

Court File No: CV-25-00735482-00CL

**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**

**THE VANCOR GROUP INC.**

**Applicant**

**and**

**2744364 ONTARIO LIMITED o/a TRUE NORTH CANNABIS CO, 2668905 ONTARIO  
INC. o/a BAMBOO BLAZE, AND 2767888 ONTARIO INC.**

**Respondents (Debtors)**

**FIRST REPORT OF THE MONITOR  
DATED FEBRUARY 2, 2025**

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**FIRST REPORT OF THE MONITOR**

**DATED FEBRUARY 2, 2025**

**INTRODUCTION**

1. On January 24, 2025 (the “**Filing Date**”), the Vancor Group Inc. (“**Vancor**” or the “**Applicant**”) commenced proceedings (the “**CCAA Proceedings**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for the purpose of obtaining an order (the “**Initial Order**”) in respect of 2744364 Ontario Inc. (o/a True North Cannabis Co., “**TNCC**”), 2668905 Ontario Inc. (o/a Bamboo Blaze, “**Bamboo Blaze**”) and 2767888 Ontario Inc. (“**888**” and together with TNCC and Bamboo Blaze, the “**Debtors**”).
2. The relief sought by Vancor, which was granted by the Court, included the following:
  - a. declaring that the Debtors were companies to which the CCAA applies and ordering

- a stay of proceedings in favour of the Debtors until February 3, 2025 (the “**Stay Period**”);
- b. appointing Deloitte Restructuring Inc. as monitor of the Debtors (the “**Monitor**”);
  - c. appointing Mr. Shawn Dym as chief restructuring officer of the Debtors (the “**CRO**”);
  - d. approving the Debtors ability to borrow up to a principal amount of \$900,000 under a DIP Term Sheet from Vancor, as lender (in such capacity, the “**DIP Lender**”), to finance, among other things, the Debtors’ working capital requirements and post-filing expenses;
  - e. approving a charge on the Debtors’ assets in the amount of \$900,000 (the “**DIP Charge**”);
  - f. granting a charge on the Debtors’ assets in the amount of \$350,000 (the “**Administration Charge**” and together with the DIP Charge, the “**Charges**”) for the benefit of the Monitor and its counsel, the CRO, counsel to Vancor, and counsel to the Debtors (together the “**Professionals Group**”);
  - g. Authorizing the Debtors to pay certain pre-filing liabilities with the consent of the Monitor;
  - h. authorizing the Debtors to pay pre- and post-filing interest to the Debtors’ eight secured creditors, in accordance with the Cash Flow Forecast; and
  - i. Other ancillary relief related to the CCAA Proceedings.



## PURPOSE

3. The purpose of this first report of the Monitor (the “**First Report**”) is to provide the Court with information related to:
  - a. the Monitor’s activities since the Filing Date;
  - b. the Debtors’ activities since the Filing Date;
  - c. Certain issues raised by one of the Debtors’ secured creditors, Firm Capital Mortgage Fund Inc. (“**Firm Capital**”), in respect of certain security held by it;
  - d. Vancor’s application for an amended and restated Initial Order (“**ARIO**”) seeking the following relief at a hearing to be held on February 3, 2025 (the “**Comeback Hearing**”). Such relief includes, but is not limited to, the following:
    - i. approving an increase to the Administration Charge, to a maximum of \$600,000 (from \$350,000);
    - ii. approving the Debtors’ permitted borrowings under the DIP Term Sheet up to a maximum principal amount of \$2 million (from \$900,000);
    - iii. approving an increase to the DIP Lender’s Charge to the maximum principal amount of \$2 million (plus interest, fees and expenses);
    - iv. authorizing the Debtors to pay pre-filing interest costs to Vancor in its capacity as a pre-filing unsecured lender;
    - v. extending the Stay Period to May 2, 2025; and
  - e. The Monitor’s views on the relief sought by Vancor at the Comeback Hearing.

## TERMS OF REFERENCE

4. In preparing this First Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Debtors, discussions with and information from Vancor's and the Debtors' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this First Report:
  - a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *CPA Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
  - b. some of the Information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
5. Future oriented financial information referred to in this First Report was prepared based on the Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.

6. The Monitor has prepared this First Report in connection with the CCAA Proceedings and should not be relied on for any other purpose.
7. Unless otherwise stated, all dollar amounts contained in this First Report are expressed in Canadian dollars.
8. Background relating to these CCAA Proceedings is provided by the affidavits sworn by Corry Van Iersel on January 23, 2025 (the “**First Van Iersel Affidavit**”) and January 30, 2025 (the “**Second Van Iersel Affidavit**”).

#### **MONITOR’S ACTIVITIES SINCE THE FILING DATE**

9. Since the Filing Date, the Monitor’s activities have included, but are not limited to, the following:
  - a. establishing a protocol to monitor the Debtors’ receipts and disbursements;
  - b. engaging with the Debtors and the CRO to provide them with information and assistance with respect to these CCAA Proceedings, including assisting the Debtors in dealing with certain of their creditors;
  - c. assisting in the sizing of the Charges in these CCAA Proceedings;
  - d. establishing a case website for the CCAA Proceedings, which website address is <https://www.insolvencies.deloitte.ca/tccc> (the “**Monitor’s Website**”);
  - e. establishing an email inbox ([truenorthccc@deloitte.ca](mailto:truenorthccc@deloitte.ca)) and telephone hotline (416 643 3382 or 855 643 3382) for creditors to make inquiries of the Monitor;
  - f. filing certain statutory documents with the Office of the Superintendent of Bankruptcy and performed statutory noticing as required by paragraph 23(1)(a)(ii)

the CCAA;

- g. arranging for notice of these CCAA Proceedings to be advertised once per week for two weeks in the *Globe & Mail* (National Edition);
- h. posting necessary information regarding the Debtors' creditors on the Monitor's Website;
- i. meeting with the CRO to discuss the CCAA Proceedings and the efficient division of tasks between the CRO and the Debtors;
- j. discussing issues raised by counsel to Firm Capital Mortgage Fund Inc. ("**Firm Capital**") at the initial hearing in these CCAA Proceedings on January 24, 2025;
- k. engaging with the DIP Lender regarding the utilization of the Debtors' post-filing credit facility (the "**DIP Facility**");
- l. engaging with the Monitor's counsel, Blaney McMurtry LLP ("**Blaney**") regarding matters relevant to these CCAA Proceedings; and
- m. preparing this First Report.

## **THE DEBTORS' ACTIVITIES SINCE THE FILING DATE**

10. Since the Filing Date, the Debtors' activities have included, but are not limited to:

- a. discussing the provisions of the Initial Order with certain of their pre-filing creditors;
- b. holding internal meetings to discuss these CCAA Proceedings with employees;
- c. liaising with the CRO; and
- d. providing information to the Monitor pursuant to its statutory notice provisions.

## **FIRM CAPITAL CONCERNS**

11. At the hearing that commenced these CCAA Proceedings on January 24, 2025, counsel for Garas Family Holdings Inc. (“GFHI”) advised the Court that it had concerns regarding certain statements made in the First Van Iersel Affidavit. Such concerns related to the priority of security held by both GFHI and Firm Capital over the same pieces of the Debtors’ real property.
12. Since this time, counsel for Vancor, GFHI and Firm Capital have been in discussions to address the parties’ concerns. The Monitor has been advised that an agreement between Firm Capital and GFHI has now been executed and delivered in escrow. Correspondence received on February 2, 2025 from counsel to Firm Capital outlining its concerns and reserving certain rights, and an e-mail from counsel to GFHI confirming the status of the deal between the parties, is enclosed as Appendix “A” and Appendix “B,” respectively.

## **VANCOR’S REQUESTED RELIEF**

13. As set out in its motion materials dated January 30 2025, Vancor is seeking the relief noted earlier in this First Report. The Monitor has the following observations with respect to the relief being sought.

### *Increase of the Administration Charge*

14. As set out above, the Initial Order granted the Administration Charge in the amount of \$350,000. As set out in the First Van Iersel Affidavit, the quantum of the Administration Charge was meant to secure the fees of the Professionals Group for the period leading up to the Comeback Hearing.
15. As set out in the Second Van Iersel Affidavit, Vancor is seeking to increase the Administration

Charge to \$600,000, given the extensive involvement of the Professionals Group both prior to and following the commencement of the CCAA Proceedings. The quantum of the Administration Charge was also sized to address the maximum quantum of fees that may be outstanding to the Professionals Group at any given time.

16. The Monitor is of the view that an increase to the Administration Charge is appropriate and necessary in the circumstances. Moreover, the proposed increase to the Administration Charge is reasonable given the complexity of these CCAA Proceedings, the fees and disbursements for services that have been delivered to date, and the anticipated work required from the Professionals Group through the requested extension to the Stay Period as part of these CCAA Proceedings.

*Vancor Shareholder Loan Debt Service*

17. As set out in the First Van Iersel Affidavit, Vancor has provided approximately \$23 million of net financing to the Debtors on an unsecured basis (the “**Vancor Shareholder Loan**”). Funds have been advanced to each of TNCC, Bamboo Blaze and 888 on a revolving basis. The Monitor has been advised by the Debtors that the Vancor Shareholder Loan was regularly serviced via regular interest payments from each of the Debtors prior to the commencement of the CCAA Proceedings. The Monitor has been provided with account activity related to the Vancor Shareholder Loan and notes that interest payments were made on a monthly basis during 2024. The total interest that was paid to Vancor in respect of the Vancor Shareholder Loan in 2024 was approximately \$4.0 million.

18. The Initial Order authorized the Debtors to continue to pay their eight secured creditors in the normal course. Such payments are included in the cash flow forecast (the “**Cash Flow Forecast**”) that was appended to the Pre-Filing Report and is reproduced in this First Report

in Appendix “C”.

19. In its motion materials dated January 30, 2025, Vancor seeks the Court’s approval to continue to pay interest on the Vancor Shareholder Loan. The intention to make these payments was also highlighted in the Monitor’s Pre-filing Report and in Vancor’s materials for the Initial Order.
20. In part based on information provided to it by the Debtors, the Monitor notes the following with respect to the Vancor Shareholder Loan and its requested debt service:
  - a. the Vancor Shareholder Loan functioned as a revolving credit facility with regular draws and repayments;
  - b. Payments to Vancor were made by the Debtors when the Debtors’ cash flow permitted but there were no set repayment terms;
  - c. the Cash Flow Forecast includes payments to both Vancor and the Debtors’ eight secured creditors. Monthly debt service costs to Vancor, of approximately \$213,000 per month and related to the Vancor Shareholder Loan, were included in the Cash Flow Forecast appended to the Pre-Filing Report. The Cash Flow Forecast contemplates that such payments will begin following granting of the ARIO;
  - d. the Cash Flow Forecast projects that the DIP Facility will be drawn in the amount of \$1.5 million through May 2, 2025. The Monitor notes that professional fees during the same period are estimated to be approximately \$1.9 million. As such, the DIP Facility will be consumed entirely in paying for the professional fees. Operational cash flows (i.e. those excluding the DIP Facility and the fees of the Professionals Group) are forecast to be sufficient to cover all expenses related to

operations and the servicing of both the Vancor Shareholder Loan and the debt service to the Debtors' secured creditors;

- e. as set out in the First Van Iersel Affidavit, the Debtors sought DIP financing from other parties, but no acceptable offers were received prior to the commencement of these CCAA Proceedings;
- f. the collateral of the secured creditors, other than Firm Capital, are generally mortgages on properties owned by 888 (although one secured creditor holds a general security agreement over the assets of 888). Such security is not affected by the requested relief related to interest payments on the Vancor Shareholder Loan. Firm Capital has a general security agreement over the assets of TNCC and a general assignment of rents from 888 among other guarantees; and
- g. the Monitor is not aware of any opposition to commencing the proposed interest payments to Vancor, as set out in the Cash Flow Forecast. The Service List was made aware of this intention in the materials filed for the January 24, 2025 hearing and the materials served by Vancor in support of the ARIO.

