932-6207
Email: bkofman@ksvadvisory.com / ngoldstein@ksvadvisory.com

and a copy to the Receiver's counsel to:

Cox & Palmer
Purdy's Wharf Tower I,
1100-1959 Upper Water Street
Halifax NS B3J 3N2

Attention: Gavin MacDonald
Tel: (902) 491-4464
Email: gmacdonald@coxandpalmer.com

(b) to the Purchaser:

3308949 Nova Scotia Limited. and a copy to the Purchaser's counsel to:

McInnes Cooper
1969 Upper Water St, Suite 1300
Purdy's Wharf Tower II
Halifax, NS B3J 3R7

Attention: Elias Metlej
Tel: 902.444.8663
Email: elias.metlej@mcinnescooper.com

or such other address of which Notice has been given. Any Notice mailed as aforesaid will be deemed to have been given and received on the third (3rd) Business Day following the date of its mailing. Any Notice personally delivered will be deemed to have been given and received on the day it is personally delivered, provided that if such day is not a Business Day, the Notice will be deemed to have been given and received on the Business Day next following such day. Any Notice transmitted by email will be deemed given and received on the first (1st) Business Day after its transmission.

If a Notice is mailed and regular mail service is interrupted by strike or other irregularity on or before the fourth (4th) Business Day after the mailing thereof, such Notice will be deemed to have not been received unless otherwise personally delivered or transmitted by email.

17.4 Waiver

No Party will be deemed or taken to have waived any provision of this Agreement unless such waiver is in writing and such waiver will be limited to the circumstance set forth in such written waiver.

17.5 Consent

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit or the requirement for such consent is not required pursuant to the terms of the Sale Approval Order, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

17.6 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein. The Parties irrevocably attorn to the jurisdiction of the courts of the Province of Nova Scotia. The Parties consent to the exclusive

jurisdiction and venue of the Court for the resolution of any disputes among them, regardless of whether or not such disputes arose under this Agreement.

17.7 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings between the Parties. There are not and will not be any verbal statements, representations, warranties, undertakings or agreements between the Parties. This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties. The recitals herein are true and accurate, both in substance and in fact.

17.8 Time of the Essence

Time will be of the essence, provided that if the Parties establish a new time for the performance of an obligation, time will again be of the essence of the new time established.

17.9 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

17.10 Assignment

This Agreement will enure to the benefit of and be binding on the Parties and their respective heirs, executors, legal and personal administrators, successors and permitted assigns. The Purchaser may not assign this Agreement without the Receiver's prior written approval, which approval shall be in the Receiver's sole, absolute and unfettered discretion. Notwithstanding the foregoing, up until closing, the Purchaser shall have the right to direct that title to the Lands be taken in the name of another person, entity, joint venture, partnership or corporation (presently in existence or to be incorporated) that is an affiliate of the Purchaser, provided that the Purchaser shall not be released from any and all obligations and liabilities hereunder until after the Closing of the transaction. The forgoing right may only be exercised once by the Purchaser. Any other requested direction of title shall require the Receiver's prior written approval, which approval shall be in the Receiver's sole, absolute and unfettered discretion.

17.11 Expenses

Except as otherwise set out in this Agreement, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.

17.12 Severability

If any portion of this Agreement is prohibited in whole or in part in any jurisdiction, such portion shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating

the remaining portions of this Agreement and shall, as to such jurisdiction, be deemed to be severed from this Agreement to the extent of such prohibition.

17.13 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

17.14 Cumulative Remedies

Unless otherwise expressly stated in this Agreement, no remedy conferred upon or reserved to one or both of the Parties is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

17.15 Currency

All references to dollar amounts contained in this Agreement shall be deemed to refer to lawful currency of Canada.

17.16 Receiver's Capacity

It is acknowledged by the Purchaser that the Receiver is entering into this Agreement solely in its capacity as Court-appointed receiver of the Property and that the Receiver shall have absolutely no personal or corporate liability under or as a result of this Agreement in any respect.

17.17 No Third Party Beneficiaries

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns. No other person or entity shall be regarded as a third party beneficiary of this Agreement.

17.18 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

17.19 Counterparts

This Agreement may be executed in counterparts and by facsimile or PDF, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

KSV KOFMAN INC., in its capacity as Court appointed receiver of **3291735 NOVA SCOTIA LIMITED** and not in its personal capacity

Per: _____
Name: Robert Kofman
Title: President and Managing Director

3308949 Nova Scotia Limited

Per: _____
Name: _____
Title: Authorized Signing Officer

Schedule A

Bidding Procedures

Set forth below are the bidding procedures (the “**Bidding Procedures**”) to be employed with respect to the sale (the “**Sale**”) of the property and assets of the Corporation known as Units 1 to 6, 1021 Beaufort Avenue, Halifax, Nova Scotia and more particularly identified as PIDs 41457615, 41457623, 41457631, 41457649, 41457656, and 41457664 (collectively, the “**Purchased Assets**”) of 3291735 Nova Scotia Limited (the “**Corporation**”) by KSV Kofman Inc., in its capacity as the Court-appointed receiver of the Corporation (the “**Receiver**”).

