

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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.**

Applicant

**MOTION RECORD
(Re: SISP Termination and Stay Extension)
(November 23, 2020)**

November 18, 2020

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
E-mail: lpillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.

SERVICE LIST (As of July 8, 2020)	
STIKEMAN ELLIOTT LLP Barristers & Solicitors 5300 Commerce Court West 199 Bay Street Toronto ON M5L 1B9	Elizabeth Pillon (416) 869-5623 lpillon@stikeman.com Sanja Sopic (416) 869-6825 ssopic@stikeman.com Nicholas Avis (416) 869-5504 navis@stikeman.com
Lawyers for the Applicant	
RICHTER ADVISORY GROUP INC. 181 Bay St. #3510 Bay Wellington Tower Toronto ON M5J 2T3	Paul van Eyk (416) 485-4592 pvaneyk@richter.ca Adam Zeldin azeldin@richter.ca (416) 646-7390 Shane Connolly (416) 488-2345 sconnolly@richter.ca
Monitor	
BENNETT JONES LLP 3400 One First Canadian Place PO Box 130 Toronto ON M5X 1A4	Raj Sahni (416) 777-4804 sahnir@bennettjones.com
Lawyers for the Monitor	

<p>GOWLING WLG (CANADA) LLP 1 First Canadian Place 100 King Street West Suit 1600 Toronto ON M5X 1G5</p> <p>Lawyers for Meridian Credit Union Limited</p>	<p>C. Haddon Murray (416) 862-3604 haddon.murray@gowlingwlg.com</p> <p>Heather Fisher heather.fisher@gowlingwlg.com</p>
<p>CHAITONS LLP 5000 Yonge Street 10th Floor Toronto ON M2N 7E9</p> <p>Lawyers for Bridging Finance Inc.</p>	<p>Harvey Chaiton (416) 218-1129 harvey@chaitons.com</p> <p>Philip Taylor (416) 218-1125 philip@chaitons.com</p> <p>George Benchetrit (416) 218-1141 george@chaitons.com</p>
<p>WEIRFOULDS LLP 66 Wellington Street West Suite 4100, PO Box 35, TD Bank Tower Toronto ON M5K 1B7</p> <p>Lawyers for Crossroads Christian Communications Incorporated</p>	<p>Philip Cho (416) 619-6296 pcho@weirfoulds.com</p> <p>MacDonald Allen (416) 947-5027 mallen@weirfoulds.com</p>
<p>FOGLER, RUBINOFF LLP 77 King Street West Suite 3000, PO Box 95 TD Centre North Tower Toronto ON M5K 1G8</p> <p>Lawyers for Celernus Investment Partners Inc.</p>	<p>Ian P. Katchin (416) 864-7613 ikatchin@foglers.com</p>
<p>WEIRFOULDS LLP 4100-66 Wellington Street West PO Box 35 TB Bank Tower Toronto ON M5K 1B7</p> <p>Lawyers for the MacDonald Group</p>	<p>David Brown (416) 947-5046 dbrown@weirfoulds.com</p>

MAPLE REINDERS CONSTRUCTORS LTD. 2660 Argentia Road Mississauga ON L5N 5V4	Eric VanGinkel ericv@maple.ca Derek Smith dereks@maple.ca
BARRIE GLASS & MIRROR LTD. 10 Checkley Street Barrie ON L4N 1W1	
CANADIAN EQUIPMENT FINANCE & LEASING INC. 250 Woolwich St S, Unit 5 Breslau ON N0B 1M0	
DEPARTMENT OF JUSTICE CANADA 120 Adelaide Street West, Suite 400 Toronto ON M5H 1T1	Diane Winters (416) 973-3172 diane.winters@justice.gc.ca
DENTONS CANADA LLP 77 King Street West Suite 400 Toronto ON M5K 0A1 Lawyers for Cortland Credit Lending Corporation	John Salmas (416) 863-4737 john.salmas@dentons.com

Email List

lpillon@stikeman.com; ssopic@stikeman.com; navis@stikeman.com; pvaneyk@richter.ca;
azeldin@richter.ca; sconolly@richter.ca; sahnir@bennettjones.com;
haddon.murray@gowlingwlg.com; heather.fisher@gowlingwlg.com; harvey@chaitons.com;
philip@chaitons.com; george@chaitons.com; pcho@weirfoulds.com; mallen@weirfoulds.com;
ikatchin@foglars.com; dbrown@weirfoulds.com; ericv@maple.ca; dereks@maple.ca;
diane.winters@justice.gc.ca; john.salmas@dentons.com

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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.**

Applicant

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1.	Notice of Motion
2.	Affidavit of Shawn Saulnier sworn November 18, 2020 <i>Exhibit "A"</i> Comeback Affidavit sworn March 4, 2020 <i>Exhibit "B"</i> SISP Affidavit sworn July 7, 2020 <i>Exhibit "C"</i> SISP Order dated July 10, 2020 <i>Exhibit "D"</i> Certificate of Substantial Performance dated October 30, 2020 <i>Exhibit "E"</i> Meridian DIP Agreement dated March 4, 2020 <i>Exhibit "F"</i> Meridian First DIP Amendment dated April 28, 2020 <i>Exhibit "G"</i> Meridian Second DIP Amendment dated July 10, 2020
3.	Draft Order

TAB 1

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

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.**

Applicant

**NOTICE OF MOTION
(Re: SISP Termination and Stay Extension)
(Returnable November 23, 2020)**

2067380 Ontario Inc. (the "**Company**") will make a motion to Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) on Monday, November 23, 2020 at 2:00 p.m. or as soon after that time as the motion can be heard by videoconference via Zoom due to the COVID-19 crisis. The videoconference details can be found in Schedule "A" to this Notice of Motion. Please advise Nicholas Avis if you intend to join the hearing of this motion by emailing navis@stikeman.com.

PROPOSED METHOD OF HEARING:

This motion is to be heard by videoconference.

THIS MOTION IS FOR:

1. An Order, substantially in the form contained at Tab 3 of the Company's Motion Record:

- (a) terminating the SISP and enabling the Company, the Monitor and the Brokers to continue to solicit sale or refinancing proposals with respect to the Nuvo Property (as such terms are defined below) and to take such steps and execute such documentation as may be necessary or incidental to such sale or

financing efforts provided, however, that any binding sale or financing transaction is to be subject to the approval of this Court;

- (b) approving the Pre-Filing Report of the Monitor dated February 24, 2020, the First Report of the Monitor dated March 5, 2020, the Second Report of the Monitor dated July 8, 2020 and the Third Report of the Monitor, to be filed (the “**Third Report**”) and the activities of the Monitor described in each of those reports; and
- (c) extending the stay of proceedings (the “**Stay Period**”) up to and including January 29, 2021, with respect to the Company, Nuvo Network Inc., Shawn Saulnier and Bridget Saulnier.

THE GROUNDS FOR THIS MOTION ARE:

2. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Affidavit of Shawn Saulnier sworn November 18, 2020 (the “**Fifth Saulnier Affidavit**”);

General

3. The Company is in the business of the development and operation of the multi-purpose Nuvo Network Building (the “**Nuvo Building**”) located at 1295 North Service Road, Burlington, Ontario (the “**Nuvo Property**”);

4. On February 25, 2020, this Court granted the Company an Initial Order under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**”) and appointed Richter Advisory Group Inc. as monitor of the Company (the “**Monitor**”);

5. On March 6, 2020, this Court granted an Order that amended and restated the Initial Order;

6. On July 10, 2020, this Court granted an Order (the “**SISP Order**”) that, among other things:

- (a) approved a sale and investor solicitation process (the “**SISP**”); and
- (b) extended the Stay Period until and including November 30, 2020;

7. Throughout the entirety of this CCAA proceeding, the Company's business at the Nuvo Building has remained operational and the Company has, among other things, substantively completed its planned renovations at the Nuvo Building and conducted an extensive marketing campaign to attract new tenants for the Nuvo Building;

The SISP

8. The Company has been working diligently with the Monitor and its advisors to carry out the SISP, which consisted of two processes that were running in parallel: (i) the Refinancing Process and (ii) the Sale Process;

9. The Refinancing Process and the Sale Process, as originally formulated, were to continue until (i) a definitive agreement of purchase and sale was executed with a party pursuant to the Sale Process, or (ii) in the Monitor's view, the Refinancing Process identified a transaction that is able to be completed in advance of the date that a definitive agreement of purchase and sale is signed pursuant to the Sale Process;

10. With respect to the Sale Process, the SISP provides that the Phase 1 Bid Deadline and/or Phase 2 Bid Deadline could be extended by the Monitor, if the Monitor considered it appropriate to do so;

11. The Monitor, in consultation with the Company and CBRE and with the consent of the DIP Lender, extended the Phase I Bid Deadline of the Sale Process from September 30, 2020, to October 31, 2020 (the "**Extended Phase I Bid Deadline**");

12. The Sale Process did not produce a Qualified LOI by the Extended Phase I Bid Deadline, and the Monitor, in consultation with CBRE and the Company, determined that there is no reasonable prospect of obtaining a Final Bid through the Sale Process. As a result, the Monitor and CBRE suspended the Sale Process component of the SISP as of October 31, 2020;

13. With respect to the Refinancing Process, the Monitor, in consultation with Halo, MA and the Company, is advancing discussions with several interested parties in connection with a potential refinancing transaction;

14. The Monitor requires additional time to finalize these discussions and to enter into a refinancing transaction that can be presented to this Court;

15. Given the above factors, the Company, with the support of the Monitor, is seeking to terminate the SISP and to continue informally soliciting sale or refinancing proposals during the proposed extension of the Stay Period, with a view to seeking Court approval of and completing a transaction before the expiration of the requested extension of the Stay Period on January 29, 2021;

16. The Company is negotiating the final terms of the Third DIP Amendment with the DIP Lender to allow it to advance its informal sale and refinancing efforts during the requested extension of the Stay Period to January 29, 2021;

Stay of Proceedings

17. The Company is seeking to extend the Stay Period to and including January 29, 2021;

18. The proposed extension to the Stay Period will provide the Company with sufficient time to advance its informal sale and refinancing efforts, with the expectation that the Company will seek Court approval of and close a transaction before the expiry of the proposed extension of the Stay Period;

19. The Company has sufficient funds to operate its business and meet its obligations during the proposed extension to the Stay Period;

20. The Company has acted and continues to act in good faith and with due diligence during the course of this CCAA proceeding;

Other Grounds

21. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;

22. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, including r. 2.03, 3.02 and 37 thereof; and

23. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this Motion:

- (a) The Fifth Saulnier Affidavit and the exhibits attached thereto;
- (b) The Third Report of the Monitor, to be filed; and
- (c) Such further and other evidence as counsel may advise and this Court may permit.

November 18, 2020

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO# 35638M
lpillon@stikeman.com
Tel: (416) 869-5623

Sanja Sopic LSO# 66487P
ssopic@stikeman.com
Tel: (416) 869-6825

Nicholas Avis LSO# 76781Q
navis@stikeman.com
Tel: (416) 869-5504
Fax: (416) 947-0866

Lawyers for the Applicant

Schedule "A"

Zoom Particulars

Join Zoom Meeting

<https://zoom.us/j/98642396037?pwd=ZzVmWWF5UDFhN04reWFFaFZiZzV6dz09>

Meeting ID: 986 4239 6037

Passcode: 160219

One tap mobile

+16473744685,,98642396037#,,,,,0#,,160219# Canada

+16475580588,,98642396037#,,,,,0#,,160219# Canada

Dial by your location

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+1 647 558 0588 Canada

+1 778 907 2071 Canada

+1 204 272 7920 Canada

+1 438 809 7799 Canada

+1 587 328 1099 Canada

Meeting ID: 986 4239 6037

Passcode: 160219

Find your local number: <https://zoom.us/u/acQrLGFo2h>

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

**NOTICE OF MOTION
(RETURNABLE NOVEMBER 23, 2020)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
E-mail: lpillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.

(Applicant)

AFFIDAVIT OF SHAWN SAULNIER
(Sworn November 18, 2020)

I, Shawn Saulnier, of the Town of Campbellville, Ontario MAKE OATH AND SAY:

1. I am the President and Chief Executive Officer of 2607380 Ontario Inc. ("**Company**" or the "**Applicant**"). As a result of my role with the Applicant, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the books and records of the Applicant and have spoken with certain of the directors, officers and/or employees of the Applicant, as necessary and applicable. Where I have relied upon information received from such individuals, I believe such information to be true.
2. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.
3. This affidavit is sworn in support of a motion brought by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such proceedings, the "**CCAA Proceedings**") seeking an Order substantially in the form of the draft order attached as Tab 3 of the Motion Record:
 - (a) terminating the SISP and enabling the Company, the Monitor and the Brokers to continue to solicit sale or refinancing proposals with respect to the Nuvo Property (as such terms are defined below) and to take such steps and execute such documentation as may be necessary or incidental to such sale or financing efforts

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provided, however, that any binding sale or financing transaction is to be subject to the approval of this Court;

- (b) approving the Pre-Filing Report of the Monitor dated February 24, 2020, the First Report of the Monitor dated March 5, 2020, the Second Report of the Monitor dated July 8, 2020 and the Third Report of the Monitor, to be filed (the “**Third Report**”) and the activities of the Monitor described in each of those reports; and
- (c) extending the stay of proceedings (the “**Stay Period**”) up to and including January 29, 2021, with respect to the Applicant, Nuvo Network Inc., Shawn Saulnier and Bridget Saulnier.

I. BACKGROUND AND STATUS OF CCAA PROCEEDINGS

4. I repeat and rely on my affidavits sworn February 24, 2020 (the “**Initial Affidavit**”), March 4, 2020 (the “**Comeback Affidavit**”) and July 7, 2020 (the “**SISP Affidavit**”) in support of this motion. Copies of the Comeback Affidavit and the SISP Affidavit (without exhibits) are attached hereto as **Exhibit “A”** and **Exhibit “B”**. All capitalized terms not otherwise defined herein are as defined in the Comeback Affidavit and the SISP Affidavit.

5. The Applicant’s business is the development and operation of the Nuvo Network building located at 1295 North Service Road, Burlington, Ontario (the “**Nuvo Property**”), which is the site of a multi-purpose commercial building that leases out space to a variety of businesses, several television studios and for corporate and personal events.

6. As set out in greater detail my Initial Affidavit, the Applicant sought and obtained CCAA protection on February 25, 2020 due to its lack of access to the necessary liquidity required to complete renovations of the Nuvo Property and the threat of enforcement actions by a number of lenders, the combination of which halted construction, prevented the completion of the Nuvo Property, and caused the Company and certain related entities to default on their obligations to their lenders.

7. As a result of these and other factors described in the Initial Affidavit, the Applicant sought and obtained creditor protection and related relief under the CCAA pursuant to a

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February 25, 2020 order of this Court (the “**Initial Order**”). Richter Advisory Group Inc. was appointed Monitor of the Applicant in the CCAA Proceedings. On March 6, 2020, the Court granted the Amended and Restated Initial Order, which, among other things, provided the Applicant with more fulsome restructuring capabilities, approved the DIP Agreement and extended the Stay Period until October 24, 2020.

8. On July 10, 2020, the Court granted the SISP Order, which, among other things, approved the sale and investor solicitation process (the “**SISP**”) with respect to the Nuvo Property, approved the engagement letters of Halo, MA and CBRE, the consultants engaged to assist with the SISP, and extended the Stay Period to November 30, 2020. A copy of the SISP Order is attached hereto as **Exhibit “C”**, and is available, along with all other filings in the CCAA Proceedings, on the Monitor’s website for these proceedings at <https://www.richter.ca/insolvencycase/2607380-ontario-inc/>.

A. Status of Proceedings

9. The CCAA Proceedings were commenced immediately prior to the onset of the COVID-19 pandemic in Canada. The COVID-19 pandemic has affected numerous elements of the Applicant’s business, anticipated restructuring, SISP and business needs. We have tried to react, respond and rebuild as much as possible since March 2020. However, we have not been able to meet all of the expectations or deadlines as a result of the unforeseen circumstances caused by the pandemic.

10. Since the granting of the SISP Order on July 10, 2020, the Applicant, with the oversight and assistance of the Monitor, has been working diligently to maintain the stability of its business operations and carry out the SISP.

11. Since the SISP Order was granted, the Applicant and the Monitor have taken various steps to advance the CCAA Proceedings, including the following:

- (a) managing relationships with key stakeholders, including creditors, tenants and secured lenders;

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- (b) continuing to liaise with the Applicant's general contractor, Maple Reinders Inc. ("Maple"), with respect to the ongoing renovations at the Nuvo Property (the "Nuvo Renovations"), which are near completion, as further described below;
- (c) responding to the COVID-19 pandemic situation by implementing protective measures to reduce the risk of COVID-19 transmission on the Nuvo Property, as further described below;
- (d) administering the leases at the Nuvo Property;
- (e) conducting an extensive marketing campaign to solicit interest for new tenants of the Nuvo Property, as further described below;
- (f) working, in consultation with the Monitor, to manage the Company's cash flows and make payments in accordance with the Amended and Restated Initial Order;
- (g) working with the Monitor, MA, Halo and CBRE (collectively, the "Brokers") to carry out the SISP;
- (h) corresponding with realtors in connection with the SISP, including attending virtual meetings and conducting tours of the Nuvo Property;
- (i) corresponding with the DIP Lender and its legal counsel regarding the progress of the SISP; and
- (j) with the assistance of the Monitor, preparing an updated cash flow forecast in connection with the Applicant's request for an extension of the Stay Period to January 29, 2021.

12. I understand that the Monitor will be filing a report in connection with the within motion. That report is to describe the status of the SISP in greater detail and include the updated cash flow forecast through to the end of the proposed extension of the Stay Period, January 29, 2021.

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B. Status of the Nuvo Renovations

13. A primary focus of the CCAA Proceedings and the DIP financing approved in March 2020 was to permit the Applicant to complete renovations to the Nuvo Property. As outlined in the Comeback Affidavit, Maple had been retained to assist with the Nuvo Renovations. Following the issuance of the Amended and Restated Initial Order, the Applicant with the assistance of the Monitor, completed the documentation necessary to ensure that Maple returned to the site, including signing an amended Work Order setting out the timing and conduct of the Nuvo Renovations.

14. As described in the SISP Affidavit, Maple returned to the site on March 16, 2020 to restart the Nuvo Renovations. Following the Declaration of Emergency by the Province of Ontario due to the COVID-19 pandemic, Maple was forced to temporarily suspend renovation work and leave the site on April 4, 2020. As a result of the Company's efforts, Maple was designated as an essential service provider and was able to return to the site to resume the Nuvo Renovations on April 20, 2020. This required that Maple re-hire employees, acquire materials that had been delayed by Maple's suppliers due to the impact of the COVID-19 pandemic on them, and institute proper safety plans and procedures under the new requirements for working during COVID-19.

15. My team and I worked on a daily and weekly basis to coordinate the Nuvo Renovations with our tenants, ensuring that Maple's work could be completed on time and on budget, including taking steps to reduce the operational impact of the renovations on our tenants to the greatest extent possible. Specifically, commencing in April 2020 when Maple returned to the site, I, along with the Chief Operating Officer and Property Manager, participated in daily update calls with Maple regarding the progress of the Nuvo Renovations, to ensure that they were proceeding on time and on budget. We also scheduled weekly meetings with Maple, during which the status of construction work was discussed in greater detail. The Nuvo Renovations proceeded on time and on budget overall, with slight delays related to certain unanticipated maintenance work, which accounts for the slight delay from the original September 2020 completion date.

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16. As of the date of the swearing of this affidavit, the Nuvo Renovations are substantially complete. On October 30, 2020, Maple issued a Certificate of Substantial Performance with respect to the Nuvo Property, a copy of which is attached hereto as **Exhibit "D"**.

17. On October 30, 2020, the architecture firm overseeing the Nuvo Renovations wrote to the City of Burlington to confirm that, subject to the approval of the municipal building inspector, the Nuvo Property is fit and ready for occupancy.

C. Impact of the COVID-19 Pandemic on Operations

18. The Company implemented various measures to ensure that tenants and employees could continue to attend the Nuvo Property in a safe manner following the onset of the COVID-19 pandemic. Specifically, the Company reorganized the layout of the co-working spaces and main hallway, and imposed restrictions on the number of people who are permitted inside any of the meeting rooms and studios at any given time in order to ensure that social distancing can be accomplished. The Company also made arrangements to ensure that an employee would be present in every film production space during shooting to monitor compliance with the Company's COVID-19 measures. Further, the Company installed plexi-glass barriers in the main lobby, made face masks and hand sanitizer available to tenants and visitors to the site, and increased the frequency of professional cleaning of the Nuvo Property. The increased expenditures associated with these measures have directly affected the Company's liquidity.

19. As noted in the SISP Affidavit, the COVID-19 pandemic has also affected rental revenues, as certain tenants of the Nuvo Property were unable to continue operations. Between March and July 2020, the Company's monthly rental revenue decreased by approximately \$20,000, representing a decrease of approximately 11% of the Company's monthly average rental revenue.