21. Based on the foregoing, the Monitor is of the view that the Court should authorize the Debtors to continue to pay interest costs related to the Vancor Shareholder Loan as it maintains the *status quo* related thereto.

*Extension of the Stay Period*

22. As set out in the Second Van Iersel Affidavit, Vancor is seeking the Court's approval to extend the Stay Period to May 2, 2025 (the "**Extended Stay Period**").

23. The Monitor is supportive of this extension, as it will allow the Debtors to develop a



restructuring plan, which plan will include returning to Court to seek approval for a sale and investor solicitation process (“SISP”) for the benefit of the Debtors’ stakeholders as set out in the Second Van Iersel Affidavit.

24. The Cash Flow Forecast appended to the Pre-Filing Report, and reproduced hereto in Appendix “C”, projected that the Debtors will have sufficient liquidity through the Extended Stay Period, provided the Court authorizes an increase in permitted borrowings (and related increase to the corresponding charge on the Debtors’ assets) on the DIP Facility to \$2 million.

25. The Monitor is of the view that the Debtors continue to act with good faith and due diligence.

## **RECOMMENDATIONS**

26. In summary, the Monitor comments as follows with respect to Vancor’s requested relief:

- a. the increase in the Administration Charge is appropriate given the level of activity that is likely to be undertaken by the Professionals Group;
- b. the DIP Facility is necessary for the Debtors to maintain operations in the normal course and the corresponding increase in the DIP Lender’s Charge is reasonable and appropriate in the circumstances;
- c. payment of debt service costs related to Vancor’s unsecured credit facility will maintain the *status quo* with respect to servicing the Vancor Shareholder Loan; and
- d. the extension of the Stay Period to May 2, 2025 will afford the Debtors an opportunity to develop a restructuring strategy, including returning to Court to obtain approval to administer a SISP for the benefit of their stakeholders.

27. For the reasons set out above, the Monitor recommends that the Court approve the relief being sought by Vancor at the Comeback Hearing.

All of which is respectfully submitted this 2<sup>nd</sup> day of February, 2025.

**DELOITTE RESTRUCTURING INC.**

Solely in its capacity as Proposed Monitor of  
the Debtors, and not in its personal or corporate capacity

Per:

A handwritten signature in blue ink, appearing to read "T. Ambachtsheer", with a long horizontal stroke extending to the right.

---

Todd Ambachtsheer, CPA, CA, CIRP, LIT  
Senior Vice-President

## **Appendix “A”**

### **Correspondence from Counsel for Firm Capital**

**From:** [D. J. Miller](#)  
**To:** [David T. Ullmann](#); [Alexandra Teodorescu](#); [Todd Ambachtsheer](#); [Ellis, Larry](#); [dward@millerthomson.com](mailto:dward@millerthomson.com); [pcorney@millerthomson.com](mailto:pcorney@millerthomson.com)  
**Cc:** [Daniel Alievsky](#)  
**Subject:** The Vancor Group Inc. / True North Cannabis CCAA Proceeding  
**Date:** Sunday, February 2, 2025 1:04:00 PM  
**Attachments:** [2025-Jan-31 Issued Ltr to David Ullman\(Blaney\).pdf](#)

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Please see the attached letter, delivered on behalf of Firm Capital Corporation.

As I have advised the Monitor and its counsel, and Larry Ellis separately over the weekend, my discussions with counsel for the Garas entities has led to certain acknowledgements and confirmations being finalized and delivered (as between / among those parties only) that are currently in escrow pending satisfaction of a formality that we understand will be completed tomorrow. Once released from escrow, we will provide the Monitor and Applicants with a copy.

Regards,

D.J.



D. J. Miller | [DJMiller@tgf.ca](mailto:DJMiller@tgf.ca) | Direct Line +1 416 304-0559 | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | 416-304-1616 | Fax: 416-304-1313 | [www.tgf.ca](http://www.tgf.ca)

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January 31, 2025

**BY EMAIL**

Blaney McMurtry LLP  
2 Queen Street East, Suite 1500  
Toronto, ON M5C 3G5

**Attention: David T. Ullmann**

Dear Mr. Ullmann:

**Re: CCAA Proceedings of 2744364 Ontario limited (d/b/a True North Cannabis Co.)  
2668905 Ontario Inc. (o/a Bamboo Blaze) and 2767888 Ontario Inc. (the  
“Borrower”), Court File No. CV-25-00735482-00CL**

As you know, we represent Firm Capital Corporation and Firm Capital Mortgage Fund Inc. (collectively, “**Firm Capital**”) in respect of this matter.

Pursuant to a Commitment Letter dated March 16, 2022, as amended on April 27, 2022 and July 15, 2022 (collectively, the “**Firm Capital Commitment**”) Firm Capital made available and advanced certain secured credit facilities and mortgage loans to the Borrower, which loans were guaranteed by Pici Investments Inc. (“**Pici**”), The Vancor Group Inc. (“**Vancor**”), Ken Schaller and Corry Van Iersel (collectively, the “**Guarantors**”). Copies of the Firm Capital Commitment, as amended, are attached as Schedule “A” to this letter. Mortgage advances were made by Firm Capital in April and July, 2022 and total approximately \$7.5 million.

The security and supporting documents provided to Firm Capital by the Borrower and Guarantors are listed in the Firm Capital Commitment, and include, among other things: a first priority mortgage on 33 storefront and freestanding properties (some of which comprise more than one unit), assignment of rents, a General Security Agreement, an assignment and pledge of the shares of the Borrower, postponements of claim from all shareholders of the Borrower and all related party debt holders of the Borrower and Corporate Guarantors (collectively, the “**Firm Capital Security**”).

In connection with the delivery of the Firm Capital Security, the Borrower and Guarantors delivered, *inter alia*, the following:

1. Officers’ Certificates of the Borrower
2. Certified Resolution of the Borrower

An example of one Officer's Certificate and Certified Resolution delivered to Firm Capital on behalf of the Borrower are attached to this letter for context.

Based on a review of the Application Record commenced by Vancor in connection with the CCAA proceeding, it has become apparent that certain information provided to Firm Capital in 2022 when it was advancing funds, and in particular as to the shareholders of the Borrower and corporate authorities, was not accurate. In particular, the organizational chart depicted at paragraph 25 and discussed at paragraph 118 of the Affidavit of Corry Van Iersel reflects a 20% ownership interest of Garas Holdings Inc. ("**Garas Holdings**") in the Borrower and refers, in paragraph 24, to a unanimous shareholders agreement ("**USA**") that is attached to that Affidavit as Exhibit "H". The documents that were executed and delivered to Firm Capital (shortly after that USA was apparently signed on November 5, 2021, unbeknownst to Firm Capital) reflect total shareholdings in the Borrower being held equally by Pici and Vancor as to 50% each and certifies that there is no unanimous shareholder agreement or similar agreement affecting the Borrower.

Firm Capital was served (albeit the evening before the hearing) with the Application Record for this CCAA proceeding and is referenced in various places in the materials filed in support of the Initial Order. Firm Capital is unaffected by the terms of the Initial Order and these CCAA proceedings, including as to all priority charges, and accordingly, does not intend to participate other than receiving service of materials that may be filed by parties. We have raised these matters with counsel for the Applicant, the Borrower and Guarantors, and with the Monitor and its counsel, in order to ensure that it is understood that by not participating or filing materials, Firm Capital is not to be taken as having accepted this state of affairs or be estopped in any way from raising these issues at any time should it feel it necessary or appropriate to do so.

We have been actively working with counsel to Garas Holdings and the Garas entities in an effort to address this issue as it relates to documentation and mortgages registered by Firm Capital and Garas Holdings on two of the properties owned by the Borrower. At this time, Firm Capital is simply documenting an issue of concern that has been the subject of discussions since the initial hearing in this CCAA proceeding. Firm Capital reserves all of its rights.

Yours truly,

**Thornton Grout Finnigan LLP**

*D.J. Miller*

[electronic signature]

D.J. Miller

cc: Firm Capital Corporation

cc: Miller Thomson, counsel for the CCAA Applicant, Borrower and Guarantor

# Firm Capital Corporation

Mortgage Banking • Real Estate Capital

163 Cartwright Avenue  
Toronto, Ontario M6A 1V5  
Tel: 416-635-0221  
Fax: 416-635-1713

## **FIRM CAPITAL CORPORATION, AS TRUSTEE MORTGAGE LOAN COMMITMENT (the "Commitment")**

March 16, 2022

**TO : 2767888 ONTARIO INC. C/O KEN SCHALLER**

**RE : 33 STROEFONT PROPERTIES AS OUTLINED IN THE ATTACHED SCHEDULE  
"B" (Collectively the "Property")**



We are pleased to advise that your application for **first mortgage** financing on the above-noted Property (the "**Loan**") has been approved, subject to the following terms and conditions, and subject to all legal matters and documentation being to the complete satisfaction of Firm Capital Corporation ("**FCC**"), the registered mortgagees under the subject loan (the "**Lender**"), and their solicitors.

**PURPOSE** : To refinance existing debt and provide working capital.

**BORROWER** : 2767888 Ontario Inc. (the "**Borrower**").

**LOAN AMOUNT** : A \$10,000,000.00 first mortgage Revolving Loan.

**INTEREST RATE** : Floating at the greater of 7.50% Per Annum or the TD Canada Trust Posted Bank Prime Rate of Interest from time to time plus 4.80% Per Annum.

**TERM**  : ~~3~~ **1 year**, from the interest adjustment date. 

**AMORTIZATION** : \$0.00 per month, interest only

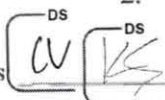
**REPAYMENT** : Due monthly, not in advance, with interest being calculated daily and compounded monthly on each payment date on the total of the principal balance plus accrued interest outstanding on the payment date.

**PREPAYMENT PRIVILEGES** : Open for repayment on any date upon NIL (0) month interest penalty, with Thirty (30) days written notice.

**LOAN SECURITY** : The Lender under this Loan will receive the following primary security:

1. A first mortgage on the lands and buildings outlined in the attached **Schedule "B"**
2. A registered Assignment of Rents and Leases.

Borrower(s) &  
Guarantor(s) Initials



Page 1 of 7



3. An assignment of the Borrower's rights under Agreements of Purchase and Sale. The Borrower is to provide the Lender with the full contact details of the purchaser(s).
4. A General Security Agreement for the Borrower and Corporate Guarantor(s), registered under PPSA.
5. An assignment and pledge of the shares of the Borrower(s).
6. Postponements of Claim from (i) all shareholders/unit holders of the Borrower, and (ii) all related party debt holders of the Borrower(s) and Corporate Guarantor(s).
7. Guarantees and Assignment & Postponements of Claim from (i) **Pici Investments Inc.**, (ii) **Vancor Corporation**, (iii) **Ken Schaller**, and (iv) **Corry Van Iersel** (collectively the "Guarantor(s)") jointly and severally with the Borrower as principle debtors and not as surety, to repay the Loan.
8. Any other reasonable security documentation requested by the Lender's solicitor.