On _____, 2018, the Court issued an order (the “**Bidding Procedures Order**”) approving and accepting for the purpose of conducting a “stalking horse” sales process (the “**Stalking Horse Process**”) in accordance with these Bidding Procedures that certain asset purchase agreement dated _____, 2018 (the “**Stalking Horse Bid**”) between the Receiver and 3308949 Nova Scotia Limited (the “**Stalking Horse Bidder**”), including, without limitation, the payment of a break fee and expense reimbursement (the “**Break Fee and Expense Reimbursement**”) by the Receiver to the Stalking Horse Bidder in accordance with the provisions of the Stalking Horse Bid, and approving these Bidding Procedures. All amounts specified herein are in Canadian dollars.

Subject to Court availability, within five (5) business days following the Auction (defined below), the Receiver shall bring a motion (the “**Sale Approval Motion**”) seeking the granting of an order by the Court authorizing and approving the Sale of the Purchased Assets to the Qualified Bidder making the Successful Bid (each as defined below) (the “**Successful Bidder**”) (such order, as approved, the “**Sale Approval Order**”).

Assets to Be Sold

The Receiver is offering for sale all of the Corporation’s right, title and interest in and to all of the Purchased Assets and encourages bids for all the Purchased Assets, in whole and not in part.

The Bidding Process

The Receiver has retained Keller Williams Select Realty (the “**Realtor**”) to act as listing agent for the Purchased Assets. The Bidding Procedures Order approved the appointment of the Realtor and the process described by the Receiver in its supplemental report dated May 2, 2018 (the “**Bidding Process**”), which is set out below. The Receiver shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the Bidding Process, *provided, however*, that the adoption of any rule that materially deviates from these Bidding Procedures shall require the consent of the Stalking Horse Bidder herein.

Participation Requirements

“**Qualified Bidder**” is a bidder who submits a bid in substantially the same form as the Stalking Horse Bid, for a Purchase Price of at least \$3,400,000 which is the amount of the Stalking Horse Bid, plus the bid protections and \$50,000 and includes the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria is a qualified bid. For greater certainty, the Stalking Horse Bid is a qualified bid.

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials (defined below) to the Realtor not later than 5:00 p.m. (prevailing Atlantic time) on or around June 8, 2018 (the “**Bid Deadline**”).

Bid Requirements

All bids (other than the Stalking Horse Bid) must include, unless such requirement is waived by the Receiver, the following (collectively, the “**Required Bid Terms and Materials**”):

- (i) A base cash purchase price equal to or greater than \$3,400,000, plus HST, being the Stalking Horse Bid (\$3,225,000) plus the break fee (\$100,000), expense reimbursement (\$25,000) and \$50,000;
- (ii) A provision stating that the bidder’s offer is irrevocably open for acceptance until the first business day after the Purchased Assets have been sold pursuant to the closing of the sale approved by the Court;
- (iii) An executed copy of a proposed purchase agreement and a redline of the bidder’s proposed purchase agreement reflecting variations from the Stalking Horse Bid (the “**Marked Agreement**”); and
- (iv) A cash deposit in the amount of not less than \$322,500 in the form of a wire transfer, certified cheque or such other form acceptable to the Receiver (the “**Bid Deposit**”), which shall be held in the trust account of the Receiver’s solicitors (the “**Escrow Account**”). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be applied without interest to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the expiration of its offer.

A bid received from a Qualified Bidder that includes all of the Required Bid Terms and Materials and is received by the Bid Deadline is a “**Qualified Bid**”. The Receiver reserves the right to determine the value of any Qualified Bid, and which Qualified Bid constitutes the best offer (the “**Lead Bid**”). Details of the Lead Bid will be provided to all Qualified Bidders after the Bid Deadline.

Notwithstanding the bid requirements detailed above, the Stalking Horse Bid shall be deemed a Qualified Bid.

Credit Bidding

No person shall be permitted to credit bid the indebtedness owed to them by the Corporation in connection with the making of a Qualified Bid or in the conduct of the Auction.

“As Is, Where Is, With All Faults”

The sale of the Purchased Assets shall be on an “as is, where is” and “with all faults” basis and without representations, warranties, or guarantees, express, implied or statutory, written or oral, of any kind, nature, or description by the Receiver or its agents, representatives, partners or employees, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive purchase agreement with the Receiver. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Purchased Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Purchased Assets, the financial performance of the Purchased Assets or the physical condition or location of the Purchased Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures or as set forth in a definitive purchase agreement with the Receiver.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Bid or another Successful Bidder’s purchase agreement, and subject to any permitted encumbrances therein, all of the Corporation’s right, title and interest in and to the Purchased Assets shall be sold free and clear of all liens and encumbrances pursuant to the Sale Approval Order except for Permitted Encumbrances (as defined in the Stalking Horse Bid).