20. The Company made efforts to mitigate these losses. The Company launched a sales campaign commencing the week of July 6, 2020, to generate new opportunities for rental revenues for event space, studios and IT services. This involved an extensive email and telephone campaign which was conducted over the course of several months, targeting potential tenants for the office and studio space on the Nuvo Property, with a focus on the film and television and industry and advertising agencies. As a result of these efforts, the production studios in the Nuvo

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Property have been booked steadily between September and November of this year, and further opportunities for studio and office space rentals in December.

21. Moreover, the Company has also adapted to the growing trend toward virtual gatherings by renting out the conference rooms in the Nuvo Property in order to host virtual conferences. In line with its values of giving back to the community, the Company also hosted a virtual Hackathon in collaboration with McMaster Innovation Park, an innovation and research facility. The Hackathon enabled emerging companies to showcase their proposed solution to a particular business problem, to be judged by a panel of local business leaders. The Hackathon involved 50 participants from the Halton region and internationally.

22. As a result of the efforts outlined above, the Company has managed to maintain an approximately 90% occupancy rate for the Nuvo Property between July and September 2020.

23. The Company used pandemic-related financial assistance provided by the federal government to fund operations, payroll contributions and miscellaneous capital expenditures.

II. SALE AND INVESTOR SOLICITATION PROCESS

24. As noted in the SISP Affidavit, the DIP Agreement required that the Company initiate and pursue refinancing and sales efforts. The Company worked with the Monitor to design the SISP, which consists of the Sale Process and the Refinancing Process to be carried out in parallel, and was approved through the SISP Order.

D. Refinancing Process

25. The SISP Order approved the Company's engagement of Halo and MA to carry out the Refinancing Process.

26. In accordance with the Amended and Restated Initial Order and the DIP Agreement (as amended), Halo and MA commenced the Refinancing Process under the supervision of the Monitor in May 2020. MA, in consultation with the Monitor and the Company, prepared marketing materials, including a teaser and a confidential information memorandum ("CIM") setting out, in further detail, the refinancing opportunity (the "**Refinancing CIM**"), and

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developed a targeted list of prospective lenders for which to present the refinancing opportunity. The Third Report will provide greater detail on the progress of the Refinancing Process. I provide a general summary below.

27. Since the SISP Order was granted, the Applicant, the Monitor and MA contacted several parties identified as prospective lenders to provide financing to the Applicant, including banks, mortgage lenders, private equity firms and alternative lenders (the “**Interested Parties**”). Interested Parties who signed a non-disclosure agreement (“**NDA**”) were provided with the opportunity to access a confidential data room furnished with information pertaining to the Company, including the Refinancing CIM, and other relevant information about the Company.

28. The Company, with the assistance of the Monitor, Halo and MA, entered into negotiations with Interested Parties with respect to a potential refinancing transaction. These discussions are ongoing, and the Company, the Monitor, Halo and MA are advancing discussions with a view to completing a transaction before the expiration of the requested extension of the Stay Period on January 29, 2021.

29. Pursuant to the DIP Agreement (as amended), the Company is required to seek Court approval of a refinancing or sale transaction on or before November 30, 2020. Since negotiations remain ongoing regarding a potential refinancing, the Company and the Monitor are seeking an extension of this date to January 29, 2021, to coincide with the requested extension of the Stay Period. The amendments to the DIP Agreement (as amended) are described below.

E. Sale Process

30. As noted in the SISP Affidavit, the Monitor and the Applicants selected CBRE to assist in the development and execution of the Sale Process and related marketing strategy, which was approved through the SISP Order. Details of the Sale Process were outlined in the Second Report of the Monitor dated July 8, 2020 which was appended to the SISP Affidavit.

31. The Sale Process originally contemplated a Phase I Bid Deadline of September 30, 2020 for the submission of Qualified LOIs. As will be outlined in the Third Report, the Monitor, in

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consultation with CBRE and with the consent of the DIP Lender, decided to extend the Phase I Bid Deadline of the Sale Process to October 31, 2020.

32. The Third Report will provide greater detail on the conduct and outcome of the Sale Process. I provide a general summary below.

33. The Sale Process was to proceed in two phases and be carried out by the Monitor, with the assistance of CBRE. During Phase 1 of the Sale Process, which commenced immediately after the SISP Order was granted, the Monitor and CBRE, in consultation with Company, prepared a list of Potential Bidders, circulated a teaser letter to the Potential Bidders, made available a CIM and provided access to an electronic data room containing financial and other due diligence information to Potential Bidders who executed an NDA with the Applicant.

34. During Phase 1 of the Sale Process, the Monitor and CBRE solicited expressions of interest in the form of non-binding expressions of intent from Potential Bidders to acquire the Nuvo Property. As noted, the Monitor extended the Phase I Bid Deadline for the submission of Qualified LOIs from September 30, 2020 to October 31, 2020, with the consent of the DIP Lender. Following the Phase I Bid Deadline, the Monitor, the Company and CBRE reviewed the LOIs received. As will be described in further detail in the Third Report, although one LOI was received by the Phase I Bid Deadline, as extended, the Monitor and CBRE determined that it was not a Qualified LOI within the meaning of the SISP. As noted in the Third Report, the Monitor and CBRE are also of the view that there is no reasonable prospect of obtaining a Final Bid. As a result, the Monitor and CBRE suspended the Sale Process component of the SISP as of October 31, 2020.

35. The Company and the Monitor are seeking an order of this Court terminating the SISP, and enabling the Company, the Monitor and the Brokers to continue to solicit sale or refinancing proposals with respect to the Nuvo Property, with a view to seeking Court approval of a transaction before the expiry of the requested extension of the Stay Period.

Deponent's
Initials



F. DIP Amendments

36. As outlined in the SISP Affidavit, the Applicant and Meridian entered into the DIP Agreement on March 4, 2020, which contains certain milestone dates in connection with the SISP. In light of the widespread economic disruption caused by the onset of the COVID-19 pandemic, the Province of Ontario's declaration of the State of Emergency on March 17, 2020 and associated disruption to the progress of the Nuvo Renovations, the Company, in consultation with the Monitor, negotiated the First DIP Amendment and the Second DIP Amendment to, among other things, extend certain milestones originally contemplated in the DIP Agreement. Copies of the DIP Agreement, the First DIP Amendment and the Second DIP Amendment are attached hereto as **Exhibit "E"**, **"F"** and **"G"**, respectively.

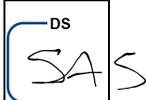
37. The Monitor has been in consultation with the DIP Lender to update it in respect of the proposed process and timelines in the SISP and the DIP Agreement (as amended). Given the suspension of the Sale Process component of the SISP on October 31, 2020, the requested termination of the SISP, and the ongoing negotiations regarding a potential refinancing, it was ultimately agreed that a further amendment of the DIP Agreement would be entered into to reflect the ability of the Company, the Monitor and the Brokers to continue soliciting interest with respect to a potential sale or refinancing with the aim of completing a transaction on or before January 29, 2021 (the **"Third DIP Amendment"**). I understand that a copy of the Third DIP Amendment will be attached to the Third Report.

III. STAY EXTENSION

38. Since the SISP Order was granted, the Applicant has continued to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings. To date, the Applicant has been working diligently to maintain the stability of its business operations, manage relationships with key stakeholders, respond to the operational and financial challenges brought on by the COVID-19 pandemic, work with Maple to ensure the timely progression of the Nuvo Renovations, and work with the Monitor and the Brokers to carry out the SISP.

39. The Stay Period granted in the SISP Order had the effect of imposing a stay of proceedings until and including November 30, 2020. The Applicant is requesting an extension of the Stay

Deponent's
Initials



Period until and including January 29, 2021, to enable the Applicant, with the assistance of the Monitor and the Brokers, to continue to solicit sale or refinancing proposals with respect to the Nuvo Property, with a view to seeking Court approval of a transaction before the expiry of the requested extension of the Stay Period.

40. I understand that the Third Report will include the Applicant's prepared cash flows, demonstrating that the DIP Agreement (as amended) is expected to provide the Applicant with sufficient funding to continue operations through to the requested extension of the Stay Period to January 29, 2021.

41. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period.

I confirm that while connected via video conference technology, Shawn Saulnier showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid.

Sworn before me by video conference from the City of Punta Gorda, Florida, United States of America, to the City of Toronto, Ontario, Canada on November 18, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for Taking Affidavits

Sanja Sopic

DocuSigned by:
Shawn Saulnier
D668EAB5CC004C6...

Shawn Saulnier

Deponent's Initials
DS
SAS

EXHIBIT “A”

THIS IS EXHIBIT "A", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:

Sanja Sopic

E820930A2731482

Commissioner for taking Affidavits

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.

(Applicant)

AFFIDAVIT OF SHAWN SAULNIER
(Sworn March 4, 2020)

I, Shawn Saulnier, of the Town of Campbellville, Ontario MAKE OATH AND SAY:

1. I am the President and Chief Executive Officer of 2607380 Ontario Inc. ("**260**" or the "**Applicant**"). As a result of my role with the Applicant, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the books and records of the Applicant and have spoken with certain of the directors, officers and/or employees of the Applicant, as necessary and applicable. Where I have relied upon information received from such individuals, I believe such information to be true.
2. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.
3. This affidavit is sworn in support of a motion brought by the Applicant (the "**Comeback Motion**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such proceedings, the "**CCAA Proceedings**") seeking an Amended and Restated Initial Order providing for certain amendments to the Initial Order substantially in the form of the draft order attached as Tab 3 of the Motion Record, including provisions:
 - (a) expanding the Applicant's restructuring capabilities within the CCAA Proceedings,
 - (b) granting additional powers to Richter Advisory Group Inc., in its capacity as the Monitor (the "**Monitor**") in the Applicant's CCAA Proceedings;

- (c) approving the DIP Agreement (the “**Meridian DIP Agreement**”) between the Applicant and Meridian Credit Union Limited (“**Meridian**”) pursuant to which the Applicant will obtain access to a facility (the “**DIP Facility**”) in the maximum amount of \$7.18 million, and authorizing and empowering the Applicant to borrow under the DIP Facility in order to finance its operations during the CCAA Proceedings;
- (d) increasing the Administration Charge;
- (e) designating the Applicant’s general contractor and a subcontractor as critical suppliers and authorizing the Applicant to pay up to the aggregate amount of \$2.375 million in order to pay critical supplier amounts outstanding as at the date of the Initial Order or deposits therefor, including amounts required to vacate the construction liens registered, as outlined below; and
- (f) extending the stay of proceedings (the “**Stay Period**”) in respect of the Applicant, Nuvo Network Inc. and Shawn and Bridget Saulnier to October 24, 2020.

I. BACKGROUND AND STATUS OF CCAA PROCEEDINGS

4. I repeat and rely on my affidavit sworn February 24, 2020 (the “**Initial Affidavit**”) in support of this motion. A copy of the Initial Affidavit (without exhibits) is attached hereto as **Exhibit “A”**. All capitalized terms not otherwise defined herein are as defined in the Initial Affidavit.

5. The Applicant’s business is the development and operation of the Nuvo Network Building (the “**Nuvo Building**”) located at 1295 North Service Road, Burlington, Ontario, which is a multi—purpose commercial building which leases out space to a variety of businesses, several television studios and for corporate and personal events.

6. As set out in greater detail my Initial Affidavit, the Applicant sought, and obtained CCAA protection on February 25, 2020 due to its lack of access to the necessary liquidity required to complete renovations of the Nuvo Building and the threat of enforcement actions being taken by a number of lenders, the combination of which halted construction, prevented

the completion of the Nuvo Building, and caused 260 and certain related entities to default on their obligations to their lenders.

7. As a result of these and other factors described in the Initial Affidavit, the Applicant sought and obtained creditor protection and related relief under the CCAA pursuant to a February 25, 2020 order of this Court (the “**Initial Order**”). Richter Advisory Group Inc. was appointed Monitor of the Applicant in the CCAA Proceedings. A copy of the Initial Order and all other filings in the CCAA Proceedings, on the Monitor’s website for these proceedings at <https://www.richter.ca/insolvencycase/2607380-ontario-inc/>.

8. 260 is seeking to make use of the flexibility and breathing room provided by the CCAA process in order to pursue additional renovation financing, refinancing and restructuring options that would permit the completion of the renovations to the Nuvo Building.

A. Status of Proceedings

9. Since the granting of the Initial Order on February 25, 2020, the Applicant, with the oversight and assistance of the Monitor, has been working diligently to maintain the stability of its business operations, and continue discussions with its senior lenders and its general contractor Maple Reinders Inc. (“**Maple Reinders**”) to determine the best way forward to obtain financing to re-commence construction activity at the Nuvo Building and complete renovations.

10. Since the Initial Order, the Applicant and the Monitor have taken various steps to advance the CCAA Proceedings, including the following:

- (a) the Monitor has made the Initial Order publicly available on the Monitor’s website and has published a notice in the *Globe & Mail* (National Edition) containing the information prescribed under the CCAA;
- (b) the Monitor sent a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and has prepared a list of those creditors and made it publicly available in the prescribed manner, in accordance with section 23(1) of the CCAA;

- (c) the Applicant and the Monitor met with Maple Reinders to understand the cost to complete the renovations at the Nuvo Building, the updated timeline for the renovations and an updated budget;
- (d) in response to a request by Meridian, the Monitor and the Applicant's counsel have met with Meridian to review 260's future funding requirements in order to complete renovations, and discuss the terms of a potential DIP Agreement to be provided by Meridian;
- (e) the Applicant has continued to administer the leases at the Nuvo Property in the ordinary course, and has conducted a review to confirm the status of leases in the Applicant and Nuvo Network Inc.'s name, as will be outlined in greater detail below; and
- (f) the Applicant, with the assistance of the Monitor, has prepared an updated cash flow forecast in connection with the Applicant's request for an extension of the Stay Period to October 24, 2020.

11. I understand that the Monitor will be filing a report in connection with the Comeback Motion describing the Monitor's meetings with Maple and Meridian, setting out the Monitor's views regarding (i) the need for the additional restructuring provisions to be included in the Amended and Restated Initial Order (ii) the proposed critical supplier designation for Maple Reinders and Barrie Glass, (iii) the approval of the Meridian DIP Agreement, and (iv) including the updated cash flow forecast through to the extension of the Stay Period through to October 24, 2020.

B. Nuvo Network Inc. Leases

12. The Initial Order expanded the stay of proceedings to Nuvo Network Inc. ("Nuvo Network"), a company which was incorporated following the acquisition of the Nuvo Property.

13. As noted, in the Initial Affidavit, at the time of the commencement of the CCAA Proceedings, some leases for the Nuvo Building had been migrated to Nuvo Network; however, all rental income continues to flow to 260.

14. The majority of the migrated leases relate to the co-working space in the Nuvo Building. As outlined in my Initial Affidavit, in May 2018, 260 was required to take over the management of the second floor of the Nuvo Building, to change the space from a single lease co-working tenant with its own clients to a space with 35 individual office spaces. This was necessary as the owner of the co-working company suffered a personal tragedy that prevented him from carrying out the remainder of his contract with 260. Ultimately, this change resulted in 260 being able to lease out the space to various parties at a higher cost, resulting in increased revenues. The short-term lease agreements with these parties were entered into in Nuvo Network's name.

15. Since obtaining CCAA protection, the Applicant has reviewed its books and records and those of Nuvo Network to determine the number of leases held by Nuvo Network as landlord, and the portion of 260's monthly rental revenue which is generated from leases held by Nuvo Network. The Applicant has determined that in January 2020, approximately \$22,100 of rental revenue was generated through leases held by Nuvo Network. This represents approximately 12% of the total rental revenue flowing to 260 in January 2020. Nuvo Network does not maintain its own bank accounts, and all rental revenue to date generated through the Nuvo Network leases has been deposited in 260's TD account.

16. In addition, Nuvo Network has entered into a short-term lease agreement to lease studio space with a party which creates programming for the Food Network (the "Food Network Lease"). The Food Network Lease is for a four month period commencing in April 2020 through to July 2020. In connection with the Food Network Lease, Nuvo Network was also provided with a security deposit and renovation costs. All amounts associated with the Food Network Lease, including future rent, will be deposited into 260's TD bank account. Going forward throughout the CCAA Proceedings, the Applicant will ensure that all future leases are maintained in the Applicant's name.

II. THE AMENDED AND RESTATED INITIAL ORDER

17. The proposed Amended and Restated Initial Order provides for certain amendments to the Initial Order, namely the insertion of certain provisions which I understand from counsel are contained in the standard form template CCAA Initial Order developed by the model order subcommittee of the Commercial List Users' Committee of the Ontario Superior

Court of Justice (the “**Model Initial Order**”). These include more fulsome restructuring provisions and provisions expanding the Monitor’s rights to assist with the Applicant’s restructuring efforts. Blackline comparisons showing the proposed amendments to the to the Initial Order and Model Initial Order are attached at Tabs 4 and 5 of the Applicant’s motion record.

A. Restructuring and Monitor-Related Provisions

18. At the time the CCAA Proceedings were commenced, the Applicant needed urgent relief to permit it to stabilize its situation due to its lack of access to the necessary liquidity required to complete renovations of the Nuvo Building and the threat of enforcement actions being taken by a number of lenders. As a result, the Applicant did not seek to include certain restructuring provisions from the Model Initial Order in the Initial Order. The Applicant now intends to seek those more expansive restructuring provisions in the Amended and Restated Initial Order in order to enable it to take certain steps that may become necessary during the CCAA Proceedings, including pursuing all avenues of refinancing, and pursuing a sale and investment solicitation process (“**SISP**”).

19. Further, through the Amended and Restated Initial Order, the Applicant is seeking to expand the Monitor’s ability, as contemplated in the Model Initial Order, to advise the Applicant in the development of a Plan of Compromise or Arrangement, hold and administer meeting(s) for voting purposes, as well as returning some of the additional protective language found in the Model Initial Order. The Applicant is also seeking to add certain provisions in the Amended and Restated Initial Order expanding the Monitor’s ability to, among other things, review and approve the Applicant’s disbursements, monitor and oversee the renovations at the Nuvo Building and have full and complete access to the books and records of the Applicant and Nuvo Network, in connection with the Monitor’s consideration of the Applicant’s cash flow requirements. I understand that the Monitor will be filing a report in connection with the Comeback Motion describing the additional restructuring and monitor-related provisions to be included in the Amended and Rested Initial Order.

B. Administration Charge

20. The Applicant is seeking to increase the Administration Charge from \$250,000 to \$300,000 to secure the fees and disbursements incurred in connection with services rendered

to the Applicant both before and after the commencement of the CCAA proceedings by the Monitor, counsel to the Monitor, and counsel to the Applicant. As noted in my Initial Affidavit, given the restricted financial position of the Applicant, the professional advisors do not have the benefit of retainers as would ordinarily be the case. The Amended and Restated Initial Order also contemplates some retainers being funded, in accordance with the proposed DIP Facility, totalling \$50,000 for each of the Applicant's counsel, the Monitor and the Monitor's counsel.

C. DIP Financing

21. Following the issuance of the Initial Order, Meridian approached the Applicant to discuss providing a DIP Facility to enable the Applicant to complete the renovations of the Nuvo Building. The parties negotiated the terms of the proposed DIP Financing, and entered into the Meridian DIP Agreement on March 4, 2020. I understand that the Monitor will be filing a report appending the Meridian DIP Agreement and summarizing its terms. The Applicant will be seeking approval of the Meridian DIP Agreement at the hearing of the Comeback Motion.