*W April 1, 2022*

**DISBURSEMENTS** : Funds must be advanced on or before ~~February 30, 2022~~, failing which this Commitment will be cancelled or extended at FCC's sole option.

**PROPERTY DESCRIPTION**

: The subject Property comprises 33 Storefront and freestanding buildings varying in sizes located across Ontario. The majority of tenancies in the Property is a related entity to the Borrower with operations being a marijuana dispensaries.

**LOAN FEES:**

The Borrower and Guarantor(s) acknowledge and agree that in consideration for FCC furnishing this Commitment, to pay to FCC the following fees:

**Brokerage Fee : \$100,000.00 TO: CYR Funding Inc..**

**Commitment Fee : \$200,000.00 TO: Firm Capital Corporation**

The **\$200,000.00** Commitment Fee is be deemed to have been fully earned by FCC upon acceptance of this Commitment. The Borrower hereby irrevocably directs the Lenders solicitor to pay from the closing proceeds, the outstanding balance of the subject fees. At the time of acceptance of this Commitment, the Borrower and Guarantor(s) agree to pay **\$100,000.00** as a partial payment on account of the above fees (the "Standby Deposit"), and the balance thereof shall be due and payable on the closing date. Should the Borrower fail to close this transaction through no fault of the Lender's, the Standby Deposit shall be retained and the outstanding balance shall be due and payable to FCC as liquidated damages, and not as a penalty, and this Commitment shall be, at FCC's option, cancelled. The Borrower and Guarantor(s) acknowledge and agree that no interest shall be paid to the Borrower and/or Guarantor(s) on the Standby Deposit.

**REVOLVING ADVANCE PROVISIONS & STANDBY FEE:**

This Loan until repaid in full shall at all times have a minimum principal amount outstanding of \$4,000,000.00. Subject to the Loan being in good standing with no history of payments arrears or covenant breaches, the Borrower shall be permitted to draw down funds in minimum and multiple amounts of \$500,000.00 under the revolving portion of the Loan at any time during the term of the Loan, upon 10 days written notice to FCC, to the extent that the subject Loan shall never exceed

Borrower(s) &  
Guarantor(s) Initials:

*CV* *KS*



\$10,000,000.00. All funds released shall be advanced to the Lender's appointed solicitor who will complete the appropriate title searches to confirm that there is no title defects registered such that the funds being advanced retain priority as a first mortgage. The Lender's appointed solicitor shall prepare all other documentation as required in connection with each advance with the cost of such legal work being to the Borrower's account.

The Borrower and Guarantor(s) acknowledge and agree that they will be required to pay to FCC a 0.50% Per Annum fee on the undrawn portion of the subject Loan Amount (the "Revolving Standby Fee"). The Revolving Standby Fee shall be calculated and payable monthly on the first day of each month based on 1/12<sup>th</sup> of 0.50% of the month's average undrawn portion of the Loan. The undrawn portion of the subject Loan shall be defined as the Loan amount of \$10,000,000.00 less funds advanced under the Loan, at that point in time.

**SPECIAL LOAN CONDITIONS:**

The Loan shall be subject to the following conditions, which the Borrower and Guarantor(s) jointly covenant to meet:

1. Subject to confirmation that all existing registered mortgages and encumbrances are in good standing with no history of arrears. Solicitor to confirm same prior to advance of funds, and provide copies of discharge and pay out statements.
2. Prior to the advance of funds, the Lender must be provided with a satisfactory appraisal report confirming a minimum consolidated value of **\$18,250,000.00**. The appraisal shall be based on market rental rates and cap rates for similar type in that particular marketplace. The Appraisal Report is to be to the complete satisfaction of FCC as to content and value and is to be prepared by an appraiser that is satisfactory to FCC. FCC reserves the right not to release the appraisal. This Commitment is conditional for 48 hours upon receiving the appraisal report to enable FCC to review the report and to be satisfied with the report to its sole, subjective and arbitrary discretion.
3. Confirmation of the following Pro-Forma Net Operating Income: Net Operating Income sufficient to cover the debt on a 1.20 X's basis with such rents being at market rates. The Borrower agrees to provide satisfactory documentation to FCC to confirm the above noted figures. Assignment of rents and lease to apply (as per General Mortgage Loan Conditions clause #20). The Borrower is to provide copies of all leases. All residential rents charged and collected are to be legal and registered rents under the landlord and tenant act, and all documentation to be satisfactory to FCC's and its solicitor.
4. This Loan is subject to credit review (including but not limited to Credit Checks, Bank & Mortgage Ratings) on all the applicants (as per general condition clause #15), same to be to the complete satisfaction of FCC.
5. Any subsequent financing of the Property is subject to the approval of the Lender in their sole arbitrary and subjective discretion.
6. The Borrower and Guarantor(s) hereby warrant and represent that they have the ability to service the Loan debt.

Borrower(s) &  
Guarantor(s) Initials:

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7. Until the Loan is repaid in full, the Borrower and Guarantor acknowledge and agree that all leases entered into after the registration of the security documents for this Loan will include the following clauses:
- (i) The Borrower shall provide signed lease agreements for the Property with the terms and conditions of each lease being to the satisfaction of the Lender herein in their sole arbitrary and subjective discretion. The Borrower shall provide a postponement agreement for all related party leases to the Loan being provided herein.
  - (ii) The tenant agrees that in the event that the Lender takes possession of the property, or brings an action for foreclosure, or exercises its right of Power of Sale, or exercises any other remedy against the property, said tenant, at request of Lender, shall attorn to and recognize the Lender as the landlord under their lease, and

**PERMITS AND LICENSES:**

The Borrower shall provide all documentation with respect to the regulatory approval and licensing required to operate a marijuana dispensary. The Borrower shall provide confirmation that the Licenses can be transferred with the sale of the Property in the event of enforcement by the Lender.

**LOAN UNDERWRITING:**

The Borrower and the Guarantor(s) acknowledge that not all of the underwriting documentation for the Property has been received by the Lender. The Lender reserves the right to not accept any Property which it feels does not meet general underwriting criteria (i.e. location, building condition, environmental, marketability etc.) in its sole arbitrary and subjective discretion. The Loan amount shall be established based on 55% of the value established based on market rental and cap rates. If a Property outlined in the attached **Schedule "B"** is not accepted by the Lender from an underwriting perspective and no alternative property is provided as security then the revolving Loan limit will be reduced based on the lending limit established for the Property not accepted. Alternatively, if the Borrower and Guarantor have other properties that they would like to substitute for any Property not accepted by the Lender under **Schedule "B"** then the Lender will permit a Property substitution subject to all underwriting information being acceptable to the Lender herein.

**PARTIAL DISCHARGE PROVISION:**

In the event the Borrower sales a Property outlined in the attached **Schedule "B"** and if the Loan is in good standing, a partial discharge will be given for individual Property upon the payment of the greater of; (1) net sales proceeds after deducting reasonable legal fees and sales commissions, or (2) 85.0% of the appraised value per unit indicated in the appraisal report required prior to the funding of the Loan, plus payment of funding and administration fee of \$3,300, payable \$100.00 per unit with the balance on the last discharge. The funding and administration fee shall be deemed to have been earned by the Lender upon acceptance of this Commitment by the Borrower, with such fee to be secured by the within charge.

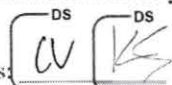
**GENERAL MORTGAGE LOAN CONDITIONS:**

Please see the attached **Schedule "A"**, which forms a part of this Commitment, for the General Loan Conditions.

**SYNDICATION:**

FCC shall have 3 business days following the acceptance of this Commitment, and upon receipt of all the requested underwriting information to syndicate a portion of the Loan in an amount to be determined by FCC at its sole discretion and subject to terms satisfactory to FCC, failing which this Commitment will be cancelled and the Standby Deposit will be returned to the Borrower without deduction or interest.

Borrower(s) &  
Guarantor(s) Initials:





It is further agreed that the Borrower's acceptance and return of this Commitment shall not bind FCC or the Lender to advance the Loan and that this Commitment is conditional for a period of 3 business days following the provision of all required underwriting information by the Borrower, upon FCC and/or the Lender's credit committee approval of the Loan.

**REQUIRED PRIOR TO CLOSING:**

The advance of funds under the Loan is subject to the following conditions and subject to receiving the following documentation, which must be to the Lender's satisfaction in their sole, arbitrary and subjective discretion:

- (A) A completed Firm Capital Corporation Mortgage Loan Application and statement of net worth for the Borrower and Guarantor(s).
- (B) A copy of the Financial Statements for the past 2 years of the Borrower and corporate Guarantor(s). The financial statements for the most recent year must be audited.
- (C) A current appraisal report, not older than 30 days prior to funding, and being addressed to the Lender.
- (D) ~~If the Lender deems it necessary, an environmental site assessment report will be required for the Property, addressed to the Lender, confirming that the Property is free of all environmental contamination. The report is to be completed by an environmental engineer that is satisfactory to the Lender, and the Lender is to be provided with confirmation that the engineer's liability is limited to an amount that is satisfactory to the Lender.~~
- (E) ~~If the Lender deems it necessary, a building inspection report will be required for the Property, addressed to the Lender, on the structural and mechanical condition of Property, by an engineer satisfactory to the Lender, and confirming that the engineer's liability is limited to an amount that is satisfactory to the Lender.~~
- (F) A copy of the Transfer/Deed for the Property confirm the date of purchase and the transfer amount.
- (G) A copy of the existing mortgage charges on the Property, along with mortgage discharge statements.
- (H) A projected income and expense statement for the Property for the year ending 2022.
- (I) A copy of a current signed and dated rent roll for the Property if there are multiple tenancies.
- (J) A copy of the lease agreements for the Property.
- (K) Back up for all expenses at the Property
- (L) Satisfactory confirmation that all Fire Retrofit work has been completed at the Property, if applicable.
- (M) A copy of the survey of the Property, if available.
- (N) Satisfactory confirmation that the Borrower and Guarantor(s) have sufficient combined income to service the Loan debt.
- (O) The Borrower agrees it is responsible for obtaining and negotiating a price for legal fees and estimated disbursements from the Lender's appointed solicitor.
- (P) At the Lender's solicitor's option, the Borrower and or Guarantor(s) are to obtain I.L.A. for this transaction.
- (Q) At FCC's option, subject to a satisfactory site inspection.
- (R) At FCC's option, subject to a satisfactory meeting between the Borrower, the Guarantors and FCC at FCC's office.
- (S) Any further reasonable documentation that FCC deems necessary to complete the underwriting of a loan on a property of this nature.