The Sale Process

If one or more Qualified Bids (other than that submitted by the Stalking Horse Bidder) have been received by the Receiver on or before the Bid Deadline, the Receiver shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to submit new offers with a minimum new purchase price at least \$25,000 above the Lead Bid (the “**Minimum Bid Increment**”). The Qualified Bidder who submitted the Lead Bid may, but is not obligated to, submit a new offer. The Receiver may amend the Minimum Bid Increment in each subsequent round of bidding, if any.

If no Qualified Bid is submitted by the Bid Deadline or all Qualified Bids that have been submitted have been withdrawn prior to the Bid Deadline, then the Stalking Horse Bid shall be the Successful Bid, and the Stalking Horse Bidder shall be the Successful Bidder.

Receiver To Determine Highest and/or Best Bid: The Receiver shall determine, in its reasonable business judgment, which Qualified Bid is the Lead Bid and which bid after each round of offers is the then-prevailing highest and/or best bid. In making such determination, the Receiver may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any; (iii) the ability of the Qualified Bidder in question to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Receiver deems relevant in its reasonable business judgment. At the end of each round of offers, the Receiver shall advise the Qualified Bidders of the material terms of the then highest and/or best bid, and the basis for calculating the total consideration offered in such offer. If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Bid Increment), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

If only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bidder. The next highest offer, as determined by the Receiver, shall be required to keep its offer open and available for acceptance until Court approval of the offer made by the Successful Bidder and the closing of the sale to the Successful Bidder.

Highest versus Best Offer

In determining the Lead Bid, the highest and/or best offer during each round of offers, and the Successful Bid, the Receiver is not required to select the offer with the highest purchase price and may, exercising its reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Receiver may give such weight to the non-monetary considerations as it determines, exercising its reasonable business judgment, is appropriate and reasonable, including those considerations described above under “Receiver To Determine Highest and/or Best Bid”.

Break Fee and Expense Reimbursement

To provide an incentive and to compensate the Stalking Horse Bidder for performing the substantial due diligence and incurring the expenses necessary in entering into the Stalking Horse Bid with the knowledge and risk that arises from participating in the sale and subsequent bidding process, the Receiver has agreed to pay the Stalking Horse Bidder, under the conditions outlined herein and in the Stalking Horse Bid, the Break Fee in the amount of \$100,000 and an Expense Reimbursement on account of its reasonable and documented fees and expenses, up to a maximum of \$25,000. The Receiver will take into account the Break Fee and Expense Reimbursement in each round of bidding with respect to the Stalking Horse Bidder.

The Break Fee and Expense Reimbursement were material inducements for, and a condition of, the Stalking Horse Bidder's entry into the Stalking Horse Bid. The Break Fee and Expense Reimbursement, if payable in accordance with the Stalking Horse Bid, shall be paid in accordance with the Stalking Horse Bid and the Bidding Procedures Order.

Sale Approval Motion Hearing

The Sale Approval Motion shall, subject to court availability, be made returnable on or before June 21, 2018, at 9:30 a.m. (prevailing Atlantic Time) in the Court. The Receiver, in the exercise of its business judgement, reserves its right to the extent consistent with the Stalking Horse Bid to change the date of the hearing of Sale Approval Motion in order to achieve the maximum value for the Assets.

At the hearing of the Sale Approval Motion, the Receiver shall, among other things, seek approval from the Court to consummate the Successful Bid.

Acceptance of Qualified Bids

The sale of the Purchased Assets to any Successful Bidder by the Receiver is expressly conditional upon the approval of the Successful Bid by the Court at the hearing of the Sale Approval Motion. The Receiver's presentation of the Successful Bid to the Court for approval does not obligate the Receiver to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Receiver will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Sale Approval Motion.

Miscellaneous

The Sale Process and these Bidding Procedures are solely for the benefit of the Receiver and nothing contained in the Bidding Procedures Order or these Bidding Procedures shall create any rights in any other person (including, without limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Bidding Procedures Order. The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.

Except as provided in the Bidding Procedures Order and Bidding Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Bidding Procedures Order, the Stalking Horse Process and the Bidding Procedure.

Schedule B

Legal Description of the Lands

PID 41457615

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #1
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457623

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #2
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457631

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #3
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457649

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #4
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457656

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #5
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457664

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX

HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #6
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

Schedule C

Permitted Encumbrances

1. Development Agreement with Halifax Regional Municipality recorded November 9, 2015 as Document No. 108075806
2. Utility Easement in as described in a deed recorded August 3, 20156 in Book 1417 at Page 332 as Document No. 11540, which was partially released by instrument recorded March 3, 2017 as Document No. 110412823
3. Service Easement in favour of Halifax Regional Water Commission recorded February 27, 2107 as Document No. 110379774
4. Easement in favour of Halifax Regional Municipality (as successor to the City of Halifax) recorded April 1, 1966 in Book 2106 at Page 391 as Document No. 6579
5. Utility Easement in favour of Nova Scotia Power Inc. recorded April 20, 2017 as Document No. 110629756
6. Declaration and By-laws of Halifax County Condominium Corporation No. 412 as recorded June 5, 2017 as Document No. 110862068