22. Some of the material terms of the Meridian DIP Agreement are set out below:

- (a) **Borrower:** 260;
- (b) **Guarantor:** Nuvo Network;
- (c) **Facility Amount:** a non-revolving credit facility up to a maximum amount of \$7.18 million, including the Commitment Fee (the "**Maximum Amount**");
- (d) **Commitment Fee:** Borrower to pay the DIP Lender a commitment fee of \$107,000 (the "**Commitment Fee**");
- (e) **Availability:** the Borrower will make an initial draw under the DIP Facility on the day following the closing date (the "**Initial Advance**"), which must occur on or prior to March 13, 2020. The Borrower may request subsequent advances under the DIP Facility no more frequently than once per two-week period. Each DIP Advance must be in a minimum amount of \$250,000 and in multiples of \$100,000 in excess thereof, provided that the Initial Advance shall be for an

amount not less than the Commitment Fee, the Meridian Interim Advance, the Property Tax Arrears (as each of those terms are defined below), the DIP Lender's costs and expenses plus any further amount the Borrower chooses to borrow, if any, as set out in the Cash Flow budget.;

- (f) **Use of Proceeds:** Advances under the DIP Facility may only be used by the Borrower to pay expenditures provided for in the Cash Flow budget, fees and expenses associated with the DIP Facility, repayment of the \$220,000 advanced by Meridian Credit Union Limited under the Initial Order (the "**Meridian Interim Advance**") and payment of the outstanding property tax arrears on real property owned by the (the "**Property Tax Arrears**");
- (g) **Maturity:** the earliest of (i) November 6, 2020, (ii) March 6, 2020 (the expiry of the initial 10-day stay) if the expanded DIP Charge is not issued by such date, (iii) the date the stay of proceedings in the CCAA Proceedings expires or is lifted without the DIP Lenders' consent, (iv) the date on which a receiver is appointed, an assignment in bankruptcy or a proposal is filed in respect of the Borrower, or (v) the date that written notice is provided the DIP Lender of an Event of Default (the "**Maturity Date**"). The commitment in respect of the DIP Facility will expire on the Maturity Date and all DIP obligations must be repaid in full no later than the Maturity Date;
- (h) **Interest Rate:** 9.25% per annum on any amounts drawn, calculated daily and payable monthly;
- (i) **Monthly Availability Fee:** The Borrower will pay the DIP Lender a monthly availability fee in the amount of \$2,000.00 per month for each month (or part thereof) while the Meridian DIP Agreement remains in effect and for as long after that as any of the liabilities or obligations under the Meridian DIP Agreement are outstanding; and
- (j) **Charge:** amounts owing under the DIP Facility are proposed to have a second-ranking Court-ordered charge on the Property of the Applicant, behind the Administration Charge of \$300,000 (the "**DIP Charge**").

23. The DIP Facility is expected to provide sufficient liquidity to allow the Applicant to complete construction, and meet post-filing obligations. Accordingly, the Applicant seeks an order authorizing and empowering it to obtain and borrow under the DIP Facility in order to finance its operations during the CCAA Proceedings.

24. A copy of the Meridian DIP Agreement is attached hereto as **Exhibit "B"**.

D. Critical Suppliers

25. As noted in my Initial Affidavit, the Applicant intends to use the DIP Facility in part to ensure the ongoing involvement of Maple Reinders and Barrie Glass in completing renovations of the Nuvo Building.

26. I understand that the Applicant's Chief Financial Officer and the Monitor have discussed the recommencement of construction activity at the Nuvo Building with Maple Reinders, and Maple Reinders provided a revised construction cost timetable, which indicates that renovations can be completed by mid to late September of this year if they resume imminently. Maple Reinders has indicated that they will not re-attend on site unless they are paid the full amount of arrears that they and their subcontractor Barrie Glass are owed relating to renovation work done prior to the commencement of the CCAA Proceedings. Maple Reinders has indicated that there are significant costs and effort associated with reattending at the site and ensuring the subcontractors also attend. Due to their extensive previous involvement with the site, Maple Reinders is aware of the nature of the Nuvo Building and the construction and renovations required, and I believe that they are best suited to ensure construction is completed on a timely basis.

27. As a result, in the Amended and Restated Initial Order the Applicant is seeking authorization to pay up to the aggregate amount of \$2,375,000 to Maple Reinders and Barrie Glass in order to pay critical supplier amounts outstanding as at the date of the Initial Order or deposits therefor, including amounts required to vacate the construction lien registered by Maple Reinders for \$1,867,943.00 and the construction lien registered by Barrie Glass for \$89,543.93 (collectively, the "**Construction Liens**"), and to dismiss any all related claims in respect of such Construction Liens. Copies of the Construction Liens were included in my Initial Affidavit and are attached again hereto as **Exhibit "C"**. I understand that the amount claimed in the Barrie Glass construction lien is subsumed in the Maple Reinders construction

lien. 260 does not dispute the quantum of the Construction Liens as registered, and believes that the amounts reflected in the Construction Liens accurately reflect the construction costs payable.

28. The Monitor will assist in overseeing these payments in exchange for the construction lien claimants returning to the site to complete the renovations of the Nuvo Building. The DIP Facility provided by Meridian will be used to make this payment.

29. The payments to Maple Reinders and Barrie Glass are necessary to ensure these construction lien claimants' return to the Nuvo Property, so that renovations can resume. The Applicant does not have any readily available means to replace Maple Reinders as the general contractor at the site, and doing so would cause further delays and increase the cost for the renovations. The success of the Applicant's restructuring would be undermined if Maple Glass does not resume its construction activity. Accordingly, the Applicant is seeking a critical supplier designation with respect to Maple Reinders and Barrie Glass during the CCAA Proceedings to ensure that renovations can resume in a timely way.

III. STAY EXTENSION

30. Since the Initial Order, the Applicant has continued to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings. To date, the Applicant and the Monitor have been largely focused on maintaining operational stability while continuing to engage with their lenders and Maple Reinders in order to finalize the terms of DIP financing and the resumption of construction activity at the Nuvo Building.

31. The Stay Period granted in the Initial Order, had the effect of imposing a stay of proceedings until and including March 6, 2020. The Applicant is requesting an extension of the Stay Period until and including October 24, 2020, to coincide with the maturity of the Meridian DIP Agreement. The Applicant anticipates that this will leave sufficient time to complete renovations at the Nuvo Building and enable refinancing and SISP efforts to be completed.

32. The Applicant believes that the CCAA process is the most appropriate process to minimize disruption not only to 260 but also 260's numerous tenants and their operating businesses, while renovations are completed. I believe our tenants will benefit from the

stability of a debtor-in-possession process, and knowing that construction will be completed on an expedited timeframe. The Monitor will be valuable to assist the Applicant and our other stakeholders through this process.

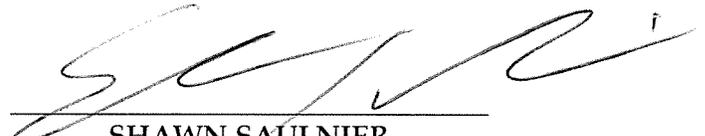
33. I understand that the Monitor will be filing a report, which I understand will include the Applicant's prepared cash flows, demonstrating that the DIP Facility is expected to provide the Applicant with sufficient funding to continue operations through to the requested extension of the Stay Period to October 24, 2020. Allowing renovations to be completed will maximize recoveries for all stakeholders, either through a refinancing or SISP. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period.

SWORN BEFORE ME at the City of
Toronto, Ontario on March 4, 2020.



Commissioner for Taking Affidavits

Sanja Sopic



SHAWN SAULNIER

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO INC.

Court File No.: CV-20-00636875-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF SHAWN SAULNIER
SWORN MARCH 4, 2020

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: epillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

EXHIBIT “B”

THIS IS EXHIBIT "B", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:

Sanja Sapic

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Commissioner for taking Affidavits

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 2607380 ONTARIO INC.

(Applicant)

AFFIDAVIT OF SHAWN SAULNIER
(Sworn July 7, 2020)

I, Shawn Saulnier, of the Town of Campbellville, Ontario MAKE OATH AND SAY:

1. I am the President and Chief Executive Officer of 2607380 Ontario Inc. ("**Company**" or the "**Applicant**"). As a result of my role with the Applicant, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the books and records of the Applicant and have spoken with certain of the directors, officers and/or employees of the Applicant, as necessary and applicable. Where I have relied upon information received from such individuals, I believe such information to be true.
2. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated.
3. This affidavit is sworn in support of a motion brought by the Applicant (the "**SISP Motion**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and such proceedings, the "**CCAA Proceedings**") seeking an Order substantially in the form of the draft order attached as Tab 3 of the Motion Record,
 - (a) approving the sale and investment solicitation process (the "**SISP**"), which is further described herein, including the retainer of brokers to assist the Monitor and Applicant with the implementation of the SISP;
 - (b) sealing the unredacted version of the CBRE Engagement Letter, as defined below;

- (c) extending the stay of proceedings (the “**Stay Period**”) in respect of the Applicant, Nuvo Network Inc. and Shawn and Bridget Saulnier to November 30, 2020.

I. BACKGROUND AND STATUS OF CCAA PROCEEDINGS

4. I repeat and rely on my affidavit sworn February 24, 2020 (the “**Initial Affidavit**”) and March 4, 2020 (the “**Comeback Affidavit**”) in support of this motion. Copies of the Initial Affidavit and Comeback Affidavit (without exhibits) are attached hereto as **Exhibit “A”** and **Exhibit “B”**. All capitalized terms not otherwise defined herein are as defined in the Initial Affidavit and the Comeback Affidavit.

5. The Applicant’s business is the development and operation of the Nuvo Network Building (the “**Nuvo Building**”) located at 1295 North Service Road, Burlington, Ontario, which is a multi–purpose commercial building which leases out space to a variety of businesses, several television studios and for corporate and personal events.

6. As set out in greater detail my Initial Affidavit, the Applicant sought, and obtained CCAA protection on February 25, 2020 due to its lack of access to the necessary liquidity required to complete renovations of the Nuvo Building and the threat of enforcement actions being taken by a number of lenders, the combination of which halted construction, prevented the completion of the Nuvo Building, and caused the Company and certain related entities to default on their obligations to their lenders.

7. As a result of these and other factors described in the Initial Affidavit, the Applicant sought and obtained creditor protection and related relief under the CCAA pursuant to a February 25, 2020 order of this Court (the “**Initial Order**”). Richter Advisory Group Inc. was appointed Monitor of the Applicant in the CCAA Proceedings. On March 6, 2020, the Court granted the Amended and Restated Initial Order, which, among other things, provided the Applicant with more fulsome restructuring capabilities, approved the DIP Agreement and granted a stay of proceedings until October 24, 2020 (the “**Stay Period**”). A copy of the Amended and Restated Initial Order is attached hereto as **Exhibit “C”**, and is available, along with all other filings in the CCAA Proceedings, on the Monitor’s website for these proceedings at <https://www.richter.ca/insolvencycase/2607380-ontario-inc/>.

A. Status of Proceedings

8. Since the granting of the Amended and Restated Initial Order on March 6, 2020, the Applicant, with the oversight and assistance of the Monitor, has been working diligently to maintain the stability of its business operations, manage relationships with key stakeholders, and respond to the operational and financial challenges brought on by the COVID-19 pandemic.

9. Since the Amended and Restated Initial Order was granted, the Applicant and the Monitor have taken various steps to advance the CCAA Proceedings, including the following:

- (a) managing relationships with key stakeholders, including creditors, tenants and secured lenders;
- (b) continuing to liaise with its general contractor, Maple Reinders Inc. ("**Maple**"), with respect to the ongoing renovations at the Nuvo Building (the "**Nuvo Renovations**");
- (c) responding to the COVID-19 pandemic situation, including working to obtain the essential service designation for Maple in order to enable Maple to continue its work to complete the Nuvo Renovations;
- (d) administering the leases at the Nuvo Property;
- (e) working, in consultation with the Monitor, to manage the Company's cash flows and make payments in accordance with the Amended and Restated Initial Order;
- (f) engaging Halo Advisory and Mortgage Alliance to assist in carrying out the Refinancing Process;
- (g) preparing materials, including a confidential information memorandum ("**Refinancing CIM**"), and materials to be included in the data room in connection with the refinancing solicitation process to be undertaken for the Nuvo Property (the "**Refinancing Process**"), as described below;
- (h) working with its counsel and the Monitor to identify and introduce potential refinancing sources in connection with the Refinancing Process;

- (i) working with the Monitor to design the SISP;
- (j) corresponding with realtors in connection with the SISP, including reviewing listing agent proposals, attending virtual meetings and conducting tours of the Nuvo Property;
- (k) engaging CBRE Limited (“**CBRE**”) to carry out the Sale Process contemplated by the SISP;
- (l) working with CBRE and the Monitor to prepare materials, including a confidential information memorandum (“**SISP CIM**”), and materials to be included in the data room in connection with the Sale Process, as described below;
- (m) corresponding with the DIP Lender and its legal counsel regarding the progress of the SISP; and
- (n) with the assistance of the Monitor, preparing an updated cash flow forecast in connection with the Applicant’s request for an extension of the Stay Period to November 30, 2020.

10. I understand that the Monitor will be filing a report in connection with the within motion describing the status of the Refinancing Process and the SISP in detail and including the updated cash flow forecast through to the extension of the Stay Period through to November 30, 2020.

B. Status of Nuvo Renovations

11. A primary focus of the CCAA Proceedings and the DIP financing approved on in March 2020 was to permit the Applicant to complete renovations to the Nuvo Property. As outlined in the Comeback Affidavit, Maple had been retained to assist with the Nuvo Renovations.

12. Following the issuance of the Amended and Restated Initial Order, the Applicant with the assistance of the Monitor, completed the documentation necessary to ensure that Maple returned to the site, including signing an amended Work Order setting out the timing and conduct of the Nuvo Renovations.

13. Following the completion of the documentation and payment of initial payments to Maple as approved by the Court and contemplated by the DIP Agreement, Maple returned to the site on March 16, 2020, and renovation work restarted. The construction budget and timeline that Maple provided to the Monitor and Applicant in early March 2020 contemplated a completion date of September 2020 for the Nuvo Renovations.

14. I and my team at the Company work on a daily and weekly basis to coordinate the Renovations together with our tenants to ensure that the Maple schedule can be completed. We coordinate studio schedules and timing for renovations in various aspects of the Nuvo Building in an effort to reduce the operational impact of the renovations on our tenants, to the greatest extent possible.

C. Impact of the COVID-19 Pandemic on Operations

15. On March 17, 2020, the Province of Ontario issued a Declaration of pursuant to the *Emergency Management and Civil Protection Act* (the “**Declaration of Emergency**”). On March 23, 2020, the Province of Ontario announced the closure of non-essential businesses. As a result of the Declaration of Emergency, most non-essential construction activity was suspended, including the renovation work being carried out by Maple. Maple was forced to stop the Nuvo Renovations on April 4, 2020.

16. It was critical to the Applicant that the Nuvo Renovations re-commence and be completed in accordance with the schedule agreed to with the DIP Lender. Following the shut down of the Nuvo Renovations, I wrote to the local Member of Provincial Parliament (“**MPP**”) to confirm that Maple’s services with respect to the Nuvo Renovations are essential. Following further communications with the MPP’s office, Maple’s classification as an essential service provider was acknowledged. The Company ensured that local police were aware of the Nuvo Renovations and the MPP’s acknowledgment that Maple could continue the Nuvo Renovations.

17. On April 20, 2020, Maple began re-activation and re-mobilization efforts to resume the Nuvo Renovations, including re-hiring employees, acquiring materials that had been delayed by Maple’s suppliers due to the impact of the COVID-19 pandemic on them, and instituting proper safety plans and procedures under the new requirements for working during COVID-19.

18. The construction budget and timeline that Maple provided to the Monitor in early March 2020 contemplated a completion date of September 2020 for the Nuvo Renovations. The Nuvo Renovations remain substantially on time and on budget.

19. The COVID-19 pandemic has also affected rental revenues, as certain tenants of the Nuvo Building were unable to continue operations. As a result, the Company's monthly rental revenue has decreased by approximately \$20,000 since the onset of the pandemic, representing a decrease of approximately 11% of the Company's monthly average rental revenue. The Company has made efforts to mitigate these losses. To date, the Company has entered into new rental agreements for certain office spaces, and has received multiple enquiries for venue space, including booking a 3-day event with catering later this month. The Company has also launched a sales campaign commencing the week of July 6, 2020, to generate new opportunities for rental revenues for event space, studios and IT services. The Company has also sought to identify potential savings in respect of operational expenses.

20. The Company applied for and received financial assistance from the federal government following the onset of the pandemic, which the Company intends to use for funding operations and paying for miscellaneous capital expenditures.

21. As a result of these efforts, the Company has been able to address the loss in revenue caused by COVID with minimal utilisation of the DIP facility.

D. Nuvo Taste Partnership with Food for Life

22. I do wish to note one further impact of the COVID pandemic on Nuvo operations generally. 2691484 Ontario Inc. ("**Nuvo Taste**") is a sister company to the Applicant which operates from the Nuvo Building. Nuvo Taste provides catering services for various events at the Nuvo Building, as well as the Hamilton airport and certain regional sports teams. As a result of the reduced travel brought about by the COVID-19 pandemic, as well as cancellation of many sporting activities, Nuvo Taste initially expected that its operations would be significantly reduced. However we were able to continue to operate Nuvo Taste and make use of the kitchen facilities in a positive way.

23. Following the onset of the COVID-19 pandemic, Nuvo Taste partnered with Food for Life, an organization which sources and distributes fresh food to isolated seniors, individuals with

disabilities, and individuals who are financially challenged or have limited income in the City of Hamilton and the Halton region. Through this partnership, Nuvo Taste and Food for Life created the Good Soup Project, through which Nuvo Taste was able to provide healthy and nutritious soups, which were delivered to the Food for Life community. To date, Nuvo Taste has produced 29,000 litres of soup for the Good Soup Project, and intends to produce an additional 3,600 more litres to by July 17, 2020. In this way, Nuvo Taste was able to keep its team employed while also giving back to the local community.

II. SALE AND INVESTOR SOLICITATION PROCESS

24. The DIP Agreement required that the Company initiate and pursue refinancing and sales efforts.

25. The Applicant worked with the Monitor to design the SISP, a copy of which is attached hereto as **Exhibit "D"**. The SISP consist of (i) the Refinancing Process, and (ii) a process (the "**Sale Process**") to solicit interest in the acquisition of the Nuvo Property prior to November 30, 2020 (the "**Outside Date**").The SISP contemplates that the Refinancing Process and the Sales Process will run in parallel.

E. Refinancing Process

26. On May 16, 2020, the Applicant retained a financial advisor, Halo Advisory ("**Halo**") to perform pre-marketing tasks for the Refinancing Process. On May 18, 2020, the Applicant retained Halo's mortgage broker, Mortgage Alliance ("**MA**"), to carry out the Refinancing Process as a licensed mortgage broker. Halo and MA are controlled by the same people. Copies of the Halo engagement and the MA engagement (the "**MA Engagement Letter**") are attached hereto as **Exhibit "E"** and "**F"**, respectively.

27. The engagement with Halo provides for an application fee of \$5,000 and an additional remuneration of \$5,000 upon receipt of a discussion paper or letter of intent in connection with the Refinancing Process.

28. The key terms of the MA Engagement Letter include:

- (a) the term of the engagement is for a period of 180 days (the "**Term**") through to November 16, 2020;

- (b) a brokerage fee of 0.5% of the quantum of the financing obtained (the “**Brokerage Fee**”);
- (c) in the event that during the Term, the Company directly or indirectly accepts financing from a third party, then the Company shall be responsible for the payment of the Brokerage Fee to MA; and
- (d) in the event that the Company obtains financing from any lender initially approached by MA for the period that is 365 days following the expiry of the Term, the Brokerage Fee will be payable by 260 to MA.

29. Halo and MA have, in accordance with the Amended and Restated Initial Order and the DIP Agreement (as amended), commenced the Refinancing Process under the supervision of the Monitor. In addition, the Monitor and our counsel have and will continue to assist in identifying and pursuing refinancing options within the Refinancing Process.

30. MA, in consultation with the Monitor and the Company, has prepared marketing materials, including a teaser and a Refinancing CIM, and developed a targeted list of prospective lenders for which to present the refinancing opportunity.

31. To date, the Applicant, Monitor and MA have contacted several parties identified as prospective lenders to provide financing to the Applicant, including banks, mortgage lenders, private equity firms and alternative lenders (the “**Interested Parties**”). Interested Parties who have signed a non-disclosure agreement (“**NDA**”) have been provided with the opportunity to access a confidential data room furnished with information pertaining to the Company, including a Refinancing CIM, and other relevant information about the Company. The Interested Parties’ diligence is in progress. Any refinancing proposals submitted by Interested Parties will be reviewed by MA, the Monitor and the Company.

32. Pursuant to the DIP Agreement (as amended), the Applicant is permitted to continue the Refinancing Process up to the date that a definitive agreement of purchase and sale is executed with any other party pursuant to the Sale Process. This requirement is reflected in the SISP.

33. If, in the Monitor’s view, the Refinancing Process identifies a transaction that is able to be completed in advance of the date that a definitive agreement of purchase and sale is signed (contemplated to be on or before October 30, 2020), the Monitor is able to pursue such a

transaction and terminate the Sale Process. The Applicant will seek Court approval of the refinancing transaction on or before the Outside Date (contemplated to be on or before November 30, 2020).

F. Sale Process

34. Commencing in early May 2020, the Monitor solicited proposals from various potential brokers to act as sales broker for the Nuvo Property. I and the Company's Chief Operating Officer, together with the Monitor, were involved in interviews and assessments of the various proposals that were received. The Monitor's Report will provide greater detail of the various proposals and selection process.

35. Ultimately the Monitor and Applicants agreed with the selection of CBRE (the "**Broker**") to assist in the development and execution of the Sale Process and related marketing strategy, subject to Court approval. The terms of the Applicant's proposed engagement letter with the Broker (the "**CBRE Engagement Letter**") are outlined in the Second Report.