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Borrower(s) &  
Guarantor(s) Initials:

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**SCHEDULES ATTACHED:**

The following attached schedule(s) form a part of this Commitment;

**Schedule "A":** General Loan Conditions

**Schedule "B":** A list of the security being provided for the Loan

**Schedule "C":** Borrower Disclosure Form

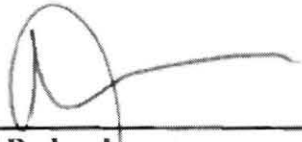
**COMMITMENT ACCEPTANCE:**

The Borrower / Guarantor(s) agree that Firm Capital Corporation's services are rendered at the time this Commitment is accepted by the Borrower / Guarantor(s). By signing this Commitment, the Borrower and Guarantor(s) acknowledge and agree that (i) FCC is acting on behalf of the Lender and for the Lender's benefit only, (ii) FCC acts exclusively for managed accounts and related entities and is deemed to be acting as a principal herein, (iii) the Borrower and/or Guarantor(s) should view FCC role is that of a lender, and (iv) the Lender has advised the Borrower and Guarantor(s) to obtain independent legal advice and financial advice with respect to the impact of this transaction, including the risks associated with the Borrower providing the Lender with security on the Property, and the resulting remedies available to the Lender should a default occur. If the terms and conditions set out herein are satisfactory, kindly acknowledge acceptance by initialling each page and signing below. Please return one copy of this Commitment to our office within six (6) days of this date, otherwise the Commitment may be considered by us to be null and void. **The Borrower acknowledges having received and/or executed a Borrower Disclosure Form at least 48 hours prior to signing this Commitment and a copy has been retained by the Borrower.** In case of any inconsistency or conflict between any provisions of this Commitment and any provisions of the security documents for the Loan, the Lender may, in their sole discretion, determine which shall prevail.


Yours truly,

**FIRM CAPITAL CORPORATION**

PER:

  
\_\_\_\_\_  
**Eli Dadouch**  
President

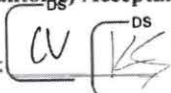
PER:

  
\_\_\_\_\_  
**Michael Warner**  
Senior Vice-President

E. & O. E.

**Borrower and Guarantor(s) Acceptance on Next Page**

Borrower(s) &  
Guarantor(s) Initials:



**BORROWER & GUARANTOR(S) ACCEPTANCE:**

I/we hereby acknowledge that I/We have been advised by Firm Capital Corporation to seek independent legal advice with respect to the Loan and have been given the opportunity to do so prior to signing this Commitment.

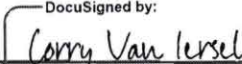
I/we hereby accept the terms and conditions of this Commitment and covenant and agree with FCC and the Lender to duly carry out same terms and conditions, dated this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

3/23/2022 | 1:12:31 PM EDT

**BORROWER:**

**2767888 ONTARIO INC.**


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**GUARANTOR(S):**

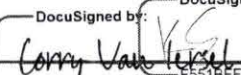
**PICI INVESTMENTS INC.**

**PER:**

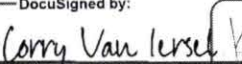
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**VANCOR CORPORATION**

**PER:**

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**KEN SCHALLER**

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CORRY VAN IERSEL F551BFFFB12F42F...

Ontario Mortgage Brokerages, Lenders and Administrators Act License #10164, Administrators License #11442

Borrower(s) &  
Guarantor(s) Initials:

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**GENERAL MORTGAGE LOAN CONDITIONS:**

1. **ADMINISTRATION FEES:** There is a Late Payment Administration Fee payable by the Borrower in the amount of \$2,000.00 for each payment not made when due or for each payment not honoured (and the Borrower hereby waives notice of dishonour). There is an Advance Administration Fee payable by the Borrower in the amount of \$500.00 per advance for each advance of funds made by the Lender under the Loan. There is a Compliance Finance Capital Fee in the amount of \$200 due at the time of the initial advance under the Loan.
2. **ADMINISTRATIVE SET UP FEE:** There is a \$1,000.00 administrative set up fee payable to FCC at the time of the initial advance under the Loan.
3. **MAINTENANCE FEE:** The Borrower agrees to pay to FCC \$450.00 Per Annum for ongoing maintenance of the Loan account, which includes, but is not limited to, system upgrades, document management, data storage, software licensing, and related customer services. The Maintenance Fee shall be payable to FCC and shall be due on each anniversary date of the interest adjustment date for the Loan, or upon full Loan discharge.
4. **WIRE TRANSFER FEE:** There is wire transfer fee of \$100.00 payable to the Lender for all advances made by way of a wire transfer.
5. **PIN MONITORING FEE:** The Borrower shall pay a \$70.00 fee for each separate property provided as security for the Loan, payable to FCC at the time of the initial advance under the Loan. An additional fee of \$25.00 shall be due on each anniversary date of the interest adjustment date for the Loan.
6. **ENFORCEMENT FEE:** If there is a default under the Loan and the Lender enforces its security, an Enforcement Fee equivalent to 3% of the principal balance outstanding under the Loan, which is a reasonable estimate of the cost/damages to the Lender to undertake the enforcement. The Enforcement Fee shall be payable by the Borrower and/or Guarantors on the initial date that such enforcement action was taken and such fee shall be secured by the security for the Loan. In addition, if the Lender is required to attorn rents at the property(s) provided as security for the Loan, a ten (10%) percent property management fee will be charged to the Borrower (based on 10% the gross rents collected).
7. **ASSIGNMENT:** This Commitment and the security may be assigned by FCC in whole or in part. The borrower acknowledges and agrees that FCC may be the lender in whole or in part or may be acting for an investor client or institution, in which case FCC shall have the right to assign this agreement to another party. FCC further hereby reserves all its rights and claims it may have to any commissions and/or brokerage fees due and owing by the Borrower and Guarantors under the Commitment, and this obligation of the Borrower / Guarantors shall survive and not merge on the closing of the subject transaction.
8. **TAXES:** Any tax bills issued and unpaid at the interest adjustment date are to be paid in full from the proceeds of the Loan. At closing, and at the Lender's option, the Borrower shall establish with the Lender a property tax escrow account (and undertakes to provide funds to establish the subject account satisfactory to the Lender), and the Borrower agrees to pay to the Lender 1/12 of the annual taxes on a monthly basis, and the Lender will remit same to the local municipality as taxes are due. No interest will be paid to the Borrower on funds held in the property tax escrow account. If a property tax escrow account is required, the Borrower agrees to pay the Lender a \$275.00 Per Annum Tax Account Administration Fee for servicing the tax account.
9. **POST DATED CHEQUES:** The Borrower shall provide the Lender with a series of twelve post dated cheques on the execution of the mortgage documents and on each and every anniversary date thereof, or P.A.C's. form if requested by the Lender.
10. **SALE OF PROPERTY:** The Borrower and Guarantors agree that in the event of a sale, conveyance, lease, or transfer of the title to the mortgaged property to a purchaser, grantee, transferee, mortgagee, or lessee not approved in writing by the Lender, then at the option of the Lender, all monies secured under the Loan shall forthwith become due and payable, other than with respect to sales that occur pursuant to partial discharge provisions detailed herein.
11. **INSURANCE:** The Borrower and Guarantors agree that at least 3 days prior to registration of the mortgage documents, the Borrower and Guarantors shall provide to the Lender or its solicitors, with evidence that the property to be mortgaged is adequately insured with an insurance company satisfactory to the Lender and such insurance may be straight insurance, but if the Lender so requests, then such insurance must provide for boiler coverage, liability, insurance loss of profits, or rental insurance as the case may be. The Borrower and Guarantors shall provide a certified copy of such insurance policy to the Lender or its solicitors, denoting loss payable to the Lender, such insurance policy shall insure the mortgaged

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property for the principal amount secured by the Loan. Co-Insurance is not acceptable. An independent insurance consultant selected by the Lender, the cost of which shall be borne by the Borrower and or/guarantors, shall review evidence of such coverages, consisting of the full policies. If a material change is made to the insurance policy, the independent insurance consultant will review the amended insurance policy, the cost of which shall be borne by the Borrower and/or Guarantors.

12. **SOLICITORS:**

FCC will appoint the legal firm of:

TO BE DETERMINED BY FCC

to act on its behalf on this transaction. Upon the execution of this Commitment, and prior to the commencement of the legal work for the subject transaction, the Borrower shall pay a retainer to the Lender's solicitor, with the amount of said retainer to be determined by the Lender's solicitor, acting reasonably. All legal fees and disbursements are to be paid by the borrower whether or not any funds are advanced, which legal fees shall be deducted by the solicitors from the first Loan advance.

13. **SURVEY:** ~~An up to date survey or Plan of Subdivision prepared by a duly qualified land surveyor is required, satisfactory to FCC~~

14. **MORTGAGE:** The Loan to be made to the Borrower and Guarantors shall be subject to all extended terms and conditions set forth in the Lender's standard form of mortgage contract or in the mortgage contract prepared by the Lender's solicitors, whichever the case may be. Irrespective of the prepayment privilege noted previously herein, the Loan shall not be open for prepayment by the Borrower if such prepayment would result in a violation of Section 347 of the Criminal Code.

15. **REPRESENTATIONS & INFORMATION:** The Borrower and Guarantors undertake that all representations made by the Borrower and Guarantors and all information submitted by the Borrower and Guarantors or their broker to FCC in connection with their mortgage application are true and accurate; and that the Borrower and Guarantors agree to supply promptly, on request, any further information concerning the Borrower and Guarantors, their financial standing, or about the property, which may be required by FCC or its solicitors.

16. **MATERIAL CHANGE:** In the event that there are any material adverse changes in the financial position of the Borrower and/or Guarantors, or to the project, either physically or financially, as determined by the Lender in its sole, arbitrary and subjective discretion, then such shall be considered to be an event of default under the loan and the Lender may, at its option, refuse to make any further advances under the mortgage and may, at its option, require that all monies secured by the mortgage shall forthwith become due and payable. In the event that there are any material adverse changes to the credit markets, as determined by the Lender in its sole, arbitrary and subjective discretion, the Lender may, at its option, refuse to make any further advances under the mortgage.

17. **CREDIT:** That the Lender, after completing credit investigations which it will make from time to time concerning the Borrower and Guarantors, must in its absolute discretion be satisfied with all information obtained, prior to any advance being made under the Loan.

18. **FINANCIAL AND PROPERTY UPDATES:** Within 30 days of a request from the Lender, the Borrower shall provide the Lender with (i) an update on the financial status of the Borrower and Guarantors, including but not limited to updated financial statements and/or personal net worth statements, and/or (ii) an update on the status of the subject property/project, failing which the Loan shall be in default.

19. **INDEMNIFY:** The Borrower and Guarantors irrevocably agree to indemnify and hold FCC harmless from and against any loss, cost, liability or expense incurred as result of the enforcement for any claims for Brokerage, Legal, Appraisal, Finders Fees, or any other matter in relation to this loan. It is understood that neither the preparation nor the registration of any of the documents contemplated by this agreement shall bind FCC or the Lender to advance the funds hereby intended to be secured. FCC may refer to this property/Loan in its corporate advertising.

20. **HAZARDOUS SUBSTANCE INDEMNITY:** The Borrower and Guarantors acknowledge and agree that they shall indemnify the Lender and hold harmless the Lender from and against all claims, demands, liabilities, losses, costs damages and expenses that the Lender may incur or suffer, directly or indirectly, as a result of the presences of any hazardous substance on, upon or within the subject property or the escape, seepage, leakage or spillage from the subject property. The form and content of said indemnity shall be to the complete satisfaction of the Lender in their sole discretion.