Schedule D

Form of Sale Approval Order

2018

Hfx No. 474742

Supreme Court of Nova Scotia
In Bankruptcy and Insolvency

IN THE MATTER OF: the Receivership of 3291735 Nova Scotia Limited

BETWEEN

**FIRST NATIONAL GP CORPORATION and
FIRST NATIONAL FINANCIAL LP**

Applicants

And

3291735 NOVA SCOTIA LIMITED

Respondent

Order for Sale of Property

BEFORE THE HONOURABLE JUSTICE _____ IN CHAMBERS

Upon the motion of KSV Kofman Inc., in its capacity as Court-appointed receiver of the assets of the Respondent (the "**Receiver**") for an order:

- (i) approving the sale transaction (the "**Transaction**") of certain assets contemplated by an asset purchase agreement dated as of _____ (the "**APA**") between the Receiver and _____ ("**Purchaser**") and transferring to Purchaser all the Respondent's right, title and interest in and to certain assets of the Respondent described in the APA and the schedules thereto (the "**Purchased Assets**"),
- (ii) foreclosing and barring certain interests in the Purchased Assets and transferring to Purchaser all the Respondent's right, title and interest in and to the Purchased Assets, and
- (iii) approving the actions of the Receiver to date,

And upon reading the ____ Report of the Receiver dated _____ (the "**Report**") and the other material on file herein;

And upon hearing Gavin MacDonald on behalf of the Receiver in support hereof;

Now upon motion it is hereby ordered that:

1. The time for service of the Notice of Motion is hereby abridged and validated so that this Motion is properly returnable today and further service thereof is hereby dispensed with.
2. Unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the APA.
3. The Transaction is hereby approved, and the execution and delivery of the APA by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver and Purchaser may agree to. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents, including a deed, bill of sale, assignment or general conveyance document, as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to Purchaser, or to Purchaser's assignee, nominee or designate, as the case may be, pursuant to the APA.
4. Upon the delivery of a Receiver's Deed and a Receiver's Certificate, the Receiver's Certificate to be substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), to Purchaser and closing the Transaction in accordance with the APA, all of the Respondent's right, title and interest in and to the Purchased Assets, and the right, title and interest of all those claiming through the Respondent in and to such Purchased Assets are forever barred and foreclosed.
5. With respect to the real property located in the Province of Nova Scotia as more particularly described within Schedule "D" hereto (the "**Nova Scotia Real Property**"):
 - (i) the interests of the Receiver and all those claiming through the Respondent shall be foreclosed and forever barred as against the Nova Scotia Real Property, subject to any applicable permitted encumbrances, easements or restrictive covenants listed on Schedule "C" hereto and any obligations or liabilities assumed by Purchaser pursuant to the APA; and
 - (ii) upon the registration of a Form 24 attaching a certified copy of this Order, with an applicable certificate of legal effect from the recording solicitor, in the applicable Land Registration Office, the Registrar for that Registration District shall remove and release all applicable registered encumbrances listed in Schedule "B" hereto, leaving in place only those permitted encumbrances, easements and restrictive covenants listed on Schedule "C" hereto.
6. Notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of the

Respondent and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Respondent,

the entering into of the APA, the transfer of the Purchased Assets to Purchaser or Purchaser's assignee, nominee or designate as the case may be, and the foreclosure and barring of claims as against the Purchased Assets shall be binding on any trustee in bankruptcy that may be appointed in respect of the Respondent and shall not be void or voidable by creditors of the Respondent, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, any other applicable federal or provincial legislation or otherwise at law or equity, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant, to any applicable federal or provincial legislation.

7. The actions of the Receiver as set out in the _____ Report be and are hereby approved.
8. For the purpose of determining the nature and priority of any claims to the Purchased Assets foreclosed by operation of this Order ("**Claims**"), the net proceeds from such sales shall stand in the place and stead of the sold property, and from and after the closing of the sale transactions, all Claims shall attach to the net proceeds from the sale with the same priority as they had with respect to the sold property immediately prior to the sale.

Issued _____, 2018

Prothonotary

Schedule "A"

2018

Hfx No. 474742

Supreme Court of Nova Scotia
In Bankruptcy and Insolvency

IN THE MATTER OF: the Receivership of 3291735 Nova Scotia Limited

BETWEEN

**FIRST NATIONAL GP CORPORATION and
FIRST NATIONAL FINANCIAL LP**

Applicants

and

3291735 NOVA SCOTIA LIMITED

Respondent

Receiver's Certificate

- A. Pursuant to an Order of this Court dated _____ (the "**Receivership Order**"), _____ (the "**Receiver**") was appointed as the receiver of the assets and undertaking of the Respondent.
- B. The Receiver and _____ (the "**Purchaser**") have entered into an agreement of purchase and sale accepted _____ (the "**APA**") for an *en block* offer of all of the assets of the Respondent (the "**Assets**").
- C. The Order of this Court issued _____, 2018 provided for the sale of the Assets to the Purchaser, or its assignee, as the case may be (the "**Grantee**"), and forever barring and foreclosing the interest of the Respondent and all those claiming through it, which foreclosure is to be effective with respect to the Property upon delivery by the Receiver to the Grantee of a certificate in this form.