36. The Monitor and Applicants have consulted with the Broker on the form of Sales Process to be undertaken to solicit offers for the Nuvo Property. Details of the Sales Process will be outlined in the Second Report of the Monitor, to be filed (the "**Second Report**"), however I have outlined a general summary below.

37. The Sale Process will proceed in two phases and be carried out by the Monitor, with assistance of the Broker. During Phase 1 of the Sale Process, which will commence as soon as possible after the SISP Order is granted, the Monitor and the Broker, in consultation with Company, will prepare a list of potential bidders capable of submitting a proposal for the purchase of the Nuvo Building (the "**Known Potential Bidders**"), which list may be periodically expanded as additional potential bidders and parties who wish to participate in the Sale Process are identified (the "**Potential Bidders**"). The Monitor and the Broker will circulate a teaser letter to Known Potential Bidders, and will also make available a CIM and provide access to an electronic data room containing financial and other due diligence information to Potential Bidders that have executed an NDA with the Applicant.

38. During Phase 1 of the Sale Process, the Monitor and the Broker will solicit expressions of interest in the form of non-binding expressions of intent from Potential Bidders to acquire the

Nuvo Property. To be considered a Qualified LOI, an LOI must, among other things, be delivered by the Phase I Bid Deadline, contemplated to be September 30, 2020, contain a description of the purchase price, indicate and describe the sources of financing, and include a description of all due diligence to be performed and conditions to closing sought by the Participating Bidder. Following the Phase I Bid Deadline, the Monitor, Company and the Broker will review the LOIs received and will invite Participating Bidders who have submitted Qualified LOIs to proceed to Phase 2 of the Sale Process.

39. During Phase 2 of the Sale Process, each Participating Bidder that is not eliminated from the Sale Process will continue to have access to due diligence information and will be invited to submit a Final Bid by the Phase 2 Deadline, contemplated to be October 23, 2020. The Final Bid is to be in the form of a template purchase agreement to be provided by the Monitor. The Sale Process provides certain requirements for the submission of a Final Bid, including the provision of deposits. The Monitor, in consultation with the Broker and the Company, will review the Final Bids submitted and determine in their reasonable business judgment it is likely that the Participating Bidder will be able to consummate a sale transaction on or before the Outside Date (November 30, 2020) in a manner that complies with all requirements of the Sale Process. The Monitor, in consultation with the Broker and the Company will select the Final Bid that it considers most favourable (the "**Selected Final Bid**"). Once a Selected Final Bid has been identified, the Broker and Monitor, in consultation with the Company, shall negotiate and settle the terms of a definitive agreement in respect of the Selected Final Bid, all of which will be conditional upon Court approval.

40. A summary of key dates for the SISF is included in the table below:

Milestone	Date(s)
Phase 1: Formal Marketing and Initial Due Diligence Period	August 4, 2020 to September 30, 2020
Phase 1 Bid Deadline	September 30, 2020
Phase 2: Secondary Due Diligence Period and satisfaction of conditionality for	October 5, 2020 to October 23, 2020

Participating Bidders who have submitted Qualified LOIs	
Phase 2 Bid Deadline	October 23, 2020
Signed APA subject to Court Approval	October 30, 2020
Court Approval of Successful Bid	No later than November 13, 2020
Targeted Close Date	No later than November 30, 2020

41. The Applicant worked with the Monitor and Broker to design the SISP. The SISP establishes a comprehensive process to canvass the market for sale and refinancing opportunities in order to maximize the value obtained for the Applicant's assets and recoveries for the Applicant's stakeholders.

42. As noted above, the SISP contemplates that the Sale Process and the Refinancing Process will be running in parallel and a refinancing transaction can be entered into through the signing of a firm Agreement of purchase and sale. In the event that a refinancing is pursued instead of a sale transaction, the CBRE Engagement Letter provides for a fee that the Broker will be entitled to receive upon the completion of the refinancing.

G. DIP Amendments

43. The Applicant and Meridian entered into the DIP Agreement on March 4, 2020, a copy of which is attached hereto as **Exhibit "G"**. The DIP Agreement contained certain milestone dates in connection with the SISP.

44. In light of the widespread economic disruption caused by the onset of the COVID-19 pandemic, the Province of Ontario's declaration of the State of Emergency on March 17, 2020 and associated disruption to the progress of the Nuvo Renovations, the Company, in consultation with the Monitor, negotiated an amendment to the DIP Agreement to extend the deadline to obtain an order approving the SISP to June 8, 2020 (the "**First DIP Amendment**"). A copy of the First DIP Amendment is attached hereto as **Exhibit "H"**.

45. As the Applicant and Monitor continued to consider the terms of SISP, it was anticipated that a further change in the timelines outlined in the First DIP Amendment may be appropriate. The Monitor has been in consultation with the DIP Lender to update them in respect of the proposed process and timelines. It was ultimately agreed that a further amendment would be entered into in conjunction with the SISP (the “**Second DIP Amendment**”), a copy of which is attached hereto as **Exhibit “I”**. The Second DIP Amendment provides for the following amended timelines:

- (a) on or before July 15, 2020, or such later date as agreeable to the Monitor and DIP Lender, the Company was required to hire a sales agent and work with the sales agent to establish the steps for the SISP, including if desirable, an electronic data room and to complete drafts of the confidential information memorandum (“**CIM**”), a confidentiality agreement, a prospective buyers list and the teaser letter and provide same to the DIP Lender for its approval;
- (b) on or before July 15, 2020, or such later date as agreeable to the Monitor and DIP Lender, the Company was required to obtain an order from the Court in form and substance satisfactory to the Monitor and the DIP Lender, acting reasonably, setting out the specific steps of the SISP and the timing thereof;
- (c) on or before October 30, 2020, the Company was required to provide a firm agreement of purchase and sale with a closing date on or before November 30, 2020; and
- (d) the closing of the agreement of purchase and sale was required to occur on or before November 30, 2020.

H. Sealing

46. The CBRE Engagement Letter contains commercially sensitive information, including certain information regarding the potential threshold price for a sale transaction involving the Company, which could have an adverse effect on the SISP. As a result, the Company is seeking that the commercially sensitive provisions of the CBRE Engagement Letter be sealed pending further Order of this Court.

III. STAY EXTENSION

47. Since the Amended and Restated Initial Order was granted, the Applicant has continued to act diligently and in good faith in respect of all matters relating to the CCAA Proceedings. To date, the Applicant has been working diligently to maintain the stability of its business operations, manage relationships with key stakeholders, respond to the operational and financial challenges brought on by the COVID-19 pandemic, and work with Maple to ensure the timely progression of the Nuvo Renovations.

48. The Stay Period granted in the Amended and Restated Initial Order, had the effect of imposing a stay of proceedings until and including October 24, 2020. The Applicant is requesting an extension of the Stay Period until and including November 30, 2020, to coincide with the Outside Date of the SISP.

49. I understand that the Second Report will include the Applicant's prepared cash flows, demonstrating that the DIP Agreement (as amended) is expected to provide the Applicant with sufficient funding to continue operations through to the requested extension of the Stay Period to November 30, 2020.

50. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period.

I confirm that while connected via video conference technology, Shawn Saulnier showed me the front and back of his government-issued photo identity document and that I am reasonably satisfied it is the same person and the document is current and valid. I confirm that I have reviewed each page of this affidavit with Shawn Saulnier and verify that the pages are identical.

Sworn before me by video conference from the Town of Campbellville, Ontario to the City of Toronto, Ontario, on July 7, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482

Commissioner for Taking Affidavits

Sanja Sopic

DocuSigned by:
Shawn Saulnier
D668EAB5CC004C6...

Shawn Saulnier

EXHIBIT “C”

THIS IS EXHIBIT "C", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:

Sanja Sapic

E820930A2731482

Commissioner for taking Affidavits

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE
JUSTICE MCEWEN

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FRIDAY, THE 10th
DAY OF JULY, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2607380 ONTARIO INC. (the "**Applicant**")

ORDER

(Approving SISP and Extending Stay of Proceedings)

THIS MOTION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an order, among other things, approving the sale and investment solicitation process (the "SISP") in the form attached hereto as Schedule "A", and retainer of the Broker (as defined below) to assist in the implementation of the SISP proceeded on this day by way of video-conference due to the COVID-19 crisis.

ON READING the affidavit of Shawn Saulnier sworn July 7, 2020 (the "**Saulnier Affidavit**"), and the Exhibits thereto, the Second Report of Richter Advisory Group Inc., in its capacity as the Court-appointed Monitor of the Applicant (the "**Monitor**") dated July 8, 2020 (the "**Second Report**"), filed, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for Crossroads Christian Communications Incorporated, counsel for Bridging Finance Inc., and counsel for those other parties appearing as indicated on the counsel slip,

DEFINED TERMS

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined shall have the meanings ascribed to them in the SISP or the Saulnier Affidavit, as applicable.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period referred to in the Amended and Restated Initial Order of this Court dated March 6, 2020 is hereby extended up to and including November 30, 2020, with respect to the Applicant, Nuvo Network Inc., and Shawn and Bridget Saulnier.

APPROVAL OF SISP

4. **THIS COURT ORDERS** that that the SISP is hereby approved.

5. **THIS COURT ORDERS** that the Applicant, the Monitor and the Brokers (as defined below) and their respective advisors, are hereby authorized and directed to carry out the SISP and to take such steps and execute such documentation as may be necessary or incidental to the SISP.

6. **THIS COURT ORDERS** that the Monitor, the Applicant, the Brokers and their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or willful misconduct of the Monitor, the Brokers or the Applicant, as applicable, as determined by this Court.

PIPEDA

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant and the Monitor may disclose personal information of identifiable individuals to prospective purchasers or bidders who participate in the SISP and to their advisors, but only to the extent desirable or required to carry out the SISP and to attempt to complete a sale or refinancing transaction with respect to the Nuvo Property. Each prospective purchaser or bidder (and their respective advisors) to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a refinancing transaction and/or of a transaction for some or all of the Nuvo Property, and if it does not complete such a transaction, shall return all such information to the Applicant or Monitor, or in the alternative destroy all such information. The purchaser of any of the Nuvo Property shall be entitled to continue to use the personal information provided to it, and related to such property, in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant, or ensure that all other personal information is destroyed.

APPROVAL OF HALO AND MA ENGAGEMENT LETTERS

8. **THIS COURT ORDERS** that the Business Services Agreement dated May 16, 2020 (the "**Halo Engagement Letter**") between the Applicant and Halo Advisory ("**Halo**"), and the Engagement Agreement/ Agency Agreement dated May 18, 2020 (the "**MA Engagement Letter**") between the Applicant and Mortgage Alliance ("**MA**") attached as Exhibits "E" and "F", respectively, to the Saulnier Affidavit are hereby approved, with such minor amendments as the Applicant, the Monitor, Halo and MA may deem necessary and agree to in writing. Subject to the provisions of this Order, the Applicant and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to implement the Halo Engagement Letter and the MA Engagement Letter.

APPROVAL OF CBRE ENGAGEMENT LETTER

9. **THIS COURT ORDERS** that the Exclusive Sales Listing Agreement, attached as Confidential Appendix "2" to the Second Report (the "**CBRE Engagement Letter**"), is hereby

approved, with such minor amendments as the Applicant, the Monitor and CBRE Limited ("CBRE", and together with Halo and MA, the "Brokers") may deem necessary and agree to in writing. Subject to the provisions of this Order, the Applicant and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to implement the CBRE Engagement Letter.

SEALING

10. **THIS COURT ORDERS** that the unredacted CBRE Engagement Letter attached as Confidential Appendix "2" to the Second Report is hereby sealed pending further Order of this Court.

GENERAL

11. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or under the SISP.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 10 2020

PER / PAR:



SCHEDULE "A"**SALE AND INVESTOR SOLICITATION PROCESS**

1. On February 25, 2020 (the "**Filing Date**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting 2607380 Ontario Inc. ("**260**" or the "**Company**") protection pursuant to *the Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended (the "**CCAA**"). Pursuant to the Initial Order, Richter Advisory Group Inc. ("**Richter**") was appointed as Monitor of the Company (the "**Monitor**"). On March 6, 2020, the Court issued the Amended and Restated Initial Order (the "**Amended and Restated Initial Order**"), which incorporated certain amendments to the Initial Order. The proceedings commenced by 260 under the CCAA are hereinafter referred to as the "**CCAA Proceedings**".
2. The Amended and Restated Initial Order, *inter alia*, approved a non-revolving credit facility up to a maximum amount of \$7.18 million (the "**Meridian DIP Facility**") pursuant to a credit facility agreement between the Company and Meridian Credit Union Limited ("**Meridian**", and in its capacity as DIP lender to the Company, the "**DIP Lender**") dated March 4, 2020 (the "**Meridian DIP Facility Agreement**") to provide necessary funding to the Company during the CCAA Proceedings.
3. The Meridian DIP Facility Agreement requires the Company to initiate a refinancing and sales process to address the refinancing of the Company's secured debt and/or sale of the Company's property located at 1295 North Service Road, Burlington, Ontario (the "**Nuvo Property**").
4. The Company intends to seek Court approval of the Sale and Investor Solicitation Process (the "**SISP**") set forth herein. The purpose of the SISP is to seek:
 - (a) refinancing of the Company's secured debt by way of the Refinancing Process as defined below;
 - (b) a process (the "**Sale Process**") intended to solicit interest in the acquisition of the Nuvo Property (a "**Sale Proposal**"), prior to November 30, 2020 (the "**Outside Date**") while running, in parallel, the Refinancing Process.
5. The Monitor shall conduct both aspects of the SISP- namely, the Refinancing Process and the Sale Process, as outlined herein. In the event that there is a disagreement or clarification required as to the interpretation or application of the SISP, the Court shall hear such matter and provide directions, upon application of the Monitor.

Refinancing Process

6. The Company has retained a financial advisor, Halo Advisory ("**Halo**") and its mortgage broker, Mortgage Alliance ("**MA**") to assist with the Refinancing Process. Halo and MA have, in accordance with the Amended and Restated Initial Order and the Meridian DIP Facility Agreement, commenced a process to solicit proposals from

interested parties to provide financing in order to repay the Company's existing indebtedness (the "**Refinancing Process**").

7. The Refinancing Process will be conducted by Halo and MA on behalf of the Company and under the supervision of the Monitor. In addition, the Monitor and the Company's counsel have and may continue to assist in identifying and pursuing refinancing options within the Refinancing Process.
8. MA, in consultation with the Monitor and the Company, has prepared marketing materials, including a teaser and confidential information memorandum ("**Refinancing CIM**") and developed a targeted list of prospective lenders for which to present the refinancing opportunity.
9. To date, the Company and MA have contacted several parties identified as prospective lenders to provide financing to the Company, including banks, mortgage lenders, private equity firms and alternative lenders (the "**Interested Parties**"). Interested Parties who have signed a non-disclosure agreement ("**Refinancing NDA**") have been provided with the opportunity to access a confidential data room furnished with information pertaining to the Company, including the Refinancing CIM, and other relevant information about the Company. The Interested Parties' diligence is in progress. Any refinancing proposals submitted by Interested Parties will be reviewed by the Monitor, MA and the Company.
10. Pursuant to the Meridian DIP Facility Agreement, the Company is permitted to continue the Refinancing Process up to the date that a definitive agreement of purchase and sale is executed with any other party pursuant to the Sale Process.
11. If the Company and the Monitor determine that the Refinancing Process has identified a transaction that is able to be completed in advance of the date that a definitive agreement of purchase and sale is signed, the Company and the Monitor are authorized to pursue such a transaction and terminate the Sale Process. The Company will seek Court approval of the refinancing transaction on or before the Outside Date.

Sale Process

12. The Company has retained CBRE Limited (the "**Broker**") to assist in the development and execution of the Sale Process and related marketing strategy in respect of the Nuvo Property. Set forth below are the procedures (the "**Sale Procedures**") to be followed with respect to the Sale Process and, if there is a Successful Bid (as defined herein), to complete the transactions contemplated by such Successful Bid.
13. The sale of the Nuvo Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Broker, the Company or the Monitor, or any of their agents, estates, advisors, professionals or otherwise.
14. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Nuvo Property in connection with their

participation in the Sale Process and any transaction they enter in respect of the Nuvo Property.

Timeline

15. The following table summarizes the key dates contemplated by the Sale Process:

Milestone	Date(s)
Phase 1: Formal Marketing and Initial Due Diligence Period	August 4, 2020 to September 30, 2020
Phase 1 Bid Deadline	September 30, 2020
Phase 2: Secondary Due Diligence Period and satisfaction of conditionality for Participating Bidders who have submitted Qualified LOIs	October 5, 2020 to October 23, 2020
Phase 2 Bid Deadline	October 23, 2020
Signed APA subject to Court Approval	October 30, 2020
Court Approval of Successful Bid	No later than November 13, 2020
Targeted Close Date	No later than November 30, 2020

16. The Phase 1 Bid Deadline and/or Phase 2 Bid Deadline may be extended by the Monitor if it considers it appropriate to do so. Any extensions or amendments to the deadlines above will be communicated to all known Participating Bidders (defined below) and such extensions or amendments shall be posted on the website maintained by the Monitor at <https://www.richter.ca/insolvencycase/2607380-ontario-inc/> (the "**Monitor's Website**").

Supervision of the Sale Process

17. The marketing of the Sale Process and negotiation with Potential Bidders described in the Sale Process will be conducted by the Broker on behalf of, and under the supervision of the Monitor.

Solicitation of Interest

18. As soon as reasonably practicable after the granting of an order approving the SISP (the "SISP Order"):
- (a) The Monitor will cause a notice of the Sale Process (and such other relevant information which the Broker and Monitor consider appropriate) to be published in The Globe and Mail (National Edition), and posted on the Monitor's Website;
 - (b) the Broker will list the Nuvo Property on the Multiple Listing Service;
 - (c) The Broker in consultation with the Monitor and Company will prepare a list of potential bidders capable of submitting a proposal for the purchase of the Nuvo Building (the "Known Potential Bidders"), which list may be periodically expanded as additional potential bidders and parties who wish to participate in the Sale Process are identified (the "Potential Bidders");
 - (d) The Broker in in consultation with the Monitor and Company will prepare (a) an initial offering summary (the "Teaser Letter") to notify Known Potential Bidders of the existence of the Sale Process and invite the Known Potential Bidders to express their interest in participating in the Sale Process, and (b) a form of NDA; and
 - (e) Promptly after preparation of the Known Potential Bidders list, the Broker shall distribute the Teaser Letter and the NDA to the Known Potential Bidders.

Phase 1 of the Sale Process

19. During Phase 1 of the Sale Process, the Broker (under the supervision of the Monitor and in accordance with the SISP) will solicit non-binding indications of interest in accordance with paragraph 18, in the form of non-binding letters of intent ("LOIs") from Potential Bidders to acquire the Nuvo Property.
20. A Potential Bidder will be deemed a "Participating Bidder" if it delivers an executed NDA to the Monitor and the Broker.

Due Diligence

21. The Broker will provide each Participating Bidder with a copy of the Teaser Letter and access to an electronic data room of due diligence information. Each Participating Bidder will also be provided with access to such other due diligence materials and information relating to the Nuvo Property as the Monitor, in its reasonable business judgment, in consultation with the Broker and the Company, determines. This may include, as appropriate, information or materials reasonably requested by Participating Bidders, on-site visits, and access to further information in the electronic data room.

Phase 1 Assessment of LOIs and Continuation or Termination of the Sale Process

22. A LOI will be considered a qualified LOI (a "**Qualified LOI**") only if it meets the following criteria:
- (a) it is delivered to the Broker and the Monitor at the addresses specified in Schedule "A" hereto (including by email or fax transmission), so as to be received by the Broker and the Monitor not later than 5:00 PM (Eastern Time) on September 30, 2020 (the "**Phase 1 Bid Deadline**");
 - (b) it contains description of the proposed purchaser or purchasers, each of which must be a Participating Bidder;
 - (c) it includes the purchase price in Canadian dollars, including details of any liabilities to be assumed by the Participating Bidder, and details of the deposit to be provided (with reference to the Final Bid requirement in paragraph 29(i));
 - (d) it indicates the sources of capital/financing for the transaction and preliminary evidence of the sources of financing of the purchase price, the availability of such financing, steps necessary and associated timing to obtain such financing;
 - (e) it includes a description of the additional due diligence required to be conducted during Phase 2 of the Sale Process, if any;
 - (f) it describes all conditions to closing that the Participating Bidder seeks;
 - (g) it indicates the anticipated timing of closing of the proposed transaction; and
 - (h) it describes any other terms or conditions of the sale proposal which the Participating Bidder believes are material to the transaction.
23. Within three (3) business days following the Phase 1 Bid Deadline (or such later date as may be determined by the Monitor in consultation with the Broker and the Company) (the "**Phase 1 Assessment Date**"), the Monitor, in consultation with the Broker and the Company:
- (a) will review the LOIs obtained by the Phase 1 Bid Deadline to determine whether they are Qualified LOIs that meet the criteria set out in paragraph 22;
 - (b) will assess the Qualified LOIs to determine whether there is a reasonable prospect of obtaining a Final Bid, as defined and described below; and
 - (c) to the extent required, may request clarification of the terms of Qualified LOIs (or, for the avoidance of doubt, any LOIs to determine if they are Qualified LOIs).
24. If one or more Qualified LOIs are received and the Monitor, in consultation with the Broker and the Company, determines there is a reasonable prospect of obtaining a Final Bid, the Sale Process shall continue into the second phase in accordance with these Sale Procedures ("**Phase 2**").