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21. **ASSIGNMENT OF COMMITMENT LETTER:** At closing, FCC will be assigning this Commitment to the Lender. At the time of assignment, FCC shall be relieved by the Borrower and or Guarantors of all liabilities and claims relating to this loan, at which time FCC shall become the loan servicer (the "Servicer"). The Borrower acknowledges that the registered Lender has retained the services of FCC as Servicer to service the subject loan and the Loan including the collection of payments under the Loan and that title to the Loan will be registered directly in the Lender's name. The Borrower further acknowledges that the Servicer is not the Lender and the Servicer owes no obligation to the Borrower to advance funds under the Loan, or continue to be the Servicer of the Loan. For the purposes of this Commitment, all references to the Lender shall be deemed to be the registered named Lender. The Lender shall have and may exercise at all times and without restriction all of the rights and benefits under this Commitment. The Borrower shall not assign any of its rights hereunder without the prior written approval of FCC.
22. **TITLE:** The Borrower and Guarantors have represented and hereby warrant that they have or will have a good and marketable title to the property to be mortgaged. Work orders will not be accepted. At the Lender's sole option, the Borrower may be required to provide title insurance for the mortgaged property. In the event that the Lender requires title insurance, said title insurance shall be provided by Stewart Title. The cost of the title insurance shall be at the Borrower's expense.
23. **PAYMENT OF FEES:** All Loan costs, including brokerage fees, commitment fees, legal, appraisal and survey costs, as well as insurance premiums in connection with the application and any resulting loan, are to be paid by the Borrower and Guarantors whether or not money is advanced under this loan, and may be deducted from the proceeds of the loan. The Lender will charge a reasonable fee for the preparation of the Mortgage Discharge Statement, and the Lender's solicitor will charge a reasonable fee for the preparation of the Discharge of Mortgage. The Borrower and Guarantors acknowledge and agree that if government legislation requires that GST/HST is payable on any Loan costs, including but not limited to brokerage fees, commitment fees, renewal fees, funding fees, and administration fees, the Borrower and Guarantors will be responsible for the payment of the GST/HST, including any GST/HST that is payable due to the retroactive implementation of legislative changes.
24. **SOLICITORS OPINION:** Borrower's counsel shall provide such opinions as required by the Lender, including, without limitation, corporate and enforceability opinions. Such opinions must be to the complete satisfaction of the Lender.
25. **GENERAL ASSIGNMENT OF RENTS/LEASES:** A general assignment of rents/leases which shall include a covenant of the Borrower not to accept rent more than thirty days in advance, not to amend leases, and not to accept surrender of leases without approval. When the Loan is not in default, rents may continue to be paid to the Borrower. The assignment of Rents/Leases is to be registered on title. All existing leases are to be satisfactory to FCC and its solicitors as to form and content.
26. **TIME OF PAYMENT:** Any payment (other than payment of regular payments of principal and interest) that is made after 1:00p.m. on any date, shall be deemed, for the purpose of calculation of interest, to have been made and received on the next bank business day.
27. **CROSS-DEFAULT /SERVICE FEE:** The occurrence of an event of default under any one of the security documents held by the Lender relating to the Borrower and/or Guarantors or a company related to the Borrower and/or Guarantor, will constitute an event of default under all other security documents and loans to the Borrower and/or Guarantor, or a company related to the Borrower and/or Guarantor, held by the Lender, or in the name of any associated or affiliated corporation to the Lender. If the Lender takes any proceeding pursuant to the Loan or other security document by reason of the Borrower's default the Lender shall be entitled to add to the Loan debt a service and administrative fee and a property inspection fee in addition to all other fees, cost, claims or demands to which the Lender are also entitled.
28. **MERGER OF COMMITMENT:** It is agreed that the execution, delivery and registration, as applicable, of the mortgage and the security required herein shall not operate as a merger of the terms and provisions of this Commitment and this Commitment shall survive such delivery and registration, as applicable, and remain in full force and effect.
29. **AUTOMATIC RENEWAL:** In the event that the Borrower fails to repay the principal and interest outstanding on the maturity date, or fails to accept a renewal offer tendered by the Lender (for any reason not attributable to the Lender) within 10 business days of the maturity date, then the Lender may, at their sole option, automatically renew the Loan for a period of one month from the maturity date, at an interest rate equal to the greater of 12.00% Per Annum or the TD Canada Trust Prime Lending Rate plus 5.00% per annum, calculated daily, and compound and payable monthly. In the event that the renewal has not been finalized within this one month period, then there will be no further extensions, and the Lender will

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Guarantor(s) Initials:

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exercise its remedies under the mortgage charge. The Lender shall not be obligated to offer any renewal. All other terms and covenants under the Loan shall continue to apply. The Loan may be paid in full at any time during the one month renewal period. A Processing Fee which is the greater of \$1,000.00 or 1/10 of 2.00% of the outstanding balance shall be added to the principal balance if this extension is utilized.

30. **GUARANTORS:** In consideration of the Lender committing to make the Loan available to the Borrower, the receipt and sufficiency of which is hereby acknowledged by Guarantors, the Guarantors do hereby covenant, as principal debtor and not as surety that they will pay or cause to be paid to the Lender all amounts due by the Borrower under the Loan and will observe, keep and perform all of the terms and conditions set forth herein and in the security documents or required hereby or by the security documents to be observed, kept and performed by the Borrower pursuant to this Commitment or any of the security documents, and that all present and further indebtedness of the Borrower to the Guarantors shall be assigned to the Lender and postponed to the present and future indebtedness of the Borrower to the Lender and the Guarantors agree that they shall execute the security documents or any of them in such form as may be required by the Lender and its solicitors, in order to fully document and effectuate the intent and meaning of this paragraph.
31. **COUNTERPARTS:** This Commitment may be executed in counterparts and all counterparts so executed will constitute one agreement binding on the parties effective on execution. Provided further and notwithstanding the foregoing, the failure of any one of the Borrower and/or the Guarantors to execute this Commitment shall not be pleaded as an estoppel or a defense to the execution of this Commitment by the others of the Borrower and/or Guarantors.
32. **FACSIMILE TRANSMISSION / E-MAIL:** The transmission of an executed copy of this Commitment by facsimile or e-mail shall be deemed to constitute execution and delivery of an original executed copy. The Lender shall be entitled to rely on any agreement, document, instrument, report or certificate provided by the Borrower and/or Guarantors by way of e-mail or facsimile as though it were an originally signed agreement, document, instrument, report or certificate. The Borrower and/or Guarantors acknowledge and agree that any communication from the Borrower and/or Guarantors to the Lender that is received by e-mail or facsimile is a reliable communication from the Borrower and/or Guarantors.
33. **ELECTRONIC IMAGING:** The Borrower and Guarantors acknowledge and agree that, at any time, the Lender may convert any paper records / documentation relating to the Loan that was delivered to the Lender (collectively the "Paper Record"), into electronic images (the "Electronic Image") as part of the Lender's normal business practices. The parties agree that each Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.
34. **BORROWER & GUARANTORS IDENTIFICATION:** The Borrower and Guarantors acknowledge and agree that FCC and the Lender will be complying with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its regulations. Pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the "Act"), the Lender is required to ask for identification of the Borrower, the Guarantors and any third party involved in the transaction, and for information with respect to the source of funds used in connection with the Borrower's equity in the subject property. The Borrower and Guarantors hereby covenant and agree to provide, prior to the first advance under the Loan, such identification and information as may be reasonably required to ensure the Lender's compliance with the Act.
35. **ENFORCEMENT OF SECURITY:** The Borrower and Guarantors acknowledge and agree that all security received for the Loan must be enforceable in the province in which the mortgage is registered. The court in the province in which the mortgage is registered shall have exclusive jurisdiction to hear all disputes relating to the Loan and its security.
36. **PROFESSIONALS:** The Borrower shall select, appoint and retain the Project Monitor and any and all other professionals providing services in respect of the project. The terms of reference of the Project Monitor shall be prepared by the Lender. All reports and certificates of the Project Monitor and any other professionals shall be addressed to both the Borrower and the Lender. The Borrower and Guarantors acknowledge that the Lender shall have no liability, responsibility or obligation to the Borrower and/or Guarantors respecting any services, certificates or reports relating to the mortgaged property provided by the Project Monitor or by any cost consultants, quantity surveyors, engineers, architects, planners or any other professionals, whether or not the person, firm or corporation providing such services, certificates or reports was retained by the Borrower or by the Lender.
37. **CONSENT TO RELEASE OF INFORMATION:** The Borrower shall execute and deliver whatever consents are required by the Lender and its solicitors concerning the release and disclosure of information by the Lender to third parties and by third parties to the Lender in accordance with provisions of the Personal Information Protection and Electronic Documentation (Act) Canada.

Borrower(s) &  
Guarantor(s) Initials:

DS  
CW DS

## Summary of Loan Security

| No. | Address  |
|-----|--|
| 1   | 85 - 89 King Street West, Chatham, Ontario   |
| 2   | 16 Steel Street, Welland, Ontario  |
| 3   | 326 Ottawa Street North Hamilton   |
| 4   | 4695 Queen Street, Niagara Falls, Ontario  |
| 5   | 51 Front Street West, Strathroy  |
| 6   | 22 Robinson Street, Simcoe   |
| 7   | 780 Wallace Avenue N. Listowel   |
| 8   | 740-750 James Street, Wallaceburg, Ontario   |
| 9   | 3 - 11 Erie Street South, Leamington   |
| 10  | 153 West Street, Brantford   |
| 11  | 92 Pelham Road, St. Catharines   |
| 12  | 978 3rd. Avenue E. Owen Sound  |
| 13  | 4 Courthouse Square. Goderich, Ontario   |
| 14  | 125 Muskoka Road South, Gravenhurst  |
| 15  | 201 Jarvis Street, Fort Erie, Ontario  |
| 16  | 30 Main Street East, Huntsville, Ontario   |
| 17  | <del>349 King Street Port Colborne, Ontario</del> R  |
| 18  | <del>1368 Ottawa Street, Windsor, Ontario</del>  |
| 19  | 51 Main Street, Cambridge, Ontario   |
| 20  | 2107 Parkdale Avenue, Brockville, Ontario  |
| 21  | 520 dundas Street, Woodstock, Ontario  |
| 22  | <del>52 Bridge Street East, Campbellford, Ontario</del> cl   |
| 23  | 20 Bridge Street, Belleville, Ontario  |
| 24  | 82 Division Street, Trenton, Ontario   |
| 25  | <del>1720 Algonquin Street, North Bay, Ontario</del> w gas station across street so will be eliminated by lender |
| 26  | 496 Main Street North Bay, Ontario   |
| 27  | 372 Riverside Drive, Sudbury, Ontario  |
| 28  | 892-893 Queen Street, Sault Ste Marie, Ontario   |
| 29  | 513 11th Avenue, Hanover, Ontario  |
| 30  | 25-27 Second Street East, Cornwall, Ontario  |
| 31  | 214 Third Avenue, Timmins, Ontario   |
| 32  | 7 Market Square Napanee, Ontario   |
| 33  | 213 Craig Street, Timmins, Ontario   |
|     | 59 Roy Blvd., Brantford  |



**BORROWER DISCLOSURE FORM**Loan #: **21-3753**

A copy of this Borrower Disclosure Form signed by the mortgage broker must be given to you at least 48 hours (excluding Sundays and holidays) before you are asked to sign the mortgage instrument or a commitment to enter into the mortgage. The 48 hour period may be shortened upon the mortgage broker receiving your written consent to the shortening of the 48 hour period. Notwithstanding that the 48 hour period may be shortened, the Borrower Disclosure Form must be provided prior to you executing the mortgage instrument or a commitment to enter into the mortgage.