THE RECEIVER CERTIFIES AS FOLLOWS:

1. The Grantee has paid and the Receiver (or its agent) has received the purchase price for the Assets payable on the closing date contemplated by the APA.
2. The conditions to closing set out in the APA have been satisfied or waived by the Receiver and Grantee.
3. The sale contemplated by the APA has been completed to the satisfaction of the Receiver.

DATED the ____ day of _____, 20__.

KSV Kofman Inc., in its capacity as court-appointed receiver of **3291735 Nova Scotia Limited** and not in its personal capacity

Per: _____
Name:
Title:

Schedule "B"
Encumbrances to be Discharged

Real Property Encumbrances

1.

Personal Property Encumbrances

1.

Schedule "C"
Permitted Encumbrances

1.

**Schedule "D"
Property**

All the land and premises identified as follows:

[Legal Descriptions to be inserted]

Appendix “B”

Schedule A

Bidding Procedures

Set forth below are the bidding procedures (the “**Bidding Procedures**”) to be employed with respect to the sale (the “**Sale**”) of the property and assets of the Corporation known as Units 1 to 6, 1021 Beaufort Avenue, Halifax, Nova Scotia and more particularly identified as PIDs 41457615, 41457623, 41457631, 41457649, 41457656, and 41457664 (collectively, the “**Purchased Assets**”) of 3291735 Nova Scotia Limited (the “**Corporation**”) by KSV Kofman Inc., in its capacity as the Court-appointed receiver of the Corporation (the “**Receiver**”).

On _____, 2018, the Court issued an order (the “**Bidding Procedures Order**”) approving and accepting for the purpose of conducting a “stalking horse” sales process (the “**Stalking Horse Process**”) in accordance with these Bidding Procedures that certain asset purchase agreement dated _____, 2018 (the “**Stalking Horse Bid**”) between the Receiver and 3308949 Nova Scotia Limited (the “**Stalking Horse Bidder**”), including, without limitation, the payment of a break fee and expense reimbursement (the “**Break Fee and Expense Reimbursement**”) by the Receiver to the Stalking Horse Bidder in accordance with the provisions of the Stalking Horse Bid, and approving these Bidding Procedures. All amounts specified herein are in Canadian dollars.

Subject to Court availability, within five (5) business days following the Auction (defined below), the Receiver shall bring a motion (the “**Sale Approval Motion**”) seeking the granting of an order by the Court authorizing and approving the Sale of the Purchased Assets to the Qualified Bidder making the Successful Bid (each as defined below) (the “**Successful Bidder**”) (such order, as approved, the “**Sale Approval Order**”).

Assets to Be Sold

The Receiver is offering for sale all of the Corporation’s right, title and interest in and to all of the Purchased Assets and encourages bids for all the Purchased Assets, in whole and not in part.

The Bidding Process

The Receiver has retained Keller Williams Select Realty (the “**Realtor**”) to act as listing agent for the Purchased Assets. The Bidding Procedures Order approved the appointment of the Realtor and the process described by the Receiver in its supplemental report dated May 2, 2018 (the “**Bidding Process**”), which is set out below. The Receiver shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the Bidding Process, *provided, however*, that the adoption of any rule that materially deviates from these Bidding Procedures shall require the consent of the Stalking Horse Bidder herein.

Participation Requirements

“**Qualified Bidder**” is a bidder who submits a bid in substantially the same form as the Stalking Horse Bid, for a Purchase Price of at least \$3,400,000 which is the amount of the Stalking Horse Bid, plus the bid protections and \$50,000 and includes the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria is a qualified bid. For greater certainty, the Stalking Horse Bid is a qualified bid.

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials (defined below) to the Realtor not later than 5:00 p.m. (prevailing Atlantic time) on or around June 8, 2018 (the “**Bid Deadline**”).

Bid Requirements

All bids (other than the Stalking Horse Bid) must include, unless such requirement is waived by the Receiver, the following (collectively, the “**Required Bid Terms and Materials**”):

- (i) A base cash purchase price equal to or greater than \$3,400,000, plus HST, being the Stalking Horse Bid (\$3,225,000) plus the break fee (\$100,000), expense reimbursement (\$25,000) and \$50,000;
- (ii) A provision stating that the bidder’s offer is irrevocably open for acceptance until the first business day after the Purchased Assets have been sold pursuant to the closing of the sale approved by the Court;
- (iii) An executed copy of a proposed purchase agreement and a redline of the bidder’s proposed purchase agreement reflecting variations from the Stalking Horse Bid (the “**Marked Agreement**”); and
- (iv) A cash deposit in the amount of not less than \$322,500 in the form of a wire transfer, certified cheque or such other form acceptable to the Receiver (the “**Bid Deposit**”), which shall be held in the trust account of the Receiver’s solicitors (the “**Escrow Account**”). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be applied without interest to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the expiration of its offer.