25. If the Monitor, in consultation with the Broker and the Company, determines that (a) no Qualified LOI has been received or (b) there is no reasonable prospect of obtaining a Final Bid then the Monitor, in consultation with the Broker and the Company, may:
- (a) designate one or more LOIs as a Qualified LOI and the Sale Process shall continue into Phase 2;
 - (b) proceed to Phase 2 of the Sale Process without a Qualified Bid; or
 - (c) apply to Court for advice and directions regarding the continuation or termination of the Sale Process.

Phase 2 of the Sale Process

Due Diligence

26. During Phase 2, each Participating Bidder with a Qualified LOI, or such other Participating Bidder as the Monitor has permitted to remain in the Sale Process, will continue to complete any remaining due diligence and will work to satisfy any remaining conditions in its Qualified LOI.
27. Participating Bidders who have entered Phase 2 of the Sale Process will be provided with a form of asset purchase agreement (the "**Template Purchase Agreement**") to be used in submitting their Final Bids, as further described below.

Final Bids from Participating Bidders

28. A Participating Bidder that wishes to pursue a sale transaction must deliver a final binding proposal (the "**Final Bid**") containing a duly authorized and executed purchase agreement based on the Template Purchase Agreement and accompanied by a mark-up of the Template Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Participating Bidder with all exhibits and schedules thereto to the Broker and the Monitor at the addresses specified in Schedule "A" hereto (including by email or fax transmission) so as to be received by them not later than 5:00 pm (Eastern Time) on October 23, 2020. (the "**Phase 2 Bid Deadline**").
29. A Final Bid must be received by the Phase 2 Bid Deadline and must comply with the following requirements:
- (a) it must be irrevocable until the earlier of (i) Court approval, and (ii) the Outside Date, provided that if the Participating Bidder is selected as the Successful Bidder (as defined below), its offer will remain irrevocable until the closing of the transaction with such Successful Bidder;

- (b) it must fully disclose the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid, including whether any prior or current member of the Company's board, management, any employee or consultant to the Company or any creditor, lender or shareholder of the Company is involved in any way with the bid or assisted with the bid, and the complete terms of any such participation as well as evidence of corporate authority to sponsor or participate in the bid;
- (c) it includes the amount to be paid or financed and written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Monitor, in consultation with the Broker and the Company, to make a reasonable determination as to the Participating Bidder's financial and other capabilities to consummate the transaction contemplated by its Final Bid;
- (d) it includes details of any liabilities to be assumed by the Participating Bidder;
- (e) it is not conditional upon conditions, including but not limited to:
 - (i) the outcome of unperformed due diligence by the Participating Bidder; or
 - (ii) obtaining financing;
- (f) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (g) it provides a timeline to closing on or before the Outside Date with critical milestones, if any;
- (h) it includes evidence, in form and substance reasonably satisfactory to the Monitor, the Broker and the Company, of irrevocable authorization and approval from the Participating Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Final Bid;
- (i) it is accompanied by a deposit (the "Initial Deposit") in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to five percent (5%) of the proposed purchase price, to be held and dealt with in accordance with the terms of the SISP and a declaration that an additional deposit in the amount of five percent (5%) (the "Final Deposit" and collectively with the Initial Deposit, the "Deposits") will be paid, in trust to the Monitor in the same form and manner as the Initial Deposit was paid, by the Participating Bidder on the date that its Final Bid is selected as the Selected Final Bid (as defined below); and

- (j) it includes an acknowledgement and representation that the Participating Bidder (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement.

Evaluation and Selection of Successful Bid

30. The Monitor, in consultation with the Broker and the Company, will review the Final Bids submitted and determine the bid that it considers most favourable and in their reasonable business judgment it is likely that the Participating Bidder will be able to consummate a sale transaction on or before the Outside Date in a manner that complies with all requirements of the Sale Process, and (the "Selected Final Bid").
31. The Monitor, in consultation with the Broker, shall evaluate Final Bids on various grounds including but not limited to (i) the purchase price and net value (including assumed liabilities and other obligations to be performed by the bidder); (ii) the firm, irrevocable commitment for financing the transaction; (iii) the counterparties to the transaction; (iv) the terms of transaction documents; (v) other factors affecting the speed, certainty and value of the transaction; (vi) the planned treatment of the Company's stakeholders; (vii) the assets included or excluded from the bid and proposed assistance in relation to excluded assets; (viii) any transition services required post-closing and any related restructuring costs, (ix) the likelihood and timing of consummating the transaction, and (x) the extent to which the terms of the Final Bid differ from those contained in the Template Purchase Agreement.
32. Once a Selected Final Bid has been identified, the Monitor, in consultation with the Broker and Company, shall negotiate and settle the terms of a definitive agreement in respect of the Selected Final Bid, all of which will be conditional upon Court approval at which time the Selected Final Bid will be the "Successful Bid" hereunder and the person(s) who made the Selected Final Bid will be the "Successful Bidder" hereunder. The Final Deposit will be due and payable on the date that the Successful Bidder is advised by the Monitor, in writing, that they are the Successful Bidder.

Approval Motion for Successful Bid

33. The Company will apply to the Court (the "Approval Motion") for an order approving the Successful Bid and authorizing it to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid, and will make any application to any other court of competent jurisdiction considered by the Company, in consultation with the Monitor and the Broker to be necessary or appropriate to give effect to the Successful Bid.

34. The Approval Motion will be held on a date to be scheduled by the Court upon application by the Company. The Approval Motion may be adjourned or rescheduled by the Company without further notice by an announcement of the adjourned date at the Approval Motion.
35. All Final Bids other than the Successful Bid will be deemed rejected on the date of approval of the Successful Bid by the Court.
36. If the Monitor, after consultation with the Broker and the Company, (a) determines, at any point during Phase 2, that there is no reasonable prospect of obtaining a Final Bid; or (b) determines that no Final Bid has been received at the end of Phase 2, then the Monitor or the Company may apply to Court for advice and directions regarding the continuation or termination of the Sale Process.

Other Terms

General Waiver

37. The Monitor, in consultation with the Broker and the Company, may waive compliance with any one or more of the procedures specified above where they deem necessary to achieve value maximization under the SISP.

No Obligation to Conclude a Sale or Refinancing

38. The Company, Monitor and Broker shall have no obligation to agree to conclude a sale or investment arising out of the SISP, and reserves the right and unfettered discretion to reject any offer or other proposal made in connection with the SISP.

Deadlines

39. The Phase 1 Bid Deadline and/or Phase 2 Bid Deadline may be extended by the Monitor if it considers it appropriate to do so.

Deposits

40. All Deposits will be retained by the Monitor and invested in an interest-bearing trust account. If there is a Successful Bid, the Deposits (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Initial Deposits (plus applicable interest) of Participating Bidders not selected as the Successful Bidder will be returned to such bidders within five (5) business days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, subject to the following paragraph, all Initial Deposits (plus applicable interest) will be returned to the bidders within five

(5) business days of the date upon which the Sale Process is terminated in accordance with these procedures.

41. If a Successful Bidder breaches its obligations under the terms of the Sale Process, its Deposits shall be forfeited as liquidated damages and not as a penalty.

Approval

42. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the Amended and Restated Initial Order or any other statute or as otherwise required at law in order to implement a Successful Bid.

No Amendment and Return to Court

43. There will be no material amendments to the SISP without the consent of the Monitor, the DIP Lender, the Broker and the Company, and no immaterial amendments, as determined by the Monitor in its discretion, without approval of the Monitor, or, in either case, in the absence of consent, the approval of the Court.
44. Notwithstanding anything else contained herein, at any time if the Monitor, in consultation with the Broker and the Company, determines it is appropriate to do so, the Monitor may apply to Court for advice and direction with respect to the discharge of its powers and duties hereunder, seek approval of any transaction or proposal, seek to modify or supplement the SISP and/or seek to terminate the SISP.
45. The SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Monitor, the Broker, or the Company and any Participating Bidder, other than as specifically set forth in a definitive agreement that may be signed in respect of the Sale Process.

Schedule "A"

Addresses for Notices and Deliveries

To the Monitor:

Richter Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3
Attn: Adam Zeldin
Direct: (416) 646-7390
Email: azeldin@richter.ca

To the Broker, copies to both:

CBRE Limited
Attn: Kyle Hanna
Direct: (416) 798-6255
Email: kyle.hanna@cbre.com

CBRE Limited
Attn: Matthew Brown
Direct: (416) 815-2325
Email: matthew.brown@cbre.com

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO INC.

Court File No.: CV-20-00636875-00CL

10 June 20

The Order shall go on an unopposed basis as per the draft filed and signed.

I have reviewed the materials filed and heard submissions of counsel.

The relief sought is fair and reasonable with respect to the SISP, stay extension and related relief.

A sealing order is appropriate as the Sierra Club criteria have been met. On the resumption of regular court operations it will be the responsibility of counsel to ensure that the subject materials are protected under seal in the court file.

This Order is effective from today's date without the need for entry and filing.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

ORDER
(Approving SISP and Extending Stay of Proceedings)

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: epillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

EXHIBIT “D”

THIS IS EXHIBIT "D", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:

Sanja Sopic

E820930A2731482...

Commissioner for taking Affidavits

Form 6

Construction Lien Act

CERTIFICATE OF SUBSTANTIAL PERFORMANCE OF THE CONTRACT UNDER SECTION 32 OF THE ACT

City of Burlington

(County/District or Regional Municipality/City or Borough of Municipality of Metropolitan Toronto in which premises are situate)

1295 North Service Road, Burlington, Ontario L7R 4M2

(Street address and city, town, etc., or, if there is no street address, the location of the premises)

This is to certify that the contract for the following improvement:

Interior renovation of atrium, common spaces & office spaces.

(short description of the improvement)

to the above premises was substantially performed on October 30, 2020

(date substantially performed)

Date certificate signed: October 30, 2020

N/A

(payment certifier where there is one)

[Handwritten signature]

(owner and contractor, where there is no payment certifier)

Name of owner 2607380 Ontario Inc. (o/a NUVO Network)

Address for service 1295 North Service Road, Burlington, Ontario L7R 4M2

Name of contractor Maple Reinders Constructors Ltd.

Address for service 260 Holiday Inn Drive, Suite 24, Cambridge, ON N3C 4E8

Name of payment certifier N/A

(where applicable)

Address

(Use A or B whichever is appropriate)

A. Identification of premises for preservation of liens:

1295 North Service Road, Burlington, Ontario L7R 4M2

(where liens attach to premises, reference to lot and plan or instrument registration number)

B. Office to which claim for lien and affidavit must be given to preserve lien:

(where liens do not attach to premises)

R.R.O. 1990, Reg. 175, Form 6

EXHIBIT “E”

THIS IS EXHIBIT "E", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:

Sanja Sapic

E020930A2731402...

Commissioner for taking Affidavits

DIP CREDIT FACILITY AGREEMENT

THIS AGREEMENT made as March 3, 2020

BETWEEN:

MERIDIAN CREDIT UNION LIMITED
(the “**DIP Lender**”)

– and –

2607380 ONTARIO INC.
(the “**Borrower**”)

– and –

NUVO NETWORK INC.
(the “**Guarantor**”).

WHEREAS:

- A. The Borrower has requested the DIP Lender to provide it with financing to fund certain of the Borrower’s cash requirements during the pendency of its proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) in accordance with the terms and conditions set out herein;
- B. The DIP Lender has agreed to provide interim CCAA financing in order to fund certain obligations of the Borrower in accordance with the terms and conditions set out herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein (and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged), the Borrower, the DIP Lender and the Guarantor (the “**Parties**” and each a “**Party**”) agree as follows:

- 1. **DEFINED TERMS:** Capitalized terms not defined in the body of this Agreement have the meaning ascribed to them in Section 37 below.
- 2. **DIP FACILITY AND MAXIMUM AMOUNT:** The DIP Lender will provide to the Borrower a secured super-priority debtor-in-possession non-revolving credit facility (the “**DIP Facility**”) of up to \$7,180,000, inclusive of an amount equal to the Commitment Fee (the “**Maximum DIP Credit Amount**”).

The DIP Lender shall reserve from the DIP Facility \$400,000 (the “**Reserve Amounts**”) to fund the DIP Lender’s interest, legal fees and disbursements during the Stay Period;

3. **CLOSING DATE OF INITIAL ADVANCE**

The Borrower will make an initial draw under the DIP Facility (the “**Initial Advance**”) on the day following the date on which the conditions precedent in Section 5 below applicable to the Initial Advance have been satisfied or waived (the “**Closing Date**”), provided that if the conditions precedent in Section 5 below applicable to the Initial Advance have not been satisfied or waived by March 13, 2020 or such later date as the DIP Lender may in its sole discretion agree to in writing, the DIP Facility will be terminated and the DIP Lender will be under no obligation to make any DIP Advance.

4. **REPAYMENT:**

The aggregate principal amount owing under the DIP Facility, together with all accrued and unpaid interest, fees and prepayment obligations, if applicable, and all fees, expenses and other amounts incurred by or owing to the DIP Lender under or in connection with the DIP Facility and the Loan Documents (the “**DIP Obligations**”) will be due and payable on the earliest of (such earliest date, the “**Maturity Date**”):

- (a) November 6, 2020;
- (b) if the DIP Order has not been issued on or before March 6, 2020;
- (c) the date that the stay period expires under the Initial Order without extension;
- (d) the date on which the stay under the Initial Order is lifted, in whole or in part, without the prior written consent of the DIP Lender;
- (e) the date on which (i) an assignment in bankruptcy is made by the Borrower under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), (ii) a bankruptcy order is issued in respect of the Borrower pursuant to the BIA, (iii) a proposal or notice of intention to make a proposal under the BIA is filed by or on behalf of the Borrower, (iv) a receiver or receiver and manager is appointed by any court of competent jurisdiction in respect of the Borrower or any of its assets or undertaking, in each case without the prior written consent of the DIP Lender; and
- (f) the date on which the DIP Lender demands repayment of the DIP Facility after the occurrence and continuance of an Event of Default.

The commitment in respect of the DIP Facility will expire on the Maturity Date and all DIP Obligations must be repaid in full no later than the Maturity Date, without the DIP Lender being required to make demand (or, in the case of clause (e) above, further demand) upon the Borrower or to give notice that the DIP Facility has expired and/or that the DIP Obligations are due and payable.

All payments received by the DIP Lender will be applied first to any fees and expenses due hereunder, then to prepayment obligations, if applicable, then to accrued and unpaid interest and then after all such amounts are paid in full, to principal.

5. **AVAILABILITY
UNDER DIP
FACILITY:**

The Borrower may request advances under the DIP Facility (each, a “**DIP Advance**”) by delivery to the DIP Lender of a drawdown request in the form attached as Schedule “B” hereto (the “**Drawdown Request**”) no more frequently than once per two-week period and not less than three (3) Business Days prior to the requested advance date, provided that a Drawdown Request need only be delivered one (1) Business Day prior to the Initial Advance.

Each DIP Advance must be in a minimum amount of \$250,000 and in multiples of \$100,000 in excess thereof, provided that the Initial Advance must be for an amount not less than the Commitment Fee, the Meridian Interim Advance, the Property Tax Arrears, the DIP Lender’s costs and expenses plus any further amount the Borrower chooses to borrow, if any, as set out in the Cash Flow Budget.

Availability under the DIP Facility is limited to the Maximum DIP Credit Amount and is subject to the other conditions described herein including, but not limited to, the Reserve Amounts set out in Section 2. Any Drawdown Request that is not materially consistent with the Cash Flow Budget must be acceptable to and approved in writing by the DIP Lender.

The aggregate borrowings under the DIP Facility during any week must not exceed the forecasted borrowing requirements set forth in the Cash Flow Budget, unless acceptable to and approved in writing by the DIP Lender.

The following conditions precedent must be satisfied, or waived by the DIP Lender in its sole discretion, prior to each DIP Advance hereunder:

- (a) this Agreement, the other Loan Documents required by the DIP Lender pursuant to Section 15 to such date and all other documentation relating to the DIP Facility

have been executed and delivered and remain in full force and effect;

- (b) the application for the DIP Order has been brought on notice to such parties as are acceptable to the DIP Lender in its sole discretion, and has been heard by the Court no later than March 6, 2020;
- (c) the application for the Second Order has been brought on notice to such parties as are acceptable to the DIP Lender in its sole discretion, and has been heard by the Court no later than March 6, 2020;
- (d) the Court has issued the DIP Order, in form and substance satisfactory to the DIP Lender in its sole discretion;
- (e) the Court has issued the Second Order, in form and substance satisfactory to the DIP Lender in its sole discretion;
- (f) no appeal, notice of appeal or application for leave to appeal in respect of the Initial Order or the DIP Order has been made or threatened;
- (g) no motion to amend, vary, vacate or stay the Initial Order or the DIP Order has been made or threatened;
- (h) the Borrower has paid or will pay from the proceeds of the Initial Advance all fees and other amounts payable to the DIP Lender hereunder, including, without limitation, the Commitment Fee;
- (i) there are no encumbrances on any Collateral ranking in priority to or *pari passu* with the DIP Security other than as permitted by the terms hereof;
- (j) [Intentionally Deleted];
- (k) the DIP Lender has been named as an additional insured and first loss payee on the Borrower's property and casualty insurance policies, including insurance with respect to any real property Collateral (which must include a standard mortgage clause), and such insurance remains in full force and effect;
- (l) the DIP Lender has received a certified rent roll summarizing all leases of premises within the real property owned by the Borrower, the Guarantor or either of them;
- (m) the DIP Advance (together with all previous DIP Advances) must be no greater than the amount shown

on the Cash Flow Budget and in the aggregate must not exceed the Maximum DIP Credit Amount;

- (n) the delivery to the DIP Lender of a Drawdown Request, duly executed by an officer on behalf of the Borrower and approved by the Monitor;
- (o) no Material Adverse Effect has occurred since the date of the Initial Order;
- (p) there is no Default or Event of Default which has occurred and is continuing, nor will any Default or Event of Default occur as a result of the DIP Advance;
- (q) there are no pending appeals, injunctions or other legal impediments relating to the DIP Facility, or pending litigation seeking to restrain or prohibit the DIP Advance or DIP Facility;
- (r) the Cash Flow Budget is satisfactory to the DIP Lender in its sole discretion (it being acknowledged that the Cash Flow Budget attached hereto as Schedule "A" is satisfactory to the DIP Lender); and
- (s) each of the representations and warranties made by the Borrower and/or the Guarantor, as applicable, in this Agreement, the Guarantee and each other Loan Document is true and correct in all material respects as of the date made or deemed made and as of the date of the DIP Advance;
- (t) prior to any DIP Advance to fund Construction costs the DIP Lender shall be satisfied with the bi-weekly status reports provided by Maple Reindeers and the Monitor to the DIP Lender and the Borrower, all progress reports and certificates delivered by Maple Reinders and that there are no cost overruns which have not been approved by the DIP Lender in writing in respect of the costs for the Construction as set out in the Cash Flow Budget; and
- (u) the DIP Lender shall be satisfied that there is sufficient availability under the DIP Facility to fund costs to complete the Construction.

6. **USE OF PROCEEDS:** DIP Advances may only be used by the Borrower to pay:

- (a) expenditures provided for in the Cash Flow Budget;
- (b) fees and expenses associated with the DIP Facility;

- (c) repayment of the \$220,000 advanced by Meridian Credit Union Limited under the Initial Order (the “**Meridian Interim Advance**”);
- (d) payment of the outstanding property tax arrears on real property owned by the (the “**Property Tax Arrears**”); and
- (e) such other expenditures as the DIP Lender has consented to in writing, acting reasonably.

The proceeds of each DIP Advance will be paid into a bank account of the Monitor, designated by the Borrower in writing to the DIP Lender prior to the DIP Advance with the prior written approval of the Monitor.