FCC acts as mortgage banker and lender for multiple mortgage investment pools and syndicates of private and institutional funds that are under the management of FCC. FCC, in the view of the Borrower(s) and Guarantor(s), should be considered a lender with loyalty and commitment to the lender on this transaction, and not in any way as an agent for the Borrower(s) and Guarantor(s). FCC is providing no opinion on this transaction to the Borrower(s) and Guarantor(s).

**MORTGAGE TERMS**

A signed commitment to fund the mortgage was obtained on: 16-Mar-22

A summary of the terms of the proposed mortgage loan are as follows:

Property Address: 38 Storefront Properties As Outlined in the Attached Schedule "B"

Property Description: The subject property comprises 38 storefront and freestanding buildings varying in sizes located across Ontario. The majority of the tenancies in the property is a related entity marijuana dispensaries.

Borrower(s): 2767888 Ontario Inc.

Guarantor(s): PICI Investments Inc., Vancor Corporation, Ken Schaller and Corry Van Iersel

Loan Amount: \$10,000,000.00 Mortgage Priority: First Mortgage

Interest Rate Type: Variable

Interest Rate: Interest Rate shall be floating at the greater of the Floor rate or the Variable Rate

Floor Rate: 7.50% Per Annum



Variable Rate: Prime + 4.80% Per Annum (Current Prime Rate: 2.70% Per Annum)



Compound Period: Monthly

Payment Amount: \$62,500.00 (Payment amount indicated is calculated based on the floor rate and a full advance under the loan.)

Payments Per Year: 12

Amortization Period (years): 0 Interest Only

Repayment Privileges: Open for repayment in whole or in part on any date with NIL (0) month interest penalty, upon thirty (30) days written notice 36 months <sup>DS</sup>  

This mortgage will become due and payable in 12 months.  

If all payments are made on the due date and any prepayment privilege (if applicable) is not used, the Borrower will owe \$10,000,000.00 upon maturity.

**FEES & COSTS**

FCC may/will be compensated for this mortgage transaction by way of the fees indicated below. The payment of the fees to be paid to FCC is governed by the terms and conditions as set out in the Mortgage Loan Commitment Letter.

The fees payable by the Borrower for this mortgage transaction are detailed as follows:

|   |    |                   |
|---|----|-------------------|
| Mortgage Brokerage Fee to Borrower's Mortgage Broker: CYR Funding Inc.  | \$ | 100,000.00        |
| Commitment Fee to FCC   | \$ | 200,000.00        |
| Origination Fee to FCC  | \$ | -                 |
| Other Lender's Fees: legals quoted at \$1250 per property   | \$ | -                 |
| Estimated Lender's Legal Fees (excl. HST & Disbursements) - Borrower to negotiate legal fees directly with Lender's Solicitor | \$ | 50,000.00         |
| Insurance Consultant Fee: (estimated)   | \$ | 750.00            |
| Other Fees:   | \$ | -                 |
| Total Fees  | \$ | <u>350,750.00</u> |

The Borrower acknowledges that they are to arrange for the appraisal directly with the appraiser, with all appraisal costs to be negotiated by the Borrower with the appraiser, with the negotiated appraisal costs to be paid by the Borrower.

Borrower(s) & Guarantor(s) Initials:

<sup>DS</sup> 

## Borrower Disclosure Form - Continued

If the proposed mortgage loan is repaid in whole or in part prior to the maturity date of the mortgage, the Borrower acknowledges that there will be no refund of the above loan fees.

|                                |    |               |
|--------------------------------|----|---------------|
| Gross Principal Advance:       | \$ | 10,000,000.00 |
| Less: Fees Deducted at Closing | \$ | (350,750.00)  |
| Net Advance of Funds:          | \$ | 9,649,250.00  |

Total Cost of Borrowing 11.580% Per Annum

This mortgage will be arranged on or before: 25-Mar-22

This mortgage is not renewable on the same terms as described herein, and does not contain privileges or penalties, except as detailed in the FCC Mortgage Loan Commitment Letter. Please see the FCC Mortgage Loan Commitment Letter for the detailed terms and conditions of the subject mortgage.

FCC is presently registered and in good standing as a mortgage brokerage and mortgage administrator under the Mortgage Brokerages, Lenders and Administrators Act (Ontario Mortgage Brokerage, Lenders and Administrators Act License #10164, Administrators License #11442)

The mortgage broker has not requested or required the Borrower to sign the mortgage instrument (whether completed or blank) or any commitment to enter into the mortgage, and will not do so until permitted to do so by the regulations made under the Mortgage Brokerages, Lenders and Administrators Act.

I have fully completed this Borrower Disclosure Form in accordance with the Mortgage Brokerages, Lenders and Administrators Act and its regulations.

**FIRM CAPITAL CORPORATION**

Per: Michael Warner  
Mortgage Broker License #: M08000109

16-Mar-22  
Dated

### ACKNOWLEDGEMENT OF DISCLOSURE

I/we, the Borrower(s) and Guarantor(s) under the proposed mortgage loan, hereby acknowledge to the following:

- (i) I/we have not yet signed the mortgage instrument (whether completed or blank) or a commitment to enter into this mortgage.
- (ii) I/we have read and fully understand this Borrower Disclosure Statement provided by FCC, 163 Cartwright Avenue, Toronto, Ontario, M6A 1V5
- (iii) I/we were provided with this Borrower Disclosure Statement prior to signing the FCC Mortgage Loan Commitment Letter or other mortgage instrument.
- (iv) I/we were strongly advised by FCC to obtain independent legal advice about this mortgage before signing the mortgage contract.

I/we hereby waive the 48 hour requirement for this disclosure.

Initials: CV KS

DocuSigned by:

Corry Van Iersel

F551BFFFB12F42F...

DocuSigned by:

KS

F551BFFFB12F42F...

3/23/2022 | 1:10:32 PM EDT

Date

**AMENDMENT TO THE MORTGAGE LOAN COMMITMENT**

**TO: FIRM CAPITAL MORTGAGE FUND INC.**

**AND TO: MACDONALD SAGER LLP, its solicitors herein**

**RE: FIRM CAPITAL MORTGAGE FUND INC. LOAN TO 2767888 ONTARIO  
INC. AND GUARANTEED BY PICI INVESTMENTS INCORPORATED,  
THE VANCOR GROUP INC., KEN SCHALLER, CORRY VAN IERSEL,  
AND 2744364 ONTARIO LIMITED  
VARIOUS PROPERTIES ACROSS THE PROVINCE OF ONTARIO  
MSM FILE NO. 220580**

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Schedule "A" of the Mortgage Loan Commitment dated March 16, 2022, as may be amended, issued by Firm Capital Corporation, is hereby deleted and replaced with the Schedule "A" attached hereto. All other terms of the original Mortgage Loan Commitment of said date and the amendment thereof, unless otherwise stated below, shall remain in effect.

**DATED:** April 27, 2022

**FIRM CAPITAL CORPORATION**



Per:


Name:

Title:

I have the authority to bind the corporation

*Signature page continues*

DocuSigned by:  
  
 Per:   
 Name: Kenneth Schaller  
 Title: President

DocuSigned by:  
  
Per: 0F312488DB6A442...  
Name: Ken Schaller  
Title: President

DocuSigned by:  
Corry Van Iersel  
Per: 6E7B412E576A48F...  
Name: Corry Van Iersel  
Title: Authorized Signing Officer

WITNESS: )  
DocuSigned by: )  
*Dan Seeley-Baechler* )  
A2BF97CBDB23420... )  
Name: )

WITNESS:

DocuSigned by:

*Dan Seely-Baechler*

Name: A2BF9/CBCD23420...

DocuSigned by:  
  
0F312488DB6A412...  
KEN SCHALLER

DocuSigned by:  
Corry Van Iersel  
6E7B412E578A48F...

**SCHEDULE OF ONTARIO PROPERTIES**

1. 85-89 King Street West, Chatham
2. 16 Steel Street, Welland (aka 29 Seventh Street, Welland)
3. 326 Ottawa Street North, Hamilton
4. 4695 Queen Street, Niagara Falls
5. 153 West Street, Brantford
6. 92 Pelham Road, St. Catharines
7. 201 Jarvis Street, Fort Erie
8. 125 Muskoka Road South, Gravenhurst
9. 978 3<sup>rd</sup> Avenue East, Owen Sound
10. 4 Courthouse Square, Goderich
11. 740 & 750 James Street, Wallaceburg
12. 22 Robinson Street, Simcoe
13. 51 Front Street West, Strathroy
14. 780 Wallace Avenue North, Listowel
15. 3-11 Erie Street South, Leamington
16. 30 Main Street East, Huntsville
17. 20 Bridge Street, Belleville
18. 82 Division Street, Trenton
19. 496 Main Street, North Bay
20. 372 Riverside Drive, Sudbury
21. 892-899 Queen Street East, Sault Ste-Marie
22. 513 11<sup>th</sup> Avenue, Hanover
23. 25-27 Second Street East, Cornwall
24. 214 Third Avenue, Timmins
25. 7 Market Square, Napanee
26. 2107 Parkedale Avenue, Brockville
27. 520 Dundas Street, Woodstock
28. 670 Riverside Drive, Timmins (aka 213 Craig St, Timmins)



# Firm Capital Corporation

Mortgage Banking • Real Estate Capital

163 Cartwright Avenue  
Toronto, Ontario M6A 1V5  
Tel: 416-635-0221  
Fax: 416-635-1713

## LOAN AMENDMENT AGREEMENT

July 15<sup>th</sup>, 2022

**TO : 2767888 ONTARIO INC. C/O KEN SCHALLER**

**RE : 33 STOREFRONT PROPERTIES AS OUTLINED IN THE ATTACHED SCHEDULE  
"B" (Collectively the "Property")**

---

The following amendments and or additions as set out below shall be in addition and/ or substitution to the original terms of the Mortgage Loan Commitment Letter dated March 16<sup>th</sup>, 2022, issued by Firm Capital Corporation (hereafter referred to as the "**Commitment**"). All other terms of the Commitment, unless otherwise stated below, shall remain in effect. The following amendments are subject to the final approval of the terms of this accepted Loan Amendment Agreement by the lenders under the subject loan facility (the "**Lenders**").

### **The following Properties are deleted from the attached Schedule "B"**

349 King Street Port Colborne, Ontario.  
1368 Ottawa Street, Windsor, Ontario.  
52 Bridge Street East, Campbellford, Ontario  
1720 Algonquin Street, North Bay, Ontario  
59 Roy Blvd., Brantford, Ontario

### **The Following Property is being added to the attached Schedule "B"**

212 King Street, Midland, Ontario

The total revised loan security comprises 30 Properties

### **SCHEDULES ATTACHED:**

The following attached schedule(s) form a part of this Loan Amendment Agreement.

**Schedule "B": Summary of Loan Security**



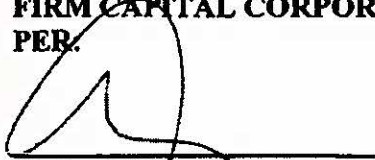
-This Loan Amendment Agreement is conditional upon all of the above conditions having been met.

The Borrower and Guarantor agree that Firm Capital Corporation's services are rendered at the time this Loan Amendment Agreement is accepted by the Borrower and Guarantor. If the terms and conditions set out herein are satisfactory, kindly acknowledge acceptance by initialling each page and signing below. **The Borrower acknowledges having received and/or executed a Statement of Mortgage at least 72 hours prior to signing this Loan Amendment Agreement and a copy has been retained by the Borrower.** In case of any inconsistency or conflict between any provisions of this Loan Amendment Agreement letter and any provisions of the mortgage, the Lenders may, in their sole discretion, determine which shall prevail.

Should you have any questions concerning the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

**FIRM CAPITAL CORPORATION**  
**PER.**

A handwritten signature in black ink, appearing to be 'Michael Warner', is written over a horizontal line.

**Michael Warner**  
**Senior Vice-President**

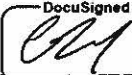
MW/ch  
E. & O. E.

I/WE HEREBY ACCEPT THE ABOVE AMENDED/ADDITIONAL TERMS, AND COVENANT AND AGREE WITH YOU TO DULLY CARRY OUT THE SAME TERMS AND CONDITIONS, DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2022.

**BORROWER**

**2767888 ONTARIO INC.**


**PER:**

DocuSigned by:  
  
F551BFFF812F42F  
**A.S.O.**

**GUARANTOR:**

**PICI INVESTMENTS INC.**

**PER:**

DocuSigned by:  
  
0F312488DB6A412  
**A.S.O.**

**VANCOR CORPORATION**

**PER:**

DocuSigned by:  
  
F551BFFF812F42F  
**A.S.O**

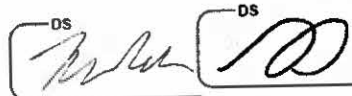
DocuSigned by:  
  
0F312488DB6A412  
**KEN SCVHALLER**

DocuSigned by:  
  
F551BFFF812F42F  
**CORRY VAN IERSEL**

Ontario Mortgage Brokerage, Lenders and Administrators Act License #10164, Administrators License #11442

## Summary of Loan Security

| No. | Address   |
|-----|---|
| 1   | 85 - 89 King Street West, Chatham, Ontario              |
| 2   | 16 Steel Street, Welland, Ontario                       |
| 3   | 326 Ottawa Street North Hamilton                        |
| 4   | 4695 Queen Street, Niagara Falls, Ontario               |
| 5   | 51 Front Street West, Strathroy                         |
| 6   | 22 Robinson Street, Simcoe                              |
| 7   | 780 Wallace Avenue N. Listowel                          |
| 8   | 740-750 James Street, Wallaceburg, Ontario              |
| 9   | 3 - 11 Erie Street South, Leamington                    |
| 10  | 153 West Street, Brantford                              |
| 11  | 92 Pelham Road, St. Catharines                          |
| 12  | 978 3rd. Avenue E. Owen Sound                           |
| 13  | 4 Courthouse Square. Goderich, Ontario                  |
| 14  | 125 Muskoka Road South, Gravenhurst                     |
| 15  | 201 Jarvis Street, Fort Erie, Ontario                   |
| 16  | 30 Main Street East, Huntsville, Ontario                |
| 17  | <del>349 King Street Port Colbourne, Ontario</del>      |
| 18  | <del>1368 Ottawa Street, Windsor, Ontario</del>         |
| 19  | 51 Main Street, Cambridge, Ontario                      |
| 20  | 2107 Parkdale Avenue, Brockville, Ontario               |
| 21  | 520 dundas Street, Woodstock, Ontario                   |
| 22  | <del>52 Bridge Street East, Campbellford, Ontario</del> |
| 23  | 20 Bridge Street, Belleville, Ontario                   |
| 24  | 82 Division Street, Trenton, Ontario                    |
| 25  | <del>1720 Algonquin Street, North Bay, Ontario</del>    |
| 26  | 496 Main Street North Bay, Ontario                      |
| 27  | 372 Riverside Drive , Sudbury, Ontario                  |
| 28  | Queen Street, Sault Ste. Marie                          |
| 29  | 513 11th Avenue, Hanover, Ontario                       |
| 30  | 25-27 Second Street East, Cornwall, Ontario             |
| 31  | 214 Third Avenue, Timmins, Ontario                      |
| 32  | 7 Market Square Napanee, Ontario                        |
| 33  | 213 Craig Street, Timmins, Ontario                      |
| 34  | 212 King Street, Midland, Ontario                       |
| 35  | <del>59 Roy Blvd, Brantford, Ontario</del>              |

Two DocuSign signatures are shown side-by-side. Each signature is enclosed in a rectangular box with a small 'DS' logo in the top left corner. The first signature is a cursive 'M' and the second is a cursive 'D'.

**OFFICER’S CERTIFICATE**

**TO: FIRM CAPITAL MORTGAGE FUND INC.**

**AND TO: MACDONALD SAGER LLP, its solicitors herein**

**RE: FIRM CAPITAL MORTGAGE FUND INC. LOAN TO 2767888 ONTARIO INC. AND GUARANTEED BY PICI INVESTMENTS INCORPORATED, THE VANCOR GROUP INC., KEN SCHALLER AND CORRY VAN IERSEL  
VARIOUS PROPERTIES ACROSS THE PROVINCE OF ONTARIO AS DESCRIBED UNDER SCHEDULE “B” HERETO  
MSM FILE NO. 220580**

---

The undersigned, being an officer and director of 2767888 ONTARIO INC. (the “Corporation”) hereby certifies under the Corporate Seal of the Corporation, as follows:

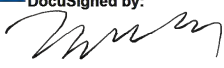
- 1. The full and exact name of the Corporation as set forth in the Certificate of Incorporation is 2767888 ONTARIO INC.
- 2. The Corporation does not use any other trademarks or trade names in its business.
- 3. The Corporation will be the registered and beneficial owner of various properties across the Province of Ontario on closing.
- 4. The Corporation has never been involved in any bankruptcy, insolvency or re-organization proceedings whatsoever.
- 5. The Corporation will not be acting on the instructions of any undisclosed third party.
- 6. The Corporation is duly qualified and authorized to carry on business in the Province of Ontario and has all necessary licences and permits required in order to properly and effectively carry on its business.
- 7. The head office and registered office of the Corporation is located at 697 Coronation Boulevard, Unit 5, Cambridge, Ontario, N1R 3G5. The Corporation does not carry on business or lease premises at any other location whatsoever nor is the Corporation storing any inventory or assets at any other location. *with the exception of*: See attached Schedule “B”
- 8. There is no provision in the Articles of Incorporation, By-Laws or in any unanimous Shareholders' Agreement of the Corporation which restricts the powers of the Directors and which restricts the ability of the Corporation to borrow money as contemplated in its letter of commitment dated March 16, 2022, as may be amended (the “Commitment”), from Firm Capital Mortgage Fund Inc. (the “Lender”) and which would otherwise restrict the Corporation's ability to fulfil its obligations pursuant to that Commitment.
- 9. Attached hereto as Schedule “A” is a list of Directors and Officers noting their positions held as well as a list of the Shareholders noting the number and class of shares held by each Shareholder.
- 10. There are no judgments or litigation pending by or against the Corporation, or any of its Officers.
- 11. At the present time, there are no delinquent taxes due, including all but not limited to, all payroll taxes, personal property taxes, business taxes or income taxes.
- 12. I acknowledge that the Lender and its solicitors are relying on this Certificate in connection with the above-noted transaction.

**DATED:** 26 day of April, 2022.

*signature page follows*

The undersigned has executed this document as of the day and year first written above.

DocuSigned by:



0F312488DB8A412...

Kenneth Schaller

SCHEDULE “A”

**DIRECTORS OF THE CORPORATION**

Kenneth Schaller  
Corry Van Iersel

**NAME OF OFFICER**

**OFFICE**

Kenneth Schaller  
Corry Van Iersel

President  
Secretary/Treasurer

**NAME OF SHAREHOLDERS**

**NUMBER & CLASS OF SHARES**

Pici Investments Incorporated  
The Vancor Group Inc.

10 Common Shares  
10 Common Shares

**SCHEDULE “B”**

1. 85-89 King Street West, Chatham
2. 16 Steel Street, Welland (aka 29 Seventh Street, Welland)
3. 326 Ottawa Street North, Hamilton
4. 4695 Queen Street, Niagara Falls
5. 153 West Street, Brantford
6. 92 Pelham Road, St. Catharines
7. 201 Jarvis Street, Fort Erie
8. 125 Muskoka Road South, Gravenhurst
9. 978 3<sup>rd</sup> Avenue East, Owen Sound
10. 4 Courthouse Square, Goderich
11. 740 & 750 James Street, Wallaceburg
12. 22 Robinson Street, Simcoe
13. 51 Front Street West, Strathroy
14. 780 Wallace Avenue North, Listowel
15. 3-11 Erie Street South, Leamington
16. 30 Main Street East, Huntsville
17. 20 Bridge Street, Belleville
18. 82 Division Street, Trenton
19. 496 Main Street, North Bay
20. 372 Riverside Drive, Sudbury
21. 892-899 Queen Street East, Sault Ste-Marie
22. 513 11<sup>th</sup> Avenue, Hanover
23. 25-27 Second Street East, Cornwall
24. 214 Third Avenue, Timmins
25. 7 Market Square, Napanee
26. 2107 Parkedale Avenue, Brockville
27. 520 Dundas Street, Woodstock
28. 670 Riverside Drive, Timmins (aka 213 Craig St, Timmins)

**CERTIFIED  
RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
2767888 ONTARIO INC.  
(the “Corporation”)**

**WHEREAS** Firm Capital Mortgage Fund Inc. (the “**Lender**”) has agreed to extend a loan or establish one or more credit facilities (collectively the “**Loan**”) in favour of the Corporation on the terms and subject to the conditions set out in a letter of commitment dated March 16, 2022, as may be amended (the “**Commitment**”), a copy of which has been presented to and has been reviewed by a Director of the Corporation;

**AND WHEREAS** the Corporation has agreed to provide to the Lender certain security documents, assignments and security agreements in order to secure the Loan;

**NOW THEREFORE IT IS RESOLVED AS FOLLOWS:**

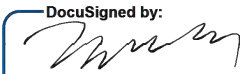
1. the entering into of the Commitment by the Corporation, the execution of the Commitment for and on behalf of the Corporation and the delivery of the Commitment to the Lender are ratified, approved and confirmed;
2. the Corporation is authorized to fulfil and perform all of its agreements and obligations set out in the Commitment;
3. the Corporation is authorized to enter into and to perform its agreements and obligations set out in and to encumber its property and assets in the manner contemplated by each of the following (hereinafter called the "Loan Documents"):
  - **Charge/Mortgage of Land**
  - **General Assignment of Rents**
  - **Assignment of Insurance**
  - **General Security Agreement**
  - **Assignment of Purchase and Sale Agreement**
  - **Environmental Agreement & Indemnity**
  - **Postponement of Shareholder and Related Party Loan**
  - **Share of Pledge Agreement**

a copy of each of which has been presented to and has been reviewed by a Director of the Corporation.

4. any one director or officer of the Corporation is authorized and directed:
  - (a) to execute and to deliver the Loan Documents and all agreements and other documents as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan, each to be in such form and content as he may approve, his signature thereto to be conclusive evidence of such approval; and
  - (b) to do all such further acts and things and give such further assurances as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan.

**THE FOREGOING IS HEREBY CERTIFIED** to be a true and correct copy of a Resolution of the board of directors of the Corporation passed in the manner required by law, which resolution is in full force and effect, unamended as of the date hereof.

DATED: 26 day of April, 2022.

DocuSigned by:  
  
0E312488DB6A412  
Kenneth Schaller



**CERTIFIED  
RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
2767888 ONTARIO INC.  
(the "Corporation")**

**WHEREAS** Firm Capital Mortgage Fund Inc. (the "**Lender**") has agreed to extend a loan or establish one or more credit facilities (collectively the "**Loan**") in favour of the Corporation on the terms and subject to the conditions set out in a loan amendment agreement dated July 15, 2022, as may be amended (the "2nd Tranche Commitment"), a copy of which has been presented to and has been reviewed by a Director of the Corporation;

**AND WHEREAS** the Corporation has agreed to provide to the Lender certain security documents, assignments and security agreements in order to secure the Loan;

**NOW THEREFORE IT IS RESOLVED AS FOLLOWS:**

1. the entering into of the 2nd Tranche Commitment by the Corporation, the execution of the 2nd Tranche Commitment for and on behalf of the Corporation and the delivery of the 2nd Tranche Commitment to the Lender are ratified, approved and confirmed;
2. the Corporation is authorized to fulfil and perform all of its agreements and obligations set out in the 2nd Tranche Commitment;
3. the Corporation is authorized to enter into and to perform its agreements and obligations set out in and to encumber its property and assets in the manner contemplated by each of the following (hereinafter called the "2nd Tranche Security Documents"):

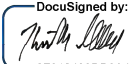
- **Acknowledgment of Survival of Security**
- **Charge/Mortgage of Land**
- **General Assignment of Rents**
- **Assignment of Insurance**
- **Environmental Agreement & Indemnity**

a copy of each of which has been presented to and has been reviewed by a Director of the Corporation.

4. any one director or officer of the Corporation is authorized and directed:
  - (a) to execute and to deliver the 2nd Tranche Security Documents and all agreements and other documents as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan, each to be in such form and content as he may approve, his signature thereto to be conclusive evidence of such approval; and
  - (b) to do all such further acts and things and give such further assurances as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan.

**THE FOREGOING IS HEREBY CERTIFIED** to be a true and correct copy of a Resolution of the board of directors of the Corporation passed in the manner required by law, which resolution is in full force and effect, unamended as of the date hereof.

DATED: ~~XXXXXXXXXX~~ July 28, 2022

DocuSigned by:  
  
 0E312488DE6AA12  
 Kenneth Schaller

**Appendix “B”**  
**Correspondence from Counsel for GFHI**

**From:** [Joël Turgeon](#)  
**To:** [Ellis, Larry](#); [Ward, David](#); [David T. Ullmann](#)  
**Cc:** [djmiller@tgf.ca](mailto:djmiller@tgf.ca); [Ben Grant](#)  
**Subject:** The Vancor Group Inc. and 2744364 Ontario Limited  
**Date:** Sunday, February 2, 2025 1:27:59 PM  
**Attachments:** [image426977.jpg](#)

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Dear counsel,

This is to confirm that Firm Capital Mortgage Fund Inc. ("**FCC**"), on one hand, and Garas Family Holdings Inc., Manal Garas Pharmacy Professional Corporation and Nashaat Garas (collectively, "**Garas**"), on the other hand, are mutually satisfied of certain acknowledgements and confirmations made to each other in respect of their respective security positions, on terms that are currently in escrow pending certain formalities to be completed tomorrow, upon which the terms of the acknowledgements will be shared with the applicant, the monitor and their respective counsel.

Such acknowledgements are solely by and between FCC and Garas, and no person other than FCC and Garas may seek to rely on them nor does these acknowledgments confer any legal, equitable or other rights or remedies of any nature on any person other than FCC and Garas.

Regards,



**Joël Turgeon**

Partner, Head of Restructuring and Insolvency Group

**Perley-Robertson, Hill & McDougall LLP/s.r.l.**

1400-340 rue Albert Street, Ottawa, ON K1R 0A5

T: [613.556.2224](tel:613.556.2224) | F: (613) 238-8775 | E: [jturgeon@perlaw.ca](mailto:jturgeon@perlaw.ca)

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**Appendix “C”**  
**Cash Flow Forecast Included With**  
**the Pre-Filing Report**

**True North Cannabis Co. (TNCC), Bamboo Blaze and  
2767888 Ontario Inc.**

**Projected Statement of Receipts and Disbursements  
For the Period January 20, 2025 to May 4, 2025  
CAD \$000**

|                                 | Forecast<br>26-Jan-25 | Forecast<br>2-Feb-25 | Forecast<br>9-Feb-25 | Forecast<br>16-Feb-25 | Forecast<br>23-Feb-25 | Forecast<br>2-Mar-25 | Forecast<br>9-Mar-25 | Forecast<br>16-Mar-25 | Forecast<br>23-Mar-25 | Forecast<br>30-Mar-25 |
|---------------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Receipts</b>                 |                       |                      |                      |                       |                       |                      |                      |                       |                       |                       |
| Cash sales                      | 1,138                 | 1,354                | 1,324                | 1,324                 | 1,324                 | 1,533                | 1,275                | 1,275                 | 1,275                 | 1,491                 |
| Collection (Services)           | 4                     | 108                  | 154                  | 75                    | 15                    | 14                   | 128                  | 99                    | 4                     | 22                    |
| DIP Financing                   | -                     | 700                  | -                    | -                     | -                     | 300                  | -                    | 300                   | -                     | -                     |
| <b>Total Receipts</b>           | <b>1,142</b>          | <b>2,162</b>         | <b>1,479</b>         | <b>1,399</b>          | <b>1,339</b>          | <b>1,848</b>         | <b>1,403</b>         | <b>1,674</b>          | <b>1,279</b>          | <b>1,513</b>          |
| <b>Disbursements</b>            |                       |                      |                      |                       |                       |                      |                      |                       |                       |                       |
| Inventory and Raw Materials     | (908)                 | (935)                | (935)                | (935)                 | (935)                 | (935)                | (1,135)              | (1,135)               | (1,135)               | (13)                  |
| Payroll Costs                   | -                     | (387)                | -                    | (354)                 | -                     | (395)                | -                    | (354)                 | -                     | (357)                 |
| Rent & Facilities               | -                     | (242)                | -                    | -                     | -                     | (299)                | -                    | -                     | -                     | (77)                  |
| General Expenses                | (113)                 | (293)                | (31)                 | (88)                  | (15)                  | (267)                | (15)                 | (48)                  | (7)                   | (68)                  |
| HST                             | (183)                 | (257)                | -                    | -                     | -                     | (177)                | -                    | -                     | -                     | -                     |
| Debt Service                    | (190)                 | (105)                | -                    | (213)                 | -                     | (105)                | -                    | (213)                 | -                     | (105)                 |
| <b>Total Operating Expenses</b> | <b>(1,393)</b>        | <b>(2,219)</b>       | <b>(966)</b>         | <b>(1,590)</b>        | <b>(950)</b>          | <b>(2,178)</b>       | <b>(1,150)</b>       | <b>(1,750)</b>        | <b>(1,142)</b>        | <b>(620)</b>          |
| Professional fees               | (260)                 | (243)                | (251)                | (25)                  | (18)                  | (91)                 | (107)                | (107)                 | (107)                 | (129)                 |
| <b>Total Disbursements</b>      | <b>(1,653)</b>        | <b>(2,462)</b>       | <b>(1,217)</b>       | <b>(1,615)</b>        | <b>(967)</b>          | <b>(2,270)</b>       | <b>(1,256)</b>       | <b>(1,856)</b>        | <b>(1,248)</b>        | <b>(749)</b>          |
| <b>Net Cash Flow</b>            | <b>(511)</b>          | <b>(300)</b>         | <b>262</b>           | <b>(216)</b>          | <b>372</b>            | <b>(422)</b>         | <b>146</b>           | <b>(182)</b>          | <b>30</b>             | <b>764</b>            |
| <b>Opening Cash</b>             | <b>893</b>            | <b>381</b>           | <b>82</b>            | <b>344</b>            | <b>128</b>            | <b>500</b>           | <b>78</b>            | <b>224</b>            | <b>42</b>             | <b>72</b>             |
| <b>Ending Cash (deficit)</b>    | <b>381</b>            | <b>82</b>            | <b>344</b>           | <b>128</b>            | <b>500</b>            | <b>78</b>            | <b>224</b>           | <b>42</b>             | <b>72</b>             | <b>836</b>            |

**True North Cannabis Co. (TNCC), Bamboo Blaze and  
2767888 Ontario Inc.**

**Projected Statement of Receipts and Disbursements  
For the Period January 20, 2025 to May 4, 2025  
CAD \$000**

|                                 | Forecast<br>6-Apr-25 | Forecast<br>13-Apr-25 | Forecast<br>20-Apr-25 | Forecast<br>27-Apr-25 | Forecast<br>4-May-25 | Total           |
|---------------------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------|
| <b>Receipts</b>                 |                      |                       |                       |                       |                      |                 |
| Cash sales                      | 1,278                | 1,280                 | 1,280                 | 1,496                 | 1,289                | 19,934          |
| Collection (Services)           | 87                   | 124                   | 15                    | 14                    | 86                   | 950             |
| DIP Financing                   | -                    | -                     | -                     | -                     | 200                  | 1,500           |
| <b>Total Receipts</b>           | <b>1,365</b>         | <b>1,404</b>          | <b>1,295</b>          | <b>1,510</b>          | <b>1,574</b>         | <b>22,385</b>   |
| <b>Disbursements</b>            |                      |                       |                       |                       |                      |                 |
| Inventory and Raw Materials     | (1,063)              | (945)                 | (945)                 | (945)                 | (945)                | (13,840)        |
| Payroll Costs                   | (14)                 | (354)                 | -                     | (354)                 | (37)                 | (2,605)         |
| Rent & Facilities               | (222)                | -                     | -                     | (21)                  | (222)                | (1,082)         |
| General Expenses                | (196)                | (16)                  | (35)                  | (68)                  | (200)                | (1,460)         |
| HST                             | (109)                | -                     | -                     | -                     | (131)                | (858)           |
| Debt Service                    | -                    | -                     | (213)                 | (105)                 | (192)                | (1,442)         |
| <b>Total Operating Expenses</b> | <b>(1,604)</b>       | <b>(1,315)</b>        | <b>(1,193)</b>        | <b>(1,493)</b>        | <b>(1,726)</b>       | <b>(21,287)</b> |
| Professional fees               | (107)                | (107)                 | (107)                 | (129)                 | (107)                | (1,892)         |
| <b>Total Disbursements</b>      | <b>(1,710)</b>       | <b>(1,421)</b>        | <b>(1,300)</b>        | <b>(1,622)</b>        | <b>(1,832)</b>       | <b>(23,180)</b> |
| <b>Net Cash Flow</b>            | <b>(345)</b>         | <b>(18)</b>           | <b>(5)</b>            | <b>(112)</b>          | <b>(258)</b>         | <b>(795)</b>    |
| <b>Opening Cash</b>             | 836                  | 491                   | 473                   | 468                   | 356                  | 893             |
| <b>Ending Cash (deficit)</b>    | <b>491</b>           | <b>473</b>            | <b>468</b>            | <b>356</b>            | <b>98</b>            | <b>98</b>       |

THE VANCOR GROUP INC.

and

2744364 ONTARIO LIMITED, *ET AL*

Court File No: CV-25-00735482-00CL

Applicant

Respondents (Debtors)

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

Proceeding Commenced at **TORONTO**

**FIRST REPORT OF THE MONITOR**

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