A bid received from a Qualified Bidder that includes all of the Required Bid Terms and Materials and is received by the Bid Deadline is a “**Qualified Bid**”. The Receiver reserves the right to determine the value of any Qualified Bid, and which Qualified Bid constitutes the best offer (the “**Lead Bid**”). Details of the Lead Bid will be provided to all Qualified Bidders after the Bid Deadline.

Notwithstanding the bid requirements detailed above, the Stalking Horse Bid shall be deemed a Qualified Bid.

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No person shall be permitted to credit bid the indebtedness owed to them by the Corporation in connection with the making of a Qualified Bid or in the conduct of the Auction.

“As Is, Where Is, With All Faults”

The sale of the Purchased Assets shall be on an “as is, where is” and “with all faults” basis and without representations, warranties, or guarantees, express, implied or statutory, written or oral, of any kind, nature, or description by the Receiver or its agents, representatives, partners or employees, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive purchase agreement with the Receiver. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Purchased Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Purchased Assets, the financial performance of the Purchased Assets or the physical condition or location of the Purchased Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures or as set forth in a definitive purchase agreement with the Receiver.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Bid or another Successful Bidder’s purchase agreement, and subject to any permitted encumbrances therein, all of the Corporation’s right, title and interest in and to the Purchased Assets shall be sold free and clear of all liens and encumbrances pursuant to the Sale Approval Order except for Permitted Encumbrances (as defined in the Stalking Horse Bid).

The Sale Process

If one or more Qualified Bids (other than that submitted by the Stalking Horse Bidder) have been received by the Receiver on or before the Bid Deadline, the Receiver shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to submit new offers with a minimum new purchase price at least \$25,000 above the Lead Bid (the “**Minimum Bid Increment**”). The Qualified Bidder who submitted the Lead Bid may, but is not obligated to, submit a new offer. The Receiver may amend the Minimum Bid Increment in each subsequent round of bidding, if any.

If no Qualified Bid is submitted by the Bid Deadline or all Qualified Bids that have been submitted have been withdrawn prior to the Bid Deadline, then the Stalking Horse Bid shall be the Successful Bid, and the Stalking Horse Bidder shall be the Successful Bidder.

Receiver To Determine Highest and/or Best Bid: The Receiver shall determine, in its reasonable business judgment, which Qualified Bid is the Lead Bid and which bid after each round of offers is the then-prevailing highest and/or best bid. In making such determination, the Receiver may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any; (iii) the ability of the Qualified Bidder in question to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Receiver deems relevant in its reasonable business judgment. At the end of each round of offers, the Receiver shall advise the Qualified Bidders of the material terms of the then highest and/or best bid, and the basis for calculating the total consideration offered in such offer. If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Bid Increment), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

If only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bidder. The next highest offer, as determined by the Receiver, shall be required to keep its offer open and available for acceptance until Court approval of the offer made by the Successful Bidder and the closing of the sale to the Successful Bidder.

Highest versus Best Offer

In determining the Lead Bid, the highest and/or best offer during each round of offers, and the Successful Bid, the Receiver is not required to select the offer with the highest purchase price and may, exercising its reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Receiver may give such weight to the non-monetary considerations as it determines, exercising its reasonable business judgment, is appropriate and reasonable, including those considerations described above under “Receiver To Determine Highest and/or Best Bid”.

Break Fee and Expense Reimbursement

To provide an incentive and to compensate the Stalking Horse Bidder for performing the substantial due diligence and incurring the expenses necessary in entering into the Stalking Horse Bid with the knowledge and risk that arises from participating in the sale and subsequent bidding process, the Receiver has agreed to pay the Stalking Horse Bidder, under the conditions outlined herein and in the Stalking Horse Bid, the Break Fee in the amount of \$100,000 and an Expense Reimbursement on account of its reasonable and documented fees and expenses, up to a maximum of \$25,000. The Receiver will take into account the Break Fee and Expense Reimbursement in each round of bidding with respect to the Stalking Horse Bidder.

The Break Fee and Expense Reimbursement were material inducements for, and a condition of, the Stalking Horse Bidder's entry into the Stalking Horse Bid. The Break Fee and Expense Reimbursement, if payable in accordance with the Stalking Horse Bid, shall be paid in accordance with the Stalking Horse Bid and the Bidding Procedures Order.

Sale Approval Motion Hearing

The Sale Approval Motion shall, subject to court availability, be made returnable on or before June 21, 2018, at 9:30 a.m. (prevailing Atlantic Time) in the Court. The Receiver, in the exercise of its business judgement, reserves its right to the extent consistent with the Stalking Horse Bid to change the date of the hearing of Sale Approval Motion in order to achieve the maximum value for the Assets.