7. **DIP CHARGE AND
DIP SECURITY:**

To secure the payment and performance by the Borrower of all of its obligations under this Agreement, the other Loan Documents and all ancillary documents related thereto including, without limitation, all of the DIP Obligations, the Borrower and the Guarantor shall:

- (a) obtain for the DIP Lender a Court-ordered charge and security (the “**DIP Charge**”), and
- (b) grant to the DIP Lender such security interests, assignments, mortgages and charges as may be required by it pursuant to Loan Documents required in accordance with Section 15 (collectively, with the DIP Charge, the “**DIP Security**”),

in each case on all of the existing and after-acquired real and personal, movable and immovable, tangible and intangible, corporeal and incorporeal, property, assets and undertaking of the Borrower, including, without limitation, all cash, cash equivalents, bank accounts, accounts, rents, other receivables, chattel paper, contract rights, inventory, instruments, documents, securities (whether or not marketable), equipment, fixtures, real property interests, franchise rights, patents, trade names, trademarks, copyrights, intellectual property, intangibles, capital stock, supporting obligations, letter of credit rights, commercial tort claims, causes of action and all substitutions, accessions and proceeds of the foregoing, of whatever nature and wherever located, including insurance or other proceeds thereof (collectively, the “**Collateral**”).

The DIP Security will rank in priority to all other creditors, interest holders, lien holders and claimants of any kind whatsoever (including, without limitation, the Court-ordered charges created by the Initial Order), other than a Court-ordered administration charge provided for by the Initial Order to secure payment of the professional fees of the Monitor, the Monitor’s counsel and the Borrower’s counsel, in a principal amount not to exceed \$300,000 (the “**Administration Charge**”).

8. **PERMITTED ENCUMBRANCES AND PRIORITY:**

All Collateral will be free and clear of liens, encumbrances and claims other than the DIP Security, except for (a) the Court-ordered charges created by the Initial Order, (b) any existing mortgage, hypothec, lien, security interest, pledge, charge, prior claim or encumbrance of any kind in respect of any Collateral as set forth in Schedule “C”, and (c) any other liens or encumbrances which are acceptable to, and consented to in writing by, the DIP Lender, acting reasonably (collectively, the “**Permitted Encumbrances**”). The Permitted Encumbrances will be subordinate to the DIP Security except for the Administration Charge or as otherwise expressly agreed in writing by the DIP Lender in its discretion.

9. **INTEREST:**

The outstanding principal amount of all DIP Advances will bear interest at the rate of 9.25% per annum, calculated daily and payable monthly in arrears on the last day of each calendar month (or the next Business Day of the last day of the month is not a Business Day).

Interest on each DIP Advance will accrue on the basis of a year of 365 days or 366 days, as applicable, and will be calculated, payable and compounded monthly on the last day of each month. For the purposes of the *Interest Act* (Canada),

the annual rates of interest or fees to which the rates calculated in accordance with this DIP Facility are equivalent to the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365 or 366, as applicable.

If any provision of this Agreement or any ancillary document in connection with this Agreement would obligate the Borrower to make any payment of interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the DIP Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provision, such amount or rate will be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the DIP Lender of interest at a criminal rate and any such amounts actually paid by the Borrower in excess of the adjusted amount will be forthwith refunded to the Borrower.

Upon the occurrence of an Event of Default that occurs and is continuing, all amounts owing under or in respect of the DIP Facility will bear interest at the applicable interest rate plus two percent (2.0%) per annum.

10. **COMMITMENT FEE:** The Borrower will pay to the DIP Lender a commitment fee in an amount equal to \$107,000.00 (the “**Commitment Fee**”). The Commitment Fee is fully earned and is non-refundable, and will be paid on the Closing Date from the Initial Advance.
11. **MONTHLY AVAILABILITY FEE:** The Borrower will pay the DIP Lender a monthly availability fee in the amount of \$2,000.00 per month for each month (or part thereof) while this Agreement remains in effect and for as long after that as any of the liabilities or obligations under this Agreement are outstanding, which fee will be fully earned as of and payable in advance on the date of this Agreement and on the first day of each month after that.
12. **BREAK FEE:** [Intentionally deleted]
13. **PREPAYMENT OPTION:** The Borrower will be entitled to prepay the outstanding principal amount of the DIP Facility, in whole or in part, together with the following amounts:
- (a) accrued interest and fees relating to such prepayment to the date of the prepayment;

- (b) an amount equal to 1.5% of the Maximum DIP Credit Amount; and
- (c) all of the DIP Lender's legal and other expenses as described in Section 21 below.

Amounts prepaid may not be re-advanced.

14. MANDATORY REPAYMENTS:

Subject to the Administration Charge, the Borrower is required to pay all proceeds arising from:

- (a) any disposition of assets or other transaction involving the Collateral, including, without limitation, any refinancing or sale and lease back agreement, but excluding any disposition of personal property assets that are obsolete or otherwise of no material value or that are surplus to the business requirements of the Borrower; and
- (b) net insurance proceeds in respect of any of the Collateral,

as repayment of the DIP Obligations and any such repayment will reduce the Maximum DIP Credit Amount.

The Borrower will immediately make any payments required to eliminate any amount by which the principal amount outstanding at any time under the DIP Facility exceeds the Maximum DIP Credit Amount.

Amounts repaid may not be re-advanced.

15. LOAN DOCUMENTS AND ADDITIONAL DOCUMENTATION:

The Borrower and the Guarantor will execute and deliver, or cause to be executed and delivered, the Borrower Mortgage, the Guarantee, the Guarantee Security and an officer's certificate from the Guarantor in respect of its articles, by-laws and signing authorities (collectively, the "**Loan Documents**").

All Loan Documents and other documentation relating to the DIP Facility must be in form and substance satisfactory to the DIP Lender in its discretion.

16. REPRESENTATIONS AND WARRANTIES:

The Borrower represents and warrants (subject to obtaining the DIP Order where applicable) to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement, that:

- (a) the Borrower is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which the nature

of its assets or business makes such qualification necessary;

- (b) the Borrower has all requisite corporate power and authority to (i) own and operate its properties and assets and to develop, own and operate its business and (ii) to enter into and perform its obligations under this Agreement and the other Loan Documents to which it is a party;
- (c) the execution and delivery by the Borrower of this Agreement and the other Loan Documents to which it is a party and the performance by the Borrower of its respective obligations hereunder and thereunder have been duly authorized by all necessary corporate action and no authorization under any applicable law, and no registration, qualification, designation, declaration or filing with any Governmental Authority, is or was necessary therefor, other than filings which may be made to register or otherwise record the DIP Security;
- (d) this Agreement and each of the other Loan Documents to which it is a party has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and (ii) the discretion that a court may exercise in the granting of equitable remedies;
- (e) the Borrower is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (f) the Collateral (i) is legally and beneficially owned by or leased or licensed to the Borrower and is only located at the locations disclosed in writing to the DIP Lender, (ii) has not been sold, leased or otherwise disposed of, and (iii) is not subject to any rights of any person or entity other than Permitted Encumbrances;
- (g) the execution and delivery by the Borrower of this Agreement and the other Loan Documents to which it is a party and the performance by the Borrower of its obligations hereunder and thereunder and compliance with the terms, conditions and provisions hereof and thereof, will not conflict with or result in a breach of (i) its constating documents or by-laws; (ii) the

material contracts to which it is party or (iii) any applicable law;

- (h) all statements (whether financial or otherwise), information, reports, budgets, forecasts and projections made available by the Borrower or anyone on its behalf to the DIP Lender are true, complete and accurate in all material respects and do not omit any information necessary to make them true, complete and accurate in all material respects;
- (i) the business operations of the Borrower have been and will continue to be conducted in compliance with all laws of each jurisdiction in which business has been or is being carried on;
- (j) the Borrower has obtained all licenses and permits required for the operation of its business and the Construction, which licenses and permits remain in full force and effect. No proceedings have been commenced or, to the knowledge of the Borrower, threatened to revoke or amend any of such licenses or permits;
- (k) the Borrower is not aware of any person with a secured claim against the Borrower or the Collateral except for the Permitted Encumbrances and the Borrower is not aware of any unpaid deductions at source or other amounts owing to the relevant tax authorities that have not been remitted or paid when due;
- (l) all representations and warranties made by the Borrower in this Agreement and each of the other Loan Documents to which it is a party are true and correct in all material respects as of the date such representations and warranties are made or deemed to be made;
- (m) the Borrower has filed or caused to be filed all tax returns and reports which are required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which adequate cash reserves are being maintained;
- (n) other than the CCAA Proceedings, there are no material actions, suits or proceedings (including any tax-related matter and excluding any environmental-related matters which are dealt with in paragraph (n))

below) by or before any arbitrator or Governmental Authority or by any other person pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower;

- (o) (i) the Borrower is and has been in material compliance with all applicable environmental laws, including obtaining, maintaining and complying with all permits required by any applicable environmental law, (ii) the Borrower is not party to, and no real property currently or previously owned, leased or otherwise occupied by or for the Borrower is subject to or the subject of, any contractual obligation or any pending or, to the knowledge of the Borrower, threatened order, action, investigation, suit, proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice under or pursuant to any environmental law which could reasonably be expected to result in a remedial obligation having a Material Adverse Effect, (iii) no encumbrance in favour of any Governmental Authority securing, in whole or in part, environmental liabilities has attached to any property of the Borrower and no facts, circumstances or conditions exist that could reasonably be expected to result in any such encumbrance attaching to any such property, (iv) the Borrower has not caused or suffered to occur a release of any hazardous substances or conditions creating any potential for such a release at, to or from any real property other than in compliance with environmental laws and except when failure to do so could not reasonably be expected to have a Material Adverse Effect, (v) the Borrower has not engaged in operations that, and no facts, circumstances or conditions exist that, in the aggregate, would have a reasonable likelihood of resulting in material environmental liabilities, and (vi) the Borrower has made available to the DIP Lender copies of all existing environmental reports, reviews and audits and all documents pertaining to actual or potential environmental liabilities, in each case to the extent such reports, reviews, audits and documents are in its possession, custody or control;
- (p) the Borrower maintains insurance policies and coverage which (i) is sufficient for compliance with law and all material agreements to which the Borrower is a party and (ii) provide adequate insurance coverage

in at least such amounts and against at least such risks as are usually insured against in the same general area by persons engaged in the same or similar business to the assets and operations of the Borrower; and

- (q) all factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of or in connection with this Agreement, the other Loan Documents or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and remains true as of the date provided and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

17. AFFIRMATIVE COVENANTS:

The Borrower covenants and agrees, from the date of execution of this Agreement and while any DIP Obligations remain outstanding, to:

- (a) submit to the Court the proposed form of the DIP Order and the Second Order and, to the extent they may affect the DIP Lender, the DIP Obligations, the DIP Security, the Collateral or any SISP, any other Court orders which are being sought by the Borrower in a form confirmed in advance to be satisfactory to the DIP Lender in its sole discretion subject to any amendments that are required by the Court that are acceptable to the DIP Lender, in its sole discretion;
- (b) subject to the terms of the Initial Order and the DIP Order, comply with all laws, rules, regulations and orders applicable to it or its property, including, without limitation, environmental laws and regulations and including payment on a timely basis of all municipal taxes, utility charges or other amounts in relation to the Collateral where the non-payment of same could give rise to a lien, charge or other encumbrance ranking prior to or *pari passu* with the DIP Security and immediately notify the DIP Lender of any action, claim, lawsuit, demand, investigation or proceeding pending, or to the knowledge of the Borrower, threatened, against the Borrower, before any court, Governmental Authority, regulatory authority, arbitrator or tribunal;

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- (c) maintain in good standing at all times all insurance coverage as is customarily carried by companies which are engaged in the same or similar business to the business of the Borrower or as otherwise may be required by the DIP Lender, including, without limitation, builder's risk, wrap up liability or other insurance as appropriate during the period of Construction;
- (d) consult in advance with the DIP Lender in connection with any plan of compromise or arrangement and any such plan must be satisfactory to and subject to the approval of the DIP Lender, acting reasonably;
- (e) consult in advance with the DIP Lender in connection with any sale of any Collateral and any such sale will be subject to the approval of the DIP Lender, acting reasonably;
- (f) except where a stay of proceedings applies and subject to the terms of the Initial Order and the DIP Order, pay when due all statutory liens, trust and other Crown claims including employee source deductions, HST and workplace safety and insurance premiums but only with respect to those priority payments, if any, which rank ahead of the DIP Security or with respect to the Borrower's post-CCAA filing obligations in all cases in accordance with the Cash Flow Budget;
- (g) comply with the provisions of the court orders made in connection with the CCAA Proceedings;
- (h) pay when due, all principal, prepayment obligations, interest, fees and other amounts payable by the Borrower under this Agreement and under any other Loan Document;
- (i) preserve, renew and keep in full force its respective corporate existences and its respective material licenses, permits and approvals required in respect of its business, properties, assets or any activities or operations carried out therein;
- (j) conduct all activities in accordance with the Cash Flow Budget, as reviewed by the Monitor from time to time, and the credit limits established under the DIP Facility as set out hereunder;
- (k) forthwith notify the DIP Lender and the Monitor of the occurrence of any Default, Event of Default or Material Adverse Effect;

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- (l) forthwith notify the DIP Lender and the Monitor of the commencement of any action, suit, investigation, litigation or proceeding before any court or Governmental Authority;
- (m) provide to the DIP Lender at least two (2) Business Days in advance of the earlier of service or filing, copies or drafts of all petitions, pleadings, motions, affidavits, reports, applications, judicial information, financial information and other documents to be filed by or on behalf of the Borrower with the Court which may affect the DIP Lender, the DIP Obligations, the DIP Security, the Collateral or any SISP, provided if it is not practicable to provide such documents at least two (2) Business Days prior to the earlier of service or filing then as promptly as possible after such documents are available prior to their service or filing;
- (n) permit the DIP Lender, its representatives and agents, to have access, at any reasonable time and upon prior written notice, to the books, records, property and premises of the Borrower and cause management thereof to fully co-operate with any directors, officers, employees, agents, advisors and representatives of the DIP Lender;
- (o) provide prompt notice to (including copies thereof) the DIP Lender of:
 - (i) any update or modifications to any SISP or other such document relating to the marketing and solicitation of offers for a sale or investment transaction with the Borrower;
 - (ii) any information memorandum, form of letter of intent, form of bid offer, form of agreement of purchase and sale or other similar document used by the Borrower or the Monitor;
 - (iii) any qualifying bid, letter of intent, qualifying bidder, purchaser, sale or agreement of purchase and sale; and
 - (iv) any information circular, plan of compromise or arrangement, proposal to creditors, or other document pertaining to a proposed compromise or arrangement of any of the material obligations of the Borrower;
- (p) obtain the prior written approval of the DIP Lender, acting reasonably, prior to (i) seeking approval of any

process order relating to a SISP or accepting any binding offer, or entering into any agreement of purchase and sale, for any of the Collateral (and the Borrower agrees that it will be reasonable for the DIP Lender to refuse its approval for any such offer or agreement if it does not provide for the repayment of the entire amount of the DIP Obligations in cash at closing and on or prior to the Maturity Date); and (ii) seeking approval of any meeting order or preparing, filing or implementing any plan of compromise or arrangement, proposal to creditors, or other form of compromise or arrangement of any of the material obligations of the Borrower (and the Borrower agrees that they will be reasonable for the DIP Lender to refuse its approval for any such plan, proposal or other form of compromise or arrangement if it does not provide for the repayment of the entire amount of the DIP Obligations in cash upon implementation and on or prior to the Maturity Date);

- (q) pay Maple Reinders Constructors Ltd., Barrie Glass & Mirror Ltd. and other critical suppliers as determined by the Monitor the amounts set out in the Cash Flow Budget in an aggregate amount not exceeding \$2,375,000 (the “**Critical Supplier Payments**”) to pay critical supplier amounts outstanding as at the date of the Initial Order or deposits therefor including, but not limited, amounts required to vacate the construction lien registered by Maple Reinders Constructors Ltd. for \$1,867,943.00 as Instrument No. HR1667791 and a construction lien registered by Barrie Glass & Mirror Ltd. for \$89,543.93 as Instrument No. HR1672639 and to dismiss any all related claims in respect of such construction liens;
- (r) cause the Construction to be carried out and completed in a good and workmanlike manner and no later than September 30, 2020, in accordance with prudent industry practice and all applicable laws, including, without limitation, all requirements (including the retention of holdbacks) of the *Construction Act* (Ontario);
- (s) seek prior written approval from the DIP Lender prior to making any changes to the scope of the Construction Contract or incurring any costs overruns in respect Construction Contract;
- (t) if required by the DIP Lender and in the event of cost overruns which has not been approved by the DIP

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Lender in writing in respect of the actual costs of the Construction compared to the budget for the Construction as set out in the Cash Flow Model , the Borrower will consent to the appointment of an independent quantity surveyor retained by the DIP Lender and the Borrower shall fully cooperate with such independent quantity surveyor and pay all fees, costs and expenses of such independent quantity surveyor;

- (u) nothing in this Agreement, including the SISP, shall prevent the Borrower from seeking refinancing of the obligations outstanding to the DIP Lender (including the pre-existing obligations outstanding to Meridian Credit Union Limited) up to the date that a definitive agreement of purchase and sale is executed with any other party pursuant to the SISP; and
- (v) the Borrower will commence the SISP during the Stay Period and agrees to diligently and in good faith take such steps as are reasonably necessary to implement and advance the SISP including, but not limited to, the following:
 - (i) On or before April 30, 2020, or such later date as agreeable to the Monitor and DIP Lender, hire a sales agent (the “**Advisor**”) and work with the Advisor to establish the steps for the SISP, including if desirable, an electronic data room and to complete drafts of the confidential information memorandum (“**CIM**”), the confidentiality agreement, the prospective buyers list and the teaser letter and provide same to the DIP Lender for its approval;
 - (ii) On or before May 8, 2020, or such later date as agreeable to the Monitor and DIP Lender, the Borrower shall obtain an order from the Court in form and substance satisfactory to the Monitor and the DIP Lender, acting reasonably, setting out the specific steps of the SISP and the timing thereof;
 - (iii) On or before October 15, 2020, provide a firm agreement of purchase and sale with a closing date on or before November 6, 2020; and
 - (iv) On or before November 6, 2020, closing of the the agreement of purchase and sale.

**18. REPORTING
COVENANTS:**

The Borrower will deliver to the DIP Lender:

- (a) on a weekly basis, and prior to and as a requirement for the making of any DIP Advance, an updated Cash Flow Budget in form and substance satisfactory to and approved by the DIP Lender together with (i) a comparison prepared by the Borrower with the assistance of the Monitor of the previous week's forecast to actual results and (ii) an explanation of the differences;
- (b) on a weekly basis, progress reports with respect to any SISP that is commenced, and otherwise with respect to any negotiations for an investment in or sale of the Borrower's business or sponsorship of a plan of compromise or arrangement;
- (c) such further reports and information as the DIP Lender may request from time to time.

**19. NEGATIVE
COVENANTS:**

The Borrower covenants and agrees, and covenants and agrees to cause its subsidiaries and its other affiliates, not to do the following from the date of execution of this Agreement and while any DIP Obligations remain outstanding, other than in each case with the prior written consent of the DIP Lender:

- (a) except as permitted by the Initial Order or further order of the Court, make any payment of principal or interest in respect of any indebtedness outstanding as of the Filing Date;
- (b) permit any new liens to exist on any of its properties or assets, other than Permitted Encumbrances and the liens and charges in favour of the DIP Lender, as contemplated by this Agreement;
- (c) disclaim, resiliate or terminate any material contract;
- (d) enter into, amend, terminate or accept the surrender of any lease without the consent of the DIP Lender;
- (e) merge, amalgamate, consolidate, reorganize, or sell any assets outside of the ordinary course of business other than sales of redundant or non-material assets permitted pursuant to the Initial Order and the DIP Order;
- (f) make any acquisitions, investments or loans to any party or guarantee the obligations of any party;
- (g) incur or enter into any debts, liabilities or obligations, including, without limitation, guarantees and

contingent obligations, except in the ordinary course of business;

- (h) make or permit any dividends or distributions (whether by reduction of capital or otherwise) with respect to its shares or directly or indirectly purchase, redeem or otherwise acquire or retire any of its shares;
- (i) conduct any business or engage in any transaction with an affiliate or non-arm's length person unless such business or transaction is on terms which would apply to an arm's length transaction;
- (j) (i) make an assignment in bankruptcy under the BIA, (ii) consent to the issuance of a bankruptcy order in respect of the Borrower pursuant to the BIA, (iii) file a proposal or Notice of Intention to make a proposal under the BIA, (iv) consent to the appointment of a receiver or receiver and manager by any court of competent jurisdiction in respect of the Borrower or any of its assets, undertakings or properties;
- (k) amend, or waive any term of, the Construction Contract;
- (l) enter into any agreement, initiate any process or put forward or participate in any plan or arrangement that contemplates any amendment or waiver of the DIP Lender's rights under this Agreement or any other Loan Document; or
- (m) become a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

20. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events, without the prior written consent of the DIP Lender, will constitute an event of default ("**Event of Default**") under this Agreement:

- (a) failure by the Borrower to pay any principal, interest, fees, prepayment obligations or any other amounts, in each case when due and owing hereunder;
- (b) any payment is made by the Borrower that is not contemplated by or in compliance with the Cash Flow Budget;
- (c) any representation or warranty made or deemed to be made by the Borrower or the Guarantor herein or in any other document in connection with this Agreement proves to have been false in any material respect at the time made or deemed made;

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- (d) the Borrower or the Guarantor defaults in the observance or performance of any other covenant or obligation hereunder or any other Loan Document which, if curable, is not cured within ten (10) days after written notice from the DIP Lender;
- (e) failure by the Borrower to obtain the Second Order on or before March 6, 2020;
- (f) if a new Monitor is appointed in the CCAA Proceedings without the DIP Lender's prior written consent;
- (g) the issuance of an order terminating the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the Guarantor, or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower or the Guarantor;
- (h) the issuance of an order granting a lien which is senior to or *pari passu* with the DIP Security, other than the Administration Charge;
- (i) the issuance of an order staying, reversing, vacating or otherwise modifying the DIP Charge or, any order in the CCAA Proceedings in a manner which adversely impacts the rights and interests of the DIP Lender, provided, however, that any such order which provides for payment in full of all of the DIP Obligations and any other obligations of the Borrower in respect of the DIP Facility will not constitute an Event of Default;
- (j) if (i) the Initial Order or the DIP Order is varied without the consent of the DIP Lender in a manner adverse to the DIP Lender in the DIP Lender's sole opinion, or (ii) the stay of proceedings contained in the Initial Order is terminated or is lifted to allow an action adverse to the DIP Lender;
- (k) a Court order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, of the Borrower, that causes or will cause a Material Adverse Effect;
- (l) the Construction has not been completed in all material respects on or before September 30, 2020;
- (m) if any default or event of default occurs under the Construction Contract or any other material agreement

to which the Borrower or the Guarantor is a party which is not cured within 5 days after written notice thereof, provided that, this paragraph (m) will not apply to defaults existing as of the Filing Date or caused by the issuance of the Initial Order, to the extent that (and for so long as) such defaults are stayed by the Initial Order and, to the extent material to the business or property of the Borrower or the Guarantor, the counterparty continues to perform its obligation thereunder;

- (n) any breach by the Borrower of any of the Initial Order, the DIP Order or any other order of the Court made in the CCAA Proceedings;
- (o) the DIP Lender in good faith and on commercially reasonable grounds believes the prospect of payment of the DIP Obligations or the performance of the Borrower's other obligations hereunder is impaired or that any of the assets, properties or undertaking of the Borrower or the Guarantor is or is about to be placed in jeopardy; or
- (p) in the DIP Lender's sole opinion there has been a Material Adverse Effect.