At the hearing of the Sale Approval Motion, the Receiver shall, among other things, seek approval from the Court to consummate the Successful Bid.

Acceptance of Qualified Bids

The sale of the Purchased Assets to any Successful Bidder by the Receiver is expressly conditional upon the approval of the Successful Bid by the Court at the hearing of the Sale Approval Motion. The Receiver's presentation of the Successful Bid to the Court for approval does not obligate the Receiver to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Receiver will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Sale Approval Motion.

Miscellaneous

The Sale Process and these Bidding Procedures are solely for the benefit of the Receiver and nothing contained in the Bidding Procedures Order or these Bidding Procedures shall create any rights in any other person (including, without limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Bidding Procedures Order. The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.

Except as provided in the Bidding Procedures Order and Bidding Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Bidding Procedures Order, the Stalking Horse Process and the Bidding Procedure.

Schedule B

Legal Description of the Lands

PID 41457615

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #1
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457623

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #2
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457631

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #3
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457649

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #4
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457656

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX
HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #5
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

PID 41457664

Registration County: HALIFAX COUNTY
Street/Place Name: BEAUFORT AVENUE /HALIFAX

HALIFAX COUNTY Condominium Corporation No.: 412
Designation of Parcel: UNIT #6
Condominium Corporation Declaration Number: 110862068
Registration Date of Condominium Declaration: 2017-06-05 03:06:59

*** Municipal Government Act, Part IX Compliance is not applicable for CONDOMINIUM UNITS. ***

TOGETHER with the common interest appurtenant thereto.

SUBJECT to the Declaration and By-Laws of HALIFAX COUNTY Condominium Corporation No. 412.

Schedule C

Permitted Encumbrances

1. Development Agreement with Halifax Regional Municipality recorded November 9, 2015 as Document No. 108075806
2. Utility Easement in as described in a deed recorded August 3, 2015 in Book 1417 at Page 332 as Document No. 11540, which was partially released by instrument recorded March 3, 2017 as Document No. 110412823
3. Service Easement in favour of Halifax Regional Water Commission recorded February 27, 2017 as Document No. 110379774
4. Easement in favour of Halifax Regional Municipality (as successor to the City of Halifax) recorded April 1, 1966 in Book 2106 at Page 391 as Document No. 6579
5. Utility Easement in favour of Nova Scotia Power Inc. recorded April 20, 2017 as Document No. 110629756
6. Declaration and By-laws of Halifax County Condominium Corporation No. 412 as recorded June 5, 2017 as Document No. 110862068

Schedule D

Form of Sale Approval Order

2018

Hfx No. 474742

Supreme Court of Nova Scotia
In Bankruptcy and Insolvency

IN THE MATTER OF: the Receivership of 3291735 Nova Scotia Limited

BETWEEN

**FIRST NATIONAL GP CORPORATION and
FIRST NATIONAL FINANCIAL LP**

Applicants

And

3291735 NOVA SCOTIA LIMITED

Respondent

Order for Sale of Property

BEFORE THE HONOURABLE JUSTICE _____ IN CHAMBERS

Upon the motion of KSV Kofman Inc., in its capacity as Court-appointed receiver of the assets of the Respondent (the "**Receiver**") for an order:

- (i) approving the sale transaction (the "**Transaction**") of certain assets contemplated by an asset purchase agreement dated as of _____ (the "**APA**") between the Receiver and _____ ("**Purchaser**") and transferring to Purchaser all the Respondent's right, title and interest in and to certain assets of the Respondent described in the APA and the schedules thereto (the "**Purchased Assets**"),
- (ii) foreclosing and barring certain interests in the Purchased Assets and transferring to Purchaser all the Respondent's right, title and interest in and to the Purchased Assets, and
- (iii) approving the actions of the Receiver to date,

And upon reading the ____ Report of the Receiver dated _____ (the "**Report**") and the other material on file herein;

And upon hearing Gavin MacDonald on behalf of the Receiver in support hereof;

Now upon motion it is hereby ordered that:

1. The time for service of the Notice of Motion is hereby abridged and validated so that this Motion is properly returnable today and further service thereof is hereby dispensed with.
2. Unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the APA.
3. The Transaction is hereby approved, and the execution and delivery of the APA by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver and Purchaser may agree to. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents, including a deed, bill of sale, assignment or general conveyance document, as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to Purchaser, or to Purchaser's assignee, nominee or designate, as the case may be, pursuant to the APA.
4. Upon the delivery of a Receiver's Deed and a Receiver's Certificate, the Receiver's Certificate to be substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), to Purchaser and closing the Transaction in accordance with the APA, all of the Respondent's right, title and interest in and to the Purchased Assets, and the right, title and interest of all those claiming through the Respondent in and to such Purchased Assets are forever barred and foreclosed.
5. With respect to the real property located in the Province of Nova Scotia as more particularly described within Schedule "D" hereto (the "**Nova Scotia Real Property**"):
 - (i) the interests of the Receiver and all those claiming through the Respondent shall be foreclosed and forever barred as against the Nova Scotia Real Property, subject to any applicable permitted encumbrances, easements or restrictive covenants listed on Schedule "C" hereto and any obligations or liabilities assumed by Purchaser pursuant to the APA; and
 - (ii) upon the registration of a Form 24 attaching a certified copy of this Order, with an applicable certificate of legal effect from the recording solicitor, in the applicable Land Registration Office, the Registrar for that Registration District shall remove and release all applicable registered encumbrances listed in Schedule "B" hereto, leaving in place only those permitted encumbrances, easements and restrictive covenants listed on Schedule "C" hereto.
6. Notwithstanding:
 - (a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of the Respondent and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Respondent,

the entering into of the APA, the transfer of the Purchased Assets to Purchaser or Purchaser's assignee, nominee or designate as the case may be, and the foreclosure and barring of claims as against the Purchased Assets shall be binding on any trustee in bankruptcy that may be appointed in respect of the Respondent and shall not be void or voidable by creditors of the Respondent, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, any other applicable federal or provincial legislation or otherwise at law or equity, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant, to any applicable federal or provincial legislation.

7. The actions of the Receiver as set out in the _____ Report be and are hereby approved.
8. For the purpose of determining the nature and priority of any claims to the Purchased Assets foreclosed by operation of this Order ("**Claims**"), the net proceeds from such sales shall stand in the place and stead of the sold property, and from and after the closing of the sale transactions, all Claims shall attach to the net proceeds from the sale with the same priority as they had with respect to the sold property immediately prior to the sale.

Issued _____, 2018

Prothonotary

Schedule "A"

2018

Hfx No. 474742

Supreme Court of Nova Scotia
In Bankruptcy and Insolvency

IN THE MATTER OF: the Receivership of 3291735 Nova Scotia Limited

BETWEEN

**FIRST NATIONAL GP CORPORATION and
FIRST NATIONAL FINANCIAL LP**

Applicants

and

3291735 NOVA SCOTIA LIMITED

Respondent

Receiver's Certificate

- A. Pursuant to an Order of this Court dated _____ (the "**Receivership Order**"), _____ (the "**Receiver**") was appointed as the receiver of the assets and undertaking of the Respondent.
- B. The Receiver and _____ (the "**Purchaser**") have entered into an agreement of purchase and sale accepted _____ (the "**APA**") for an *en block* offer of all of the assets of the Respondent (the "**Assets**").
- C. The Order of this Court issued _____, 2018 provided for the sale of the Assets to the Purchaser, or its assignee, as the case may be (the "**Grantee**"), and forever barring and foreclosing the interest of the Respondent and all those claiming through it, which foreclosure is to be effective with respect to the Property upon delivery by the Receiver to the Grantee of a certificate in this form.

THE RECEIVER CERTIFIES AS FOLLOWS:

1. The Grantee has paid and the Receiver (or its agent) has received the purchase price for the Assets payable on the closing date contemplated by the APA.
2. The conditions to closing set out in the APA have been satisfied or waived by the Receiver and Grantee.

3. The sale contemplated by the APA has been completed to the satisfaction of the Receiver.

DATED the ____ day of _____, 20__.

KSV Kofman Inc., in its capacity as court-appointed receiver of **3291735 Nova Scotia Limited** and not in its personal capacity

Per: _____
Name:
Title:

Schedule "B"
Encumbrances to be Discharged

Real Property Encumbrances

1.

Personal Property Encumbrances

1.

Schedule "C"
Permitted Encumbrances

1.

**Schedule "D"
Property**

All the land and premises identified as follows:

[Legal Descriptions to be inserted]

Appendix “C”

Summary of Break Fees in Canadian Restructuring Proceedings

Company	Monitor/Trustee	Stalking Horse Price	Break Fee	Break Fee %
UBG Builders Inc.	EY/Deloitte	15,384,615	200,000	1.3%
Cygam Energy	Hardie Kelly	4,544,286	50,000	1.1%
Elementa Group Inc.	Richter	1,500,000	50,000	3.3%
Strike Minerals Inc.	Farber	4,687,500	150,000	3.2%
Manitok Energy	FTI Consulting	60,000,000	3,000,000	5.0%
Indalex Limited	FTI Consulting	151,428,571	5,300,000	3.5%
WYNIT Distribution LLC	KSV	48,076,923	500,000	1.0%
Parlay Entertainment Inc.	BDO	2,031,322	50,000	2.5%
Sembiosys Genetics	MNP	10,215,000	200,000	2.0%
Weinstein Co.	FTI Consulting	310,000,000	14,000,000	4.5%
Arxx Building Products	KSV	3,800,000	150,000	3.9%
Destinator Technologies	Richter	15,333,333	460,000	3.0%
			Average	<u>2.9%</u>