21. REMEDIES:

After the occurrence of an Event of Default which is continuing, any right of the Borrower to receive any DIP Advance or other accommodation of credit from the DIP Lender will be suspended without the requirement of any notice to the Borrower and any further advances made, if any, thereafter will be in the sole discretion of the DIP Lender. The DIP Lender will be entitled, in addition to all other remedies at law and under any of the DIP Security or other agreement but subject to the DIP Order, to exercise its rights to notify and direct account debtors of the Borrower to pay accounts receivable directly to the DIP Lender.

In addition to the foregoing, after the occurrence of an Event of Default that is continuing, and subject to the DIP Order, the DIP Lender may take any or all of the following steps:

- (a) declare the DIP Obligations to be immediately due and payable and terminate the DIP Facility;
- (b) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager of the undertaking, property and assets of the Borrower, or for the appointment of a trustee in bankruptcy of the Borrower;

- (c) apply to the court for an order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;
- (d) exercise its rights and remedies under the DIP Security and the powers and rights of a secured party under the *Personal Property Security Act* (Ontario) and any legislation of similar effect; and
- (e) exercise all such other rights and remedies under the Loan Documents, the DIP Order and applicable law.

For greater certainty, nothing will prevent the DIP Lender from applying to the Court or any court in any relevant foreign jurisdiction on five (5) days' notice, or such shorter notice as the Court may permit, for such relief as the DIP Lender may determine is necessary or appropriate at any time.

For the avoidance of doubt, no failure or delay by the DIP Lender in exercising any of its rights hereunder, under any other Loan Document or at law will be deemed a waiver of any kind, and the DIP Lender will be entitled to exercise such rights in accordance with this Agreement at any time.

The DIP Order will provide that the DIP Lender is not prevented by the stay of proceedings in the Initial Order or any other order of the Court, as applicable, from exercising any or all of the rights, remedies and entitlements available to it hereunder, under the DIP Security and under any Loan Document, and that the DIP Obligations will not be compromised or otherwise affected in any plan filed by or on behalf of the Borrower.

22. LEGAL AND OTHER EXPENSES:

The Borrower will pay all of the DIP Lender's reasonable costs and expenses, including, without limitation, those incurred for due diligence, transportation, computers, copying, appraisals, inspections, audits, insurance, consultants, searches, filing and recording fees, collateral auditing fees and all other out-of-pocket costs and expenses incurred by the DIP Lender (including the reasonable fees and expenses of its legal counsel). The Borrower will also pay the reasonable costs and expenses of the DIP Lender in connection with this Agreement, the other Loan Documents, the transactions contemplated herein and the CCAA Proceedings, as well as any enforcement of the terms of this Agreement, the DIP Security or the other Loan Documents or otherwise incurred in connection with the DIP Facility. All such fees and expenses

will be paid by the Borrower on demand and, until paid, will be secured by the DIP Security.

23. **INDEMNITY AND RELEASE:**

Conditional upon the DIP Order being granted and the DIP Lender satisfying its obligations of this DIP Agreement, the Borrower agrees to indemnify and hold harmless the DIP Lender, its affiliates and their officers, directors, employees, agents and advisors (each, an “**Indemnified Person**”) from and against any and all suits, actions, causes of action, proceedings, orders, claims, damages, losses, liabilities, demands, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities (individually, a “**Claim**” and collectively, “**Claims**”) (including reasonable legal fees and disbursements and other costs of investigation or defence, including those incurred upon any appeal) that may be instituted or asserted against or incurred by any such Indemnified Person as a result of or in connection with credit having been extended, suspended or terminated under or in relation to the DIP Facility or the use of the proceeds thereof and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and any actions or failure to act in connection therewith including the taking of any enforcement actions by the DIP Lender and including any and all environmental liabilities and reasonable legal costs and expenses arising out of or incurred in connection with disputes between or among the Parties; provided that such indemnity will not, as to any Indemnified Person, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross or intentional fault of such Indemnified Person. All such indemnified amounts, if not immediately paid by the Borrower upon demand, will be secured by the DIP Charge.

The indemnities granted under this Agreement will survive any termination or repayment of the DIP Facility.

In consideration of this Agreement and for other good and valuable consideration, the Borrower and the Guarantor on their own behalf and on behalf of each of their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, legal counsel, consultants, employees, agents and their respective successors and assigns (all of which are referred to collectively as the “**Releasors**”) absolutely, unconditionally and irrevocably releases the DIP Lender, and

its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, legal counsel, consultants, employees, agents and other representatives, and their successors and assigns (all of which are referred to collectively as the “**Releasees**” and individually as a “**Releasee**”), of and from Claims known or unknown, such Releasors may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which arises at any time on or prior to the date of this Agreement.

Each of the Releasors understands, acknowledges and agrees that the release set out in this Section may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of that release. Each of the Releasors agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of the release set out in this Section.

The indemnities and releases granted under this Agreement shall survive any termination of this Agreement or repayment of the DIP Facility.

24. **DIP LENDER APPROVALS:**

Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the DIP Lender pursuant to the terms hereof.

25. **TAXES:**

All payments under or in connection with the DIP Facility will be made free and clear of any present or future taxes, withholdings or other deductions whatsoever (other than income and franchise taxes in the jurisdiction the DIP Lender’s lending office). The DIP Lender will use reasonable efforts (consistent with their respective internal policy and legal and regulatory restrictions and so long as such efforts would not otherwise be disadvantageous to them) to minimize to the extent possible any applicable taxes, and the Borrower will indemnify the DIP Lender for such taxes and penalties paid by the DIP Lender. All such indemnified amounts, if not immediately paid by the Borrower upon demand, will be secured by the DIP Security.

26. **NOTICES:**

Any notice, request or other communication hereunder to any of the Parties must be in writing and be sufficiently given if delivered personally or sent by fax or electronic mail to the attention of the person as set forth below:

(a) in the case of the Borrower and/or the Guarantor:

2607380 Ontario Inc. and Nuvo Network Inc.
1295 North Service Road
Burlington, ON L7P 3A7

Attention: Shawn Saulnier

Fax: 416-625-1769

Email: shawn@nuvonetwork.com

with a copy to the Monitor (however this does not constitute notice):

Richter
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Attention: Paul van Eyk

Fax: 416-485-4592

Email: pvaneyk@richter.ca

with a copy to the counsel to the Monitor:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Attention: Raj S. Sahni

Fax: 416-863-1716

Email: sahnir@bennettjones.com

(b) in the case of the DIP Lender:

Meridian Credit Union Limited
75 Corporate Park Drive
St. Catharines, Ontario, L2S 3W3

Attention: Bernie Huber

Fax: (905) 988-4003

Email: bernie.huber@meridiancu.ca

with a copy to the counsel to the DIP Lender:

Gowling WLG (Canada) LLP
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto, ON M5X 1G5
Canada

Attention: Dom Glavota/David Cohen

Fax: (416) 862-7661

Email: dom.glavota@gowlingwlg.com

Any such notice must be deemed to be given and received, when received, unless received after 5:00 p.m. EST or on a day other than a Business Day, in which case the notice will be deemed to be received the next Business Day. Either Party may request notices be sent to additional recipients.

**27. GOVERNING LAW,
JURISDICTION AND
WAIVER OF JURY
TRIAL:**

This Agreement will be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower and Guarantor irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

The Parties waive all rights to trial by jury in any action, suit, or proceeding brought to resolve any dispute, whether arising in contract, tort, or otherwise between the DIP Lender, the Borrower and the Guarantor, arising out of, connected with, or related or incidental to, the relationship established between them in connection with this Agreement or any of the Loan Documents or the transactions related to this Agreement or any of the Loan Documents.

**28. AMENDMENTS,
WAIVERS, ETC.:**

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, and then the amendment, modification, waiver or consent will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

**29. FURTHER
ASSURANCES:**

The Borrower will from time to time promptly, upon the request of the DIP Lender, take or cause to take such action, and execute and deliver such further documents as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement.

30. LANGUAGE:

It is the express wish of the Parties that this Agreement and any related documents be drawn up and executed in English. *Les Parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.*

31. **ENTIRE AGREEMENT;
CONFLICT:** This Agreement, including the schedules hereto constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating thereto.
32. **ASSIGNMENT:** The DIP Lender may assign this Agreement and its rights and obligations hereunder, in whole or in part, to any party acceptable to the DIP Lender in its sole and absolute discretion (subject to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder and, if necessary, approval of the Court). Neither this Agreement nor any right and obligation hereunder may be assigned by the Borrower without the prior written approval of the DIP Lender.
33. **SEVERABILITY AND NO CONRA
PROFERENTUM:** Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, no rule of interpretation favouring one Party over another based on authorship will apply.
34. **NO THIRD PARTY
BENEFICIARY:** No person, other than the Borrower, the Guarantor and the DIP Lender are entitled to rely upon this Agreement and the Parties expressly agree that this Agreement does not confer rights upon any party not a signatory hereto.
35. **CURRENCY:** Unless otherwise stated, all monetary denominations (including CDN\$) will be in lawful currency of Canada.
36. **COUNTERPARTS
AND FACSIMILE
SIGNATURES:** This Agreement may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered will be deemed to be an original, and all of which when taken together will constitute one and the same instrument. Any Party may execute this Agreement by signing any counterpart of it.
37. **DEFINITIONS:** Capitalized terms not otherwise defined herein will have the following meanings:
“**Borrower Mortgage**” means an additional charge/mortgage of land in the principal amount of \$7,180,000 executed by the Borrower in favour of the DIP Lender in respect of in respect

of the Borrower's property municipally known as 1295 North Service Road, Burlington, ON

"Business Day" means any day that is not a Saturday, Sunday or other day on which the DIP Lender is authorized or required by applicable law to remain closed.

"Cash Flow Budget" means the detailed thirteen (13) week rolling cash flow budget of receipts and disbursements prepared by the Borrower with the assistance of the Monitor which is attached as Schedule "A" (*Cash Flow Budget*) to this Agreement, together with any subsequent detailed cash flow budget prepared by the Borrower with the assistance of the Monitor, submitted by the Borrower to the DIP Lender and approved in writing by the DIP Lender pursuant to Section 18(a).

"Construction" means the renovation and other construction work in respect of the Borrower's property municipally known as 1295 North Service Road, Burlington, ON being conducted pursuant to the Construction Contract and any related agreements, plans, specifications, site plan and government approvals.

"Construction Contract" means the construction contract between 2607380 Ontario Inc. and Maple Reindeers Constructors Ltd. dated November 1, 2017, as amended to the date hereof.

"Default" means an event which, but for the requirement for the giving of notice, lapse of time, or both, would constitute an "Event of Default".

"DIP Order" means an order of the Court, among other things, approving this Agreement and the DIP Facility and authorizing the Borrower to execute and carry out the terms of this Agreement and all agreements contemplated herein, granting the DIP Charge and establishing the priority of the DIP Security relative to other claims and encumbrances, which DIP Order must be: (a) establish the maximum amount of the DIP Charge to an amount equal to the Maximum DIP Credit Amount; (b) obtained after due notification of all secured creditors of the Borrower and other parties identified by the DIP Lender; and (c) in form and content satisfactory to the DIP Lender in its sole discretion. For greater certainty, the DIP Order shall form part of the Second Order.

"Filing Date" means February 25, 2020.

"Guarantee" means a guarantee to be executed and delivered by the Guarantor in favour of the DIP Lender guaranteeing all of the obligations and indebtedness of the Borrower hereunder

in form and substance satisfactory to the DIP Lender in its sole discretion.

“Guarantee Security” means (i) a general security agreement to be entered into between the Guarantor and the DIP Lender granting the DIP Lender a first-ranking security interest in all present and after-acquired property of the Guarantor, and (ii) an assignment of rents and leases to be given by the Guarantor to the DIP Lender, each in form and substance satisfactory to the DIP Lender in its sole discretion.

“Governmental Authority” means any domestic or foreign (a) federal, provincial, state, municipal, local or other government, (b) any governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, court, commission, board, tribunal, bureau or instrumentality, or (c) any body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature.

“Initial Order” means the order of the Court made on the Filing Date, as amended and extended from time to time (provided that, every such amendment and extension is in form and content satisfactory to the DIP Lender in its sole discretion).

“Material Adverse Effect” means: (a) any effect (other than the CCAA Proceedings) which is, or could reasonably be expected to be, adverse on the: (i) status or conditions (financial or otherwise), properties, assets, ownership, capital, liabilities, obligations (whether absolute, accrued, conditional or otherwise), business operations or results of operations of the Borrower or the Guarantor that, in the DIP Lender’s sole opinion, is material; or (ii) ability of the Borrower to perform or discharge its obligations under this Agreement, the Loan Documents or any of the other documents relating hereto or thereto which, in the DIP Lender’s sole opinion, is material or (b) any event which would constitute an Event of Default.

“Monitor” means Richter Advisory Group Inc. in its capacity as monitor appointed under the Initial Order.

“SISP” means any sale and investor solicitation process or similar process undertaken in respect of an investment in, sponsorship of, or sale of the Borrower and the Guarantor or any of the assets of the Borrower or the Guarantor.

“SISP Approval Order” means an order of the CCAA Court approving the SISP in form and substance acceptable to the DIP Lender.

“Second Order” means an order of the Court amending the Initial Order, which Second Order must be (a) obtained after due notification of all secured creditors of the Borrower and other parties identified by the DIP Lender and (b) in form and content satisfactory to the DIP Lender in its sole discretion.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

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

DIP Lender

MERIDIAN CREDIT UNION LIMITED

By:  **Bernie Huber**
Name: Senior Commercial Credit Specialist
Title:

Borrower

2607380 ONTARIO INC.

By: _____
Name:
Title:

Guarantor

NUVO NETWORK INC.

By: _____
Name:
Title:

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

DIP Lender

MERIDIAN CREDIT UNION LIMITED

By: _____
Name:
Title:

Borrower

2607380 ONTARIO INC.

By: 
Name: Shawn Saulnier
Title: President

Guarantor

NUVO NETWORK INC.

By: 
Name: Shawn Saulnier
Title: President

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SCHEDULE "A"
CASH FLOW BUDGET

See attached.

2607380 Ontario Inc.
Cash Flow Forecast
For the Period March 4, 2020 to October 24, 2020
(In CAD, unaudited)

Notes	Week Number	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	
	Week Ending	07-Mar-20	14-Mar-20	21-Mar-20	28-Mar-20	04-Apr-20	11-Apr-20	18-Apr-20	25-Apr-20	02-May-20	09-May-20	16-May-20	23-May-20	30-May-20	06-Jun-20	13-Jun-20	20-Jun-20	27-Jun-20	04-Jul-20	11-Jul-20	18-Jul-20	25-Jul-20	01-Aug-20	08-Aug-20	15-Aug-20	22-Aug-20	29-Aug-20	05-Sep-20	12-Sep-20	19-Sep-20	26-Sep-20	03-Oct-20	10-Oct-20	17-Oct-20	24-Oct-20	
	Totals																																			
1	Receipts																																			
2	Collection of Office, Studio & Event Income	2,037,142	-	1,413	1,413	1,413	248,194	1,130	1,130	1,130	1,130	283,035	1,413	1,413	1,413	283,035	1,413	1,413	1,413	248,193	1,130	1,130	1,130	1,130	263,008	1,413	1,413	1,413	321,188	1,130	1,130	1,130	1,130	347,266	6,356	6,356
3	HST Receivable	597,000	-	-	-	-	-	-	-	-	-	375,000	-	-	-	45,000	-	-	-	59,000	-	-	-	-	70,000	-	-	-	62,000	-	-	-	-	36,000	-	-
	Total Receipts	2,634,142	-	1,413	1,413	1,413	248,194	1,130	1,130	1,130	1,130	658,035	1,413	1,413	1,413	328,035	1,413	1,413	1,413	307,193	1,130	1,130	1,130	1,130	333,008	1,413	1,413	1,413	383,188	1,130	1,130	1,130	1,130	383,266	6,356	6,356
	Disbursements																																			
4	Operating Expenses	1,591,804	20,000	391,902	71,019	22,313	79,337	16,845	16,845	49,698	18,139	70,968	23,009	23,009	24,303	70,968	23,009	55,862	24,303	59,337	16,845	16,845	16,845	18,139	66,668	21,877	21,877	23,171	74,164	20,144	20,144	52,997	21,438	84,814	27,476	27,476
5	Personnel Expenses	705,520	39,322	38,192	-	38,192	-	38,192	-	39,598	-	39,598	-	39,598	-	39,598	-	39,598	-	40,074	-	40,074	-	40,074	-	40,074	-	40,074	-	38,568	-	38,568	-	38,568	-	38,568
6	Professional Fees	1,721,250	-	492,375	42,375	42,375	33,900	33,900	33,900	33,900	33,900	42,375	42,375	42,375	42,375	42,375	42,375	42,375	42,375	33,900	33,900	33,900	33,900	42,375	42,375	42,375	42,375	42,375	33,900	33,900	33,900	33,900	42,375	42,375	42,375	42,375
7	Cost to Complete	4,511,081	-	2,375,000	-	-	325,000	-	-	-	-	475,000	-	-	-	575,000	-	-	-	475,000	-	-	-	250,000	-	-	-	-	36,081	-	-	-	-	-	-	
8	DIP Lender Costs	393,850	-	379,850	-	-	2,000	-	-	-	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-	-	-	2,000	-	-	-	-	-	-	
	Total Disbursements	8,929,504	59,322	3,677,319	113,394	102,879	440,237	88,937	50,745	121,790	62,039	629,941	65,384	104,992	66,678	729,941	65,384	137,835	66,678	610,311	50,745	90,819	50,745	92,113	361,043	104,326	64,252	105,620	146,165	92,712	84,044	128,565	55,338	167,857	69,851	108,518
	Net Cash Flow	(6,289,362)	(59,322)	(3,675,906)	(111,981)	(101,467)	(182,043)	(87,807)	(49,615)	(120,660)	(50,909)	(21,906)	(63,971)	(103,569)	(65,265)	(401,906)	(63,971)	(136,422)	(65,265)	(303,117)	(49,615)	(89,689)	(49,615)	(90,893)	(28,035)	(102,914)	(62,840)	(104,207)	237,024	(91,582)	(82,914)	(124,435)	(54,208)	215,409	(63,495)	(102,162)
9	Operating Cash Balance	192,067	192,067	132,746	206,839	94,858	243,391	51,348	213,541	163,926	43,267	242,358	220,452	156,481	52,912	437,647	35,741	221,770	85,348	20,063	66,965	17,351	177,662	128,047	37,064	9,029	156,115	93,276	239,068	476,092	384,510	331,596	207,161	152,953	368,362	304,867
10	Net Cash Flow	(6,289,362)	(59,322)	(3,675,906)	(111,981)	(101,467)	(182,043)	(87,807)	(49,615)	(120,660)	(50,909)	(21,906)	(63,971)	(103,569)	(65,265)	(401,906)	(63,971)	(136,422)	(65,265)	(303,117)	(49,615)	(89,689)	(49,615)	(90,893)	(28,035)	(102,914)	(62,840)	(104,207)	237,024	(91,582)	(82,914)	(124,435)	(54,208)	215,409	(63,495)	(102,162)
	DIP Drawdown	6,300,000	-	3,750,000	-	250,000	-	-	-	250,000	-	-	450,000	-	-	250,000	-	-	-	350,000	-	-	250,000	-	-	250,000	-	-	-	-	-	-	-	-	-	
	Ending Cash Balance	202,705	132,746	206,839	94,858	243,391	51,348	213,541	163,926	43,267	242,358	220,452	156,481	52,912	437,647	35,741	221,770	85,348	20,063	66,965	17,351	177,662	128,047	37,064	9,029	156,115	93,276	239,068	476,092	384,510	331,596	207,161	152,953	368,362	304,867	202,705

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**SCHEDULE “B”
FORM OF DRAWDOWN REQUEST**

DRAWDOWN REQUEST

TO: MERIDIAN CREDIT UNION LIMITED (the “**DIP Lender**”)

FROM: 2607380 ONTARIO INC. (the “**Borrower**”)

DATE: ●, 20●

Pursuant to the DIP credit facility agreement dated as of March 3, 2020 (as amended, restated and otherwise modified from time to time, the “**Credit Agreement**”) between the DIP Lender, the Borrower and the Guarantor, the Borrower is required as a condition precedent to each DIP Advance to deliver this Drawdown Request to the DIP Lender. Unless otherwise defined herein, all capitalized terms used in this Drawdown Request will have the meanings given to such terms in the Credit Agreement.

The Borrower hereby certifies that:

- (a) the requested drawdown complies with the Cash Flow Budget;
- (b) the Borrower is in compliance with the Initial Order, the DIP Order and every other order granted by the Court in the CCAA Proceedings;
- (c) the representations and warranties set forth in Section 16 of the Credit Agreement are, and will be as of the date of the DIP Advance, true and accurate in all material respects and the Borrower is in compliance with the covenants set forth in Section 17, Section 18 and Section 19 therein;
- (d) no Default or Event of Default has occurred and is continuing nor will the making of the requested DIP Advance result in the occurrence of any such event; and
- (e) all conditions precedent to the requested DIP Advance pursuant to the Credit Agreement have been satisfied or waived and all supporting evidence required by the DIP Lender is attached hereto.

The Borrower hereby requests a DIP Advance as follows:

Date of DIP Advance [●]

Amount of DIP Advance: CDN\$[●]

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Bank Account to which the
DIP Advance is to be
made: Bank of Montreal
119 rue St-Jacques
Montreal QC H2Y 1L6

Transit no. 00011-001
Acct. no. 1976-033

SWIFT CODE NO. BOFMCAM2

Beneficiary name: Richter Advisory Group Inc. in Trust
RE: CCAA 2607380 Ontario Inc. (Nuvo)

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IN WITNESS WHEREOF the undersigned has executed this Drawdown Request on the date first above written.

2607380 ONTARIO INC.

By: _____
Name:
Title:

Acknowledged and Confirmed

Richter Advisory Group Inc., in its capacity
as Monitor of the Borrower and not in its
personal capacity

By: _____
Name:
Title:

SCHEDULE "C"
EXISTING PERMITTED ENCUMBRANCES

2607380 ONTARIO INC.**A. PERSONAL PROPERTY***Personal Property Security Act (Ontario)*

CG means Consumer Goods, **I** means Inventory, **E** means Equipment, **A** means Accounts, **O** means Other, **MV** means Motor Vehicle Included

The order of registration set out below is not necessarily indicative of the priority of registration
The first eight digits of the Registration Number denote the year, month and day of registration

Current to February 18, 2020

File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
			CG	I	E	A	O	MV		
1. 735244317 PPSA	MERIDIAN CREDIT UNION LIMITED 75 CORPORATE PARK DRIVE, ST. CATHARINES, ON, L2S 3W3	20171228 0941 1295 8875 Reg. 5 year(s) Expires 28DEC 2022		X	X	X	X	X	2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description: NOTICE - SECURITY AGREEMENT CONTAINS COVENANT BY DEBTOR NOT TO GRANT SECURITY INTERESTS IN OR TRANSFER TO THIRD PARTIES THE COLLATERAL WITHOUT THE CONSENT OF THE SECURED PARTY										
File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
2. 735244632 PPSA	MERIDIAN CREDIT UNION LIMITED 75 CORPORATE PARK DRIVE, ST. CATHARINES, ON, L2S 3W3	20171228 0947 1295 8876 Reg. 5 year(s) Expires 28DEC 2022					X	X	2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description: GENERAL ASSIGNMENT OF RENTS AND LEASES RELATING TO 1295 NORTH SERVICE ROAD, BURLINGTON, ONTARIO ONLY, PLUS PROCEEDS										
File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
3. 737412957 PPSA	BRIDGING FINANCE INC. AS AGENT 77 KING ST. WEST, SUITE 2925 TORONTO, ON, M5K 1K7	20180320 1415 1590 Reg. 5 year(s) Expires 20MAR 2023		X	X	X	X	X	2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	

General Collateral Description: None										
File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
			CG	I	E	A	O	MV		
4. 737412966 PPSA	BRIDGING FINANCE INC. AS AGENT 77 KING ST. WEST, SUITE 2925 TORONTO, ON, M5K 1K7	20180320 1415 1590 5684 Reg. 5 year(s) Expires 20MAR 2023				X	X		2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description: None										
File No.	Secured Party	Reg. No.	Collateral Class.						Debtor(s)	Comments
			CG	I	E	A	O	MV		
5. 753455574 PPSA	CANADIAN EQUIPMENT FINANCE & LEASING INC. 250 WOOLWICH ST S, UNIT 5, BRESLAU, ON N0B 1M0	20190717 1629 9224 0550 Reg. 8 year(s) Expires 17JUL 2027			X		X		NUVO NETWORK INC. 1295 NORTH SERVICE ROAD, OAKVILLE, ON L7P 3A7 2607380 ONTARIO INC. 2380 MOHAWK TRAIL, CAMPBELLVILLE, ON, L0P 1B0	
General Collateral Description: ONE (1) USED 2007 PREVOST COUNTRY COACH BUS, VIN 2PCW3349951028757										

B. REAL PROPERTY

Existing Ontario Registrations on PIN 17127-0265 (LT)

(as of February 19, 2020 at 10:22 a.m.)

No.	Instrument No.	Date of Registration	Instrument Type	Amount	Party From	Party To
1.	119980	1961/01/25	Bylaw	N/A	N/A	N/A
2.	609501	1984/11/07	Agreement	N/A	N/A	The Corporation of the City of Burlington
3.	612717	1985/01/15	Agreement	N/A	N/A	The Corporation of the City of Burlington

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No.	Instrument No.	Date of Registration	Instrument Type	Amount	Party From	Party To
4.	613383	1985/01/30	Agreement	N/A	N/A	The Corporation of the City of Burlington
5.	20R6963	1985/03/22	Plan Reference	N/A	N/A	N/A
6.	616715	1985/04/03	Agreement	N/A	N/A	The Corporation of the City of Burlington
7.	20R10695	1992/04/22	Plan Reference	N/A	N/A	N/A
8.	HR1212979	2014/09/12	Notice of Lease	\$2	Crossroads Christian Communications Inc.	Solar Power Network 001 Inc. SPN LP 3 (added 2016/03/03)
9.	HR1531249	2018/03/19	No Charge Lease	\$337,500,000	Solar Power Network 001 Inc. SPN LP 3	Deutsche Bank Trust Company Americas
10.	HR1532634	2018/03/26	Charge	\$23,000,000	2607380 Ontario Inc.	Meridian Credit Union Limited
11.	HR1532635	2018/03/26	No Assgn Rent Gen	N/A	2607380 Ontario Inc.	Meridian Credit Union Limited
12.	HR1532636	2018/03/26	Notice of Lease	\$1	2607380 Ontario Inc.	Crossroads Christian Communications Incorporated
13.	HR1532637	2018/03/26	Charge	\$4,500,000	2607380 Ontario Inc.	Crossroads Christian Communications Incorporated
14.	HR1532639	2018/03/26	Charge	\$3,250,000	2607380 Ontario Inc.	Bridging Finance Inc.
15.	HR1532640	2018/03/26	No Assgn Rent Gen	N/A	2607380 Ontario Inc.	Bridging Finance Inc.
16.	HR1667791	2019/11/25	Construction Lien	\$1,867,943	Maple Reinders Constructors Ltd.	N/A
17.	HR1672639	2019/12/16	Construction Lien	\$89,543	Barrie Glass & Mirror Ltd.	N/A
18.	HR1674574	2019/12/23	Certificate	N/A	Maple Reinders Constructors Ltd.	N/A
19.	HR1683750	2020/02/12	Certificate	N/A	Barrie Glass & Mirror Ltd.	N/A

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EXHIBIT “F”

THIS IS EXHIBIT "F", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:

Sanja Sapic

E820930A2731482

Commissioner for taking Affidavits

AMENDING AGREEMENT

Amending agreement dated April 28, 2020 among 2607380 Ontario Inc., Nuvo Network Inc. and Meridian Credit Union Limited, as DIP Lender (this "**Amending Agreement**").

RECITALS:

- (a) Meridian Credit Union Limited (together with its successors and permitted assigns, the "**DIP Lender**") agreed to make certain credit facilities available to the Borrower upon the terms and conditions contained in a credit facility agreement between the Borrower, the Guarantor and the DIP Lender made as of March 3, 2020 (as amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**");
- (b) The Borrower and the Guarantor have requested certain amendments to the Credit Agreement and the DIP Lender has agreed to permit such amendments on the terms and conditions set forth in this Amending Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Section 1 Defined Terms.

Capitalized terms used in this Amending Agreement and not otherwise defined have the meanings specified in the Credit Agreement, as amended hereby.

Section 2 Headings.

Section headings in this Amending Agreement are included for convenience of reference only and shall not constitute a part of this Amending Agreement for any other purpose.

Section 3 Amendments to Section 17 and Section 18 of the Credit Agreement.

- (1) Section 17(v)(i) of the Credit Agreement is hereby deleted and the following is substituted:

On or before May 30, 2020, or such later date as agreeable to the Monitor and DIP Lender, hire a sales agent (the "**Advisor**") and work with the Advisor to establish the steps for the SISP, including if desirable, an electronic data room and to complete drafts of the confidential information memorandum ("**CIM**"), the confidentiality agreement, the prospective buyers list and the teaser letter and provide same to the DIP Lender for its approval;

- (2) Section 17(v)(ii) of the Credit Agreement is hereby deleted and the following is substituted:

On or before June 8, 2020, or such later date as agreeable to the Monitor and DIP Lender, the Borrower shall obtain an order from the Court in form and substance satisfactory to the Monitor and the DIP Lender, acting reasonably, setting out the specific steps of the SISP and the timing thereof;

- (3) Section 18(a) of the Credit Agreement is hereby deleted and the following is substituted:

on a biweekly basis, and prior to and as a requirement for the making of any DIP Advance, an updated Cash Flow Budget in form and substance satisfactory to and approved by the DIP

- 2 -

Lender together with (i) a comparison prepared by the Borrower with the assistance of the Monitor of the previous biweekly forecast to actual results and (ii) an explanation of the differences;

Section 4 Reference to and Effect on the Credit Agreement.

Upon this Amending Agreement becoming effective, each reference in the Credit Agreement to “this Agreement” and each reference to the Credit Agreement in the other Loan Documents and any and all other agreements, documents and instruments delivered by the DIP Lender, the Borrower, the Guarantor or any other Person shall mean and be a reference to the Credit Agreement as amended by this Amending Agreement. Except as specifically amended by this Amending Agreement, the Credit Agreement shall remain in full force and effect.

Section 5 Governing Law.

This Amending Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 6 Counterparts.

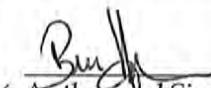
This Amending Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF the parties have executed this Amending Agreement.

DIP Lender:

MERIDIAN CREDIT UNION LIMITED

By: 
Authorized Signing Officer
Bernie Huber
Senior Commercial Credit Specialist

Borrower:

2607380 ONTARIO INC.

By: 
Authorized Signing Officer

Guarantor:

NUVO NETWORK INC.

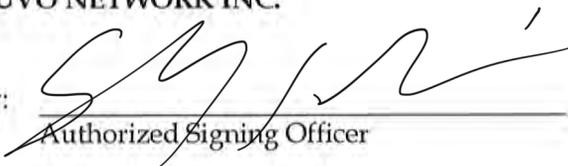
By: 
Authorized Signing Officer

EXHIBIT “G”

THIS IS EXHIBIT "G", referred to in the Affidavit of SHAWN SAULNIER, sworn on November 18, 2020.

DocuSigned by:
Sanja Sopic
E820930A2731482...

Commissioner for taking Affidavits

SECOND AMENDING AGREEMENT

Second amending agreement dated July 10, 2020 among 2607380 Ontario Inc., Nuvo Network Inc. and Meridian Credit Union Limited, as DIP Lender (this “**Second Amending Agreement**”).

RECITALS:

- (a) Meridian Credit Union Limited (together with its successors and permitted assigns, the “**DIP Lender**”) agreed to make certain credit facilities available to the Borrower upon the terms and conditions contained in a credit facility agreement between the Borrower, the Guarantor and the DIP Lender made as of March 3, 2020, as amended by a first amending agreement dated April 28, 2020 (as amended, supplemented, restated or otherwise modified from time to time, the “**Credit Agreement**”);
- (b) The Borrower and the Guarantor have requested certain amendments to the Credit Agreement and the DIP Lender has agreed to permit such amendments on the terms and conditions set forth in this Second Amending Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Section 1 Defined Terms.

Capitalized terms used in this Second Amending Agreement and not otherwise defined have the meanings specified in the Credit Agreement, as amended hereby.

Section 2 Headings.

Section headings in this Second Amending Agreement are included for convenience of reference only and shall not constitute a part of this Second Amending Agreement for any other purpose.

Section 3 Amendments to Section 17 of the Credit Agreement.

- (1) Section 17(v)(i) of the Credit Agreement is hereby deleted and the following is substituted:

On or before July 15, 2020, or such later date as agreeable to the Monitor and DIP Lender, hire a sales agent (the “**Advisor**”) and work with the Advisor to establish the steps for the SISP, including if desirable, an electronic data room and to complete drafts of the confidential information memorandum (“**CIM**”), the confidentiality agreement, the prospective buyers list and the teaser letter and provide same to the DIP Lender for its approval;

- (2) Section 17(v)(ii) of the Credit Agreement is hereby deleted and the following is substituted:

On or before July 15, 2020, or such later date as agreeable to the Monitor and DIP Lender, the Borrower shall obtain an order from the Court in form and substance satisfactory to the Monitor and the DIP Lender, acting reasonably, setting out the specific steps of the SISP and the timing thereof;

- (3) Section 17(v)(iii) of the Credit Agreement is hereby deleted and the following is substituted:

On or before October 30, 2020, provide a firm agreement of purchase and sale with a closing date on or before November 30, 2020; and

- (4) Section 17(v)(iv) of the Credit Agreement is hereby deleted and the following is substituted:

On or before November 30, 2020, closing of the agreement of purchase and sale.

Section 4 Reference to and Effect on the Credit Agreement.

Upon this Second Amending Agreement becoming effective, each reference in the Credit Agreement to “this Agreement” and each reference to the Credit Agreement in the other Loan Documents and any and all other agreements, documents and instruments delivered by the DIP Lender, the Borrower, the Guarantor or any other Person shall mean and be a reference to the Credit Agreement as amended by this Second Amending Agreement. Except as specifically amended by this Second Amending Agreement, the Credit Agreement shall remain in full force and effect.

Section 5 Governing Law.

This Second Amending Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 6 Counterparts.

This Second Amending Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, e-mail or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF the parties have executed this Second Amending Agreement.

DIP Lender:

MERIDIAN CREDIT UNION LIMITED

By:  _____
Authorized Signing Officer

Bernie Huber
Senior Commercial Credit Specialist

Borrower:

2607380 ONTARIO INC.

By: _____
Authorized Signing Officer

Guarantor:

NUVO NETWORK INC.

By: _____
Authorized Signing Officer

IN WITNESS WHEREOF the parties have executed this Second Amending Agreement.

DIP Lender:

MERIDIAN CREDIT UNION LIMITED

By: _____
Authorized Signing Officer

Borrower:

2607380 ONTARIO INC.

By: Shan Gauthier
Authorized Signing Officer

Guarantor:

NUVO NETWORK INC.

By: Shan Gauthier
Authorized Signing Officer

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2607380 ONTARIO INC.

Court File No.: CV-20-00636875-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF SHAWN SAULNIER
SWORN NOVEMBER 18, 2020

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: epillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

TAB 3

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

THE HONOURABLE) MONDAY, THE 23RD
)
JUSTICE CAVANAGH) DAY OF NOVEMBER, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 2607380 ONTARIO INC. (the "**Applicant**")

**ORDER
(Re: SISP Termination and Stay Extension)**

THIS MOTION, made by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), proceeded on this day by way of videoconference due to the COVID-19 crisis.

ON READING the affidavit of Shawn Saulnier sworn November 18, 2020, and the Exhibits thereto, the Third Report of Richter Advisory Group Inc., in its capacity as the Court-appointed Monitor of the Applicant (the "**Monitor**") dated November 19, 2020 (the "**Third Report**"), filed, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and counsel for Crossroads Christian Communications Incorporated, counsel for Bridging Finance Inc., no one appearing for any other party although duly served as appears from the affidavit of service of ● sworn November ●, 2020;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF STAY PERIOD

2. **THIS COURT ORDERS** that the Stay Period referred to in the Initial Order of this Court dated February 25, 2020 (as amended and restated on March 6, 2020, the “**Initial Order**”) is hereby extended up to and including January 29, 2021, with respect to the Applicant, Nuvo Network Inc., and Shawn and Bridget Saulnier.

TERMINATION OF THE SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the Sale and Investment Solicitation Process (the “**SISP**”) approved by this Court pursuant to the Order (Approving SISP and Extending Stay of Proceedings) dated July 10, 2020 (the “**SISP Order**”) is hereby terminated and the Monitor, the Applicant, the Brokers (as defined in the SISP Order) and their respective advisors are not required to take any further steps or actions in connection with the SISP.

4. **THIS COURT ORDERS** that, notwithstanding the termination of the SISP, the Monitor, the Applicant, the Brokers and their respective advisors are authorized but not required to have discussions in respect of and advance any existing or new sale or refinancing proposals with respect to the Nuvo Property (as defined in the SISP Order) as they may deem appropriate and to take such steps and execute such documentation as may be necessary or incidental to such sale or financing efforts; provided, however, that any binding sale or financing transaction is to be subject to the approval of this Court.

5. **THIS COURT ORDERS** that the Monitor, the Applicant, the Brokers and their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under paragraph 4, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or willful misconduct of the Monitor, the Applicant, or the Brokers, as applicable, as determined by this Court.

PIPEDA

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant and the Monitor may disclose personal information of identifiable individuals to prospective purchasers or lenders (and their respective advisors) who participate in any sale or financing efforts described in paragraph 4, but only to the extent desirable or required to carry out the sale or financing activities described in paragraph 4. Each prospective purchaser or lender (and their respective advisors) to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a transaction involving some or all of the Applicant's business and/or assets, and if it does not complete such a transaction, shall return all such information to the Applicant or Monitor, or in the alternative destroy all such information. The purchaser of some or all of the Applicant's business and/or assets shall be entitled to continue to use the personal information provided to it, and related to such property, in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant, or ensure that all other personal information is destroyed.

MONITOR'S REPORTS AND ACTIVITIES

7. **THIS COURT ORDERS** that the Pre-Filing Report of the Monitor dated February 24, 2020, the First Report of the Monitor dated March 5, 2020, the Second Report of the Monitor dated July 8, 2020 and the Third Report and the activities of the Monitor described in each of those reports be and hereby are approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or use in any way such approval.

GENERAL

8. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or under the SISF.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in

carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

ORDER
(Re: SISP Termination and Stay Extension)

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: epillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD
(Re: SISP Termination and Stay Extension)
(Returnable November 23, 2020)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
E-mail: lpillon@stikeman.com

Sanja Sopic LSO#: 66487P
Tel: (416) 869-6825
Email: ssopic@stikeman.com

Nicholas Avis LSO#: 76781Q
Tel: (416) 869-5504
Email: navis@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant