

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC.,  
3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS  
INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC,  
NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN  
LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU  
SP.Z OO and NAFA POLSKA SP. Z OO

(the "Applicants")

**MOTION RECORD OF THE APPLICANTS  
(Re: Stay Extension Motion returnable April 7, 2021)**

**Date:** April 1<sup>st</sup>, 2021

**BLANEY MCMURTRY LLP**  
Barristers & Solicitors  
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Counsel for the Applicants

**To:** The Service List

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

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(the “Applicants”)

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# INDEX

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(the “Applicants”)

**I N D E X**

Tabs/Exhibit	Document
1	Notice of Motion dated April 1 <sup>st</sup> , 2021
2	Affidavit of Doug Lawson sworn April 1 <sup>st</sup> , 2021
A	Property parcels abstracts for the Skyway Property PIN 07424-0200 dated July 29, 2020
B	Property parcels abstracts for the Skyway Property PIN 07424-0195 dated July 29, 2020
C	Ground Leases Order of Justice McEwen dated November 28, 2019
D	Wei Li Family APS entered into on December 23, 2020, and effective as of dated December 11, 2020
E	Email and Letter from Blaney to Private Landlord re Wei Li Aps (without attachments) both dated February 5, 2021
F	Email NAFA Properties dated February 9, 2021 and Letter from NAFA Properties dated February 8, 2021, both to the City Landlord re Wei Li Aps (without attachments)

G	NAFA Form of non-confidential "Teaser"
3	Draft Stay Extension Order
4	Draft Approval & Vesting Order and Blackline from Model Order



**TAB 1**

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE  
B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**NOTICE OF MOTION  
(Returnable April 7, 2021)**

The Applicants (“**NAFA**” or the “**Applicants**”) will make a motion for an Order seeking the relief set out herein to Justice McEwen of the Ontario Superior Court of Justice (Commercial List), on Wednesday, April 7, 2021, at 12:30 p.m. or as soon after that time as the motion can be heard by Zoom video conference due to the COVID-19 pandemic.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order, substantially in the form attached at **Tab 3** hereto (the “**Order**”):
  - (a) to extend the stay of proceedings (“**Stay Period**”) from April 9, 2021 to and including July 30, 2021;

- (b) to further extend the Stay Period from July 30, 2021 up to and including September 30, 2021 (the “**Extended Stay Period**”) upon the filing of a Monitor’s certificate (the “**Monitor’s Certificate**”) certifying that the Monitor has reviewed the Applicants’ cash flow forecast and that it projects that the Applicants have sufficient funds for the Extended Stay Period and has obtained the consent of the Agent and the Business Development Bank of Canada (“**BDC**”) (if BDC is not repaid in full at the time of the filing the of the Monitor’s Certificate) to the Extended Stay Period;
- (c) to approve, at the direction of the Monitor pursuant to subparagraph 5(f) of Justice McEwen’s Order, in these CCAA proceedings, dated November 5, 2020, a transaction to sell the Ground Leases (as defined below) of the principal premises of the Company’s business at 65 Skyway Ave, Toronto (the “**Skyway Property**”) to an arms-length third party, and a vesting order related to same;
- (d) to assign the rights and obligations of NAFA Properties Inc. (“**NAFA Properties**”) under the Ground Leases (as defined below) at the Skyway Property to Gestion Famille Wei Li II Inc. and Wei Li Family Holding II Inc. (“**Wei Li Family**”);
- (e) to distribute the net proceeds from the Skyway Property;
- (f) to approve the conduct and fees of the Monitor, and its counsel, Miller Thomson LLP, as set out in its Sixth Report to Court to be filed (the “**Sixth Report**”);
- (g) to seal certain confidential exhibits and appendices of the Affidavit of Douglas Lawson affirmed on April 1, 2021, and the Sixth Report of the Monitor, to be filed.

**THE GROUNDS FOR THE MOTION ARE:**

- (h) Capitalized terms not defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order;
- (i) The Applicants require more time to continue their restructuring efforts;

**NAFA's Continued Operations**

- (j) NAFA has continued to operate its business with the goal of reducing expenses, maximizing collections and considering its strategic options;
- (k) The material turn around in the international commodity price for mink pelts has improved the outlook for NAFA's future recovery for creditors;
- (l) Operational efforts include the sale of fur inventory, performing in accordance with the cash flow projections, pursuing foreign litigation, and collection of long term debts;
- (m) NAFA has entered into an agreement of purchase and sale ("APS") to sell its interest in the Ground Leases at the Skyway Property;
- (n) As part of the APS, NAFA has also agreed to sell the remainder of its equipment, and chattels in general, at the Skyway Property (some of these sales are subject to the closing of the APS as set out below);
- (o) NAFA continues to pursue foreign litigation against large debtor farmers, which litigation has been progressing steadily with further recoveries to date;

- (p) NAFA continues to pursue its insurance claims with respect to coverage for protracted defaulted debts. There is a possible multi-million dollar recovery through the claims if accepted by the insurer;
- (q) NAFA continues to work with the Monitor in its efforts to sell its other real properties, which are actively being marketed;
- (r) NAFA continues to work with the Monitor in the process of pursuing long-term debts owing to the Company, and believes this will be essential in generating surplus for its stakeholders;

#### **Skyway Sale**

- (a) NAFA Properties is the registered owner of two ground leases (“**Ground Leases**”) at the Skyway Property;
- (b) The landlord for one of the Ground Leases is the City of Toronto (“**City Landlord**”) and the landlord for the other ground lease is a group of individuals and trust known as the Black family (the “**Private Landlord**”) (collectively the “**Landlords**”);
- (c) Pursuant to the Order of Justice McEwen dated November 28, 2019, NAFA, led by their broker CBRE, entered into a vigorous sale process for the Ground Leases beginning on or about January 21, 2020;
- (d) NAFA worked closely with the Monitor throughout the sale process with frequent reporting and consultation with the Agent and BDC;

- (e) On or about December 23, 2020, NAFA entered into an agreement of purchase and sale with the Wei Li Family for the purchase of the Ground Leases (“**Wei Li APS**”), which has a closing date of April 30, 2021;
- (f) NAFA and the Monitor have sought the Landlords’ consent to assign the Ground Leases to the Wei Li Family;
- (g) The Landlords have advised that they intend to consent to the assignment;
- (h) Pursuant to the increased Monitor powers over NAFA’s real property granted pursuant to subparagraph 5(f) of Justice McEwen’s Order dated November 5, 2020, the Monitor directed the Applicants to seek the relief sought on this motion with respect to the Skyway Property sale;
- (i) The Wei Li sale transaction has the support of NAFA, the Monitor, BDC, and the Agent;
- (j) The completion of the Wei Li APS provides important recovery for the Applicants’ stakeholders and is the best price available;
- (k) The completion of the Wei Li APS is in the best interests of the Applicants’ and their stakeholders;

**Cash Flow Forecast**

- (l) NAFA, in conjunction with the Monitor, has prepared a cash flow forecast for the current proposed stay period;

- (m) It demonstrates that NAFA expects to repay the Agent approximately \$7,945,000 during the cash flow period and that the Applicants will have sufficient funds to maintain operations through the proposed extension of the Stay Period;

### **Future Operations**

- (n) The global mink industry continues to face significant challenges arising from COVID-19, specifically as a result of international travel restrictions, COVID-19 outbreaks on mink farms, and overall reduced consumer demand;
- (o) However, COVID-19 has also caused a significant reduction in mink supply namely through mass culling of Danish mink farms and other farms throughout the world;
- (p) In the most recent auction results at the SAGA auction house in Finland and the Danish auction house in Denmark, the overall average price of mink (and other wild fur) has increased significantly year over year;
- (q) NAFA has, and will continue, to benefit from the increased price of mink;
- (r) NAFA has commenced acting as a broker in the fur industry to sell North American product. NAFA is in a unique position to do this by leveraging its specialized skills, good reputation, and international contacts in the fur industry;
- (s) NAFA has started to receive some unsolicited interest in the purchase of NAFA's business from various third parties;

### **Long Term Debt**

- (t) NAFA continues to aggressively pursue its long-term debt through the oversight of the Monitor;
- (u) During the current stay extension period, NAFA has recovered significant amounts of long term debt due to it (through settlement and auction proceeds);

### **Other Stakeholders Interested in these CCAA Proceeding**

- (v) It is anticipated the NAFA will have material funds remaining following the repayment of the Agent, although it is projected that repayment will likely not happen within the proposed extension of the Stay Period.
- (w) There are a number of other stakeholders that are owed a substantial amount of money from the Applicants that would benefit from a recovery in this CCAA proceeding;

### **Extension**

- (x) NAFA has been acting in good faith and with due diligence, and continues to act in this manner in its relationships with its stakeholders;
- (y) The Monitor is supportive of NAFA seeking an extension of the Stay Period to and including July 30, 2021;
- (z) In an effort to minimize costs, the Agent, the Monitor, and the Company have agreed that a further stay extension to September 30, 2021, or an earlier date as agreed by the Agent and the Applicants (defined above as the “**Extended Stay**”



**Period**”), without attendance or further Order of this Court, upon the filing of the Monitor’s Certificate certifying that the Monitor has reviewed the Applicants’ cash flow forecast and that it projects that the Applicants have sufficient funds for the Extended Stay Period and has obtained the consent of the Agent and BDC (if BDC not repaid in full at the time of the filing the of the Monitor’s Certificate) to the Extended Stay Period;

- (aa) Pursuant to paragraphs 35 and 36 of the Initial Order, the Monitor and its counsel shall be paid their reasonable fees and disbursements and shall pass their accounts before the Court;
- (bb) The Sixth Report sets out the total fees and disbursements of the Monitor and its legal counsel, Miller Thomson LLP;

### **Sealing Order**

- (cc) There are certain exhibits that are required to be kept confidential and sealed as they contain sensitive confidential business information;
- (dd) The fees and disbursements of the Monitor and its counsel are fair and reasonable. Given all the settlement discussions etc. in this matter to date, the dockets contain commercially sensitive information that if disclosed could impact future recoveries and should be sealed;
- (ee) In the event these exhibits are not sealed there will be a serious risk to the affiant’s commercial interests;

- (ff) The salutary effects to seal the exhibits outweigh any deleterious effects;

**Other Grounds**

- (gg) The other grounds set out in the Affidavit of Douglas Lawson affirmed April 1, 2021;
- (hh) The provisions of the CCAA, including section 11 thereof, and the inherent and equitable jurisdiction of this Honourable Court;
- (ii) Rules 2.03, 3.02, 16, and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended;
- (jj) Section 106 of the *Courts of Justice Act*, R.S.O., c. C. 43, as amended; and
- (kk) Such further and other grounds as counsel may advise and this Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) The Affidavit of Doug Lawson sworn April 1, 2021, and the exhibits attached thereto;
- (b) The Sixth Report of the Monitor, to be filed; and,
- (c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

**Date:** April 1<sup>st</sup>, 2021

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Counsel for the Applicants

**TAB 2**

Court File No. CV-19-00630241-00CL

**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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC.,  
3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS  
INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON  
LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFFRO LLC  
(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE  
B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the "**Applicants**")

**AFFIDAVIT OF DOUGLAS LAWSON**

I, **DOUGLAS LAWSON**, of the City of Toronto, in the Province of Ontario, **AFFIRM**

**AND SAY:**

1. I am the President and Chief Executive Officer of North American Fur Auctions Inc. and, as such, have knowledge as to the matters which I hereinafter depose. To the extent I am recounting information provided to me by others, I have stated the source of that information and verily believe it to be true.
2. I use the term "**NAFA**" or the "**Company**" to refer to the Applicants throughout this affidavit. Further, all currency stated herein is stated in U.S. dollars unless otherwise noted.
3. I swear this affidavit in support of a motion by NAFA for an Order seeking, *inter alia*:
  - a. an extension of the stay of proceedings ("**Stay Period**") from April 9, 2021 to and including July 30, 2021;

- b. an further extension of the Stay Period from July 30, 2021 up to and including September 30, 2021 (the “**Extended Stay Period**”) upon the filing of a Monitor’s certificate (the “**Monitor’s Certificate**”) certifying that the Monitor has reviewed the Applicants’ cash flow forecast and that it projects that the Applicants have sufficient funds for the Extended Stay Period and has obtained the consent of the Agent and BDC (if BDC not repaid in full at the time of the filing the of the Monitor’s Certificate) to the Extended Stay Period;
  - c. to seek the approval of a transaction to sell the Ground Leases (as defined below) of the principal premises of the business at 65 Skyway Ave, Toronto (the “**Skyway Property**”) to an arm’s length third party, and to seek a vesting order related to same;
  - d. to assign the rights and obligations of NAFA Properties Inc. (“**NAFA Properties**”) under the Ground Leases (as defined below) at the Skyway Property to Gestion Famille Wei Li II Inc. and Wei Li Family Holding II Inc. (“**Wei Li Family**”);
  - e. to distribute the net proceeds from the Skyway Property;
  - f. to approve the conduct and fees of Deloitte Restructuring Inc. in its capacity as Monitor of the Applicants (the “**Monitor**”) and its counsel, Miller Thomson LLP, as set out in its Sixth Report to Court to be filed (the “**Sixth Report**”); and
  - g. to seal certain confidential exhibits and appendices appended to the Sixth Report, and the within Affidavit.
4. On October 31, 2019, NAFA commenced proceedings under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Order of Justice McEwen (as amended and

restated, the “**Initial Order**”). Background information about NAFA’s business is set out in the affidavit I affirmed in support of the initial CCAA application (“**Initial Affidavit**”), Capitalized terms used herein and not defined are as defined in my Initial Affidavit.

## **Background**

5. On October 31, 2019, NAFA commenced proceedings under the CCAA pursuant to the Initial Order, which was amended and restated on November 8, 2019.

6. These CCAA proceedings have been extended several times. The last such extension was granted on November 5, 2020, extending the Stay Period to April 9, 2021.

7. As set out in further detail below, there has been a material turn around in the international fur industry since November, 2020. In particular, I am of the view that the increase in mink pelt prices has made the remaining assets of NAFA more valuable, which in turn makes the possibility of restructuring the Company and providing payment to creditors beyond the Agent more likely than it has been at any time since the pandemic became acute more than a year ago.

8. To date, no creditor has objected to any stay extension and there have been no contested hearings or notices of objection filed in respect of the relief obtained by the Applicants. The Agent and BDC, at various times, have raised specific concerns at various Court hearings, which were ultimately addressed consensually.

### **Operations since the November 5 Stay Extension Order**

9. In accordance with the plans set out in my affidavit sworn October 30, 2020 (my “**October 2020 affidavit**”), NAFA has continued to operate its business with the goal of reducing expenses and maximizing collections and considering its strategic options. In particular, NAFA has attended to the following:

- a. Collection of receipts and management of disbursements projected in the cash flow forecast filed in the November hearing;
- b. Proceeded with litigation against various key borrowers;
- c. Collected and settled certain long-term debts and pursued the settlement and collection of others;
- d. Attended to the collection of proceeds from auction houses who have been tasked with selling furs that have been pledged to NAFA as security for loans it made;
- e. Attended to and advanced its insurance claims, including the filing of 22 claims as of the date of this affidavit;
- f. Negotiated for the sale of its real estate in Toronto and managed issues related to other real estate holdings; and,
- g. Engaged in the Brokerage Business and renewed awareness of NAFA’s presence in the international fur industry.

### **Cash Flow Variance and Cash Flow Going Forward**

10. Throughout the period of the last extension, NAFA managed its cash flow and maintained sufficient liquidity throughout the cash flow period provided to the court in November 2020. I understand the Monitor will report further on this in its Sixth Report.



11. I am not aware of any expenses in the last cash flow period, which were materially higher than projected. The Company operated from within its cash proceeds without borrowing further funds.

12. Since actual receipts and disbursements were last reported to the Court, the Company repaid approximately \$2,900,891 of the debt owing to the Agent and otherwise met its operational liabilities as and when they were due.

13. The Company with the Monitor's assistance has developed a cash flow projection for the period of the proposed extension. As has been previously described, the Company and the Agent reached an accommodation under which the Company makes periodic payments to the Agent in any week in which the bank balance for the Company is in excess of \$1,000,000. This method is applied throughout the projected cash flow and is in addition to other prescribed payments made to the Agent by NAFA.

14. The cash flow projection was provided to the Agent on March 29, 2021 for its review and comment.

15. The cash flow forecast (the "**Cash Flow Forecast**") to be appended to the Sixth Report, which I reviewed before swearing this affidavit demonstrated that the Applicants are forecast to have sufficient funds to maintain operations through the proposed extension period.

16. The Cash Flow Forecast demonstrates that the Applicants anticipate reducing the debt owed to the Agent by approximately \$7.9 million during the proposed extension.

17. The Cash Flow Forecast contains confidential business information and assumptions about the Company which, if disclosed, might hamper or interfere with the restructuring of the Company or the maximization of value.

18. I expect the actual amount which will be paid to the Agent over that time period may be greater than that amount. The reason for this expectation is that the Cash Flow Forecast does not provide for the receipt of any settlements of long-term debts (other than those already agreed to), the receipt of any insurance proceeds, the collection from the sale of Grobina (a Latvian mink farm subject to its own insolvency proceedings) mink, nor the sale of any real estate other than the Skyway Property, each as discussed below.

19. Including amounts for realization of the above noted assets in the Cash Flow Forecast is too speculative because the timing is uncertain, but any or all of them could be realized during the proposed extension period.

### **Farms in Litigation - Status Update**

20. My August 2020 affidavit provided a more complete description of the litigation NAFA has commenced against various debtor farmers. I will provide a brief overview and update of the two most active of those claims, being farms known as Kestutis and Grobina, located in Lithuania and Latvia respectively.

21. Kestutis was financed by NAFA to provide in excess of 360,000 pelts to NAFA in 2019, and Grobina was financed by NAFA to provide in excess of 160,000 pelts to NAFA in 2019.

***Grobina***

22. Grobina is indebted to NAFA in the amount of €4,333,646. In or around the date of the Initial Order, Grobina entered into insolvency administration in Latvia. Grobina purportedly sold approximately 75,000 mink that were pledged to NAFA to a European investment house (known as “CR7”) for an amount which was manifestly below market value and in contravention to NAFA’s loan and security agreements. A further 80,990 pelts remained unsold at the date of the commencement of the insolvency administration.

23. NAFA has had to engage in material litigation proceedings in Latvia to deal with this issue. The matter is still not resolved but, at this time, NAFA has succeeded in getting an injunction to prevent the distribution of the proceeds from the CR7 mink to CR7 pending the completion of the litigation in that matter.

24. NAFA was also successful in negotiating with the insolvency administrator and the junior creditor of Grobina (being Citadele Bank), to ultimately release the remaining 80,900 pelts to be sold, although it took several negotiations to reach that arrangement to the satisfaction of the administrator.

25. As set out in my October 2020 affidavit, NAFA had also reached an agreement with Citadele Bank, for a material payment to NAFA. That settlement has now closed and that payment was received.

26. On or about February 17, 2021, our Latvian counsel, through coordination with NAFA's European employees, was able to seize 254 boxes of mink pelts from CR7 (being part of the missing 75,000 mink that were sold to CR7). I understand from our Latvian counsel that the Latvian bailiff is, by law, unable to open the boxes to determine the condition, quantity, and quality of the mink. However, our Latvian counsel has advised that based on the markings on the boxes it is believes that 28,190 mink have been seized.

27. CR7 is attempting to reverse the mink seizure in Court in Latvia. However, NAFA's Latvian counsel has successfully thwarted those attempts to date. The litigation is ongoing with CR7.

28. Moreover, NAFA has been concerned with respect to Grobina's administrator's actions. Specifically, NAFA has been concerned that Grobina's administrator is not acting in an impartial manner and is not protecting NAFA's interests as a large secured creditor of Grobina. NAFA has obtained relief to replace Grobina's administrator from the Latvian Court, which we hope will assist with NAFA's collection efforts.

29. Grobina's administrator, prior to removal, after several requests from NAFA to do so, consented to the sale of the 80,000 mink at Kopenhagen Fur ("**KF**") as soon as possible. We expect these mink to be sold in June and for the proceeds to be paid either to the new administrator or to NAFA if NAFA can make that arrangement with the new administrator. NAFA has also retained counsel in Denmark to assist with securing these funds. In addition, NAFA has recently learned that KF may have distributed in excess of €2,500,000 from the sale of other Grobina skins to CR7 despite KF being on written notice of NAFA's priority claim in those skins and the judgments obtained in Latvia.

***Kestutis***

30. NAFA commenced litigation in Lithuania against Kestutis. Kestutis owes NAFA approximately €10,302,156 by way of various loan agreements. NAFA alleges, among other things, that Kestutis fraudulently used the loaned funds for purposes other than raising mink. In addition, it alleges that Kestutis has sold mink pelts in breach of NAFA's security agreements held over the mink. Kestutis did not, as he contracted to do, deliver the mink for auction in 2020.

31. NAFA's Lithuanian counsel, Leadell, has aggressively pursued the debt and enforcement of NAFA's security against Kestutis. On or about November 16, 2020, the Klaipėda District Court for the Republic of Lithuania issued judgment in favour of NAFA against Kestutis in the amount of €11,949,845 plus €28,752 in costs ("**Kestutis Judgment**"). The Kestutis Judgment was not appealed and I have been advised by Lithuanian counsel is now a final judgment.

32. NAFA is now pursuing enforcement efforts against Kestutis and possibly other third parties who may be unlawfully in receipt of Kestutis mink and/or the proceeds thereof. These enforcements efforts include:

- a. NAFA secured and shipped to Saga Furs ("**Saga**") 16,000 Kestutis mink skins which were located at its Polish facility. These mink may now be sold pursuant to the Kestutis Judgment.
- b. Leadell has commenced a lawsuit against a Lithuania-based entity known as Norvuska. It is NAFA's position that Norvuska received Kestutis mink pursuant to a transfer under value and in contravention of NAFA's registered Lithuanian security in excess of €1,000,000. NAFA is also seeking interim measures in that lawsuit to compel Norvuska to advise the Court of the location of the mink, to

prohibit it from dealing with the mink, and to permit NAFA to inspect the mink.

This litigation is ongoing.

- c. A bailiff has sold some additional seized Kestutis mink and NAFA realized €5,600 from the sale (after bailiff fees).
  - d. A bailiff has put up seized Kestutis equipment up for auction and is seeking a minimum selling price of €55,340.
  - e. A bailiff has successfully sold a Kestutis land plot for €33,680 (before bailiff fees) at auction, which proceeds are to be paid to NAFA.
33. The Lithuanian authorities' investigation of Kestutis for possible criminal activities with respect to NAFA is still ongoing. It is possible that the Lithuanian authorities may discover further Kestutis assets that may be used to satisfy the Kestutis Judgment.
34. NAFA's senior manager in Europe is working closely with Leadell and the Lithuanian authorities to assist prosecuting the claims against Kestutis and any third parties.

### **Insurance Claims**

35. My August 2020 affidavit sets out a more detailed background to the insurance claims.
36. By way of brief review, NAFA maintains a credit insurance policy with an entity known as "Red Rock Insurance" ("**Red Rock**") which insurance policy essentially provides coverage in the event that an entity to whom a kit loan was made in the previous year, fails to deliver its mink or to repay the full amount of the kit loan.

37. Since the last stay extension, NAFA's employees, with oversight from the Monitor, have prepared and filed an additional twenty insurance claims with Red Rock for a total of 22 claims filed. NAFA expects to submit the remaining four claims in the near future.

38. Red Rock has requested further documentation and information with respect to the filed claims. NAFA has responded and continues to respond to these requests, including addressing any Red Rock concerns with respect to individual claims. The majority of the information that Red Rock is seeking is within the exclusive knowledge of NAFA's employees.

## **Wisconsin Properties**

### ***1600 Williams Property***

39. In or around August 31, 2020, NAFA entered into a lease agreement with Second Harvest Foodbank of Southern Wisconsin Inc., a Wisconsin non-stock corporation ("**Second Harvest**") to lease its 1600 Williams, Stoughton, Wisconsin ("**1600 Williams**") property for \$8,000 per month (plus some additional rent) on a one-year term beginning on September 1, 2020 and ending on August 31, 2021. The monthly lease payments roughly cover NAFA's holding costs for the property. The lease contains a termination provision that allows a potential purchaser to evict Second Harvest on 60 days' notice.

40. Second Harvest has advised that it is interested in extending and expanding its lease, which may result in a further income to NAFA. There have also been discussions with Second Harvest with respect to purchasing the building; however, those discussions are preliminary at this time.

### ***221 Industrial Circle and 205 Industrial Circle Property***

41. On or around September 14, 2020, NAFA entered into a one-year lease extension with Saga beginning on October 1, 2020 and ending on September 30, 2021 to lease its 221 and 205 Industrial Circle, Stoughton, Wisconsin (the “**Industrial Circle Properties**”) properties. The extension is on substantially the same terms as Saga’s previous lease with a 3% increase in monthly rent to \$26,858.43 (plus additional rent). NAFA can terminate the lease on 90 days’ notice with such notice being given no earlier than March 31, 2021.

42. The Industrial Circle Properties are still listed for sale with an asking price of \$3,350,000. NAFA’s real estate agent in Wisconsin has reported interest in the building from several different sources; however, no formal offers have been delivered.

### **Skyway Property Sale**

43. As previously reported in my October 2020 affidavit, NAFA Properties, one of the Applicants and a subsidiary of NAFA, is the registered owner of two long-term ground leases (the “**Ground Leases**”) in respect of the Skyway Property, which is NAFA’s head office and main auction facility. Copies of the Ground Leases for the Skyway Property attached as Exhibits “B” and “C” to my to my October 30 affidavit.

44. The Skyway Property consists of two property parcels bearing PIN numbers: (1) 07424-0200 (LT); and, (2) 07424-0195 (LT). The registered owner of PIN#07424-0200 (LT) is the City of Toronto. Attached hereto and marked as **Exhibits “A”** and **“B”** are copies of the property parcels abstracts for the Skyway Property.



45. The registered owners of PIN 07424-0195 (LT) are:

- i. Rebecca's Gift Holdings Limited
- ii. Anne Black
- iii. Lorne Gray Black
- iv. Stephen Howard Black
- v. Ian Neil Black
- vi. Joseph-Estate Black
- vii. 1350739 Ontario Limited

46. NAFA Properties private ground lease, with respect to PIN 07424-0195 (LT) , is entered into with the following entities and individuals as the landlords (collectively being the “**Private Landlord**”):

- a. Meadowvale Land Limited;
- b. Rebecca's Gift Holdings Limited;
- c. 1350739 Ontario Limited; and
- d. The Estate of Joseph Black.

(the City of Toronto shall be referred to as the “**City Landlord**”, and collectively with the Private Landlord, they shall both be referred to as the “**Landlords**”).

47. In February 2017, BDC made a term loan available to NAFA Properties in the principal amount of \$7,240,000 to allow NAFA Properties to acquire its interest in the Skyway Property in connection with the Ground Leases.

48. NAFA Properties previously paid BDC a monthly mortgage payment of approximately \$44,500 (the amount fluctuates on account of interest) due at the end of each month. NAFA is

current with its payments. Pursuant to an agreement between NAFA, BDC and the Agent, NAFA suspended mortgage payments after November 5, 2020.

49. As of the date of swearing this affidavit, I understand that there is CDN \$6,177,280 in outstanding principal due on the BDC mortgage. Mortgage payments have not been made since October 31, 2020. Accordingly, BDC is also due approximately \$136,000 in interest in addition to the principal.

50. In addition, NAFA granted the Agent a collateral mortgage against the Skyway Property.

51. On or about November 28, 2019, Justice McEwen granted NAFA what is referred to as the Ground Leases Order. The Ground Leases Order, inter alia, ordered that all payments relating to the Grounds Leases will continue to be paid in the ordinary course and it authorized NAFA Properties to list the Ground Leases for sale, provided that the listing agreement was in form and substance satisfactory to the Monitor and BDC, in consultation with the Agent. Attached hereto and marked as **Exhibit “C”** is a copy of the Ground Leases Order.

### *The Skyway Sale Process*

52. As reported in my last affidavit, NAFA Properties went through a vigorous sale process to sell the Ground Leases.

53. In accordance with the Order of Justice McEwen in these proceedings dated November 5, 2020, NAFA ceded control of the sale and marketing of its real property to the Monitor, but NAFA has remained involved in the marketing of the Skyway Property as needed by the Monitor since that date.

54. The Agreement which NAFA now seeks to approve and complete is the third agreement NAFA has entered into to sell the Skyway Property since these CCAA proceedings began.

55. On June 23, 2020, NAFA Properties entered into an agreement of purchase and sale for the Ground Leases with a closing date of October 30, 2020. However, on or about August 8, 2020, that agreement of purchase and sale became null and void as the purchaser was unable to obtain the requisite zoning for their intended use of the Skyway Property.

56. On or about October 7, 2020, NAFA Properties entered into an agreement of purchase and sale with Niche Bakers Properties Inc. (the “**Niche Baker**”) for the purchase of the Ground Leases (the “**Niche APS**”). The Niche APS had a closing date of November 15, 2020.

57. On or about November 5, 2020, Justice McEwen issued a conditional Approval and Vesting Order for the Niche APS. However, on or about November 6, 2020, Niche Bakers terminated the Niche APS just prior to the agreed upon due diligence deadline.

### ***Wei Li Transaction***

58. On or about December 23, 2020, NAFA Properties entered into an agreement of purchase and sale effective as of December 11, 2020, with the Wei Li Family (the “**Wei Li APS**”). Attached to this Affidavit and marked as **Exhibit “D”** is a redacted copy of the Wei Li APS redacting the financial terms of the Wei Li APS as they are commercially sensitive and may negatively impact the remarketing of the Skyway Property should the Wei Li transaction not close. I understand that the Sixth Report will provide an unredacted copy of the Wei Li APS as a confidential appendix.

59. On March 30, 2020, the Wei Li Family waived its due diligence condition.

60. The only material closing conditions are that NAFA Properties must obtain:
- a. all court and other approvals necessary to complete the transaction contemplated by the Wei Li APS as are required in connection with the proceedings NAFA Properties has commenced under the *Companies' Creditors Arrangement Act*; and,
  - b. The Landlords consent to the sale or, in the alternative, a Court Order dispensing with the Landlords consents; provided that such Court Order shall expressly confirm that any and all options to purchase and rights of first refusal contained in the Ground leases are transferred to the Purchaser.
61. The Wei Li APS has a closing date of April 30, 2021.
62. Based on my personal discussions and my lawyer's advice, the Wei Li APS has the support of BDC, the Agent, NAFA, and the Monitor. I understand that closing the Transaction will result in sufficient proceeds being generated to repay BDC in full and for an amount to be repaid to the Agent as referred to below.
63. The Applicants and the Monitor believe that the sale transaction is in the best interests of the Applicants and their stakeholders.
64. As such, NAFA Properties, at the direction of the Monitor, is seeking an approval and vesting order in order to close the transaction.

### ***Landlord Consent***

65. The Monitor, with the assistance of NAFA Properties' real estate counsel and its counsel, has also taken steps to obtain the consent of the Landlords.

66. On or about February 5, 2021, counsel to NAFA Properties wrote to the Private Landlord to, among other things: (1) advise of the Wei Li APS; (2) deliver financial and corporate structure documents of the Purchaser (and its relevant affiliated companies); (3) pre-emptively address general issues that the Private Landlord had raised with the previous Niche Bakers transaction that are not present with the Wei Li transaction; (4) advise of certain alterations to the Skyway Property that the Purchaser intends to do; and, (5) request the Private Landlord's consent to the assignment by February 22, 2021. Attached to this Affidavit and marked as **Exhibit "E"** is a copy of the letter sent to the Private Landlord without attachments.

67. The letter to the Private Landlord advised of the following:

- a. The Purchaser intends to sublease the Skyway Property to its related entity the Sinobec Group Inc. ("**Sinobec**"). This is similar to what is currently in place with NAFA Properties subleasing the Skyway Property to the North American Fur Auctions Inc.;
- b. Sinobec is prepared to provide its covenant to the leasehold interest to the Property;
- c. Sinobec and the Purchaser are part of a large organization of companies with an extensive history in the acquisition and management of commercial real estate;
- d. The financial position of Sinobec and the Purchaser;
- e. Sinobec will use the Skyway Property for numerous purposes.
- f. The Purchaser shall pay for the Private Landlord's fees in connection with the assignment; and,

- g. To advise of certain alterations the Purchaser intends to do to the Skyway Property and to request that the Private Landlord advice of any concerns.
68. I understand that at the time of swearing this affidavit that the Private Landlord has advised that it will provide its consent to the transaction, subject to be being paid amounts it is owed for certain costs.
69. On or about February 8, 2021, counsel to NAFA Properties wrote to the City Landlord, amongst other thing, to: (1) advise of the Wei Li APS; (2) provide details about the Wei Li Family; (3) pre-emptively address general issues that the City Landlord had raised with the previous Niche Bakers transaction that are not present with the Wei Li transaction; and, (4) request the City Landlord's consent by February 22, 2021. Affidavit and marked as **Exhibit "F"** is a copy of the letter sent to the City Landlord without attachments.
70. I understand from NAFA Properties' real estate counsel, Mr. Roman Pekaruk, that as of the date of the swearing of this affidavit, counsel for the City Landlord has not raised any specific issues or concerns with respect to proposed assignment to the Wei Li Family.
71. I am further advised from the Monitor and Mr. Pekaruk that both Landlords have communicated that they intend to consent to the assignment of the Ground Leases to the Wei Li Family.
72. As a result, we do not think we will need any assistance from the Court in respect of the assignment of the Ground Leases. In the unlikely event one of the Landlords consent is not obtained in advance of the closing date, NAFA Properties will return to Court and seek an Order to compel the Landlord(s) consent to the assignment of the Ground Leases to the Wei Li Family.

73. The Wei Li Family has also agreed to acquire the remaining NAFA chattels on the premise and the value being paid has been reviewed by the Monitor and the Agent. Selling the chattels to the Wei Li Family relieves NAFA of the obligation to either auction the assets prior to the closing date or remove these assets from the premises prior to closing. The premises are to be handed over on an “as is, where is” basis.

74. I am of the view that the Wei Li Family transaction is reasonable and that it is appropriate to use the provisions of the CCAA to assign the Ground Leases to allow the transaction to go forward.

## **Future Operations**

### ***Status of the International Fur Business***

75. As reported in my last affidavit, the international mink business and mink production by 2020 had already been depleted by several years of sustained low prices, the unwillingness of traditional sources of loans such as Saga and KF to make loans during the Covid-19 pandemic, and the removal of NAFA from the industry, who had traditionally lent many millions of dollars annually to support mink production.

76. As a result of the foregoing, mink production was reduced and stronger prices were anticipated in 2021.

77. However, what was not anticipated was the extent to which Covid-19 would result in the material culling of farmed mink. At the height of the second wave, and crucially, before the subject mink had grown to harvestable size, the Danish government mandated the wholesale culling and destruction of the entire Danish mink herd and, by extension, the Danish mink industry.

78. Denmark was, prior to this moment, one of the world's largest producers of mink and also a producer of among the best quality and largest size mink in the world. This industry in Denmark has effectively been forced to close down and, crucially, a great deal of its 2020 crop was culled prior to its normal harvest and thus, will not make it to market this year.

79. The devastation of the Danish fur industry is so complete, that in January, 2021, KF, the world's largest fur auction house, announced that after it completed the sale of its remaining inventory, it would cease operations in 2022 due to the elimination of its primary source of supply, Danish farmed mink.

80. The net effect of the above, plus the factors set out in my October 2020 affidavit, was a material reduction of the total number of mink harvested and offered for sale in 2021.

81. While disastrous for the mink farmers generally, the net impact of the reduction in production resulted in an improvement in the price of mink in 2021, as further discussed below.

### ***Brokerage Business***

82. As authorized in the November 5, 2020 Order, NAFA has, during the extension period, begun to explore the possible brokering of sales of North American furs to parties around the world, principally in Asia, who have previously done business with NAFA, or who are currently unable to attend Canada and investigate the product they are seeking.

83. NAFA has now completed two such sales and has several more in the investigation stage. The two sales, both to entities in China, have resulted in relatively small commissions and were for relatively modest amounts of fur product. However, the fact that NAFA has been seen doing



business in this space has raised NAFA's profile internationally and reminded parties that NAFA continues to exist and has skills to participate in the current fur industry.

*Possible Interest in Enterprise Sale*

84. On January 30, 2020, this Court authorized the Monitor to conduct a sales investment and solicitation process (a "SISP"), subject to approval of the Applicant and the Agent and some potential input from counsel for certain employees.

85. Before the form of a SISP could be agreed upon between NAFA, the Monitor and the Agent or launched, the scope of the pandemic started to become known to NAFA when first, KF in February cancelled its auction, and then Saga converted its auction in March to an online auction.

86. As reported in my October 2020 affidavit, the Covid-19 pandemic prevented NAFA from entering into a meaningful sale process as there was simply not enough stability in the market to make any progress with such an initiative.

87. However, as set out above, the industry has changed and with it, an opportunity for NAFA may arise.

88. The sudden removal of KF from the fur industry, combined with what I understand to be a hostile legislative environment in Poland towards the mink industry, and the outlawing of mink production in Denmark, Ireland, and the Netherlands, has in my view, and in the view of others with whom I communicate with professionally in the fur industry, thrust North America once again meaningfully into the conversation as an important hub for the production and sale of mink.

89. Over the past few months, partially in connection with NAFA's brokerage sales initiatives, NAFA has begun to detect interest from parties with respect to the future of NAFA and what opportunities that might present.

90. Even before the collapse of KF, there had also been considerable dissatisfaction reported to me and my staff among some North American farmers with the manner in which their furs were marketed and sold in Europe in this auction season. The farmers have expressed to me that in their view the prices realized in 2020 for those goods have been disappointing, even in the context of the pandemic.

91. Recently, NAFA received unsolicited interest for the possible acquisition of the NAFA business from an entity which NAFA judged to be capable of completing such a sale. NAFA provided that entity with certain public information about the Company and the possible acquisition opportunity, following which NAFA was provided by that entity with a form of non-disclosure agreement (an "NDA") under which that entity sought further confidential information from NAFA. NAFA has not executed that NDA and no confidential information has as yet been shared.

92. NAFA was also contacted during the last extension period by an entity from Greece looking to partner with NAFA for the collection, grading and sale of North American mink and fur product.

93. NAFA also understands that in Europe, a group of investors made an unsolicited approach to KF to consider funding that entity and are looking to possibly invest in a fur auction house.

94. There was also some interest expressed during the last extension period by some of the North American fur associations in possibly creating or funding a new auction house, much in the way they created NAFA.

95. There is also a group which has sought to create and seek investment in a new auction house in Poland for the sale of mink.

96. This, combined with the material improvement in prices for mink (and the corresponding likely increase in revenue for an auction house selling those products) makes NAFA believe the time is now to conduct a preliminary campaign to solicit expressions of interest from possible interested parties in order to test the market.

97. I am advised by our counsel that NAFA has the authority to conduct the proposed marketing of its business and assets by seeking expressions of interest provided that it cannot enter into a sale without the prior approval of the Court and the Agent. I am also advised by counsel that if NAFA does not conduct some preliminary marketing of its business in this new climate of renewed interest in the mink industry, the Court will be less able to approve any such sale, should a material opportunity arise, without delay.

98. As such, NAFA intends to provide the form of non-confidential "Teaser" attached hereto as **Exhibit "G"**, to interested parties and to work on a form of NDA which is acceptable to the Monitor so that it can pursue any serious interest. The Monitor will be added to the contact section of the Teaser. NAFA will also make the Teaser available on its website and the existing NAFA staff will be available to respond to inquiries. NAFA will also ask the Monitor to disseminate this information to any parties that have indicated interest or indicate interest to the Monitor or to whom the Monitor has reason to believe might be interested in receiving such information. Any serious

interest will be brought to the Monitor's and Applicant's attention before any further steps are taken.

99. It is NAFA's view that any seriously interested party would have to have its business up and running by the late summer, at the latest, in order to collect and process any North American fur in the fall and winter. As such, it is important that NAFA begin to determine whether there is any interest in the business now.

### *Location Change*

100. NAFA has exited the Skyway Property and has moved into the Carlingview building it formerly owned. The space has been rented to NAFA rent free for a period of 8 months (until June 30, 2021) in exchange for NAFA releasing its right to occupy a larger space at Carlingview for two months (which was a hold-over from the transaction whereby NAFA sold the Carlingview property).

101. NAFA has now negotiated a further extension of that lease for the balance of the year. Rent is now chargeable in respect of this rental, but it is quite modest and it is reflected in the Cash Flow Forecast.

102. In this manner, NAFA maintains a physical office presence, in close proximity to the airport and warehouse and event space, at which it can continue to conduct business during the extension period and beyond.

### **Assets to be realized upon to Repay Agent Debt**

103. As set out in my October 30 affidavit, it remains the Applicants' view that there are likely going to be assets remaining which could result in material proceeds becoming available for creditors who rank behind the Agent, after the Agent is repaid.

104. In order to support this conclusion and to be better able to consider its long-term goals, NAFA, in consultation with the Monitor, prepared a detailed model of the likely value of its remaining assets (an "**Estimate of Realizable Value**" or "**ERV**").

105. The ERV was prepared by NAFA. It represents NAFA's opinion as to value and likely collectability of key debts and assets, informed by recent and historic experience in the sales of fur products and collection efforts, and, in the case of the real estate, expert opinion in pricing those assets for sale.

106. In order to preserve confidentiality, including certain analyzed litigation and collection outcome assumptions, the ERV is not attached to this affidavit.

107. The ERV projects that, even taking the low-end realization values it contains, NAFA expects there to be excess value available to the creditors of NAFA beyond repayment of the Agent, were all of NAFA's assets to be liquidated or collected by January 31, 2022. The potential high-end valuation provides a substantial recovery after repayment of the Agent.

108. The most material change in the ERV from the previous analysis provided in our August affidavit is caused by the material improvement in international mink prices. The auctions conducted by KF and Saga in 2020 had average prices of approximately €12-€20 per pelt. Due to

the massive impact on prices from the culling of the Danish mink, the auctions conducted in February and March this year saw average prices of €30-€35, a significant percentage increase.

109. This effectively doubled the value of the mink pledged to NAFA which were left unsold after last year's poor auction season. In addition, it is my understanding that a material amount of mink sold last year were females, breeders, odd sized and damaged pelts, and older product. It is my belief that much of the best mink pledged to NAFA and delivered to the auction houses were not sold last year and will be sold this year.

110. By way of example, in 2020 Saga furs sold mink delivered by the NAFA owned Daikoku farm in 2020 for between \$5 and \$10 per pelt. In the March 2021 auction, Saga sold mink from the Daikoku farm for €35 per pelt. This change reflected not only the material increase in the price for mink, but also the fact that the 2020 sales of Daikoku skins were of damaged, small or breeder pelts, and the sale in March 2021 was of full-grown winter skin pelts and of a more desirable colour.

111. This change to the value of the remaining mink at various auction houses has, in our estimation, added \$5 to \$6 million in likely receipts to NAFA by the end of this auction season, beyond what was predicted when we conducted this same analysis in August 2020.

112. As noted in my previous affidavits, NAFA's single largest asset, other than the mink pelts awaiting sale at the Auction houses, is its remaining debt portfolio.

113. The increase in the price of mink and the return of some liquidity to the fur industry, including the ability or willingness of some parties, particularly Saga, to start making loans again

to farmers, has also increased the ability of farmers with long-term debts to NAFA to make payments or offer settlements.

114. Again, to illustrate this point, in the period between November 2020 and January 2021 NAFA made no material long-term debt settlements. In the period between February and March 2021, NAFA has entered into settlements with five farmers, and in each case recovered materially more than the Monitor's earlier more conservative estimates for our ability to recover those loans. Also, tellingly, in many cases the settlements arose as a result of farmers approaching NAFA to settle their debts.

115. The total amount of the long-term debts outstanding is material. A continuation of the trend towards the material collection of these debts will materially impact the assets available for distribution.

116. In addition to the foregoing, the insurance claims noted above are, in my view, likely to produce a material return for NAFA.

#### **Other Stakeholders Interested in these CCAA Proceeding**

117. As previously reported in my last affidavit, after the Agent and BDC are repaid, there are a number of other stakeholders that are owed substantial amount of money from the Applicants that would benefit from a recovery in this CCAA proceeding.

118. NAFA continues to be of the view that it will be able to put forward a plan of arrangement and to canvas its creditors for claims in the future, but it remains premature to expend any material time and effort at this time until more material receipts are collected under the cash flow or from the other assets described above.

### **Additional Powers of the Monitor**

119. Pursuant to the last stay extension Order, and on consent of the parties, the Monitor obtained additional powers and control over six areas where control was previously with the Company and the Agent. The Monitor is now authorized, in consultation with the Applicants and the Agent, to make decisions in the following six areas:

- a. Insurance: any claims by the Applicants under or in respect of any insurance policies.
- b. Rollover Loans: any claims by the Applicants in respect of any Rollover Loans. The Monitor will decide how to best realize on the Rollover Loan debt including whether to engage in litigation or settlements with parties who owe debts to NAFA for amounts other than amounts expected to be paid from the eventual sale of the 2019 mink crop currently in the hands of KF or Saga.
- c. Litigation: any existing or future litigation or proceeding involving the Applicants as a plaintiff or claimant (other than these proceedings), whether in Canada or otherwise.
- d. Real Estate: all decisions relating to the right, title or interest of the Applicants in respect of any real property assets.
- e. NAFA Brokerage Expenses: NAFA will not incur any material expenses related to the operation of the proposed Brokerage Business without the Monitor's consent, which consent will be governed by determining that there is likely to be a direct net benefit to such expenses.



- f. Employees: the retention or termination of the Applicants' employees, on such terms and conditions as the Monitor may deem appropriate.

120. Moreover, the Monitor, NAFA, and the Agent continue to engage in monthly video meetings to provide the Agent with material updates on NAFA's operations, obtain their consultation on various issues facing the Company and the repayment of Agent's debt, and to address any concerns the Agent may have with NAFA's ongoing operations and its recovery efforts.

121. This new streamlined process has worked relatively well and has resulted in reduced reporting to the Agent and costs associated with such reporting.

122. However, it NAFA's view that there is still a fair amount of over-reporting and consultation with the Monitor, which increases the professional costs of this CCAA proceeding.

123. Once the material repayment to the Agent set out in the cash flow is achieved, NAFA may wish to revisit whether or not some or all of these powers should return to NAFA.

### **Extension**

124. Since the Stay Extension Order, NAFA has been acting in good faith and with due diligence, and continues to act in this manner in its relationships with its creditors, employees, lenders, trappers and farmers.

125. The current Stay Period under the Stay Extension Order will expire on April 9, 2021. NAFA requests an extension of the Stay Period to and including July 30, 2021 to continue its restructuring efforts. In addition, NAFA has requested the ability to further extend the stay of

proceeding to September 30, 2021 or such other earlier date as the Applicants, Agent (and potentially BDC) and the Monitor consent to upon the filing of a Monitor's Certificate.

126. This mechanism is intended to save costs of a further stay extension motion over the summer if the parties, after reviewing a cash flow forecast for the period consent to the extension of the Stay Period.

127. I am satisfied that NAFA will be in material compliance with the Cash Flow Forecast going forward and will have sufficient funds to operate during the extension of the Stay Period.

128. The Monitor has advised me that it is supportive of NAFA seeking an extension of the Stay Period to and including July 30, 2021 and of the mechanism to further extend the Stay Period up to September 30, 2021.

129. NAFA has paid the accounts of the Monitor which I understand are to be included in the Monitor's Report and which are being provided to this court for approval by the Monitor.

130. I affirm this affidavit in support of NAFA's motion for an Order, *inter alia*, to: (a) extend the Stay Period to and including July 30, 2021 and the mechanism to further extend the Stay Period up to September 30, 2021; (b) approve the conduct and fees of the Monitor and its counsel; (c) approve the Skyway Property transaction; and, (d) to seal certain confidential exhibits and appendices.

**AFFIRMED** remotely by Douglas )  
 Lawson, before me at the City of Toronto )  
 in the Province of Ontario, on the 1st day )  
 of April, 2021, in accordance with O. )  
 Reg. 431/20, Administering or )  
 Declaration Remotely. )

*Douglas Lawson*  
Douglas Lawson (Apr 1, 2021 19:02 EDT)

**DOUGLAS LAWSON**

*Stephen Gaudreau*

Stephen Gaudreau (Apr 1, 2021 19:03 EDT)

A commissioner, etc.

This is Exhibit "A" referred to in the Affidavit of Douglas Lawson sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.

A handwritten signature in black ink, appearing to read "Stephen Gaudreau". The signature is fluid and cursive, with a long horizontal stroke at the end.

---

*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

LAND  
REGISTRY  
OFFICE #66

07424-0200 (LT)

PAGE 1 OF 3  
PREPARED FOR HYChan14  
ON 2020/07/29 AT 11:24:34

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

PROPERTY DESCRIPTION: PT LT 21 CON 3 FTH ETOBICOKE CLOSED BY EB528845, PT 1, 2, 4, 5, 64R8647; S/T EB529811; TORONTO (ETOBICOKE) ; CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
LT CONVERSION QUALIFIED

RECENTLY:  
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:  
2004/06/21

OWNERS' NAMES  
CITY OF TORONTO

CAPACITY SHARE  
BENO

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2004/06/18 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2004/06/21 **						
EB375135	1970/10/01	PLAN MISCELLANEOUS				C
REMARKS: PL8837						
EB412063	1973/01/29	NOTICE			DEPARTMENT OF TRANSPORT, CANADA	C
REMARKS: AIRPORT ZONING REGULATION						
64R7996	1979/10/10	PLAN REFERENCE				C
64R8647	1980/09/12	PLAN REFERENCE				C
EB528845	1980/10/02	BYLAW				C
EB529811	1980/10/30	TRANSFER EASEMENT			HIRAM WALKER-CONSUMER HOME LTD VIZ THE CONSUMERS' GAS COMPANY	C
EB529855	1980/10/30	LEASE			ROCKFORD DEVELOPMENTS LIMITED	C
EB530152	1980/11/04	AGREEMENT			BOROUGH OF ETOBICOKE	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		<i>REMARKS: SITE CONTROL</i>				
EB530258	1980/11/06	LEASE			HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED	C
EB537696	1981/06/08	LEASE			ROCKFORD DEVELOPMENTS LTD. IMBROOK PROPERTIES LTD.	C
		<i>REMARKS: SKETCH ATTACHED.</i>				
EB540360	1981/08/10	ACKNOWLEDGEMENT				C
		<i>REMARKS: EB530258</i>				
TB288767	1985/12/04	ASSIGNMENT LEASE			ELEF INVESTMENTS INC.	C
		<i>REMARKS: EB529855</i>				
TB296816	1986/01/17	ASSIGNMENT LEASE			IMBROOK PROPERTIES LTD.	C
		<i>REMARKS: EB537696</i>				
TB419322	1987/06/05	DEBENTURE	\$11,100,000		MIDLAND BANK CANADA	C
TB419504	1987/06/05	ASSIGNMENT GENERAL				C
		<i>REMARKS: RENTS</i>				
TB464831	1987/11/25	NOTICE OF LEASE			COLDWELL BANKER CANADA INC.	C
TB478544	1988/01/27	AGREEMENT			CITY OF ETOBICOKE	C
TB760210	1991/05/31	TRANSFER			VINCA ESTATES LTD. 908498 ONTARIO LTD.	C
CA339842	1995/04/05	NOTICE				C
CA387591	1996/01/23	NOTICE				C
CA387592	1996/01/23	NOTICE				C
CA387593	1996/01/23	NOTICE				C
CA387594	1996/01/23	NOTICE				C
CA387595	1996/01/23	AGREEMENT			CITY OF ETOBICOKE	C
CA662395	2000/04/28	NOTICE				C
		<i>REMARKS: AIRPORT ZONING</i>				

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AT1090598	2006/03/21	NOTICE <i>REMARKS: PEARSON AIRPORT ZONING REGULATION</i>		HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF TRANSPORT		C
AT4492754	2017/02/22	NO ASSG LESSEE INT <i>REMARKS: EB529855.</i>	\$1,611,368	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
AT4492755	2017/02/22	NO ASSG LESSEE INT <i>REMARKS: EB530258. PT 1 AND 2, 64R8647</i>	\$3,494,316	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
AT4492758	2017/02/22	NO CHARGE LEASE <i>REMARKS: EB529855. PTS 1 AND 2 ON 64R8647</i>	\$7,240,000	NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
AT4492759	2017/02/22	NO ASSGN RENT GEN <i>REMARKS: PT 1 AND 2, 64R8647..AT4492758</i>		NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
AT5261369	2019/10/11	NO CHARGE LEASE <i>REMARKS: EB529855.</i>	\$100,000,000	NAFA PROPERTIES INC.	CANADIAN IMPERIAL BANK OF COMMERCE	C

This is Exhibit "B" referred to in the Affidavit of Douglas Lawson  
sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.

A handwritten signature in black ink, appearing to read "Stephen Gaudreau". The signature is written in a cursive style with a long horizontal flourish at the end.

---

*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**



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07424-0195 (LT)

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PROPERTY DESCRIPTION: PT LT 21 CON 3 FTH ETOBICOKE; PT RDAL BTN CON 2 & 3 FTH ETOBICOKE CLOSED BY EB528845, PT 3, 6, 7, 8 64R8647; S/T DEBTS IN EB373297; S/T EB529811; TORONTO (ETOBICOKE) ; CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE  
LT CONVERSION QUALIFIED

RECENTLY:

FIRST CONVERSION FROM BOOK

PIN CREATION DATE:

2004/06/21

OWNERS' NAMES

REBECCA'S GIFT HOLDINGS LIMITED  
BLACK, ANNE  
BLACK, LORNE GARY  
BLACK, STEPHEN HOWARD  
BLACK, IAN NEIL  
BLACK, JOSEPH-ESTATE  
1350739 ONTARIO LIMITED

CAPACITY SHARE

TCOM 1/2  
TWW  
TWW  
TWW  
TWW  
1/6  
2/6

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2004/06/18 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 2004/06/21 **</p>						
EB373297	1970/08/12	TRANSFER	\$2		MINDEN, BEATRICE BLACK, SAMUEL BLACK, JOSEPH BLACK, NORMAN	C
EB412063	1973/01/29	NOTICE REMARKS: AIRPORT ZONING REGULATION			DEPARTMENT OF TRANSPORT, CANADA	C
64R3413	1974/01/23	PLAN REFERENCE				C
EB434528	1974/06/05	NOTICE OF LEASE REMARKS: SKETCH ATTACHED.			ROCKFORD DEVELOPMENTS LIMITED	C

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
64R7996	1979/10/10	PLAN REFERENCE				C
EB521973	1980/03/28	ASSIGNMENT LEASE REMARKS: EB434528			IMBROOK PROPERTIES LIMITED	C
64R8647	1980/09/12	PLAN REFERENCE				C
EB528844	1980/10/02	AGREEMENT			THE CORPORATION OF THE BOROUGH OF ETOBICOKE	C
EB529811	1980/10/30	TRANSFER EASEMENT			HIRAM WALKER-CONSUMER HOME LTD VIZ THE CONSUMERS' GAS COMPANY	C
EB529856	1980/10/30	NOTICE OF LEASE			ROCKFORD DEVELOPMENTS LIMITED IMBROOK PROPERTIES LIMITED	C
EB530152	1980/11/04	AGREEMENT REMARKS: SITE CONTROL			BOROUGH OF ETOBICOKE	C
EB530258	1980/11/06	LEASE			HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED	C
EB537697	1981/06/08	LEASE			ROCKFORD DEVELOPMENTS LTD IMBROOK PROPERTIES LTD.	C
EB540360	1981/08/10	ACKNOWLEDGEMENT REMARKS: EB530258				C
TB288766	1985/12/04	ASSIGNMENT LEASE REMARKS: EB529856			ELEF INVESTMENTS INC.	C
TB291556	1985/12/17	CHARGE REMARKS: LEASEHOLD AND EASEMENT RIGHTS AMENDED BY E589585 CORRECTIONS: 'CHARGE' CHANGED FROM 'CANADA PERMANENT TRUST COMPANY' TO 'MONTREAL TRUST COMPANY OF CANADA' ON 2002/10/24 BY D. THOMPSON - LRO #66.	\$166,194,000		MONTREAL TRUST COMPANY OF CANADA	C
TB296815	1986/01/17	ASSIGNMENT LEASE REMARKS: MULTI CORRECTIONS: PARTY TO NAME CHANGED FROM IMBROOK PROPERTIES LTD. TO IMBROOK PROPERTIES LIMITED ON 2016/03/23 AT 12:36 BY LEMOINE, TRACY.			IMBROOK PROPERTIES LIMITED	C
TB366644	1986/11/04	AGREEMENT			CITY OF ETOBICOKE	C
TB375487	1986/12/08	LEASE REMARKS: SKETCH ATTACHED. CORRECTIONS: PARTY TO NAME CHANGED FROM IMBROOK PROPERTIES LTD. TO IMBROOK PROPERTIES LIMITED ON 2016/03/11 AT 14:28 BY BELOS0, PHILLIP.			IMBROOK PROPERTIES LIMITED	C

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
TB396460	1987/03/13	AGREEMENT			CITY OF ETOBICOKE	C
TB419322	1987/06/05	DEBENTURE	\$11,100,000		MIDLAND BANK CANADA	C
TB419504	1987/06/05	ASSIGNMENT GENERAL				C
		REMARKS: RENTS				
TB464831	1987/11/25	NOTICE OF LEASE			COLDWELL BANKER CANADA INC.	C
TB478920	1988/01/28	AGREEMENT				C
		REMARKS: LANDLORD				
TB760211	1991/05/31	TRANSFER	\$2		VINCA ESTATES LIMITED 908498 ONTARIO LIMITED	C
TB885447	1993/02/15	CHARGE		*** COMPLETELY DELETED ***	THE TORONTO-DOMINION BANK	
TB893345	1993/04/05	NOTICE				C
		REMARKS: CHANGE OF ADDRESS, MULTI				
TB898449	1993/05/10	NO ASSGN RENT GEN		*** COMPLETELY DELETED ***		
		REMARKS: TB885447				
		CORRECTIONS: 'INSTRUMENT TYPE' CHANGED FROM 'AGREEMENT' TO 'NO ASSGN RENT GEN' ON 2005/07/27 BY SUSY MARTINO.				
CA311546	1994/10/18	TRANSFER			REBECCA'S GIFT HOLDINGS LIMITED	C
CA339842	1995/04/05	NOTICE				C
CA342980	1995/04/28	AGREEMENT				C
CA387591	1996/01/23	NOTICE				C
CA387592	1996/01/23	NOTICE				C
CA387593	1996/01/23	NOTICE				C
CA387594	1996/01/23	NOTICE				C
CA387596	1996/01/23	AGREEMENT				C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND  
REGISTRY  
OFFICE #66

07424-0195 (LT)

PAGE 4 OF 5  
PREPARED FOR HYChan14  
ON 2020/07/29 AT 11:25:54

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
CA662395	2000/04/28	NOTICE REMARKS: AIRPORT ZONING				C
66R21954	2005/08/08	PLAN REFERENCE				C
AT1077427	2006/03/02	DISCH OF CHARGE REMARKS: RE: TB885447		*** COMPLETELY DELETED *** THE TORONTO-DOMINION BANK		
AT1090598	2006/03/21	NOTICE REMARKS: PEARSON AIRPORT ZONING REGULATION		HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF TRANSPORT		C
AT1255957	2006/09/15	TRANSMISSION-LAND		*** COMPLETELY DELETED *** BLACK, SAMUEL	GREENSTEIN, HERBERT JACK GEIST, HARVEY BLACK, SAMUEL-ESTATE	
AT1255958	2006/09/15	TRANSMISSION-LAND		BLACK, JOSEPH	BLACK, ANNE BLACK, LORNE GARY BLACK, STEPHEN HOWARD BLACK, IAN NEIL BLACK, JOSEPH-ESTATE	C
AT1255959	2006/09/15	TRANSMISSION-LAND		*** COMPLETELY DELETED *** BLACK, NORMAN	FRANKLIN, KAY LEE BLACK, THOMY SUE MEITEEN, ELIZABETH ANN BLACK GREENSTEIN, HERBERT JACK BLACK, NORMAN-ESTATE	
AT2453920	2010/07/21	TRANS PERSONAL REP	\$766,667	GREENSTEIN, HERBERT JACK GEIST, HARVEY	1350739 ONTARIO LIMITED	C
AT2472527	2010/08/11	TRANS PERSONAL REP	\$766,667	BLACK, THOMY SUE FRANKLIN, KAY LEE GREENSTEIN, HERBERT JACK MEITEEN, ELIZABETH ANN BLACK	1350739 ONTARIO LIMITED	C
AT4174167	2016/03/23	APL CH NAME INST REMARKS: TB296815.		IMBROOK PROPERTIES LIMITED	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	C
AT4174168	2016/03/23	APL CH NAME INST		IMBROOK PROPERTIES LIMITED	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.  
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PAGE 5 OF 5  
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ON 2020/07/29 AT 11:25:54

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		REMARKS: TB375487.				
AT4492753	2017/02/22	NO ASSG LESSEE INT REMARKS: EB529856. PT 3, 64R8647	\$3,494,316	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
AT4492755	2017/02/22	NO ASSG LESSEE INT REMARKS: EB530258. PT 3, 64R8647	\$3,494,316	IVANHOE CAMBRIDGE I INC.	NAFA PROPERTIES INC.	C
AT4492756	2017/02/22	NO CHARGE LEASE REMARKS: EB529856. PT 3 64R8647	\$7,240,000	NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
AT4492757	2017/02/22	NO ASSGN RENT GEN REMARKS: PT 3 ON 64R8647...AT4492756		NAFA PROPERTIES INC.	BUSINESS DEVELOPMENT BANK OF CANADA	C
AT5261368	2019/10/11	NO CHARGE LEASE REMARKS: EB529856. AT4492753	\$100,000,000	NAFA PROPERTIES INC.	CANADIAN IMPERIAL BANK OF COMMERCE	C

This is Exhibit "C" referred to in the Affidavit of Douglas Lawson  
sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.



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*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

Court File No.: CV-19-00630241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

)

THURSDAY, THE 28<sup>TH</sup>

JUSTICE McEWEN

)

DAY OF NOVEMBER, 2019

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the "**Applicants**")**ORDER****(Approving Conditions for Sale of Ground Leases)**

**THIS MOTION** made by the Applicants for an order approving certain conditions in respect of the listing for sale and sale of the Ground Leases (as defined in the affidavit of Doug Lawson, sworn November 27, 2019) as set out in greater detail herein, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Doug Lawson, sworn November 27, 2019 and the Exhibits thereto (the "**Lawson Affidavit**"), the Second Report of Deloitte Restructuring Inc., in its capacity as monitor for the Applicants (in such capacity, the "**Monitor**") and on hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to Business Development Bank of Canada ("**BDC**"), as lender with first-ranking security over the Ground Leases, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the "**Agent**") for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the "**Credit Agreement**")

from time to time (the “**Lenders**”), and all other counsel listed on the counsel slip, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Jessica Wuthmann, sworn November 27, 2019, filed:

### **SERVICE**

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

### **DEFINITIONS**

2. **THIS COURT ORDERS** that terms not otherwise defined in this Order shall have the meaning set out in the Initial Order of the Honourable Justice McEwen, dated October 31, 2019 (as amended and restated) (the “**Initial Order**”).

### **TERMINATION OF GROUND LEASES**

3. **THIS COURT ORDERS** that North American Fur Auctions Inc. (“**NAFA**”) shall provide sixty (60) days advance notice to NAFA Properties Inc. (“**LeaseCo**”), BDC and the Agent of its intention to terminate its tenancy at the Skyway Property (as defined in the Lawson Affidavit).

### **SALES PROCESS FOR THE GROUND LEASES**

4. **THIS COURT ORDERS** that LeaseCo is hereby authorized and directed to:
- (a) Enter into a listing agreement for the sale of the Ground Leases as soon as reasonably practicable, in form and substance satisfactory to the Monitor and BDC, in consultation with the Agent;
  - (b) Determine an appropriate marketing and sales strategy in respect of the Ground Leases in consultation with the Monitor, BDC and the Agent and prior to taking any material steps relating to the Ground Leases, obtain the consent of BDC, in consultation with the Agent, or further Order of the Court;



- (c) Provide at least bi-weekly updates to BDC and the Agent on the status of the sale of the Ground Leases and advise BDC and the Agent immediately of any material developments with respect thereto;
- (d) Provide information as soon as reasonably practicable relating to the Ground Leases that is reasonably requested by BDC or the Agent; and
- (e) In the event that there is an offer to purchase one or more of the Ground Leases which is acceptable to the Applicants, the Monitor and BDC, bring a motion before the Court for an order approving such offer as soon as reasonably practicable.

#### **GROUND LEASE PAYMENTS**

5. **THIS COURT ORDERS** that, until the earlier of (i) the expiration of the Notice Period, (ii) the sale of the Ground Leases, or (iii) further Order of the Court, the Applicants are hereby authorized and directed to continue making any and all payments relating to the Ground Leases due and owing in the ordinary course including, without limitation, any ordinary course rent payments, tax and utility payments, maintenance payments, and mortgage payments to BDC, and the Applicants and the Monitor are hereby authorized and directed to provide the Agent with particulars of any such payments.

#### **LIMITATION AS TO FEES AND CHARGES**

6. **THIS COURT ORDERS** that the security granted to BDC in respect of the Ground Leases shall rank in priority to the Charges (but only to the extent of the security held by BDC over the Ground Leases and not any other security granted to BDC), and subject to the costs incurred pursuant to paragraph 7 below which would, for greater certainty, rank in priority to the security held by BDC in respect of the Ground Leases.

7. **THIS COURT ORDERS** that only those reasonable costs directly associated with the Ground Leases and the sale of the Ground Leases including, without limitation, transaction costs, the legal fees and disbursements of counsel for the Applicants, and the fees and disbursements of

the Monitor and counsel to the Monitor (collectively, the “Costs”), shall be paid from the proceeds resulting from a sale of the Ground Leases.

8. **THIS COURT ORDERS** that the Applicants and the Monitor shall provide BDC and the Agent with a monthly accounting of the Costs incurred by the Applicants and the Monitor relating to the sale of the Ground Leases within three weeks of months’ end.

#### **PLAN OF ARRANGEMENT**

9. **THIS COURT ORDERS** that no Plan shall compromise any indebtedness or obligations owing by LeaseCo to BDC or any encumbrance or security interest securing the security granted to BDC in respect of the Ground Leases, except with respect to any shortfall incurred by BDC after its security is realized upon.

#### **ADVICE AND DIRECTIONS**

10. **THIS COURT ORDERS** that the Applicants, the Monitor, BDC and the Agent may from time to time apply to this Court for advice and directions in respect of this Order.

A handwritten signature in black ink, appearing to read 'McIntosh', is written over a horizontal line.

RECEIVED AT THE OFFICE OF THE REGISTRAR OF LANDS AND FORESTRY IN TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

NOV 28 2019

PER / PAR: 

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFFRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.ZOO and NAFA POLSKA SP. ZOO (the "Applicants")

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

**ORDER**

**BLANEY MCMURTRY LLP**  
 Barristers & Solicitors  
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 Toronto ON M5C 3G5

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 Email: [JWuthmann@blaney.com](mailto:JWuthmann@blaney.com)

Counsel for the Applicants

This is Exhibit "D" referred to in the Affidavit of Douglas Lawson  
sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.

A handwritten signature in black ink, appearing to read "Stephen Gaudreau". The signature is fluid and cursive, with a long horizontal stroke at the end.

---

*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

DATED: December 11, 2020

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**GESTION FAMILLE WEI LI II INC.**

**WEI LI FAMILY HOLDING II INC.**

- and -

**NAFA PROPERTIES INC.**

---

**AGREEMENT OF PURCHASE AND SALE**

**LEASEHOLD INTEREST IN 65 SKYWAY AVENUE, ETOBICOKE, ONTARIO**

---

**AGREEMENT OF PURCHASE AND SALE**

**LEASEHOLD INTEREST IN 65 SKYWAY AVENUE, ETOBICOKE, ONTARIO**

**THIS AGREEMENT** is dated as of the 11<sup>th</sup> day of December, 2020,

**B E T W E E N:**

**GESTION FAMILLE WEI LI II INC.**

**WEI LI FAMILY HOLDING INC.**

(collectively, the "**Purchaser**")

- and -

**NAFA PROPERTIES INC.**

(the "**Vendor**")

**WHEREAS** the Vendor is the owner of the Purchased Assets (as herein later defined) and has agreed to sell, transfer and assign the Purchased Assets to the Purchaser and the Purchaser has agreed to purchase, acquire and assume the Purchased Assets from the Vendor on the terms and subject to the conditions contained in this Agreement;

**NOW THEREFORE**, in consideration of the sum of **REDACTED** now paid by each party to the other, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

**1.**

**INTERPRETATION**

**1.1. Definitions.** In this Agreement, the following terms shall have the meanings set out below unless the context otherwise requires:

**"Acceptance Date"** means the date that this Agreement is executed and delivered by each of the Vendor and the Purchaser.

**"Agreement"** means this Agreement and the attached Schedules and "Article", "Section" and "Schedule" mean the specified article, section or schedule, as the case may be, attached and forming part of this Agreement.

**"Applicable Laws"** means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transaction, event or other matter.

**"Assignment of Contracts"** means an assignment by the Vendor and an assumption by the Purchaser of all of the right, title and interest of the Vendor in the Assumed Contracts and the benefit of all covenants, guarantees and indemnities thereunder, including an indemnity given by the Purchaser in favour of the Vendor with respect to Claims under the Assumed Contracts for matters occurring on or after the Closing Date and an indemnity given by the Vendor in favour of the Purchaser with respect to Claims under the Assumed Contracts for matters occurring prior to the Closing Date, with such assignment and assumption taking effect from the Closing Date.

**"Assignment of Ground Leases"** means an assignment by the Vendor and an assumption by the Purchaser of all of the right, title and interest of the Vendor in the Ground Leases and the benefit of all covenants, guarantees and indemnities thereunder, including an indemnity given by the Purchaser in favour of the Vendor with respect to Claims under the Ground Leases for matters occurring on or after the Closing Date and an indemnity given by the Vendor in favour of the Purchaser with respect to Claims under the Ground Leases for matters occurring prior to the Closing Date, with such assignment and assumption taking effect from the Closing Date.

**"Assignment of Montana's Sublease"** means an assignment by the Vendor and an assumption by the Purchaser of all of the right, title and interest of the Vendor in the Montana's Sublease and the benefit of all covenants, guarantees and indemnities thereunder, including an indemnity given by the Purchaser in favour of the Vendor with respect to Claims under the Montana's Sublease for matters occurring on or after the Closing Date and an indemnity given by the Vendor in favour of the Purchaser with respect to Claims under the Montana's Sublease for matters occurring prior to the Closing Date, with such assignment and assumption taking effect from the Closing Date.

**"Assumed Contracts"** means those Contracts the Purchaser has elected to assume, if any, pursuant to Section 5.6 of this Agreement.

**"Buildings"** means, collectively, the buildings, structures, erections, improvements and appurtenances located on, in or under the Lands and any fixtures owned by the Vendor located on, in or under the Lands.

**"Business Day"** means any day other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario.

**"Chattels"** means that equipment, inventory, supplies, chattels and other tangible personal and movables located at the Property owned by the Vendor as more particularly described in *Schedule C* which forms part of this Agreement.

**"City Ground Lease"** means the lease dated October 1, 1980 between the Original City Ground Lease Landlord (now the City Ground Lease Landlord), as landlord, and the Original City Ground Lease Tenant, as tenant, with respect to a portion of the Property, as same has been assigned through a series of assignments from the Original City Ground Lease Tenant to the

Vendor, as same has been amended and/or supplemented from time to time, as more particularly described in described in *Schedule B-2* attached hereto.

**"City Ground Lease Landlord"** means the City of Toronto.

**"Claim"** means any past, present and future claims, demands, action, causes of action, damage, loss, cost, liabilities, obligations or expense including, without limitation, reasonable professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

**"Closing"** means the closing and consummation of the transaction of purchase and sale contemplated by this Agreement including, without limitation, the satisfaction of the Purchase Price and the delivery of the Closing Documents in accordance with Section 6.1 of this Agreement, on the Closing Date.

**"Closing Date"** means the date that is later to occur of: (i) ten (10) Business Days following the Due Diligence Date; and (ii) seven (7) days following the date on which the Transaction Approvals have been obtained; as same may be extended pursuant Section 4.6.

**"Closing Documents"** means the agreements, instruments and other documents to be delivered by the Vendor to the Purchaser or the Purchaser's Solicitors pursuant to Section 6.2 of this Agreement and the agreements, instruments and other documents to be delivered by the Purchaser to the Vendor or the Vendor's Solicitors pursuant to Section 6.3 of this Agreement.

**"Contracts"** means, collectively, all contracts and agreements to enter into contracts with respect to the development, construction, operation, fire protection, insurance, servicing, maintenance, repair and cleaning of the Property, or the furnishing of supplies or services to the Property entered into by the Vendor or any previous tenant of the Property pursuant to the Ground Leases, or any manager or agent on behalf of such parties, and includes, without limitation, the Warranties thereunder, but specifically excludes any property management agreements.

**"Deposit"** means the sum paid by the Purchaser pursuant to Sections 2.3(a) of this Agreement.

**"Due Diligence Date"** means the sixtieth (60<sup>th</sup>) day following the Acceptance Date.

**"Encumbrance"** means any mortgage, lien, debenture, charge, trust deed, assignment by way of security, encumbrance, restriction, security interest, conditional sales contract or similar interest or instrument charging, or creating a security interest in the leasehold interest in the Property or any part thereof or interest therein, and any agreement, lease, contract, restriction, covenant, easement, encroachment and any other similar claim or interest affecting title to the Purchased Assets or any part thereof or interest therein.

**"Estoppel Certificates"** has the meaning given to it in Section 5.7 of this Agreement.

**"Financial Disclosure"** has the meaning given to it in Section 5.1 of this Agreement.



**"Governmental Authority"** means any federal, provincial or municipal government, parliament, legislature, or any regulatory authority, agency, ministry, department, commission or board or other representative thereof, or any political subdivision thereof, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity, having jurisdiction over the relevant circumstances, or any person acting under the authority of any of the foregoing (including, without limitation, any arbitrator).

**"Ground Leases"** means, collectively, the City Ground Lease and the Main Ground Lease.

**"Ground Lease Consents"** has the meaning set out in Section 4.2(e) of this Agreement.

**"HST"** means the harmonized sales tax payable pursuant to the provisions of the *Excise Tax Act* (Canada).

**"Interim Period"** means the period between the Acceptance Date and the Closing Date.

**"Lands"** means the lands municipally known as 65 Skyway Avenue, Etobicoke, Ontario, together with all easements, rights-of-way and interests appurtenant thereto, all as more particularly described in *Schedule A* attached hereto.

**"Leases"** means, collectively, all offers to lease, agreements to lease, leases, renewals of leases, subtenant agreements and other rights or licenses relating to the occupancy of space in the Property or any part thereof as at the date of this Agreement, including, without limitation, any amendments related thereto, together with all security, guarantees and indemnities of the tenants', subtenants' and licensees' obligations thereunder, in each case as may be amended, renewed or otherwise varied by the Vendor.

**"Notice"** has the meaning set out in Section 7.3(1) of this Agreement.

**"Main Ground Lease"** means the lease dated October 1, 1980 between the Original Main Ground Lease Landlord, as landlord, and the Original Main Ground Lease Tenant, as tenant, with respect to a portion of the Property, as same has been assigned from the Original Main Ground Lease Landlord to the Main Ground Lease Landlord and as has been assigned through a series of assignments from Original Main Ground Lease Tenant to the Vendor, as same has been amended and/or supplemented from time to time, as more particularly described in described in *Schedule B-2* attached hereto.

**"Main Ground Lease Landlord"** means Meadowvale Land Limited, Rebecca's Gift Holdings Limited, 1350739 Ontario Limited and The Estate of Joseph Black.

**"Montana's Sublease"** means the lease dated May 9, 2005 between Ivanhoe Cambridge II Inc., as landlord, and Kelsey's Holdings Inc., as tenant, as same has been assigned by Ivanhoe Cambridge II Inc. to the Vendor, as landlord and Cara Operations Limited is successor in interest to Kelsey's Holdings Inc., as tenant, as same has been further renewed, amended, assigned and/or supplemented from time to time.

**"Original City Ground Lease Landlord"** means The Corporation of the Borough of Etobicoke.

**"Original City Ground Lease Tenant"** means Rockford Developments Limited and Imbrook Properties Limited.

**"Original Main Ground Lease Landlord"** means Samuel Black, Joseph Black, Norman Black and Beatrice Wintrob.

**"Original Main Ground Lease Tenant"** means Rockford Developments Limited and Imbrook Properties Limited.

**"Parties"** means collectively, the Vendor and the Purchaser and individually, a **"Party"**.

**"Permitted Encumbrances"** means those Encumbrances listed in *Schedule B* attached hereto.

**"Person"** means an individual, a partnership, limited partnership, company, corporation, a trust, an unincorporated organization, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.

**"Plans"** means all documentation relevant to the construction of the Buildings including, without limitation, working drawings, detail drawings, shop drawings or other documentation prepared to illustrate or define a particular aspect of the Buildings, plans submitted with all building permits issued for the Property, copies of all building permits issued for the Property, building and area certificates, occupancy permits, governmental reports outlining compliance with applicable zoning by-laws and codes and any information relating to the Buildings' status and specifications.

**"Property"** means, collectively, the Lands and the Buildings.

**"Property Documents"** means:

- (a) copies of the Ground Leases, together with copies of all amendments and supplements thereto;
- (b) a copy of the Montana's Sublease, together with copies of all amendments and supplements thereto;
- (c) the Plans, to the extent within the possession or control of the Vendor;
- (d) all documents pertaining the environmental status of the Property including, without limitation, geological soils audits, assessments, all permits and test reports (including soil and geotechnical tests) in the possession or control of the Vendor;
- (e) copies of all mechanical, electrical engineering, building condition, and structural studies and reports relating to the Property, and copies of any other studies or

reports concerning the state or condition of repair of the Property, in the possession or control of the Vendor;

- (f) copies of all Contracts and Warranties, if any;
- (g) the most recent topographical and boundary survey in respect of the Property, in the possession or control of the Vendor;
- (h) copies of any current realty tax assessment notices and tax bills relating to the Property for the previous three (3) fiscal years and details of any outstanding tax appeals or reassessments and copies of any notices of any outstanding realty tax appeals and correspondence relating thereto, including copies of any working papers issued by the applicable assessment authorities used in calculating a notional allocation of the assessment; and
- (i) copies of maintenance and repair bills relating to the Property for the last three (3) years.

**"Purchase Price"** has the meaning set out in Section 2.2 of this Agreement, as adjusted pursuant to Section 2.5 of this Agreement.

**"Purchased Assets"** means, collectively:

- (a) the leasehold interest in the Property granted pursuant to the Ground Leases;
- (b) the Ground Leases;
- (c) the Montana's Sublease;
- (d) the Assumed Contracts;
- (e) the Warranties;
- (f) the Plans; and
- (g) the Chattels.

**"Purchaser's Solicitors"** means Lipman, Zener & Waxman PC.

**"Re-adjustment Agreement"** has the meaning set out in Section 2.6 of this Agreement.

**"Transaction Approvals"** has the meaning set out in Section 4.1(e) of this Agreement.

**"Vendor's Solicitors"** means Blaney McMurtry LLP and/or such solicitor or firm of solicitors appointed by the Vendor to act as legal counsel on its behalf in connection with the transactions contemplated by this Agreement and so designated from time to time by Notice to the Purchaser and the Purchaser's Solicitors.

**"Warranties"** means all existing warranties, guarantees and indemnities and similar rights obtained by the Vendor or benefiting the Property or any part thereof, or contractual obligations, if any, that entitle the Vendor to any rights against a contractor or supplier engaged in the construction or maintenance of all or any of the Property or any part thereof that are assignable and in effect on the Closing Date.

- 1.2. Extended Meanings.** Words importing the singular include the plural and vice versa. Words importing the masculine gender include the feminine and neuter genders.
- 1.3. Headings.** The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.4. Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and in the instruments and documents to be executed and delivered pursuant to this Agreement, contains all of the representations, undertakings and agreements of the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or verbal, with respect to the subject matter of this Agreement.
- 1.5. Currency.** Unless otherwise expressly stated in this Agreement, all references to money shall refer to Canadian funds.
- 1.6. Severability.** If any provision contained in this Agreement or its application to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected, and each provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.
- 1.7. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. References to statutes shall be deemed to be references to such statutes as they exist on the Acceptance Date, unless otherwise provided.
- 1.8. Time.** Time shall be of the essence in all respects of this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limited for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day. The time limited for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties or by their respective solicitors.

## 2. PURCHASE AND SALE

- 2.1. Purchase and Sale.** The Vendor hereby agrees to sell, transfer, assign, set over and convey the Purchased Assets to the Purchaser, and the Purchaser hereby agrees to purchase, acquire and assume the Purchased Assets from the Vendor, for the Purchase Price and on the terms and subject to the conditions contained in this Agreement.
- 2.2. Purchase Price.** The purchase price (the "**Purchase Price**") for the Purchased Assets shall be **REDACTED**.
- 2.3. Payment of Purchase Price.** Subject to adjustment in accordance with Section 2.5 of this Agreement, the Purchase Price shall be paid to the Vendor as follows:
- (a) as to the sum of **REDACTED**, by wire transfer of immediately available funds payable to Deloitte Restructuring Inc., in trust (the "**Monitor**"), within two (2) Business Days following the Acceptance Date; and
  - (b) as to the balance of the Purchase Price, by wire transfer of immediately available funds payable to the Vendor or as it may in writing direct on the Closing Date.
- 2.4. Deposit.** The Deposit shall be held by the Monitor in trust as a deposit and invested in accordance with the following provisions pending the completion or other termination of this Agreement and to be credited on the Closing Date on account of the Purchase Price. The Deposit shall be invested by the Monitor in an interest-bearing account or term deposit or guaranteed investment certificate with a Schedule I Canadian chartered bank. Interest on the Deposit shall accrue to the benefit of the Purchaser from the respective dates on which the Deposit is received by the Monitor until the Closing Date or other termination of this Agreement. The interest on the Deposit accrued or accruing to the Closing Date shall be paid to the Purchaser by cheque or bank draft forthwith following the Closing Date. If this Agreement is not completed other than solely by reason of the default of the Purchaser, the Deposit, together with all accrued interest thereon, shall be returned to the Purchaser forthwith without deduction or set-off. If this Agreement is not completed as a result of the default of the Purchaser, the Vendor shall be entitled to retain the Deposit (or such portion of it as has been delivered by the Purchaser), together with all interest accrued thereon, as final liquidated damages and not as a penalty, and this shall be the Vendor's sole remedy, and the Purchaser shall be released from all of its liabilities and obligations under this Agreement. The Monitor are hereby authorized and directed to pay the Deposit (or such portion of it as has been delivered by the Purchaser), together with all interest accrued thereon, in the manner contemplated by this Section subject to the terms of this Agreement.

The parties agree that the Monitor shall be a mere stakeholder with respect to the Deposit and all interest accrued thereon, and if a dispute arises between the Vendor and the Purchaser regarding the manner in which the Deposit and/or interest accrued thereon is to be disbursed, the Monitor shall be entitled to bring an application to court to pay the Deposit and/or interest accrued thereon into court

## 2.5. Adjustments.

(1) General. Adjustments shall be made as of the Closing Date for prepaid rents and any other amounts prepaid by the Vendor under the Ground Leases and the tenants under the Montana's Sublease (and interest accrued thereon to the tenants' credit, if any), security deposits paid by the Vendor pursuant to the Ground Lease or by the tenant pursuant to the Montana's Sublease (and interest accrued thereon to the tenants' credit, if any), and to the extent the responsibility of the Vendor pursuant to the Ground Leases, realty taxes, local improvement rates and charges, water and assessment rates, utilities, fuel, licences necessary for the operation of the Property and all other items normally adjusted between a vendor and purchaser in respect of the sale of property similar to the Purchased Assets. In addition, the adjustments shall include the other matters referred to in this Agreement which are stated to be the subject of adjustment and shall exclude the matters in this Agreement which are stated not to be the subject of adjustment.

(2) Statement of Adjustments. A draft statement of adjustments shall be delivered to the Purchaser by the Vendor not less than five (5) Business Days prior to the Closing Date and shall have annexed to it details of the calculations used by the Vendor to arrive at all debits and credits on the statement of adjustments and a final statement of adjustments shall be delivered to the Purchaser by the Vendor on the Closing Date.

(3) Day of Closing. The Purchaser shall receive all income and pay all expenses in respect of the Purchased Assets for the day of Closing itself.

(4) Tenant Recoveries. Operating and other costs recoverable from the tenant under the Montana's Sublease shall be adjusted as soon as possible after the Closing Date upon receipt of information from such tenant and in accordance with the requirements of the Montana's Sublease. Such adjustment of operating and other costs recoverable from the tenant will be done on a *pro rata* basis between the Vendor and the Purchaser, with such proration to be based upon the number of days in each reporting period that are attributable to the landlord's interest in the Montana's Sublease by the Vendor and the Purchaser, respectively, during such reporting periods. Unless the parties otherwise agree, each party shall adjust for its respective period of its landlord's interest in the Montana's Sublease with the tenant for all operating and other costs recoverable, it being intended that the Vendor shall collect from such tenant any undercollection and refund to such tenant any overcollection for the period prior to the Closing Date and that the Purchaser shall be similarly responsible for the period from and after the Closing Date.

(5) Insurance. Insurance premiums shall not be adjusted as of the Closing Date, but insurance shall remain the responsibility of the Vendor until the Closing Date, and thereafter the Purchaser shall be responsible for placing its own insurance.

(6) Commissions, Allowances and Inducements. The Vendor will be responsible for all outstanding real estate commissions, tenant allowances and tenant inducements payable with respect to the Montana's Sublease and to the extent those have not been paid by the Vendor prior to the Closing Date, the Purchaser shall be credited with respect thereto on the statement of adjustments. If there is any unexpired rent-free or rent-reduced period allowed

to the tenant under the Montana's Sublease, the Purchaser shall be credited on the statement of adjustments with the rent that would have been payable had there not been such rent-free or rent reduced period.

(7) Arrears. There shall be no adjustment for arrears of rent and accounts receivable (the "**Tenant Receivables**"), other than as noted herein, under the Montana's Sublease and any such Tenant Receivables shall remain the property of the Vendor. After the Closing Date, the Vendor will be permitted to take reasonable steps and commence actions to recover the Tenant Receivables under the Montana's Sublease, provided that the Vendor will not take any action (or threaten to take any action) to recover the Tenant Receivables that would threaten the tenant's right to possession of its premises or constitute a distraint against its personal property at its premises. The parties hereby agree that any Tenant Receivables shall include any existing rent deferral/payment plans which payments shall occur after the Closing Date but which relate to the period prior to the Closing Date.

(8) Prior Years Realty Tax Appeals and Rebates. In the event there are realty tax appeals for the period prior to, but not including, the calendar year in which Closing occurs, the Vendor shall be entitled to continue such appeals and shall be entitled to receive any payments resulting therefrom provided all costs for such appeals are borne exclusively by the Vendor and provided that any realty tax rebates owing to tenants as a result of any such reassessment are paid to them. The Purchaser, at no cost to the Purchaser, shall co-operate with the Vendor in connection with such appeals including execution of all documents required to allow the Vendor to pursue such appeals and to receive any payments resulting therefrom. Subject to the rights of tenants, any amount received by the Purchaser on account of any appeals attributable to the calendar year in which the Closing Date occurred shall be pro-rated between the Vendor and the Purchaser based on the number of days in such year that the Property was owned by the Vendor and the Purchaser, as the case may be. The provisions of this Section shall survive Closing.

**2.6. Re-adjustment.** If the final cost or amount of an item which is to be adjusted (other than operating costs recoverable from the tenant under the Montana's Sublease in respect of the month in which the Closing Date occurs) cannot be determined as at the Closing Date, then an initial adjustment for such item shall be made as at the Closing Date, such amount to be estimated by the parties, each acting reasonably, as of the Closing Date on the basis of the best evidence available on the Closing Date as to what the final cost or amount of such item will be. In each case, when such cost or amount is determined, the Vendor or Purchaser, as the case may be, shall, within thirty (30) days of determination, provide a complete statement thereof to the other and within thirty (30) days thereafter the parties shall make a final adjustment as of the Closing Date for the item in question. In the absence of agreement by the parties, the final cost or amount of an item shall be determined by accountants appointed jointly by the Vendor and the Purchaser, with the cost of such auditor's determination being shared equally between the parties. Within one hundred and twenty (120) days after the end of the calendar year in which the Closing Date occurs, the Vendor and the Purchaser shall adjust on a *pro rata* basis for taxes, utility charges and operating expenses for the calendar year in which the Closing Date occurs. The parties shall enter into a re-adjustment agreement (the "**Re-adjustment Agreement**"), on terms acceptable by the Vendor and the Purchaser and their respective counsel, each acting

reasonably, on the Closing Date in respect of those items specified to be re-adjusted in this Section 2.6 and for the re-adjustment of any errors, omissions or changes in the statement of adjustments delivered on the Closing Date. All re-adjustments required to be made, shall be requested in writing and in a detailed manner on or before the first (1<sup>st</sup>) anniversary date after the Closing Date, after which time neither party shall have any right to request re-adjustments.

### 3.

#### COVENANTS, REPRESENTATIONS AND WARRANTIES

**3.1. Representations of the Vendor.** The Vendor covenants, represents and warrants to and in favour of the Purchaser that, as of the Acceptance Date and as of the Closing Date:

- (a) Corporate Status. The Vendor is a corporation duly incorporated and subsisting under the laws of the Province of Ontario and has all necessary corporate power, authority and capacity to enter this Agreement and all other agreements contemplated by this Agreement and to perform its obligations under this Agreement and all other agreements contemplated by this Agreement;
- (b) Authorization. The execution and delivery of this Agreement and all other agreements contemplated by this Agreement by the Vendor, and the consummation of the transactions contemplated by this Agreement by the Vendor, have been duly authorized by all necessary corporate action;
- (c) No Breach of Laws or Instruments. Neither the entering into nor the delivery of this Agreement nor the completion by the Vendor of the transactions contemplated by this Agreement will conflict with, or constitute a default under, or result in a violation of: (i) any of the provisions of the constating documents or by-laws of the Vendor; or (ii) any Applicable Laws;
- (d) Enforceability of Obligations. This Agreement has been validly executed and delivered by the Vendor and is a valid and legally binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other similar laws affecting the enforcement of creditor's rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought;
- (e) Residence. The Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada);
- (f) Ownership. The Vendor is the sole legal and beneficial owner of the Purchased Assets;
- (g) Rights of First Offer and First Refusal. None of the Purchased Assets are subject to any right of first offer or right of refusal pursuant to which any Person other than the Purchaser has a right or option to purchase the Purchased Assets or any of them;



- (h) No Employees. There are no employees employed in connection with the Purchased Assets in respect of which the Purchaser will incur any liabilities whatsoever as a result of the completion of the transactions contemplated by this Agreement;
- (i) No Expropriation. To the best of the Vendor's knowledge and belief, there are no proceedings by any governmental authority with respect to or in connection with the expropriation or rezoning of the Property, or any part thereof;
- (j) Labour and Materials. All amounts for labour and materials relating to construction of any services or utilities on the Lands by or on behalf of the Vendor have been paid in full and no one has a right to file a lien under the *Construction Act* (Ontario) in respect of any such construction;
- (k) Environmental. To the best of the Vendor's knowledge and belief, with respect to the Property, there is no pending litigation respecting environmental matters, no outstanding orders issued by the Ontario Ministry of Environment, Conservation and Parks or any investigations, changes or existing prosecutions in respect of environmental matters;
- (l) Leases. There are no leases, licenses, agreements to lease or other tenancy agreements with respect to the Property which are currently in effect, save and except the Ground Leases, the Montana's Sublease and an existing sublease (the "**NAFA Sublease**") with North American Fur Auctions Inc. ("**NAFA**"), a related entity to the Vendor, and at Closing there will be no leases, licenses, agreements to lease or other tenancy agreements with respect to the Property which are in effect at Closing, save and except the Ground Leases, the Montana's Sublease and any leases entered into during the Interim Period in accordance with Section 5.4 of this Agreement. To the best of the its knowledge, the Vendor is not in default of any of its obligations under the Ground Leases or the Montana's Sublease, and to the knowledge of the Vendor, neither the City Ground Lease Landlord or the Main Ground Lease Landlord are in default of their obligations under the Ground Leases and, subject to any rent deferral/payment plans with the tenant under the Montana's lease, the tenant under the Montana's Lease is not in default of its obligations under the Montana's Sublease; and
- (m) Unregistered Rights. The Vendor is not aware of any unregistered easements, rights-of-way or other unregistered interests or claims (other than the Ground Leases, the Montana's Sublease and the NAFA Sublease) not disclosed by registered title to the Property.

**3.2. Representations of the Purchaser.** The Purchaser covenants, represents and warrants to and in favour of the Vendor that, as of the Acceptance Date and as of the Closing Date:

- (a) Corporate Status. The Purchaser is a corporation duly incorporated and subsisting under the laws of the Province of Quebec (and at the time of closing shall be extra-provincially registered in the Province of Ontario) and has all necessary corporate

power, authority and capacity to enter into this Agreement and all other agreements contemplated by this Agreement and to perform its obligations under this Agreement and all other agreements contemplated by this Agreement;

- (b) Authorization. The Purchaser's execution and delivery of this Agreement and all other agreements contemplated by this Agreement, and its consummation of the transactions contemplated by this Agreement, have been duly authorized by all necessary corporate action;
- (c) No Breach of Laws or Instruments. Neither the entering into nor the delivery of this Agreement nor the completion by the Purchaser of the transactions contemplated by this Agreement will conflict with, or constitute a default under, or result in a violation of: (i) any of the provisions of the constating documents or by-laws of the Purchaser; or (ii) any Applicable Laws;
- (d) Enforceability of Obligations. This Agreement has been validly executed and delivered by the Purchaser and is a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other similar laws affecting the enforcement of creditor's rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought;
- (e) No Bankruptcy. The Purchaser: (i) is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act* (Canada); (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof; (iii) has not had any petition for a receiving order presented in respect of it; or (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution; and
- (f) HST. The Purchaser will, on Closing, be an HST registrant under the *Excise Tax Act* (Canada) and be the sole "recipient" of a supply as defined thereunder and will provide its HST registration number to the Vendor on or before the Closing Date.
- (g) Landlord Consent Materials. The Purchaser will deliver all information and documents required by the Main Ground Lease Landlord and the City Ground Lease Landlord to provide the Ground Lease Consents forthwith upon request.

**3.3. Survival of Representations.** The covenants, representations and warranties contained in Sections 3.1 and 3.2 of this Agreement shall not merge on Closing but will continue in full force and effect for the benefit of the party entitled thereto for a period of one (1) year following the Closing Date. No claim for any breach of any such covenant, representation or warranty may be made by either party hereto after such one (1) year period.

**3.4. As Is, Where Is.** The Purchaser acknowledges and agrees that, except as provided in this Agreement: (i) there have been no representations and/or warranties by the Vendor

whatsoever with respect to the Purchased Assets or the Property and that the Purchased Assets are being purchased on an "as is, where is" basis; and (ii) it shall rely entirely upon its own inspections and investigations with respect to the quality, quantity, value and title of the Purchased Assets and the Property. It is understood and agreed by the Purchaser that, except as expressly stated in this Agreement, the Vendor has not warranted the suitability of the Property for any development use or any other proposed use by the Purchaser. Save as otherwise provided in this Agreement, if Closing occurs, the Purchaser agrees that it shall not have any recourse to the Vendor as a result of the nature and condition of the Property or the Purchased Assets.

#### 4. CONDITIONS

- 4.1. Conditions of the Vendor.** The Vendor's obligation to carry out the transactions contemplated by this Agreement is subject to the fulfilment of each of the following conditions on or before the Closing Date or such other date as may be specified, which conditions are for the sole benefit of the Vendor:
- (a) Representations and Warranties. The covenants, representations and warranties set out in Section 3.2 of this Agreement shall be true and accurate with the same effect as if made on and as of the Closing Date;
  - (b) Delivery of Documents. All documents or copies of documents required to be executed and delivered to the Vendor pursuant to the provisions of this Agreement shall have been so executed and delivered;
  - (c) Performance of Terms, Conditions and Covenants. All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser on or before the Closing Date shall have been complied with or performed in all material respects;
  - (d) Financial Disclosure. The Vendor shall have obtained from the Purchaser all Financial Disclosure that is required to obtain the Ground Lease Consents within three (3) Business Days of the Acceptance Date; and
  - (e) Transaction Approvals. The Vendor shall have obtained, at its sole cost and expense, all court and other approvals necessary to complete the transaction contemplated by this Agreement as are required in connection with the proceedings it has commenced under the *Companies' Creditors Arrangement Act* (Canada) (the "**Transaction Approvals**"), the scope and content of such Transaction Approvals to be determined by the Vendor and the Purchaser and their respective counsel and advisors, each acting reasonably and in good faith, and which Transaction Approvals will include a vesting order which may be registered on title to the Property.
- 4.2. Conditions of the Purchaser.** The Purchaser's obligation to carry out the transactions contemplated by this Agreement is subject to fulfilment of each of the following conditions

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on or before the Closing Date or such other date as may be specified, which conditions are for the sole benefit of the Purchaser:

- (a) Due Diligence. On or prior to 5:00 p.m. (Toronto time) on the Due Diligence Date, the Purchaser shall have determined, in its sole and absolute discretion, to proceed with the transactions contemplated by this Agreement (and, without limiting the generality of the foregoing, the Purchaser shall be satisfied in its sole discretion with respect to all aspects of the Purchased Assets and the Property including, without limitation, the physical condition of the Property, title to the Lands, the Permitted Encumbrances, zoning and any other matters of interest to the Purchaser with respect to the Property);
- (b) Representations and Warranties. The covenants, representations and warranties set out in Section 3.1 of this Agreement shall be true and accurate with the same effect as if made on and as of the Closing Date;
- (c) Delivery of Documents. All documents or copies of documents required to be executed and delivered to the Purchaser pursuant to this Agreement shall have been so executed and delivered;
- (d) Performance of Terms, Covenants and Conditions. All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor on or before the Closing Date shall have been complied with or performed in all material respects;
- (e) Consents to Assignment of Ground Leases. The Vendor shall have delivered consents (the "**Ground Lease Consents**"), in forms acceptable to the Vendor and the Purchaser and their respective counsel, each acting reasonably, pursuant to which the City Ground Lease Landlord consents to the assignment of the City Ground Lease from the Vendor to the Purchaser and the Main Ground Lease Landlord consents to the assignment of the Main Ground Lease from the Vendor to the Purchaser, which consents shall expressly confirm that the options to purchase the portions of the Property to which such Ground Leases relate and the rights of first refusals, if any, shall be transferred from the Vendor to the Purchaser such that the Purchaser shall have the option to exercise such options. In the alternative, the Vendor may deliver an order of the court dispensing with any such consent of the City Ground Lease Landlord and the Main Ground Lease Landlord; provided that such court order shall expressly confirm that any and all options to purchase and rights of first refusal contained in the City Ground Lease and the Main Ground Lease are transferred to the Purchaser;
- (f) Estoppel Certificates – Ground Leases. Subject to Section 5.7(c), the Vendor shall have delivered to the Purchaser executed Estoppel Certificates signed by the City Ground Lease Landlord in respect of the City Ground Lease and the Main Ground Lease Landlord in respect of the Main Ground Lease;

- (g) Estoppel Certificates – Montana's Sublease. The Vendor shall have delivered to the Purchaser an executed Estoppel Certificate signed by the tenant under the Montana's Sublease in respect of the Montana's Sublease; and
- (h) Transaction Approvals. The Vendor shall have obtained all of the Transaction Approvals.

**4.3. Satisfaction of Conditions.** Each party agrees to proceed in good faith and with promptness and diligence to attempt to satisfy those conditions in Sections 4.1 and 4.2 of this Agreement that are within its reasonable control. Upon reasonable request from time to time, each party shall advise the other party of its position on the satisfaction or waiver of each of such conditions. Notwithstanding the foregoing, nothing contained in this Agreement shall detract from the Purchaser's absolute discretion in determining whether or not to waive the condition contained in Section 4.2(a) of this Agreement.

**4.4. Waiver of Conditions.**

(1) Due Diligence Date Condition for the Benefit of the Purchaser. If by 5:00 p.m. (Toronto time) on the Due Diligence Date, the Purchaser has not given Notice to the Vendor that the condition contained in Section 4.2(a) has been satisfied or waived, such condition shall be deemed not to have been satisfied or waived, in which event this Agreement shall be null and void and of no further force or effect whatsoever, each party shall be released from all of its liabilities and obligations under this Agreement and the Deposit (or such portion of the Deposit as has been delivered), together with all interest accrued thereon, shall be returned to the Purchaser forthwith without deduction or set-off.

(2) Conditions for the Benefit of the Vendor. If any of the conditions set out in Section 4.1 of this Agreement are not satisfied or waived on or prior to the Closing Date or other time period noted herein, the Vendor may terminate this Agreement by Notice to the Purchaser given on or prior to the Closing Date, in which event this Agreement shall be null and void and of no further force or effect whatsoever, the Vendor shall be released from all of its liabilities and obligations under this Agreement and, unless the condition or conditions that have not been satisfied or waived were not satisfied as a result of the default of the Purchaser, the Purchaser shall also be released from all of its liabilities and obligations under this Agreement and the Deposit (or such portion of the Deposit as has been delivered), together with all interest accrued thereon, shall be returned to the Purchaser forthwith without deduction. However, the Vendor may waive compliance with any of the conditions set out in Section 4.1 of this Agreement in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition contained in Section 4.1 of this Agreement in whole or in part.

(3) Closing Conditions for the Benefit of the Purchaser. If any of the conditions set out in Sections 4.2(b), 4.2(c), 4.2(d), 4.2(e), 4.2(f), 4.2(g) and 4.2(h) of this Agreement are not satisfied or waived on or prior to the Closing Date or other date specified therefore, the Purchaser may terminate this Agreement by Notice to the Vendor given on or prior to the Closing Date or other date specified therefore, in which event this Agreement shall be null and void and of no further force or effect and the Purchaser shall be released from all of its

liabilities and obligations under this Agreement and, unless the condition or conditions that have not been satisfied or waived were not satisfied as a result of the default of the Vendor, the Vendor shall also be released from all of its liabilities and obligations under this Agreement and the Deposit (or such portion of the Deposit as has been delivered), together with all interest accrued thereon, shall be returned to the Purchaser forthwith without deduction. However, the Purchaser may waive compliance with any of the conditions set out in Sections 4.2(b), 4.2(c), 4.2(d), 4.2(e), 4.2(f), 4.2(g) and 4.2(h) of this Agreement in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition contained in Sections 4.2(b), 4.2(c), 4.2(d), 4.2(e), 4.2(f), 4.2(g) and 4.2(h) of this Agreement in whole or in part.

(4) Closing Conditions. All conditions to be satisfied on Closing shall be deemed to be satisfied if Closing occurs.

- 4.5. Not Conditions Precedent.** The conditions set out in Sections 4.1 and 4.2 of this Agreement are conditions to the obligations of the parties hereto and are not conditions precedent to the existence or enforceability of this Agreement.
- 4.6. Postponement of Closing Date to Satisfy Certain Conditions.** Notwithstanding the timelines noted herein, if the conditions set out in Sections 4.2(e), 4.2(f) or 4.2(g) have not been satisfied on or prior to the date that is five (5) Business Days prior to the Closing Date, the Vendor or the Purchaser shall have the right (the "**Closing Date Extension Right**"), but not the obligation, by delivery of Notice to the other not less than five (5) Business Days prior to the Closing Date, to extend the Closing Date such that the Closing Date will then be deemed to be to the earlier of: (i) the date that is three (3) Business Days after the date that all such conditions have been satisfied; and (ii) the date that is forty-five (45) days in the aggregate after the originally scheduled Closing Date. Notwithstanding anything to the contrary contained in this Agreement, the Closing Date Extension Right may only be exercised one time and no party shall have any further rights to extend the Closing Date.
- 4.7. Costs Incurred.** The Purchaser agrees that it shall solely be responsible to pay and shall pay the legal fees incurred by the City Ground Lease Landlord and the Main Ground Lease Landlord in granting the Ground Lease Consents.
- 4.8. Financial Disclosure Requirements.** The Purchaser agrees to provide all necessary Financial Disclosure as is required by the City Ground Lease Landlord and the Main Ground Lease Landlord in granting the Ground Lease Consents.
- 4.9. Planning Act.** This Agreement shall be effective to create an interest in the Lands only if the provisions of the *Planning Act* (Ontario) are complied with.
- 4.10. Title.** On the Closing Date, title to the Lands shall be good and marketable and free and clear of all Encumbrances other than Permitted Encumbrances. The Purchaser shall have until 5:00 p.m. (Toronto time) on the Due Diligence Date to investigate title to the Property at its own cost and expense and to submit valid objections to title to the Vendor. If, on or prior to the Due Diligence Date, any valid objection to title is made in writing to the

Vendor, which the Vendor is unable to remove and which the Purchaser will not waive, then this Agreement shall, notwithstanding any intermediate act or negotiations with respect to such objections, be null and void and of no further force or effect and the Deposit (or such portion of the Deposit as has been delivered) and any interest earned thereon shall be returned to the Purchaser forthwith without deduction, and the Vendor shall have no further rights against the Purchaser in respect of the matters set out in this Agreement, whether arising under this Agreement or at law or in equity.

## 5. INTERIM PERIOD

**5.1. Delivery of Documents.** To the extent that they are in the Vendor's possession, the Vendor shall deliver the Property Documents to the Purchaser within five (5) Business Days after the Acceptance Date and from time to time as Property Documents shall come into the possession of the Vendor during the Interim Period.

The Purchaser shall deliver to the Vendor within three (3) Business Days after the Acceptance Date the following items to assist with the processing of obtaining the Ground Lease Consents: (1) financial statements for the past two (2) fiscal years; (2) the history of the business of the Purchaser to establish the viability of the business; (3) organizational chart/structure; (4) confirmation that any parent company will provide its guarantee to the Main Ground Lease; and (5) a description of the Purchaser's intended use for the Property (collectively, the "**Financial Disclosure**").

**5.2. Access by Purchaser.** During the Interim Period, the Purchaser, its representatives and advisors shall have access to the Property on reasonable prior Notice to the Vendor, subject only to restrictions, if any, contained in the Montana Lease and, at the Vendor's discretion, in the company of a representative of the Vendor. The Vendor authorizes the Purchaser to carry out such reasonable non-invasive tests, environmental audits, surveys and inspections of the Property as the Purchaser, its representatives or advisors may deem necessary, acting reasonably. In no event shall the Purchaser or its representatives be permitted to carry out any drilling, core sampling, or invasive testing at the Property without prior written consent of the Vendor, not to be unreasonably withheld, provided that as a precondition to any such invasive testing the Vendor may require that any engineers or consultants to be used to carry out such work are acceptable to the Vendor, acting reasonably, carry insurance that shows the Vendor as an additional insured for an amount of not less than REDACTED per occurrence, and that all such work is done in the company of a representative of the Vendor. The Purchaser shall promptly repair, at its sole cost and expense, any damage to the Property caused by such tests and inspections, and the Purchaser shall indemnify and save the Vendor harmless from all Claims, third party actions, damages and expenses which the Vendor may suffer as a result of the Purchaser's access to the Property and its tests and inspections, and the Vendor shall have recourse to the Deposit to satisfy any of the Purchaser's obligations under this indemnity. The Purchaser shall not communicate, directly or indirectly, with Montana until after the waiver of the Purchaser's Due Diligence Date Condition and only, at the Vendor's discretion, in the company of a representative of the Vendor.

- 5.3. Governmental Authorities.** During the Interim Period, at the request of the Purchaser, the Vendor shall promptly deliver to the Purchaser letters addressed to such governmental authorities from the Vendor as may be requested by the Purchaser or its solicitors authorizing each such authority to release to the Purchaser such information on compliance matters that the authority may have with respect to each Property. The Purchaser shall not request any inspections of the Property by or on behalf of governmental authorities.
- 5.4. Approvals of the Purchaser.** During the Interim Period, the Vendor shall not be entitled to enter into any agreement affecting all or any part of the Property and shall not be entitled to agree to amend, terminate or surrender any Contract, the Ground Leases, the Montana's Sublease or other agreement affecting all or any part of the Property (each, a "**Proposed Agreement**") except as follows:
- (a) prior to the Due Diligence Date, the Vendor shall give Notice to the Purchaser of any Proposed Agreement, together with a true and complete copy of the Proposed Agreement and all information in the Vendor's possession that would be reasonably required for the Purchaser to be able to decide whether to grant its approval thereof. The Purchaser shall have a period of three (3) Business Days following receipt of such Notice from the Vendor within which to determine whether to grant its approval, such approval not to be unreasonably withheld or delayed. If the Purchaser fails to give Notice to the Vendor of its approval or disapproval within such three (3) Business Day period, the Purchaser shall be deemed to have approved the Proposed Agreement. In the case of actual disapproval by the Purchaser of a Proposed Agreement pursuant to this Section 5.4(a), the Vendor shall not enter into such Proposed Agreement; and
  - (b) from and after the Due Diligence Date, the Vendor shall give Notice to the Purchaser of any Proposed Agreement that the Vendor proposes to enter into, together with a true and complete copy of the Proposed Agreement and all information that would be reasonably required for the Purchaser to be able to decide whether to grant its approval thereof. The Purchaser shall have a period of three (3) Business Days following receipt of such Notice from the Vendor within which to determine whether to grant its approval, which approval may be granted or withheld in the sole and absolute discretion of the Purchaser. If the Purchaser fails to give Notice to the Vendor of its approval or disapproval within such three (3) Business Day period, the Purchaser shall be deemed not to have approved of such Proposed Agreement. In the case of actual or deemed disapproval by the Purchaser of a Proposed Agreement pursuant to this Section 5.4(b), the Vendor shall not enter into such Proposed Agreement.
- 5.5. Confidentiality.** Except as may be required to perform its obligations in accordance with the provisions of this Agreement, the Purchaser, its representatives and advisors shall keep in strict confidence, and shall not disclose, any information obtained with respect to the Purchased Assets pursuant to this Agreement until such time as the transactions contemplated by this Agreement are completed. If the transactions contemplated by this Agreement are not completed for any reason, the Purchaser shall, upon the request of the Vendor, promptly return to the Vendor all documents delivered to the Purchaser pursuant



to the provisions of this Agreement. Notwithstanding the foregoing, the Purchaser may disclose any information obtained with respect to the Purchased Assets: (i) to its directors, shareholders, advisors, bankers and solicitors (provided such directors, shareholders, advisors, bankers and solicitors are also bound by the provisions of this Section 5.5); (ii) to the extent such information is in the public domain or is obtained from third parties other than the Vendor and its consultants; and (iii) if such disclosure is required by Applicable Laws.

**5.6. Contracts.** On or prior to 5:00 p.m. (Toronto time) on the Due Diligence Date, the Purchaser shall provide the Vendor with Notice in respect of which Contracts, if any, the Purchaser wants to assume on Closing. All such Contracts shall, subject to the receipt of any necessary third party consents, be assigned to the Purchaser on Closing pursuant to the Assignment of Contracts. To the extent any such Contract requires the consent of a third party as a condition of its assignment to the Purchaser, the Vendor shall use its reasonable commercial efforts to obtain such consent prior to Closing. The Vendor shall, on or prior to the Closing Date, at its sole cost and expense, terminate all Contracts that are not Assumed Contracts.

**5.7. Estoppel Certificates.**

- (a) Subject to Section 5.7(c), The Vendor shall deliver estoppel certificates from: (i) the City Ground Lease Landlord in respect of the City Ground Lease; (ii) the Main Ground Lease Landlord in respect of the Main Ground Lease; and (iii) the tenant under the Montana's Sublease in respect of the Montana's Sublease, all of which shall be in a form agreed to by the Vendor and the Purchaser, each acting reasonably and in good faith (the "**Estoppel Certificates**").
- (b) The form of Estoppel Certificates shall be agreeable to both the Purchaser and the Vendor, acting reasonably and shall not extend beyond those requirements noted in the Main Ground Lease, the City Ground Lease and the Montana's Sublease. The form of Estoppel Certificates shall be in a form that is agreeable to both parties prior delivery to the Persons required to sign such Estoppel Certificates.
- (c) Notwithstanding any other provision contained herein relating to the requirement and delivery of the Estoppel Certificates from the Main Ground Lease Landlord and the City Ground Lease Landlord, the Purchaser acknowledges that the Main Ground Lease Landlord and City Ground Lease Landlord may insert the language that would otherwise be included in the Estoppel Certificates directly into the respective Ground Lease Consents.

**5.8. Work Orders.** Prior to the Closing Date, the Vendor shall, at its sole cost and expense, take such actions as are necessary so that all outstanding work orders, permits, inspection and investigation files that relate in any way to the Property and are the responsibility of the Vendor with any public authority are completed and closed without issue.

**6.**  
**CLOSING ARRANGEMENTS**

**6.1. Closing Arrangements.** The Vendor and the Purchaser acknowledge that the electronic registration system (hereinafter referred to as the "**Teraview Electronic Registration System**" or "**TERS**") is operative on a mandatory basis in the Land Titles Office where the Property is located and accordingly, the following provisions shall prevail, namely:

(1) The Purchaser's Solicitors and the Vendor's Solicitors shall each be obliged to be authorized TERS users and in good standing with the Law Society of Ontario, and they are hereby authorized by the parties hereto to enter into a document registration agreement in the form adopted by the Joint LSUC-CBAO Committee on Electronic Registration of Title Documents on March 29, 2004 or any successor version thereto (the "**Document Registration Agreement**" or "**DRA**"), together with the additional requirement that the registering solicitor shall also be obliged to provide the non-registering solicitor with a copy of the registration report printed by TERS upon the registration of the electronic documents, as evidence of the registration thereof, within one (1) Business Day of the Closing Date. It is understood and agreed that the DRA shall outline or establish the procedures and timing for completing the transactions contemplated by this Agreement electronically, and shall be executed by both the Vendor's Solicitors and the Purchaser's Solicitors and exchanged by courier, facsimile or other form of electronic transmission reproducing the original between said solicitors (such that each solicitor has a photocopy, telefaxed or other electronic copy of the DRA duly executed by both solicitors) by no later than two (2) Business Days before the Closing Date.

(2) The delivery and exchange of Closing Documents and the balance of the Purchase Price, and the release thereof to the Vendor and the Purchaser, as the case may be:

- (a) shall not occur contemporaneously with the registration of the transfer/deed of the Property and other documents, if any, to be registered electronically; and
- (b) shall be governed by the DRA, pursuant to which the solicitor receiving any Closing Documents, or the balance of the Purchase Price, will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the DRA.

(3) Each of the parties hereto agrees that the delivery of any of the Closing Documents not intended or required to be registered on title to the Property shall, unless the parties otherwise agree, be by way of delivery of originally executed copies thereof on the Closing Date to the other party.

(4) Notwithstanding anything contained in this Agreement or in the DRA to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been validly made by either party (in this paragraph called the "**Tendering Party**") upon the other party (in this paragraph called the "**Receiving Party**") when the solicitor for the Tendering Party has:

- (c) delivered all applicable Closing Documents and/or the balance of the Purchase Price to the Receiving Party's solicitor in accordance with the provisions of this Agreement and the DRA;
- (d) advised the solicitor for the Receiving Party, in writing, that the Tendering Party is ready, willing and able to complete the transaction in accordance with the terms and provisions of this Agreement; and
- (e) has completed all steps required by TERS in order to complete the transactions contemplated by this Agreement that can be performed or undertaken by the Tendering Party's solicitor without the cooperation or participation of the Receiving Party's solicitor, and specifically when the Tendering Party's solicitor has electronically "signed" the transfer/deed of the Property and any other Closing Document, if any, to be registered electronically for completeness and granted "access" to the Receiving Party's solicitor (but without the Tendering Party's solicitor releasing same for registration by the Receiving Party's solicitor).

**6.2. Documents of the Vendor.** The Vendor shall deliver to the Purchaser the following documents and other items on the Closing Date or on such other date as may be specified:

- (a) Assignment of Ground Leases. The Assignment of Ground Leases, duly executed by the Vendor;
- (b) Notice and Direction to Ground Lease Landlord. Such notice or notices from the Vendor as the Purchaser may reasonably require to be given to City Ground Lease Landlord and the Main Ground Lease Landlord under the Ground Leases advising of the assignment of the Ground Leases;
- (c) Registrable Assignment of Ground Leases. Registrable assignments of lessee's interest of the Ground Leases from the Vendor to the Purchaser on title to the Property or in the alternative, a vesting order of the court assigning the lessee's interest of the Ground Leases from the Vendor to the Purchaser;
- (d) Assignment of Montana's Sublease. The Assignment of Montana's Sublease, duly executed by the Vendor;
- (e) Notice and Direction to Tenant. Such notice or notices from the Vendor as the Purchaser may reasonably require to be given to tenant under the Montana's Sublease advising of the assignment of the Montana's Sublease, together with a direction relating to the payment of rent and other payments under the Montana's Sublease, all in such form as the Purchaser may reasonably require;
- (f) Assignment of Contracts. If the Purchaser has elected to assume any Contracts by delivery of Notice to the Vendor on or prior to the Due Diligence Date, the Assignment of Contracts, duly executed by the Vendor;
- (g) Notice and Direction under Assumed Contracts. If necessary, such notice or notices as the Purchaser may reasonably require to be given to other parties under the

Assumed Contracts of the assignment and assumption of the Assumed Contracts, duly executed by the Vendor;

- (h) Assignment of Warranties. An assignment of the Warranties from the Vendor to the Purchaser, duly executed by the Vendor;
- (i) Bill of Sale. A bill of sale in respect of the Chattels, duly executed by the Vendor;
- (j) General Conveyance. A general conveyance of the Purchased Assets, duly executed by the Vendor;
- (k) Direction re Funds. A direction to the payee or payees of the Purchase Price Balance and any adjustment amounts payable pursuant to the statement of adjustments;
- (l) Certificate of the Vendor. A certificate of the Vendor certifying that:
  - (i) the Vendor is not a non-resident within the meaning of Section 116 of the *Income Tax Act* (Canada); and
  - (ii) the representations and warranties contained in Section 3.1 of this Agreement are true and accurate as of the Closing Date;
- (m) Discharges. Discharges in registrable form of all Encumbrances affecting title to the Property except for the Permitted Encumbrances; provided that if such discharges are not available on the Closing Date and are in respect of any charge/mortgage of land held by a chartered bank or trust company, the Purchaser agrees to accept the Vendor's Solicitors' undertaking to obtain, out of the Closing funds, a discharge in registrable form of such charge/mortgage and to register same on title to the Lands within a reasonable period of time following Closing, provided that on or before Closing the Vendor shall provide the Purchaser with a mortgage statement prepared by the mortgagee setting out the amount required to obtain such discharge together with a direction executed by the Vendor directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on Closing;
- (n) Estoppel Certificates. Subject to the terms herein, the executed Estoppel Certificates;
- (o) Ground Lease Consents. Subject to the terms herein, the executed Ground Lease Consents;
- (p) Statement of Adjustments. The final statement of adjustments in accordance with Section 2.5(2) of this Agreement;
- (q) Termination of NAFA Sublease. Evidence that the NAFA Sublease has been terminated;

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- (r) Re-adjustment Agreement. The Re-adjustment Agreement, duly executed by the Vendor;
- (s) Vendor's confirmation of warranties and covenants. A certificate by the Vendor that the Vendor's covenants and agreements contained in this Agreement have been performed as of the Closing Date and that the Vendor's representations and warranties contained in this Agreement are true, complete and effective in all material respects as at the Closing Date;
- (t) Keys. All keys and entry devices with respect to the Property and the combinations to any locks or vaults, if applicable;
- (u) Rent Cheques. To the extent not adjusted for pursuant to Section 2.5, all post-dated rent cheques for any rental period following Closing received from the tenant under the Montana's Sublease that are in the Vendor's possession or control, endorsed without recourse in favour of the Purchaser; and
- (v) Property Documents. To the extent not previously delivered, originals or, to the extent originals are not available, photocopies of the Property Documents.

All documentation shall be in form and substance acceptable to the Vendor and the Purchaser and their respective counsel, each acting reasonably and in good faith.

**6.3. Documents of the Purchaser.** The Purchaser shall deliver to the Vendor the following documents on the Closing Date or such other date as may be specified:

- (a) Balance of the Purchase Price. A certified cheque, bank draft or wire transfer of immediately available funds payable to the Vendor or as the Vendor may in writing direct in the amount of the balance of the Purchase Price determined in accordance with Section 2.3(b) of this Agreement;
- (b) Assignment of Ground Leases. The Assignment of Ground Leases, duly executed by the Purchaser;
- (c) Assignment of Montana's Sublease. The Assignment of Montana's Sublease, duly executed by the Purchaser;
- (d) Assignment of Contracts. If the Purchaser has elected to assume any Contracts by delivery of Notice to the Vendor on or prior to the Due Diligence Date, the Assignment of Contracts, duly executed by the Purchaser;
- (e) Assignment of Warranties. An assignment of the Warranties from the Vendor to the Purchaser, duly executed by the Purchaser;
- (f) Certificate of the Purchaser. A certificate of the Purchaser certifying that the representations and warranties contained in Section 3.2 of this Agreement are true and accurate as of the Closing Date;

- (g) Re-adjustment Agreement. The Re-adjustment Agreement, duly executed by the Purchaser; and
- (h) HST. The declaration, undertaking and indemnity described in Section 6.5 of this Agreement, duly executed by the Purchaser.

All documentation shall be in form and substance acceptable to the Vendor and the Purchaser and their respective counsel, each acting reasonably and in good faith.

**6.4. Single Transaction.** Subject to Section 6.1 of this Agreement, all documents and cheques shall be delivered in escrow at the place of Closing specified in Section 6.1 of this Agreement on the Closing Date pending registration of the documents referred to in Sections 6.2 and 6.3 of this Agreement as reasonably required by the solicitors for the parties. It is a condition of Closing that all matters of payment, execution and delivery of documents by each party to the other and the acceptance for registration of the appropriate documents in the appropriate offices of public record shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be complete at the Closing until everything required as a condition precedent at the Closing has been paid, executed and delivered.

**6.5. Taxes and Fees.**

(1) General. The Purchaser shall be responsible for any land transfer tax, harmonized sales tax and registration fees payable in connection with its acquisition of the Purchased Assets. The Vendor shall be responsible for registration fees payable in connection with the registration of discharges of any Encumbrances or other claims or interests that are not Permitted Encumbrances. Each party shall pay its own legal fees with respect to the transactions contemplated by this Agreement.

(2) HST. With respect to the purchase by the Purchaser of the Purchased Assets, the Purchaser hereby represents and warrants to the Vendor that:

- (a) it shall be purchasing the Purchased Assets on the Closing Date, as principal for its own account and not as an agent, trustee or otherwise on behalf of another person, provided that in the event that the Purchaser is purchasing the Purchased Assets as agent, nominee or trustee on behalf of another person or entity as beneficial owner (the "**Purchaser Beneficial Owner**"), such Purchaser's declaration, undertaking and indemnity shall contain the HST registration number of the Purchaser Beneficial Owner and shall be provided by both such Purchaser and the Purchaser Beneficial Owner;
- (b) the Purchaser (or the Purchaser Beneficial Owner, if applicable) is or will on the Closing Date be registered for the purposes of the harmonized sales tax imposed under the *Excise Tax Act* (Canada) (the "**ETA**") for the collection and remittance of HST;
- (c) the Purchaser (or the Purchaser Beneficial Owner, if applicable) shall be liable, shall self-assess and remit to the appropriate governmental authority all HST that

is payable under the ETA in connection with the transfer of the Property made pursuant to this Agreement, all in accordance with the ETA;

- (d) the Vendor shall not collect HST on Closing regarding the Property and shall allow the Purchaser (or the Purchaser Beneficial Owner, if applicable) to self-assess and remit HST to the Receiver General in accordance with the ETA;
- (e) the Purchaser (and the Purchaser Beneficial Owner, if any), shall jointly and severally indemnify and save harmless the Vendors from and against any and all HST, penalties, costs and/or interest that may become payable by or assessed against the Vendor as a result of any inaccuracy, misstatement or misrepresentation made by such Purchaser or the Purchaser Beneficial Owner, if any, on the Closing Date in connection with any matter raised in this Section 6.5 or contained in any declaration referred to herein; and

The representations and warranties contained in this Section 6.5(2) shall survive the Closing and be embodied in a declaration, undertaking and indemnity of the Purchaser to be delivered to the Vendor on Closing specifying the Purchaser's (or the Purchaser Beneficial Owner's, as applicable) HST registration number.

## 7.

### MISCELLANEOUS

- 7.1. Tender.** Any tender of documents or money may be made upon the party being tendered or upon its solicitors and money may be tendered by certified cheque, bank draft or wire transfer of immediately available funds.
- 7.2. Relationship of the Parties.** Nothing in this Agreement shall be construed so as to make the Purchaser a partner of the Vendor and nothing in this Agreement shall be construed so as to make the Purchaser an owner of the Lands for any purpose until the Closing Date.
- 7.3. Notices.**

(1) Addresses for Notice. Any notice, request, consent, acceptance, waiver or other communication required or permitted to be given under this Agreement (a "**Notice**") shall be in writing and shall be deemed to have been sufficiently given or served for all purposes on the date of delivery if it is delivered by a recognized courier service or sent by facsimile to the parties at the applicable address set forth below:

- (a) in the case of the Vendor addressed to it at:

NAFA Properties Inc.  
 65 Skyway Avenue  
 Toronto, Ontario  
 M9W 6C7  
 Attention: Douglas Lawson  
 Facsimile: (416) 675-6865

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with a copy to:

Deloitte Restructuring Inc.  
CCAA Monitor of NAFA Properties Inc.  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Attention: Jordan Sleeth, SVP  
Email: [jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)

And to:

Miller Thomson LLP  
Counsel to Deloitte Restructuring Inc.  
Scotia Plaza  
40 King Street West, Suite 5800  
Toronto, ON M5H 3S1  
Attention: Kyla Mahar  
Email: [kmahar@millertomson.com](mailto:kmahar@millertomson.com)

Blaney McMurtry LLP  
Counsel to NAFA Properties Inc.  
2 Queen Street East, Suite 1500  
Toronto, Ontario  
M5C 3G5

Attention: Roman Pekaruk  
Facsimile: 416-594-5097

(b) in the case of the Purchaser addressed to it at:

Gestion Famille Wei Li II inc.  
4455 Cousens  
St-Laurent, QC H4S 1X5

Attention: Mr. John Lee and Ms. Emily Ji  
Facsimile: \_\_\_\_\_

with a copy to:

Lipman, Zener & Waxman PC  
100 Sheppard Avenue East  
Suite 850  
Toronto, Ontario M2N 6N5



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Attention: Jeysa Martinez  
Facsimile: (416) 789-9015

(2) Change of Address for Notice. By giving to the other party at least three (3) days' Notice, any party may, at any time and from time to time, change its address for delivery or communication for the purposes of this Section 7.3.

- 7.4. Further Assurances.** Each of the parties shall execute and deliver all such further documents and do such other things as the other party may reasonably request to give full effect to this Agreement.
- 7.5. Lawyers as Agents.** Notices, approvals, waivers and other documents permitted, required or contemplated by this Agreement may be given or delivered by the parties or by their respective solicitors on their behalf.
- 7.6. Assignment.** This Agreement and the benefit of all covenants contained herein and any documents delivered or interests created pursuant to the terms hereof shall not be assigned by the Purchaser without the consent of the Vendor, which consent may be withheld in the sole and absolute discretion of the Vendor. Notwithstanding the foregoing, the Purchaser shall have the right, following delivery by the Purchaser of the Notice of the waiver or satisfaction of the condition contained in Section 4.2(a), without the consent of, but on prior Notice to, the Vendor, to assign its interest in this Agreement to an affiliated or related Person, provided that upon such assignment, the Purchaser provide evidence of such affiliation or relation and that the Purchaser shall not be released from its obligations under this Agreement until Closing has occurred.
- 7.7. Costs.** Save as otherwise specifically provided, each of the Parties hereto shall be responsible for and shall pay all taxes, costs, expenses and legal or other fees incurred by it in connection with the negotiations, settlement and execution of this Agreement and all matters related thereto and shall indemnify and hold harmless the other Parties from and against any and all Claims in respect of any such expenses, costs or fees.
- 7.8. Real Estate Broker or Agent Fees.** The Vendor hereby indemnifies and saves harmless the Purchaser from any and all Claims made against the Purchaser in respect of any commissions or fees that may be claimed by real-estate broker or agent used or retained by the Vendor. The Purchaser hereby indemnifies and saves harmless the Vendor from any and all Claims made against the Vendor in respect of any commissions or fees that may be claimed by real-estate broker or agent used or retained by the Purchaser. The Parties to this transaction hereby acknowledge that the Listing Broker and Co-operating Broker are the same firm, and the Vendor and Purchaser consented to such dual agency.
- 7.9. Non-Merger.** None of the provisions of this Agreement shall merge in the deeds or transfers of the Lands or any other document delivered on the Closing Date and such provisions shall survive the Closing Date, subject to the provisions of Section 3.3 of this Agreement.
- 7.10. Successors and Assigns.** This Agreement shall enure to the benefit of and shall be binding upon the parties, shall be binding upon their respective successors and permitted assigns

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and shall enure to the benefit of and be enforceable only by such successors and permitted assigns that have succeeded or which have received such assignment in the manner permitted by this Agreement.

- 7.11. No Registration of Agreement.** The Purchaser covenants and agrees not to register this Agreement or any notice of this Agreement on title to the Lands.
- 7.12. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or other form of electronic communication reproducing an original and the parties adopt any signatures received by such electronic communication which shall be equally binding and duly accepted as original signatures of the parties.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement.

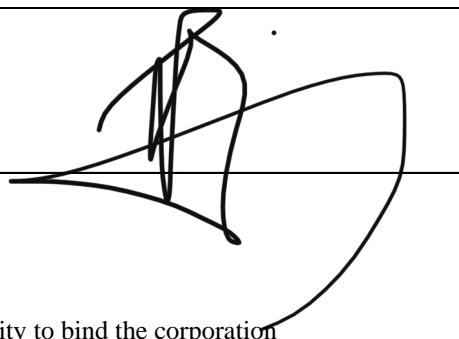
**GESTION FAMILLE WEI LI II INC.  
WEI LI FAMILY HOLDING II INC.**

By: \_\_\_\_\_

Name:  
Title:

By: \_\_\_\_\_

Name:  
Title:



I/We have authority to bind the corporation

**DELOITTE RESTRUCUTING INC.  
IN ITS CAPACITY AS CCAA MONITOR  
OF NAFA PROPERTIES INC.  
BY AND ON BEHALF OF NAFA  
PROPERTIES INC.**

By: Jorden Sleeth

Name: Jorden Sleeth  
Title: Senior Vice President, Deloitte  
Restructuring Inc.

I/We have authority to bind the corporation

**SCHEDULE A****LANDS*****Firstly Lands (Main Ground Lease):*****Part of PIN 07424-0195 (LT):**

Part of Lot 21, Concession 3 Fronting the Humber River, Etobicoke, being designated as Part 3 on 64R-8647; Subject to Debts in EB373597; Subject to EB529811; Toronto (Etobicoke); City of Toronto

***Secondly Lands (City Ground Lease):*****Part of PIN 07424-0200 (LT):**

Part of Lot 21, Concession 3 Fronting the Humber River, Etobicoke closed by EB528845 being designated as Parts 1 and 2 on 64R-8647; Subject to EB529811; Toronto (Etobicoke); City of Toronto

## SCHEDULE B

### PERMITTED ENCUMBRANCES

#### *General*

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any mines and minerals in the Crown or in any other person.
2. Subdivision agreements, site plan control agreements, servicing or industrial agreements, utility agreements, airport zoning regulations and other similar agreements with government authorities or private or public utilities affecting the development or use of the Property, provided same have been complied with.
3. Any easements or rights of way in favour of any governmental authority, any private or public utility, any railway company or any adjoining owner provided same have been complied with.
4. The exceptions and qualifications contained in Section 44(1) of the *Land Titles Act* (Ontario), except paragraphs 1, 2, 3, 5, 6, 8, 9, 11 and 14, provincial succession duties and escheats and forfeiture to the Crown.
5. Liens for taxes, rates, assessments or governmental charges or levies not yet due and payable.
6. Title defects or irregularities which do not, in the aggregate, materially impair the use or marketability of any of the Purchased Assets for which it is presently used.
7. Subleases and any notices of such subleases registered on title to any Property, including all easements, rights of way, restrictions, restrictive covenants, servitudes and other similar rights in land contained in the subleases, and any leasehold mortgages or security interests or other liens relating to the subtenants or the subtenants' interest in respect thereof and which do not encumber the interest of the landlord thereunder, in all cases, provided they relate to existing leases and subleases in connection with the Property.
8. Encroachments by the Property over adjoining lands or easements, or rights of way and/or improvements on adjoining lands encroaching on any Property as would be disclosed by an up-to-date plan of survey, which do not, in the aggregate, materially impair the use or marketability of any Property for the purposes for which it is presently used.
9. The provisions of applicable law including, without limitation, zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, municipal or other governmental bodies or regulatory authorities, including municipal by-laws and regulations, airport zoning regulations, restrictive covenants and other land use limitations, public or private, by-laws and regulations and other restrictions as to the use of any Property which do not, in the aggregate, materially impair the use or marketability of any Property for the purposes for which it is presently used.

10. Any rights of expropriation, access or use or any other similar rights conferred or reserved by or in any statutes of Canada or the Province of Ontario.

***Specific – Main Ground Lease Lands***

1. Instrument No. EB373297, registered August 12, 1970, being a transfer.
2. Instrument No. EB412063, registered January 29, 1973, being a notice.
3. Reference Plan No. 64R-3413, deposited January 23, 1974.
4. Instrument No. EB434528, registered June 5, 1974, being a notice of lease.
5. Reference Plan No. 64R-7996, deposited October 10, 1979.
6. Instrument No. EB521973, registered March 28, 1980, being an assignment of lease.
7. Reference Plan No. 64R-8647, deposited September 12, 1980.
8. Instrument No. EB528844, registered October 2, 1980, being an agreement.
9. Instrument No. EB529811, registered October 30, 1980, being a transfer of easement
10. Instrument No. EB529856, registered October 30, 1980, being a notice of lease.
11. Instrument No. EB530152, registered November 4, 1980, being an agreement.
12. Instrument No. EB530258, registered November 6, 1980, being a lease.
13. Instrument No. EB537697, registered June 8, 1981, being a lease.
14. Instrument No. EB540360, registered August 10, 1981, being an acknowledgment.
15. Instrument No. TB288766, registered December 4, 1985, being an assignment of lease.
16. Instrument No. TB291556, registered December 17, 1985, being a charge.
17. Instrument No. TB296815, registered January 17, 1986, being an assignment of lease.
18. Instrument No. TB366644, registered November 4, 1986, being an agreement.
19. Instrument No. TB375487, registered December 8, 1986, being a lease.
20. Instrument No. TB396460, registered March 13, 1987, being an agreement.
21. Instrument No. TB419322, registered June 5, 1987, being a debenture.
22. Instrument No. TB419504, registered June 5, 1987, being an assignment general.
23. Instrument No. TB464831, registered November 25, 1987, being a notice of lease.

24. Instrument No. TB478920, registered January 28, 1991, being an agreement.
25. Instrument No. TB760211, registered May 31, 1991, being a transfer.
26. Instrument No. TB893345, registered April 5, 1993, being a notice.
27. Instrument No. CA311546, registered October 18, 1994, being a transfer.
28. Instrument No. CA339842, registered April 5, 1995, being a notice.
29. Instrument No. CA342980, registered April 28, 1995, being an agreement.
- 30.** Instrument No. CA387591, registered January 23, 1996, being a notice.
- 31.** Instrument No. CA387592, registered January 23, 1996, being a notice.
- 32.** Instrument No. CA387593, registered January 23, 1996, being a notice.
- 33.** Instrument No. CA387594, registered January 23, 1996, being a notice.
34. Instrument No. CA387596, registered January 23, 1996, being an agreement.
35. Instrument No. CA662395, registered April 28, 2000, being a notice.
36. Reference Plan No. 66R-21954, deposited August 8, 2005.
37. Instrument No. AT1090598, registered March 21, 2006, being a notice.
38. Instrument No. AT1255958, registered September 15, 2006, being a transmission by personal representative.
39. Instrument No. AT2453920, registered July 21, 2010, being a transfer by personal representative – land.
40. Instrument No. AT2472527, registered August 11, 2010, being a transfer by personal representative.
41. Instrument No. AT4174167, registered March 23, 2016, being an Application to Change Name – Instrument.
42. Instrument No. AT4174168, registered March 23, 2016, being an Application to Change Name – Instrument.
- 43.** Instrument No. AT4492753, registered February 22, 2017, being a notice of assignment of lessee interest.
44. Instrument No. AT4492755, registered February 22, 2017, being a notice of assignment of lessee interest.

*Specific – City Ground Lease Lands*

1. Instrument No. EB3755135, registered October 1, 1970, is a department of highways transfer plan.
2. Instrument No. EB412063, registered January 29, 1973, being a notice.
3. Reference Plan 64R-7996, deposited October 10, 1979.
4. Reference Plan 64R-8647, deposited September 12, 1980.
5. Instrument No. EB528845, registered October 2, 1980, being a bylaw.
6. Instrument No. EB529811, registered October 30, 1980, being a transfer of easement.
7. Instrument No. EB529855, registered October 30, 1980, being a lease.
8. Instrument No. EB530152, registered November 4, 1980, being an agreement.
9. Instrument No. EB530258, registered November 6, 1980, being a lease.
10. Instrument No. EB537696, registered June 8, 1981, being a lease.
11. Instrument No. EB540360, registered August 10, 1981, being an acknowledgement.
12. Instrument No. TB288767, registered December 4, 1985, being an assignment of lease.
13. Instrument No. TB296816, registered January 17, 1986, being an assignment of lease.
14. Instrument No. TB419322, registered June 5, 1987, being a debenture
15. Instrument No. TB419504, registered June 5, 1987, being an assignment general.
16. Instrument No. TB464831, registered November 25, 1987, being a notice of lease.
17. Instrument No. TB478544, registered January 27, 1988, being an agreement.
18. Instrument No. TB760210, registered May 31, 1991, being a transfer
19. Instrument No. CA339842, registered April 5, 1995, being a notice.
20. Instrument No. CA387591, registered January 23, 1996, being a notice.
21. Instrument No. CA387592, registered January 23, 1996, being a notice.
22. Instrument No. CA387593, registered January 23, 1996, being a notice.
23. Instrument No. CA387594, registered January 23, 1996, being a notice.
24. Instrument No. CA387595, registered January 23, 1996, being an agreement.



25. Instrument No. CA662395, registered April 28, 2000, being a notice.
26. Instrument No. AT1090598, registered March 21, 2006, being a notice.
27. Instrument No. AT4492754, registered February 22, 2017, being a notice of assignment of lessee interest.
28. Instrument No. AT4492755, registered February 22, 2017, being a notice of assignment of lessee interest.

## SCHEDULE B-2

### DETAILS OF GROUND LEASES

#### Main Ground Lease:

- A. By a lease dated July 30, 1973, and registered on June 5, 1974 as Instrument No. EB434528 certain parcels of lands including that part now designated as part of Lot 21, Concession 3 fronting the Humber River, Etobicoke, and being designated as Part 3 on Plan 64R-8647 were leased by Samuel Black, Joseph Black, Norman Black, and Beatrice Wintrob (the "**Blacks and Wintrob**"), as landlords, to Rockford Developments Limited ("**Rockford**") as tenant, for a term expiring February 28, 2073 (the "**Original Head Lease**");
- B. By an assignment of lease dated March 17, 1980, and registered on March 28, 1980 as Instrument No. EB521973, Rockford assigned an undivided one-half interest in the Original Head Lease to Imbrook Properties Limited ("**Imbrook**");
- C. The Original Head Lease permits certain "peel off" leases;
- D. By a peel off lease dated October 1, 1980, a notice of which was registered on October 30, 1980 as Instrument No. EB529856 (the "**Main Lease**"), among the Blacks and Wintrob, as landlord, and Rockford and Imbrook, as tenant, and Louis Frieberg and Gerda Frieberg, as guarantors, Rockford and Imbrook acquired a leasehold interest in Part 3 on Plan 64R-8647 (the "**Main Lease Lands**");
- E. By sublease dated as of October 1, 1980, notice of which was registered on November 6, 1980 as Instrument No. EB530258, Rockford and Imbrook, as sublandlord, subleased the Main Lease Lands to Hudson's Bay Company Developments Limited ("**Hudson's Bay**"), as subtenant, for a term and upon conditions as set forth therein (the "**Sublease**");
- F. Section 17.01 of the Sublease granted to the subtenant thereunder the right to purchase all of the leasehold interest of Rockford and Imbrook in the Main Lease Lands together with any options contained therein, effective March 1, 1999;
- G. Hudson's Bay exercised the option to purchase contained in Section 17.01 of the Sublease and obtained an assignment of the leasehold interest of Rockford and Imbrook in and to the Main Lease Lands, such assignment to be effective March 1, 1999 with the Sublease remaining in full force and effect until such date, and Hudson's Bay obtained an acknowledgement of receipt of consideration for such assignment by Rockford and Imbrook which was registered on August 10, 1981 as Instrument No. EB540360;
- H. Hudson's Bay, as assignor, assigned to Hudson's Bay Company Fur Sales International Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective as of March 1, 1999 by assignment dated January 16, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387591;
- I. Hudson's Bay Company Fur Sales International Limited, as assignor, assigned to Hudson's Bay Company Fur Sales Canada Limited, as assignee, its leasehold interest in the Main Lease

Lands and the Sublease effective March 1, 1999 by assignment dated February 1, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387592;

J. Hudson's Bay Company Fur Sales Canada Limited changed its name to Hudson's Bay New York Inc. by certificate of amendment dated March 13, 1987, a certified copy of which was deposited on August 25, 1995, as Instrument No. CA362651;

K. Hudson's Bay New York Inc., as assignor, assigned to Markborough Properties Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective March 1, 1999 by assignment dated April 30, 1988, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387593;

L. Markborough Properties Limited changed its name to Markborough Properties Inc. by certificate of amendment dated March 4, 1989, a certified copy of which was deposited on July 10, 1989 as Instrument No. TB618074;

M. Markborough Properties Inc. thereafter continued into Ontario, and amalgamated with Cambridge Shopping Centres Limited effective June 9, 1997 to become Cambridge Shopping Centres Limited;

N. Imbrook assigned its interest in the Main Lease to EL EF Investments Inc. by assignment dated as of November 25, 1985, notice of which assignment was registered December 4, 1985 as Instrument No. TB288766;

O. Rockford assigned its interest in the Main Lease to 908498 Ontario Limited and Vinca Estates Limited, as trustee for Rockford by an assignment dated December 19, 1990, notice of which assignment was registered May 31, 1991 as Instrument No. TB760211;

P. Pursuant to the option to purchase (detailed in recitals E, F and G above), effective March 1, 1999, Cambridge Shopping Centres Limited acquired the interest of EL EF Investments Inc., the interest of 908498 Ontario Limited and the interest of Vinca Estates Limited as trustee for Rockford including the interest of Rockford in the Main Lease;

Q. Cambridge Shopping Centres Limited amalgamated with Ivanhoe Ontario Inc. effective August 13, 2001 and continued as Ivanhoe Cambridge I Inc.; and

R. Ivanhoe Cambridge I Inc. assigned its beneficial interest in the Main Lease to Ivanhoe Cambridge II Inc. effective August 15, 2001.

T. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Main Lease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492753.

**City Ground Lease:**

A. By a lease dated October 1, 1980, notice of which was registered on October 30, 1980 as Instrument No. EB529855 (the "**City Lease**"), among The Corporation of the Borough of Etobicoke as landlord and Rockford and Imbrook as tenant, with the Blacks and Wintrob, as

landlords to the Original Head Lease, Rockford and Imbrook acquired a leasehold interest in that part of Lot 21, Concession 3 fronting the Humber River, Etobicoke and being designated as Parts 1 and 2 on Plan 64R-8647 (the "**City Lease Lands**"), upon the terms and conditions contained therein;

B. Pursuant to the City of Toronto Act, 1997 S.O. 197, c.2, The Corporation of the Borough of Etobicoke, together with other municipalities, amalgamated to continue as City of Toronto, on January 1, 1998;

C. By sublease dated as of October 1, 1980, notice of which was registered on November 6, 1980 as Instrument No. EB530258, Rockford and Imbrook, as sublandlord, subleased the City Lease Lands to Hudson's Bay as subtenant for a term and upon conditions as set forth therein (the "**Sublease**");

D. Section 17.01 of the Sublease granted to the subtenant thereunder the right to purchase all of the leasehold interest of Rockford and Imbrook in the City Lease Lands together with any options contained therein, effective March 1, 1999;

E. Hudson's Bay exercised the option to purchase contained in Section 17.01 of the Sublease and obtained an assignment of the leasehold interest of Rockford and Imbrook in and to the City Lease Lands, such assignment to be effective March 1, 1999 with the Sublease remaining in full force and effect until such date. and Hudson's Bay obtained an acknowledgement of receipt of consideration for such assignment by Rockford and Limited which was registered on August 10, 1981 as Instrument No. EB540360;

F. Hudson's Bay, as assignor, assigned to Hudson's Bay Company Fur Sales International Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective as of March 1, 1999 by assignment dated January 16, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387591;

G. Hudson's Bay Company Fur Sales International Limited, as assignor, assigned to Hudson's Bay Company Fur Sales Canada Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective March 1, 1999 by assignment dated February 1, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387592;

H. Hudson's Bay Company Fur Sales Canada Limited changed its name to Hudson's Bay New York Inc. by certificate of amendment dated March 13, 1987, a certified copy of which was deposited on August 25, 1995, as Instrument No. CA362651;

I. Hudson's Bay New York Inc., as assignor, assigned to Markborough Properties Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective March 1, 1999 by assignment dated April 30, 1988, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387593;

J. Markborough Properties Limited changed its name to Markborough Properties Inc. by certificate of amendment dated March 4, 1989, a certified copy of which was deposited on July 10, 1989 as Instrument No. TB618074;

- K. Markborough Properties Inc. thereafter continued into Ontario, and amalgamated with Cambridge Shopping Centres Limited effective June 9, 1997 to become Cambridge Shopping Centres Limited;
- L. Imbrook assigned its interest in the City Lease to EL EF Investments Inc. by assignment dated as of November 25, 1985, notice of which assignment was registered December 4, 1985 as Instrument No. TB288767;
- M. Rockford assigned its interest in the City Lease to 908498 Ontario Limited and Vinca Estates Limited, as trustee for Rockford by an assignment dated December 19, 1990, notice of which assignment was registered May 31, 1991 as Instrument No. TB760210;
- N. Pursuant to the option to purchase (detailed in recitals C, D and E above), effective March 1, 1999, Cambridge Shopping Centres Limited acquired the interest of EL EF Investments Inc., the interest of 908498 Ontario Limited and the interest of Vinca Estates Limited as trustee for Rockford including the interest of Rockford, in the City Lease;
- O. Cambridge Shopping Centres Limited amalgamated with Ivanhoe Ontario Inc. effective August 13, 2001 and continued as Ivanhoe Cambridge I Inc.; and
- P. Ivanhoe Cambridge I Inc. assigned its beneficial interest in the City Lease to Ivanhoe Cambridge II Inc. effective August 15, 2001.
- Q. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Main Lease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492754.

**SCHEDULE C**

**CHATELS**

To be determined

This is Exhibit "E" referred to in the Affidavit of Douglas Lawson  
sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.



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*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

## Ariyana Botejue

---

**From:** Roman Pekaruk  
**Sent:** Friday, February 5, 2021 9:13 AM  
**To:** 'Stephen Posen'  
**Cc:** 'Mahar, Kyla'  
**Subject:** Request for Landlord Consent - 65 Skyway Avenue - NAFA Properties Inc. s/t Gestion Famille Wei Li II Inc./Wei Li Family Holdings Inc.  
**Attachments:** Landlord Sol Feb 5 2021.pdf; Agreement of Purchase and Sale - Wei Li-NAFA Dec 11 2020.pdf

Hello Stephen,  
Hope you are keeping well.

As you are aware, we act for NAFA Properties Inc. Our client has entered into an Agreement of Purchase and Sale, a copy of which is attached, relating to the sale of its leasehold interest in the Property. As such, please find attached our letter requesting the consent of the Landlords, being Meadowvale Land Limited, Rebecca's Gift Holdings Limited, 1350739 Ontario Limit and The Estate of Joseph Black, relating to NAFA Properties Inc.'s assignment of its interest in the Property to the Purchaser together with outlining various information relating to the transaction, the Purchaser and the proposed covenantor which you have requested in the past.

As there are numerous additional attachments to this e-mail, we have made these available via the link below. Please note that this link is only temporary and will expire in the next couple of weeks. As such, please ensure you download all required materials prior to the expiry of the link.

<https://transfer.blaney.com/public/folder/34mtFybw6E2NJwzYqKesGQ/Disclosure%20Materials%20for%20Minden%20Gross>

After you have reviewed our letter together with the enclosures referred to therein, please let me know if you require any additional materials at this time.

We trust you will find the above in order and we look forward to your response.

Regards,  
Roman



Roman Pekaruk

[rpekaruk@blaney.com](mailto:rpekaruk@blaney.com)

☎416-597-4896 | ☎416-594-5097

🌐 [Blaney.com](http://Blaney.com)



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Roman Pekaruk  
D:416-597-4896 F: 416-594-5097  
rpekaruk@blaney.com

February 5, 2021

**DELIVERED VIA E-MAIL**

Minden Gross LLP  
Barristers & Solicitors  
145 King Street West, Suite 2200  
Toronto, Ontario  
M5H 4G2

**Attention: Stephen Posen**

Dear Sir:

**Re: NAFA Properties Inc. (the “Vendor”) proposed sale to Gestion Famille Wei Li II Inc./Wei Li Family Holding II Inc. (the “Purchaser”) of the leasehold interest in 65 Skyway Avenue, Etobicoke, Ontario (the “Property”)**

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As you are aware, we act for the Vendor. The Vendor and Purchaser have entered into an Agreement of Purchase and Sale, a copy of which is attached, relating to the sale of the Vendor’s leasehold interest in the Property to the Purchaser. The transaction has a tentative closing date of March 8, 2021 and we are writing to you to seek your clients’, as one set of the landlords of the Property, consent to assign the Vendor’s leasehold interest to the Purchaser.

We have been advised that, on closing, the Purchaser is to be the registered and beneficial owner of the leasehold interest in the Property and the Purchaser anticipates subleasing the Property to Sinobec Group Inc. (“Sinobec”). The sub-lease arrangement is similar to what is currently in place with the Vendor and North American Fur Auctions Inc. While the Purchaser is a fairly new corporation which was incorporated on March 3, 2020, the Purchaser is part of a vast organizational structure that has an extensive history in the acquisition and management of commercial real estate. We attach hereto a copy of the Organizational Chart which provides an outline of this structure and the industries in which the Purchaser and its related entities are involved.

Please note that we have been advised that Sinobec is prepared to provide its covenant relating to the leasehold interest to the Property.

To assist with the processing of our request, we have compiled various information from the Purchaser and Sinobec and attach copies hereto financial statements for each of them. In addition, to assist with determining the viability of Sinobec, as a Covenantor, we have attached hereto: (1) a brochure outlining the corporation, its markets and products and anticipated new ventures; and (2) a congratulatory letter from BDC dated October 15, 2020 with respect to Sinobec being named one of the top growing companies in Canada.

With respect to the proposed use of the Property, the Purchaser has advised that the Property will be used for various uses in which the Purchaser and its related entities are involved. The primary use is anticipated to be for Mantab frozen food and dry food supply to Costco which is estimated to use approximately 50% of the space of the warehouse with the existing cooler to change to frozen storage (<https://www.mantab.com/>). The anticipated uses for the rest of the Property include: (1) Medsup Canada for PPE products and health products supply to Costco and the Canadian federal government and Ontario government (<https://www.medsupmedical.com/>); (2) a facility to auction wine, dry food, health products and electronics; and (3) a show room for outdoor living products.

With respect to the covering of your fees, as this was a previous concern of your client with respect to our previous request, we refer you to Section 4.7 wherein the Purchaser has agreed that it shall solely be responsible to pay and shall pay the legal fees incurred in granting the requested consent.

Lastly, the Purchaser has requested that we outline some of its proposed renovations to the Property and a summary is provided below. The Purchaser is not looking for the consent of your clients for the renovations prior to closing but please advise of any concerns so we may pass these along to the Purchaser.

## **Renovations**

### **Loading dock area**

Outside - The possible expansion of the outside parking / loading area of the loading dock due to the limited space provided. It appears that the area is only currently capable for one standard 40ft truck load parking. Other vehicles or trucks cannot drive thru that area once a truck is parked at one of these docks for loading.

Inside - If outside expansion is limited or fixed as it is, another consideration is to demolish the loading docks area for a rebuild and extension. This includes the possible demolition of the wall between the warehouse and the loading dock area in an attempt to open space in order to work more efficiently with respect to frequent daily transactions.

### **Roof ceiling – Warehouse area**

Possibly increasing the height from 18ft to 24ft or above, with more space provided as for the Purchaser's majority storage purpose.

### **Food Grade Cooler Upgrade**

The current cooler system is not suitable for the Purchaser's needs (food storage and distribution). Frozen storage is required to be minus 20 degrees as per the food industry.

### **Miscellaneous**

Warehouse floor resurface or epoxy.

Interior office area – minor renovation if needed.

- 3 -

We trust you will find the above satisfactory to proceed with the obtaining of your clients' consent. Please let us know if you have any additional requirements at this time. Given the Purchaser's Due Diligence Date is fast approaching, being February 22, 2021, we would appreciate your early response and hope that we can move forward to a successful completion of the Vendor's sale of its leasehold interest in the Property.

Yours very truly,  
**Blaney McMurtry LLP**



Roman Pekaruk  
RP/rp  
encl.

cc: Kyla Mahar, Miller Thomson LLP

This is Exhibit "F" referred to in the Affidavit of Douglas Lawson  
sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.

A handwritten signature in black ink, appearing to read "Stephen Gaudreau". The signature is fluid and cursive, with a long horizontal stroke at the end.

---

*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**

## Ariyana Botejue

---

**From:** Roman Pekaruk  
**Sent:** Tuesday, February 9, 2021 12:29 PM  
**To:** 'Emily.Ng@toronto.ca'  
**Cc:** 'Mahar, Kyla'  
**Subject:** Sale of 65 Skyway Avenue - Request for Landlord Consent  
**Attachments:** City Sol Feb 9 2021.pdf; Agreement of Purchase and Sale - Wei Li-NAFA Dec 11 2020.pdf; Balance Sheet-WEi li family II holding 20201031.pdf; Income Statement-2019-2020.pdf; Sinobec Brouchure - 20200908.pdf; Sinobec Group Organization Chart 20201215.pdf

Hello Emily,  
I hope you are keeping well.

As you may recall, we act for NAFA Properties Inc. Our client has entered into an Agreement of Purchase and Sale, a copy of which is attached, relating to the sale of its leasehold interest in the Property. As such, please find attached our letter requesting the consent of the City of Toronto, as landlord for part of the Property, relating to NAFA Properties Inc.'s assignment of its interest in the Property to the Purchaser together with outlining various information relating to the transaction and the Purchaser.

After you have reviewed our letter together with the enclosures referred to therein, please let me know if you require any additional materials at this time.

We trust you will find the above in order and we look forward to your response.

Regards,  
Roman



Roman Pekaruk

[rpekaruk@blaney.com](mailto:rpekaruk@blaney.com)

☎416-597-4896 | ☎416-594-5097

🌐[Blaney.com](http://Blaney.com)



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Roman Pekaruk  
D:416-597-4896 F: 416-594-5097  
rpekaruk@blaney.com

February 8, 2021

**DELIVERED VIA E-MAIL**City of Toronto  
55 John Street  
Toronto, Ontario  
M5V 3C6**Attention: Emily Ng – Solicitor, Real Estate Section**

Dear Sir:

**Re: NAFA Properties Inc. (the “Vendor”) proposed sale to Gestion Famille Wei Li II Inc./Wei Li Family Holding II Inc. (the “Purchaser”) of the leasehold interest in 65 Skyway Avenue, Etobicoke, Ontario (the “Property”)**

---

As you may recall, we act for the Vendor. The Vendor and Purchaser have entered into an Agreement of Purchase and Sale, a copy of which is attached, relating to the sale of the Vendor's leasehold interest in the Property to the Purchaser. The transaction has a tentative closing date of March 8, 2021 and we are writing to you to seek the City of Toronto's, as one of the landlords of the Property, consent to assign the Vendor's leasehold interest to the Purchaser.

We have been advised that, on closing, the Purchaser is to be the registered and beneficial owner of the leasehold interest in the Property. While the Purchaser is a fairly new corporation which was incorporated on March 3, 2020, the Purchaser is part of a vast organizational structure that has an extensive history in the acquisition and management of commercial real estate. We attach hereto a copy of the Organizational Chart which provides an outline of this structure and the industries in which the Purchaser and its related entities are involved.

To assist with the processing of our request, we have compiled various information from the Purchaser and attach copies of the financial statements for the Purchaser for your records. In addition, to assist with understanding the various businesses in which the Purchaser and its related entities are involved, we attach hereto a brochure outlining the business of the Purchaser and its related entities (most notably Sinobec Group Inc.). This brochure provides you with a brief history of the group of entities in which the Purchaser is part of.

With respect to the proposed use of the Property, the Purchaser has advised that the Property will be used for various uses in which the Purchaser and its related entities are involved. The primary use is anticipated to be for Mantab frozen food and dry food supply to Costco which is estimated to use approximately 50% of the space of the warehouse with the existing cooler to change to frozen storage (<https://www.mantab.com/>). The anticipated uses for the rest of the Property include: (1) Medsup Canada for PPE products and health products supply to Costco and the Canadian federal government and Ontario government (<https://www.medsupmedical.com/>);

- 2 -

(2) a facility to auction wine, dry food, health products and electronics; and (3) a show room for outdoor living products.

With respect to the covering of your fees, we refer you to Section 4.7 wherein the Purchaser has agreed that it shall solely be responsible to pay and shall pay the legal fees incurred in granting the requested consent. I believe that the when our previous request was processed, this was indicated to be in the amount of \$257.72 plus HST. Please confirm this is still the case and whether any additional fees remain outstanding by the Vendor.

We trust you will find the above satisfactory to proceed with the obtaining of your clients' consent. Please let us know if you have any additional requirements at this time. Given the Purchaser's Due Diligence Date is fast approaching, being February 22, 2021, we would appreciate your early response and hope that we can move forward to a successful completion of the Vendor's sale of its leasehold interest in the Property.

Yours very truly,  
**Blaney McMurtry LLP**



Roman Pekaruk  
RP/rp  
encl.

cc: Kyla Mahar, Miller Thomson LLP

This is Exhibit "G" referred to in the Affidavit of Douglas Lawson  
sworn remotely in the same city this 1<sup>st</sup> day of April, 2020.

A handwritten signature in black ink, appearing to read "Stephen Gaudreau". The signature is written in a cursive style with a long horizontal flourish at the end.

---

*Commissioner for Taking Affidavits (or as may be)*

**Stephen Gaudreau**



# NORTH AMERICAN FUR AUCTIONS INC. ("NAFA")

A Unique Investment  
Opportunity



**March 2021**

# NAFA OVERVIEW

North American Fur Auctions Inc. (“NAFA” or “Company”) is seeking expressions of interest to discuss a possible equity investment in or sale of its business.

NAFA was, prior to 2020, the third largest fur auction house in the world, conducting over US\$200 million in ranched and wild fur auction sales each year. Due to the dramatic reduction in worldwide mink and wild fur commodity prices over the past few years, as well as the subsequent impact of the COVID 19 pandemic on international travel, trade and retail demand, NAFA shuttered its facilities in 2020 and suspended auction operations. NAFA retains the necessary infrastructure to resume operations with new capital.

The North American fur market is clearly missing a truly producer-oriented North American auction house. With the impending shut down of Copenhagen Furs, and the uncertain regulatory regimes in Europe, North America is the obvious location from which to operate a successful fur auction business.

The worldwide market for fur is widely expected to see a dramatic turnaround in 2021 from near historic low commodity prices to more profitable pricing. This, plus the reduction of supply caused by COVID 19 culls of mink farming as well as the attrition to the farming community caused by the 2018-2020 price slump, has reversed the supply and demand trend, signaling materially higher prices and profits to come in the fur auction business going forward.

NAFA has been, and remains, in a formal administration under the Canadian Companies’ Creditors Arrangement Act (“CCAA”) since November 2019. In this process, NAFA remains under the care and control of its management and directors. NAFA is empowered, under that statute, and by Court order, to explore all restructuring opportunities including the sale of any or all of its assets or further investment. Any sale or investment in the business can be made on the basis that the new investor and the new business will have no liability for any existing liabilities of NAFA. Any sale or material investment in NAFA will be subject to the review and approval by the Court.

For all intents and purposes, NAFA can provide, or can easily identify, all of the assets which would be required by any party that wishes to re-start a fur auctioning business. These assets could provide a “turn-key” solution to the business. NAFA can either emerge from its restructuring through the injection of new capital, or it can be sold to a new party.

# SUMMARY OF INVESTMENT OPPORTUNITY<sup>113</sup>

- I. Turn Key operation able to apply decades of expertise to operate a credible auction as soon as February 2022 if investment secured.
- II. Immediate access to the unique Canadian wild fur market and North America fur market.
- III. North America provides a fur friendly legislative regime and political stability.
- IV. Existing key permits and shipping know how which enables the sale, import and export of fur.
- V. Existing and trained personnel available to collect, grade and auction fur.
- VI. Collapse of European auction house, Kopenhagen Fur, and unsatisfactory sales of North American product in European auctions in 2020 demonstrates need for North American auction house. North American producers in particular are looking to stay home in 2022 and beyond.
- VII. An investor would have the support of local North American fur associations, key members of whom are shareholders and directors of NAFA.
- VIII. NAFA is the owner of the industry leading Blackglama brand and other valuable intellectual property.
- IX. Court Administration process allows for sale or investment without a new investor inheriting legacy issues. The business can be delivered free and clear of any existing liabilities.
- X. Business can be acquired in whole or in parts, and redesigned to fit new business models without inheriting the legacy costs normally caused by the redesign of a business model. An investor with a business plan can pick and choose.

Upon execution of a confidentiality agreement, further information will be made available to interested parties.  
[insert contact details]

## Disclaimer:

**This document is for informational purposes only. The information contained herein pertaining to NAFA, its assets or business is based on data provided by its management or its websites. No authoritative party expressly warrants the veracity of such information. The information contained in this document may be subject to change, revision or republishing and, in due course, may be subject to material change. NAFA makes no representations or warranties, expressed or implied, as to the accuracy, completeness, or reliability of the information contained in this document. Furthermore, NAFA is not obligated to provide any additional information to interest parties, nor update or correct any inaccuracies or errors that may be contained in this document. Any sale or material investment in NAFA will be subject to the review and approval by the Court.**

# BUSINESS OVERVIEW

The principal business of NAFA is the sale of raw fur pelts, primarily mink, at public auction. The Company's trading activities date back to the foundation of the Hudson's Bay Company ("HBC") in 1670. Each year, pelts are received on consignment from producers of ranch raised furs and harvesters of wild furs. The fur pelts are then graded into auction lots of similarly structured items and sold to fur brokers, garment manufacturers and dealers worldwide.

The Company's head office is located in Toronto, Ontario, very close to the Toronto International Airport. NAFA also owns buildings in Stoughton, Wisconsin and Poland, in which it collects and grades fur before that product is shipped onto Toronto where all fur consignments are ultimately consolidated and shipped to international buyers after each applicable auction.

Previously, NAFA solicited raw fur pelts from mink and fox ranchers in North America and Europe, and from wild fur dealers and trappers throughout North America on a consignment basis. Fur consignments were then sorted according to size, shade, colour and quality and finally, catalogued, lotted and offered for sale at public auction.

The auction calendar reflects the incidence of fur harvesting in the Northern Hemisphere, which is most intensive between late November and January. Consequently, the primary auction selling months are between late-February to June, with over 80% of the business done in this period. Auctions are conducted up to three times each year in Toronto, with the major auctions being held in February/March, May/June and/or July/August. Although no auctions are currently scheduled to be held in 2021 because NAFA did not collect any fur in 2020. NAFA would be able to conduct auctions as soon as February 2022 if it made it known by the Fall of 2021 that NAFA is able to collect and grade furs.

Attendance at auctions is international and customer support is drawn from the fur manufacturing and merchandising communities, who may be represented by brokers or agents. The principal buying countries include China, Hong Kong and Korea in the Far East; Italy, Greece, Turkey, Spain and the U.K. in Europe; Russia and other former Soviet Bloc countries; as well as the local markets in Toronto and Montreal in Canada, and New York in the U.S. At the largest sales, as many as 400-600 international fur buyers may attend.

During the COVID 19 pandemic, restrictions on international travel has caused the all of the various international fur auction houses to temporarily suspend in-person events and generally conduct online auctions. A broader return to in-person, or live, auctions is anticipated sometime in 2021 as vaccines are administered and the impact of pandemic begins to come under some form of greater control. However, should fur sales continue to be conducted more extensively via online platforms, NAFA has the technical capability to implement remote electronic auctions as well as expertise in putting on its auctions in international venues such as China, Hong Kong, Denmark and Greece.

# INDUSTRY OVERVIEW & OPPORTUNITY

The worldwide fur industry has suffered, and continues to suffer, unprecedented disruption from the COVID-19 pandemic and its accompanying travel restrictions and shipping/import issues as well as its negative impact on most international economies.

In 2020, the fur auctions held by the two major remaining European based auction houses, Kopenhagen Fur of Denmark (“KF”) and Saga Furs of Finland (“Saga”), either experienced selective and limited buying during their online sales held in the early months of 2020. Later, when some buyers could travel to attend a live KF or Saga auction, there continued to be only cautious demand for the offered goods. In general, all of this meant that fur commodity prices, once again, declined, in 2020 until December when a smaller Saga Furs auction finally saw a more significant increase in prices.

In late 2020, the spread of COVID 19 to the Danish mink population resulted in the forced culling and destruction of in excess of 11 million mink. This has resulted in Kopenhagen Fur, a business which relied on those mink for its operations, to signal its intent to cease operations at the end of 2021, as the local Danish fur production has been completely destroyed. It has also resulted in a material and permanent variance in the amount of mink to be produced for sale in 2021 and beyond, providing price stability for some time to come.

At the same time, the Netherlands, which had instituted a ban on fur farming in the country as of the year 2023, also mandated that its remaining fur farms kill all their mink, once again due to COVID-19 concerns, by December 31, 2020.

In Poland, there currently remains a significant amount of political unease about the future of mink farming in that country. Throughout 2020, there have already been numerous attempts by elements of the Polish government to ban mink farming or make it so difficult for these businesses to operate that farmers quit on their own volition.

In many other countries, mink farms have either now pelted out or been closed due to lack of ongoing financial resources created by years of low mink prices. Consequently, it is now clearly evident that there will be a very significant worldwide reduction in available supply of mink, as well as wild fur (due to COVID-19 related collection restrictions), in 2021 and beyond.

By comparison, fur farming in North America, combined with wild fur trapping, maybe the last true bastion of the world’s ongoing fur supply.

Many North American ranchers remain unconvinced that the European auction houses can properly grade, market and properly sell their rather unique product compared to those varieties produced in Europe. Consequently, many farmers continue to hope that a truly viable North American fur marketing entity will re-emerge in the near future that can, once again, better represent, sell and promote their mink and wild fur.

# COMPETITION

The fur auction business is international in scope but with few remaining players. The list below represents the significant fur auction houses on the international scene:

**Kopenhagen Fur** (“KF”) of Denmark is owned by the Danish Fur Breeders Association and annually presents the largest offering of mink available anywhere in the world. The mink is all of European origin, primarily Danish. However, KF is likely to cease operations within two years now that all mink in Denmark has been culled. KF does plan to offer approximately 14 million mink pelts at auctions planned for 2021 and a smaller quantity the following year. The vast majority of the pelts to be offered for sale is believed to come from existing fur inventories (ie., unsold from the 2020 season or held in long-term storages) or mink that was killed in 2020 closer to the harvest season.

**Saga Fur Oyj** (“Saga”) of Finland is majority owned by Finnish fur breeders with a minority public shareholding. It handles primarily Scandinavian blue foxes (approximately 1.5 million) and mink (approximately 6-7 million) which are sold under the “SAGA” label. The ranch mink handled by Saga are, generally, of a more commercial quality. Many farmers send their pelts to Saga only because they lack of other viable selling options.

**American Mink Exchange** (“AME”) of New York is a relatively new fur auction entity that is owned and operated by the Tax Brothers. The Tax Brothers are former fur brokers who saw an opportunity to collect and sell North American mink when American Legend of Seattle, another former auction house, collapsed in 2018. They initially created this business as an alternative to NAFA and formed a sales partnership with KF. AME focuses solely on collecting North American mink. In the past, they would then sell these goods each year at KF sponsored auctions in Denmark. However, with the issues in Denmark, AME has announced that they will conduct joint auctions in 2021 with Fur Harvesters, a Canadian based wild fur auction house. Once again, however, many North American farmers are sending their mink to AME for sale not because of their loyalty to the Tax Brothers but as a result of their dislike for Saga and the lack of other viable selling options.

**Fur Harvesters Auction Inc.**, located in North Bay, Ontario, Canada, competes with NAFA for wild fur consignments in Ontario and certain U.S. states. It is small and more regional in scope and competes only in the wild fur market. There are also a few other regional fur brokers/dealers who conduct a limited amount of business across North America.

# REMAINING NAFA ASSETS

## **Operational Assets:**

NAFA has a state-of-the-art auction/inventory management computer software system which allows NAFA to control and manage millions of pieces of fur inventory around the world, as well as related buyer and seller information. NAFA's software system is scalable and based on an Oracle database that is also highly adaptable.

## **Intangibles:**

NAFA owns a suite of trademarks, including the industry leading "Blackglama" trademark which is the acknowledge world standard for black mink. This trademark is currently licensed to Saga until 2022 but remains the most recognized and preeminent trademark across the global fur industry. NAFA also has lists of fur graders, collectors, collection routes which have enabled it to collect, grade and sell wild and ranched furs. Much of NAFA's principal and skilled staff has been laid off, but many members of that staff continue to be available to be recalled to action if the business were to restart. A core of key executives and employees remain at the business with the key institutional knowledge and contacts.

## **Loan portfolio:**

As part of its business to secure long-term relationships with strategic suppliers of fur, NAFA provided bridge and long-term farming development loans to various farmers around the world. A material amount of these loans remain outstanding and available to be collected. An enterprising asset buyer could acquire these loans and maintain relationships with these key suppliers. These loans could also be purchased by an entity interested in collecting these debts.

## **International collection/logistics locations:**

In addition to its head office facility in Toronto, NAFA maintains warehouse facilities in Wisconsin and Poland. All of these facilities are currently listed for sale but remain unsold and available to operate again if called upon.

## **Deferred Receivables:**

Over the last few years, NAFA made material loans to farmers around the world in the ordinary course of NAFA's business. Those farmers have provided their fur to the remaining international auction houses for sale, given that NAFA was not able to conduct auctions in 2020. Due to the pandemic, a material amount of that product, likely in excess of 50%, will likely now be sold in 2021. NAFA will, therefore, not collect payment on some outstanding loans until 2021, and perhaps beyond this. In almost every case, the farmer in question has executed an assignment of the receivable to NAFA, directing the relevant auction house to make payment directly to NAFA. NAFA is willing to sell these receivables to interested purchasers.

# RATIONALE for INVESTMENT

It has been NAFA's mission to "be the premium seller and cost-efficient consignor service provider of the highest quality and broadest selection of fur pelts globally". While that remains NAFA's aspiration today, it has obviously been impacted by its Court monitored restructuring and recent industry circumstances. Nevertheless, mink farmers and trappers across North America, as well as many in Europe, would welcome NAFA return to the business as they remain less than satisfied with the current alternatives.

Despite NAFA's current circumstance and the unfortunate chain of events that has impacted the Company over the past two years, NAFA name and reputation still remains strong and attractive with many industry players. NAFA continues to receive enquiries about receiving, marketing, and selling goods. In short, many people look forward to the day that NAFA can re-start its business as a newly, reinvigorated company.

Currently, NAFA is exploring avenues to assist both wild fur and ranched fur consignors with the sale of their goods within the trade. NAFA's name is well known everywhere within the industry and this 'private treaty' or 'brokerage' business has been welcomed.



# NEXT STEPS re EXPRESSIONS OF INTEREST<sup>19</sup>

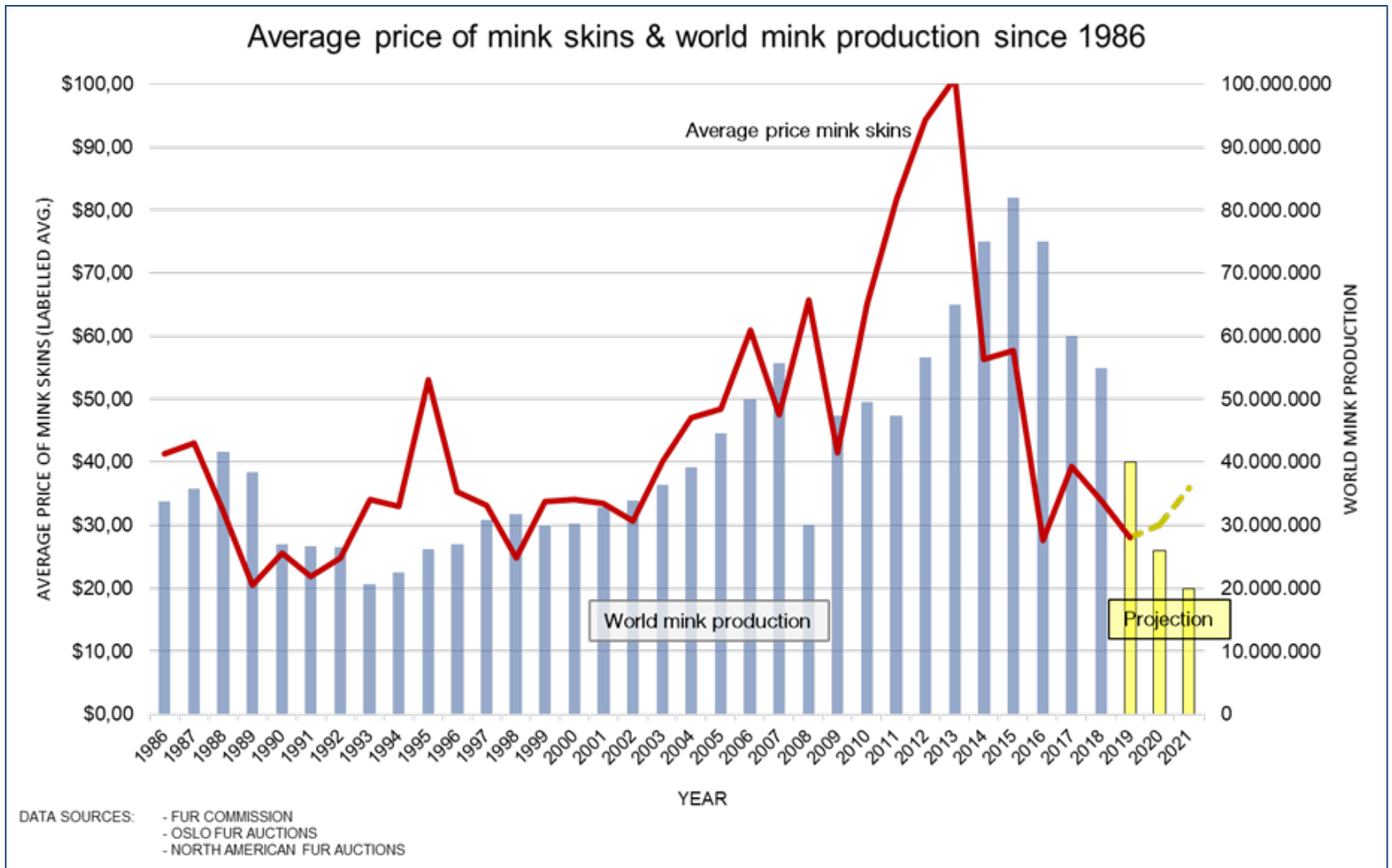
There is currently no deadline for the submissions of sales offers or letters of intent. NAFA reserves its right to consider any offer, at any time for the sale of any or all of its assets, subject to the applicable rules of the restructuring process which require consent in certain circumstances from the Court or key stakeholders.

Any interested party is encouraged to contact NAFA to discuss any possible interest. Further confidential information about the Company is available to interested parties who first complete a confidentiality and non-disclosure agreement (the “NDA”) from the company. Upon the execution and return of the NDA, interested parties will be provided with access to the other information concerning NAFA, its assets and the Sale Process.

## **Disclaimer:**

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# AVG MINK PRICES/WORLD PRODUCTION



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
 AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
 NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US)  
 INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC),  
 NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**ONTARIO  
 SUPERIOR COURT OF JUSTICE  
 COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF DOUGLAS LAWSON**

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*Counsel for the Applicants*

**Emails to the Service List:**

See Service List

**TAB 3**

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

THE HONOURABLE	)	WEDNESDAY, THE 7 <sup>th</sup>
	)	
MR. JUSTICE McEWEN	)	DAY OF APRIL, 2021

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the “Applicants”)

**ORDER**

**(Re: Stay Extension, Approval of Conduct and Fees of the Monitor and its Counsel and  
Sealing of Confidential Appendices)**

**THIS MOTION**, made by the Applicants for an Order for the relief set out in the Notice of Motion of the Applicants dated April 1, 2021, was heard by teleconference due to the COVID-19 pandemic.

**ON READING** the Motion Record of the Applicants, the Sixth Report of the Monitor dated April •, 2021 (the “**Sixth Report**”), and related Confidential Appendices, and upon hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian

Imperial Bank of Commerce, as agent for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as may be amended or amended and restated from time to time (in such capacity, the “**Agent**”) and counsel for the Business Development Bank of Canada, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue, sworn •, filed;

## **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that terms not otherwise defined in this Order shall have the meaning set out in the Initial Order of the Honourable Justice McEwen, dated October 31, 2019 (as amended and restated) (the “**Initial Order**”).

## **EXTENSION OF THE STAY PERIOD**

3. **THIS COURT ORDERS** that the Stay Period is hereby extended from April 9, 2021 to and including July 30, 2021.
4. **THIS COURT ORDERS** that upon the filing of the Monitor’s certificate on or before July 30, 2021, substantially in the form set out in Schedule “A” hereto (the “**Monitor’s Certificate**”), certifying that:
  - (1) The Applicants and the Agent (and BDC in the event BDC has not been repaid in full) have approved the cash flow forecast and consented to extend the Stay Period from July 30, 2021 to and including, September 30, 2021, or such other earlier date as each of the Agent and the Applicants consent (the “**Extended Stay Date**”); and,
  - (2) The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

the Stay Period shall immediately be extended to the Extended Stay Period set out in the Monitor's Certificate without further order of this Court.

5. **THIS COURT ORDERS** that the Monitor may rely on written notice or correspondence from the Applicants and the Agent (and if required BDC), or their respective counsel, with respect to the consent as set out in paragraph 4 of this Order and shall incur no liability, whatsoever, with respect to reliance upon such written notice or correspondence, or the filing of the Monitor's Certificate, save and except for any gross negligence or willful misconduct on its part.

#### **APPROVAL OF MONITOR REPORTS AND ACTIONS**

6. **THIS COURT ORDERS** that the Fifth Report of the Monitor dated November 5, 2020, and the Sixth Report (collectively, the "**Reports**"), and the actions, decisions and conduct of the Monitor as set out in the Reports are hereby authorized and approved.

#### **APPROVAL OF FEES AND DISBURSEMENTS**

7. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel, Miller Thomson LLP, as set out in the Six Report and the Fees Affidavits (annexed to the Sixth Report), be and are hereby approved.

#### **SEALING OF CONFIDENTIAL EXHIBITS**

8. **THIS COURT ORDERS** that Confidential Exhibits "•", "•", and "•", of the Sixth Report shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

#### **INTERNATIONAL RECOGNITION**

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

Order or to assist the Monitor and the Applicants and their agents in carrying out the terms of this Order.

**EFFECTIVENESS OF ORDER**

10. **THIS COURT ORDERS** that, due to the COVID-19 pandemic, this Order is immediately effective and enforceable without the need for entry and filing until further direction from this Court.

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**Schedule A – Form of Monitor’s Certificate**

Court File No. CV-19-00630241-00CL

**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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**MONITOR’S CERTIFICATE**

**RECITALS**

- A. Pursuant to an Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) October 31, 2019 (as amended and restated, and as may be further amended and restated from time to time, the “**Initial Order**”), Deloitte Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”).
- B. Pursuant to an Order of the Court dated April 7, 2021, (the “**Stay Extension Order**”), the Court granted an extension of the Stay Period to and including July 30, 2021.
- C. Pursuant to the Stay Extension Order, the Stay Period is to be further extended without further order of the Court to the date set out in a Monitor’s Certificate, which Monitor’s Certificate is filed on or before July 30, 2021, and certifies that:
- (1) The Applicants and the Agent (and BDC in the event BDC has not been repaid in full) have approved the cash flow forecast and consented to extend

the Stay Period from July 30, 2021 to and including, September 30, 2021, or such other earlier date as each of the Agent and the Applicants consent (the “**Extended Stay Date**”); and,

- (2) The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Initial Order.

**THE MONITOR CERTIFIES** the following:

1. The Applicants and the Agent [**and BDC**] have approved the cash flow forecast and consented to extend the Stay Period from July 30, 2021 to and including ●, 2021 (the “**Extended Stay Date**”).

2. The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

This Certificate was executed by the Monitor at [**Time**] on [**Date**].

**Deloitte Restructuring Inc. in its capacity as  
the Court Appointed Monitor to the  
Applicants, and not in its personal capacity**

Per:

---

Name:

Title:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO (the "**Applicants**")

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

**ORDER**  
**(Re: Stay Extension, Approval of Conduct and Fees and Sealing of Confidential Appendices)**

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Counsel for the Applicants

**TAB 4**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) WEDNESDAY, THE 7th  
JUSTICE McEWEN ) DAY OF APRIL, 2021  
)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
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AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
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AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by the Applicants at the direction of the Monitor in accordance with the Monitor’s powers and duties set out in paragraph 5 of the Order of Justice McEwen in these CCAA Proceedings dated November 5, 2021 for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between NAFA Properties Inc., as vendor (the “**Vendor**”), and Gestion Famille Wei Li II Inc. and Wei Li Family Holding II Inc. (collectively, the “**Purchaser**”), dated December 11, 2020 (as amended and/or supplemented to the date hereof and as may be further amended from time to time in accordance with the Order or otherwise, the “**Sale Agreement**”), and vesting in the Purchaser the Vendor’s right, title, and interest in and to the assets described in the Sale Agreement (the “**Purchased**

**Assets**”) was heard this day at 330 University Avenue, Toronto, Ontario, by way of Zoom Video Conference in accordance with the procedural rules due to the COVID-19 Pandemic.

**ON READING** the Affidavit of Doug Lawson, sworn April 1, 2021, and the Exhibits thereto, the Sixth Report of Deloitte Restructuring Inc., in its capacity as monitor for the Applicants (in such capacity, “**Monitor**”) (the “**Sixth Report**”), to be filed, and on hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the “**Agent**”) for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the “**Credit Agreement**”) from time to time (the “**Lenders**”), counsel to the Business Development Bank of Canada (“**BDC**”), and all other counsel listed on the counsel slip, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue, sworn April 1, 2021, filed:

## **SERVICE**

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

## **APPROVAL OF THE TRANSACTION**

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved and the execution of the Sale Agreement by the Vendor is hereby authorized and approved, with such amendments as the Vendor (with the consent of the Monitor) and the Purchaser may agree to in writing. The Vendor is hereby authorized and directed to take such additional steps and

execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, including the right to a purchase price reduction on the agreement of the Applicants, Agent, and the Monitor.

3. **THIS COURT ORDERS** that the Applicants may return to the court to seek the assistance of the court, including any further order which may be necessary to address any issue preventing the closing of the Transaction, including, without limitation, any necessary consents which are being withheld.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Monitor's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, and listed on **Schedule "B"** hereto, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended and Restated Initial Order of the Honourable Mr. Justice McEwen dated October 31, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"**) and, for greater certainty, this Court orders that all of the Encumbrances affecting

or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Toronto (No. 66) of an Application for Vesting Order in the manner prescribed by the *Land Titles Act* (Ontario) and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject leasehold interest identified in Schedule B hereto (the “**Leasehold Interest**”), and is hereby directed to delete and expunge from title to the Real Property (as defined in Schedule B) all of the Claims listed in Schedule C hereto.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to pay the Net Proceeds from the Transaction (being the proceeds net of all outstanding professional fees, commissions and transaction costs related to the Transaction) to Business Development Bank of Canada to the full amount of the debt owed to them from the Applicants, with the balance, if any, to be paid to the Agent.



8. **THIS COURT ORDERS** that the Applicants are authorized and directed to the Skyway Proceeds (as described in the Sixth Report) from the Transaction as follows:

- (a) first, to repay all amounts owing under the Borrowings Certificates secured by the Skyway Borrowings Charge (both terms as defined in the Order of Justice McEwen dated November 27, 2021);
- (b) second, to repay the indebtedness owing to BDC in full;
- (c) third, to the repay the Agent and/or the Lenders.

9. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

10. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicants;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other

applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

#### **EFFECTIVENESS OF ORDER**

12. **THIS COURT ORDERS** that, due to the COVID-19 pandemic, this Order is immediately effective and enforceable without the need for entry and filing until further direction from this Court.

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**Schedule A – Form of Monitor’s Certificate**

Court File No. CV-19-00630241-00CL

**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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

**MONITOR’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) October 31, 2019 (as amended and restated, and as may be further amended and restated from time to time, the “**Initial Order**”), Deloitte Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”), including NAFA Properties Inc. (the “**Vendor**”).

B. Pursuant to an Order of the Court dated April 7, 2021, (the “**Sale Approval Order**”), the Court approved the agreement of purchase and sale made as of December 11, 2020 (the “**Sale Agreement**”) between the Vendor and Gestion Famille Wei Li II Inc. and Wei Li Family Holding II Inc. (collectively, the “**Purchaser**”) and provided for the vesting in the Purchaser, of

the Vendor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate (the "**Certificate**") confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE MONITOR CERTIFIES** the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 4.1 and 4.2 of the Sale Agreement have been satisfied or waived by the Monitor and the Purchaser; and
3. The Monitor is satisfied that the City Ground Lease Landlord and the Main Ground Lease Landlord (both as defined in the APS) have consented to the assignment of the City Ground Lease and the Main Ground Lease (both as defined in the APS) to the Purchaser. Or in the alternative, there has been an order issued pursuant to section 11.3 of the CCAA to assign the Vendor's right, title, and interest in the City Ground Lease and the Main Ground Lease (both as defined in the APS) to the Purchaser.
4. The Transaction has been completed to the satisfaction of the Monitor.

5. This Certificate was delivered by the Monitor at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**Deloitte Restructuring Inc. in its capacity as  
the Court Appointed Monitor to the  
Applicants, and not in its personal capacity**

Per:

---

Name:

Title:

## Schedule "B" - Purchased Assets

The leasehold interest in the Real Property granted pursuant to the ground leases which consist of the:

### Main Ground Lease

The lease dated October 1, 1980 between the Samuel Black, Joseph Black, Norman Black and Beatrice Wintrob, as landlord, and the Rockford Developments Limited and Imbrook Properties Limited, as tenant, with respect to a portion of the Property, as same has been assigned through a series of assignments and has been amended and/or supplemented from time to time, as more particularly described as:

A. By a lease dated July 30, 1973, and registered on June 5, 1974 as Instrument No. EB434528 certain parcels of lands including that part now designated as part of Lot 21, Concession 3 fronting the Humber River, Etobicoke, and being designated as Part 3 on Plan 64R-8647 were leased by Samuel Black, Joseph Black, Norman Black, and Beatrice Wintrob (the "**Blacks and Wintrob**"), as landlords, to Rockford Developments Limited ("**Rockford**") as tenant, for a term expiring February 28, 2073 (the "**Original Head Lease**");

B. By an assignment of lease dated March 17, 1980, and registered on March 28, 1980 as Instrument No. EB521978, Rockford assigned an undivided one-half interest in the Original Head Lease to Imbrook Properties Limited ("**Imbrook**");

C. The Original Head Lease permits certain "peel off" leases;

D. By a peel off lease dated October 1, 1980, a notice of which was registered on October 30, 1980 as Instrument No. EB529856 (the "**Main Lease**"), among the Blacks and Wintrob, as

landlord, and Rockford and Imbrook, as tenant, and Louis Frieberg and Gerda Frieberg, as guarantors, Rockford and Imbrook acquired a leasehold interest in Part 3 on Plan 64R-8647 (the "**Main Lease Lands**");

E. By sublease dated as of October 1, 1980, notice of which was registered on November 6, 1980 as Instrument No. EB530258, Rockford and Imbrook, as sublandlord, subleased the Main Lease Lands to Hudson's Bay Company Developments Limited ("**Hudson's Bay**"), as subtenant, for a term and upon conditions as set forth therein (the "**Sublease**");

F. Section 17.01 of the Sublease granted to the subtenant thereunder the right to purchase all of the leasehold interest of Rockford and Imbrook in the Main Lease Lands together with any options contained therein, effective March 1, 1999;

G. Hudson's Bay exercised the option to purchase contained in Section 17.01 of the Sublease and obtained an assignment of the leasehold interest of Rockford and Imbrook in and to the Main Lease Lands, such assignment to be effective March 1, 1999 with the Sublease remaining in full force and effect until such date, and Hudson's Bay obtained an acknowledgement of receipt of consideration for such assignment by Rockford and Imbrook which was registered on August 10, 1981 as Instrument No. EB540360;

H. Hudson's Bay, as assignor, assigned to Hudson's Bay Company Fur Sales International Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective as of March 1, 1999 by assignment dated January 16, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387591;

I. Hudson's Bay Company Fur Sales International Limited, as assignor, assigned to Hudson's Bay Company Fur Sales Canada Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective March 1, 1999 by assignment dated February 1, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387592;

J. Hudson's Bay Company Fur Sales Canada Limited changed its name to Hudson's Bay New York Inc. by certificate of amendment dated March 13, 1987, a certified copy of which was deposited on August 25, 1995, as Instrument No. CA362651;

K. Hudson's Bay New York Inc., as assignor, assigned to Markborough Properties Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective March 1, 1999 by assignment dated April 30, 1988, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387593;

L. Markborough Properties Limited changed its name to Markborough Properties Inc. by certificate of amendment dated March 4, 1989, a certified copy of which was deposited on July 10, 1989 as Instrument No. TB618074;

M. Markborough Properties Inc. thereafter continued into Ontario, and amalgamated with Cambridge Shopping Centres Limited effective June 9, 1997 to become Cambridge Shopping Centres Limited;

N. Imbrook assigned its interest in the Main Lease to EL EF Investments Inc. by assignment dated as of November 25, 1985, notice of which assignment was registered December 4, 1985 as Instrument No. TB288766;



O. Rockford assigned its interest in the Main Lease to 908498 Ontario Limited and Vinca Estates Limited, as trustee for Rockford by an assignment dated December 19, 1990, notice of which assignment was registered May 31, 1991 as Instrument No. TB760211;

P. Pursuant to the option to purchase (detailed in recitals E, F and G above), effective March 1, 1999, Cambridge Shopping Centres Limited acquired the interest of EL EF Investments Inc., the interest of 908498 Ontario Limited and the interest of Vinca Estates Limited as trustee for Rockford including the interest of Rockford in the Main Lease;

Q. Cambridge Shopping Centres Limited amalgamated with Ivanhoe Ontario Inc. effective August 13, 2001 and continued as Ivanhoe Cambridge I Inc.;

R. Ivanhoe Cambridge I Inc. assigned its beneficial interest in the Main Lease to Ivanhoe Cambridge II Inc. effective August 15, 2001;

T. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Main Lease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492753; and

U. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Sublease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492755.

***Main Ground Lease Legal Description:***

**Part of PIN 07424-0195 (LT): PT LT 21 CON 3 FTH ETOBICOKE; PT 3, 64R8647; TORONTO (ETOBICOKE); CITY OF TORONTO**

### City Ground Lease

The lease dated October 1, 1980 between the The Corporation of the Borough of Etobicoke, as landlord, and Rockford Developments Limited and Imbrook Properties Limited, as tenant, with respect to a portion of the Property, as same has been assigned through a series of assignments and has been amended and/or supplemented from time to time, as more particularly described as:

A. By a lease dated October 1, 1980, notice of which was registered on October 30, 1980 as Instrument No. EB529855 (the "**City Lease**"), among The Corporation of the Borough of Etobicoke as landlord and Rockford and Imbrook as tenant, with the Blacks and Wintrob, as landlords to the Original Head Lease, Rockford and Imbrook acquired a leasehold interest in that part of Lot 21, Concession 3 fronting the Humber River, Etobicoke and being designated as Parts 1 and 2 on Plan 64R-8647 (the "**City Lease Lands**"), upon the terms and conditions contained therein;

B. Pursuant to the City of Toronto Act, 1997 S.O. 197, c.2, The Corporation of the Borough of Etobicoke, together with other municipalities, amalgamated to continue as City of Toronto, on January 1, 1998;

C. By sublease dated as of October 1, 1980, notice of which was registered on November 6, 1980 as Instrument No. EB530258, Rockford and Imbrook, as sublandlord, subleased the City Lease Lands to Hudson's Bay as subtenant for a term and upon conditions as set forth therein (the "**Sublease**");

D. Section 17.01 of the Sublease granted to the subtenant thereunder the right to purchase all of the leasehold interest of Rockford and Imbrook in the City Lease Lands together with any options contained therein, effective March 1, 1999;

E. Hudson's Bay exercised the option to purchase contained in Section 17.01 of the Sublease and obtained an assignment of the leasehold interest of Rockford and Imbrook in and to the City Lease Lands, such assignment to be effective March 1, 1999 with the Sublease remaining in full force and effect until such date and Hudson's Bay obtained an acknowledgement of receipt of consideration for such assignment by Rockford and Limited which was registered on August 10, 1981 as Instrument No. EB540360;

F. Hudson's Bay, as assignor, assigned to Hudson's Bay Company Fur Sales International Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective as of March 1, 1999 by assignment dated January 16, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387591;

G. Hudson's Bay Company Fur Sales International Limited, as assignor, assigned to Hudson's Bay Company Fur Sales Canada Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective March 1, 1999 by assignment dated February 1, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387592;

H. Hudson's Bay Company Fur Sales Canada Limited changed its name to Hudson's Bay New York Inc. by certificate of amendment dated March 13, 1987, a certified copy of which was deposited on August 25, 1995, as Instrument No. CA362651;

I. Hudson's Bay New York Inc., as assignor, assigned to Markborough Properties Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective March 1, 1999 by assignment dated April 30, 1988, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387593;

J. Markborough Properties Limited changed its name to Markborough Properties Inc. by certificate of amendment dated March 4, 1989, a certified copy of which was deposited on July 10, 1989 as Instrument No. TB618074;

K. Markborough Properties Inc. thereafter continued into Ontario, and amalgamated with Cambridge Shopping Centres Limited effective June 9, 1997 to become Cambridge Shopping Centres Limited;

L. Imbrook assigned its interest in the City Lease to EL EF Investments Inc. by assignment dated as of November 25, 1985, notice of which assignment was registered December 4, 1985 as Instrument No. TB288767;

M. Rockford assigned its interest in the City Lease to 908498 Ontario Limited and Vinca Estates Limited, as trustee for Rockford by an assignment dated December 19, 1990, notice of which assignment was registered May 31, 1991 as Instrument No. TB760210;

N. Pursuant to the option to purchase (detailed in recitals C, D and E above), effective March 1, 1999, Cambridge Shopping Centres Limited acquired the interest of EL EF Investments Inc., the interest of 908498 Ontario Limited and the interest of Vinca Estates Limited as trustee for Rockford including the interest of Rockford, in the City Lease;

O. Cambridge Shopping Centres Limited amalgamated with Ivanhoe Ontario Inc. effective August 13, 2001 and continued as Ivanhoe Cambridge I Inc.; and

P. Ivanhoe Cambridge I Inc. assigned its beneficial interest in the City Lease to Ivanhoe Cambridge II Inc. effective August 15, 2001.

Q. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Main Lease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492754.

R. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Sublease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492755.

***City Ground Lease Legal Description:***

**Part of PIN 07424-0200 (LT): PT LT 21 CON 3 FTH ETOBICOKE CLOSED BY EB528845, PT 1 AND 2, 64R8647; S/T EB529811; TORONTO (ETOBICOKE); CITY OF TORONTO**

**Schedule “C” – Claims to be deleted and expunged from title to the Real Property**

**PIN 07424-0195(LT)**

1. Instrument No. AT4492756 registered February 22, 2017, being a Notice of Charge of Lease in favour of Business Development Bank of Canada for the original principal amount of \$7,240,000.00.
2. Instrument No. AT4492757 registered February 22, 2017, being a Notice of Assignment of Rents – General in favour of Business Development Bank of Canada.
3. Instrument No. AT5261368 registered October 11, 2019, being a Notice of Charge of Lease in favour of Canadian Imperial Bank of Commerce for the original principal amount of \$100,000,000.00.

**PIN 07424-0200(LT)**

1. Instrument No. AT4492758 registered February 22, 2017, being a Notice of Charge of Lease in favour of Business Development Bank of Canada for the original principal amount of \$7,240,000.00.
2. Instrument No. AT4492759 registered February 22, 2017, being a Notice of Assignment of Rents – General in favour of Business Development Bank of Canada.
3. Instrument No. AT5261369 registered October 11, 2019, being a Notice of Charge of Lease in favour of Canadian Imperial Bank of Commerce for the original principal amount of \$100,000,000.00.



**Schedule “D” – Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property**

**(Unaffected by the Vesting Order)**

**PIN 07424-0195(LT)**

1. Instrument No. EB373297, registered August 12, 1970, being a transfer.
2. Instrument No. EB412063, registered January 29, 1973, being a notice.
3. Plan 64R3413 deposited January 23, 1974.
4. Instrument No. EB434528, registered June 5, 1974, being a notice of lease.
5. Plan 64R7996 deposited October 10, 1979.
6. Instrument No. EB521973, registered March 28, 1980, being an assignment of lease.
7. Plan 64R8647 deposited September 12, 1980.
8. Instrument No. EB528844, registered October 2, 1980, being an agreement.
9. Instrument No. EB529811, registered October 30, 1980, being a transfer of easement
10. Instrument No. EB529856, registered October 30, 1980, being a notice of lease.
11. Instrument No. EB530152, registered November 4, 1980, being an agreement.
12. Instrument No. EB530258, registered November 6, 1980, being a lease.
13. Instrument No. EB537697, registered June 8, 1981, being a lease.
14. Instrument No. EB540360, registered August 10, 1981, being an acknowledgment.



15. Instrument No. TB288766, registered December 4, 1985, being an assignment of lease.
16. Instrument No. TB291556, registered December 17, 1985, being a charge.
17. Instrument No. TB296815, registered January 17, 1986, being an assignment of lease.
18. Instrument No. TB366644, registered November 4, 1986, being an agreement.
19. Instrument No. TB375487, registered December 8, 1986, being a lease.
20. Instrument No. TB396460, registered March 13, 1987, being an agreement.
21. Instrument No. TB419322, registered June 5, 1987, being a debenture.
22. Instrument No. TB419504, registered June 5, 1987, being an assignment general.
23. Instrument No. TB464831, registered November 25, 1987, being a notice of lease.
24. Instrument No. TB478920, registered January 28, 1991, being an agreement.
25. Instrument No. TB760211, registered May 31, 1991, being a transfer.
26. Instrument No. TB893345, registered April 5, 1993, being a notice.
27. Instrument No. CA311546, registered October 18, 1994, being a transfer.
28. Instrument No. CA339842, registered April 5, 1995, being a notice.
29. Instrument No. CA342980, registered April 28, 1995, being an agreement.
30. Instrument No. CA387591, registered January 23, 1996, being a notice.
31. Instrument No. CA387592, registered January 23, 1996, being a notice.

32. Instrument No. CA387593, registered January 23, 1996, being a notice.
33. Instrument No. CA387594, registered January 23, 1996, being a notice.
34. Instrument No. CA387596, registered January 23, 1996, being an agreement.
35. Instrument No. CA662395, registered April 28, 2000, being a notice.
36. Plan 66R21954 deposited August 8, 2005.
37. Instrument No. AT1090598, registered March 21, 2006, being a notice.
38. Instrument No. AT1255958, registered September 15, 2006, being a transmission by personal representative – land.
39. Instrument No. AT2453920, registered July 21, 2010, being a transfer by personal representative.
40. Instrument No. AT2472527, registered August 11, 2010, being a transfer by personal representative.
41. Instrument No. AT4174167, registered March 23, 2016, being an application to change name – instrument.
42. Instrument No. AT4174168, registered March 23, 2016, being an application to change name – instrument.
43. Instrument No. AT4492753, registered February 22, 2017, being a notice of assignment of lessee interest in lease.

44. Instrument No. AT4492755, registered February 22, 2017, being a notice of assignment of lessee interest in lease.

**PIN 07424-0200(LT)**

1. Instrument No. EB375135, registered October 1, 1970, being a miscellaneous plan.
2. Instrument No. EB412063, registered January 29, 1973, being a notice.
3. Plan 64R7996 deposited October 10, 1979.
4. Plan 64R8647 deposited September 12, 1980.
5. Instrument No. EB528845, registered October 2, 1980, being a bylaw.
6. Instrument No. EB529811, registered October 30, 1980, being a transfer of easement.
7. Instrument No. EB529855, registered October 30, 1980, being a lease.
8. Instrument No. EB530152, registered November 4, 1980, being an agreement.
9. Instrument No. EB530258, registered November 6, 1980, being a lease.
10. Instrument No. EB537696, registered June 8, 1981, being a lease.
11. Instrument No. EB540360, registered August 10, 1981, being an acknowledgement.
12. Instrument No. TB288767, registered December 4, 1985, being an assignment of lease.
13. Instrument No. TB296816, registered January 17, 1986, being an assignment of lease.
14. Instrument No. TB419322, registered June 5, 1987, being a debenture

15. Instrument No. TB419504, registered June 5, 1987, being an assignment general.
16. Instrument No. TB464831, registered November 25, 1987, being a notice of lease.
17. Instrument No. TB478544, registered January 27, 1988, being an agreement.
18. Instrument No. TB760210, registered May 31, 1991, being a transfer.
19. Instrument No. CA339842, registered April 5, 1995, being a notice.
20. Instrument No. CA387591, registered January 23, 1996, being a notice.
21. Instrument No. CA387592, registered January 23, 1996, being a notice.
22. Instrument No. CA387593, registered January 23, 1996, being a notice.
23. Instrument No. CA387594, registered January 23, 1996, being a notice.
24. Instrument No. CA387595, registered January 23, 1996, being an agreement.
25. Instrument No. CA662395, registered April 28, 2000, being a notice.
26. Instrument No. AT1090598, registered March 21, 2006, being a notice.
27. Instrument No. AT4492754, registered February 22, 2017, being a notice of assignment of lessee interest in lease.
28. Instrument No. AT4492755, registered February 22, 2017, being a notice of assignment of lessee interest in lease.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO (the "**Applicants**")

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

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**ORDER**  
**(Re: Approval and Vesting Order)**

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**BLANEY MCMURTRY LLP**  
Barristers & Solicitors  
2 Queen Street East, Suite 1500  
Toronto ON M5C 3G5

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Counsel for the Applicants

Court File No. ~~\_\_\_\_\_~~ CV-19-00630241-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ~~\_\_\_\_\_~~ MR. ) ~~WEEKDAY~~ WEDNESDAY, THE #7th  
JUSTICE ~~\_\_\_\_\_~~ McEWEN ) DAY OF ~~MONTH~~ APRIL, ~~20YR~~ 2021  
)

~~BETWEEN:-~~

~~PLAINTIFF~~

Plaintiff

~~-and-~~

~~DEFENDANT~~

Defendant

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the "Applicants")

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by ~~[RECEIVER'S NAME] in its capacity as the Court appointed~~  
~~receiver (the "Receiver") of the undertaking, property and assets~~ the Applicants at the direction of  
the Monitor in accordance with the Monitor's powers and duties set out in paragraph 5 of

~~[DEBTOR]~~ (the "~~Debtor~~") Order of Justice McEwen in these CCAA Proceedings dated November 5, 2021 for an order approving the sale transaction (the "~~Transaction~~") contemplated by an agreement of purchase and sale (~~the "Sale Agreement"~~) between NAFA Properties Inc., as vendor (the ~~Receiver~~ "Vendor"), and ~~[NAME OF PURCHASER]~~ (Gestion Famille Wei Li II Inc. and Wei Li Family Holding II Inc. (collectively, the "Purchaser"), dated ~~[DATE]~~ and ~~appended to the Report of the Receiver dated [DATE]~~ (the "~~Report~~" December 11, 2020 (as amended and/or supplemented to the date hereof and as may be further amended from time to time in accordance with the Order or otherwise, the "Sale Agreement")), and vesting in the Purchaser the ~~Debtor~~ Vendor's right, title, and interest in and to the assets described in the Sale Agreement (the "~~Purchased Assets~~"); was heard this day at 330 University Avenue, Toronto, Ontario, by way of Zoom Video Conference in accordance with the procedural rules due to the COVID-19 Pandemic.

ON READING the ~~Report~~ Affidavit of Doug Lawson, sworn April 1, 2021, and the Exhibits thereto, the Sixth Report of Deloitte Restructuring Inc., in its capacity as monitor for the Applicants (in such capacity, "Monitor") (the "Sixth Report"), to be filed, and on hearing the submissions of counsel for the ~~Receiver, [NAMES OF OTHER PARTIES APPEARING]~~ Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the "Agent") for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the "Credit Agreement") from time to time (the "Lenders"), counsel to the Business Development Bank of Canada ("BDC"), and all other counsel listed on the counsel slip, no one appearing for any other person on the ~~service list~~ Service List, although properly served as

appears ~~from~~on the ~~affidavit~~Affidavit of ~~[NAME]~~Service of Ariyana Botejue, sworn ~~[DATE]~~April 1, 2021, filed<sup>1</sup>:

## SERVICE

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

## APPROVAL OF THE TRANSACTION

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved;<sup>2</sup> and the execution of the Sale Agreement by the ~~Receiver~~<sup>3</sup>Vendor is hereby authorized and approved, with such ~~minor~~ amendments as the ~~Receiver may deem necessary~~Vendor (with the consent of the Monitor) and the Purchaser may agree to in writing. The ~~Receiver~~Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, including the right to a purchase price reduction on the agreement of the Applicants, Agent, and the Monitor.

3. **THIS COURT ORDERS** that the Applicants may return to the court to seek the assistance of the court, including any further order which may be necessary to address any issue

<sup>1</sup>~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

<sup>2</sup>~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

<sup>3</sup>~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~



preventing the closing of the Transaction, including, without limitation, any necessary consents which are being withheld.

4. ~~2.~~—THIS COURT ORDERS AND DECLARES that upon the delivery of a ~~Receiver~~Monitor's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "~~Receiver~~"**Monitor's Certificate"**), all of the ~~Debtor~~Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, ~~{and listed on **Schedule "B"** hereto}~~<sup>4</sup>, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"<sup>5</sup>) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended and Restated Initial Order of the Honourable Mr. Justice ~~[NAME]~~McEwen dated ~~[DATE]~~October 31, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"**) and, for greater certainty, this Court

<sup>4</sup>~~To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

<sup>5</sup>~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. ~~3.~~ **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the ~~[Registry Division of {LOCATION} of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver]~~ Land Titles Division of ~~{LOCATION}~~ Toronto (No. 66) of an Application for Vesting Order in the ~~form~~ manner prescribed by the *Land Titles Act* (Ontario) and/or the *Land Registration Reform Act*<sup>6</sup>, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject ~~real property~~ leasehold interest identified in Schedule B hereto (the ~~“Real Property”~~ in fee simple Leasehold Interest), and is hereby directed to delete and expunge from title to the Real Property (as defined in Schedule B) all of the Claims listed in Schedule C hereto.

6. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds<sup>7</sup> from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the ~~Receiver~~ Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale<sup>8</sup>, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

<sup>6</sup> ~~Elect the language appropriate to the land registry system (Registry vs. Land Titles).~~

<sup>7</sup> ~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

<sup>8</sup> ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

7. ~~5.~~ THIS COURT ORDERS that the Applicants are hereby authorized and directed to pay the Net Proceeds from the Transaction (being the proceeds net of all outstanding professional fees, commissions and transaction costs related to the Transaction) to Business Development Bank of Canada to the full amount of the debt owed to them from the Applicants, with the balance, if any, to be paid to the Agent.

8. THIS COURT ORDERS that the Applicants are authorized and directed to the Skyway Proceeds (as described in the Sixth Report) from the Transaction as follows:

- (a) first, to repay all amounts owing under the Borrowings Certificates secured by the Skyway Borrowings Charge (both terms as defined in the Order of Justice McEwen dated November 27, 2021);
- (b) second, to repay the indebtedness owing to BDC in full;
- (c) third, to the repay the Agent and/or the Lenders.

9. THIS COURT ORDERS AND DIRECTS the ReceiverMonitor to file with the Court a copy of the ReceiverMonitor's Certificate, forthwith after delivery thereof.

~~6. — THIS COURT ORDERS that, pursuant to clause 7(3)(e) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

10. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the ~~Debtor~~Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~Applicants;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~Applicants and shall not be void or voidable by creditors of the ~~Debtor~~Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

~~8. — THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

11. ~~9.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the ~~Receiver~~Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Receiver~~Monitor, as an

officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the ~~Receiver~~Monitor and its agents in carrying out the terms of this Order.

**EFFECTIVENESS OF ORDER**

12. THIS COURT ORDERS that, due to the COVID-19 pandemic, this Order is immediately effective and enforceable without the need for entry and filing until further direction from this Court.

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Schedule A – Form of ~~Receiver~~ Monitor's Certificate

Court File No. CV-19-00630241-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

~~BETWEEN:~~

~~PLAINTIFF~~

Plaintiff

~~—and—~~

~~DEFENDANT~~

Defendant

~~RECEIVER~~

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH  
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,  
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR  
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA  
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z  
OO and NAFA POLSKA SP. Z OO

(the "Applicants")

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the "Court") ~~dated [DATE OF ORDER],~~ ~~[NAME OF RECEIVER]~~ October 31, 2019 (as amended and restated, and as may be further

amended and restated from time to time, the 'Initial Order'), Deloitte Restructuring Inc. was appointed as monitor of the ~~receiver (Applicants (in such capacity, the "Receiver") of the undertaking, property and assets of [DEBTOR]~~Monitor"), including NAFA Properties Inc. (the ~~Debtor~~Vendor”).

B. Pursuant to an Order of the Court dated ~~[DATE]~~April 7, 2021, (the 'Sale Approval Order'), the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~December 11, 2020 (the ~~"Sale Agreement"~~) between the ~~Receiver~~Vendor and ~~[NAME OF PURCHASER]~~(Gestion Famille Wei Li II Inc. and Wei Li Family Holding II Inc. (collectively, the "Purchaser")) and provided for the vesting in the Purchaser, of the ~~Debtor~~Vendor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the ~~Receiver~~Monitor to the Purchaser of a certificate (the 'Certificate') confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section 1 of~~ the Sale Agreement have been satisfied or waived by the ~~Receiver~~Vendor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the ~~Receiver~~Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE ~~RECEIVER~~MONITOR CERTIFIES** the following:

1. The Purchaser has paid and the ~~Receiver~~Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in ~~section~~ sections 4.1 and 4.2 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~Monitor and the Purchaser; and

3. The Monitor is satisfied that the City Ground Lease Landlord and the Main Ground Lease Landlord (both as defined in the APS) have consented to the assignment of the City Ground Lease and the Main Ground Lease (both as defined in the APS) to the Purchaser. Or in the alternative, there has been an order issued pursuant to section 11.3 of the CCAA to assign the Vendor's right, title, and interest in the City Ground Lease and the Main Ground Lease (both as defined in the APS) to the Purchaser.

4. The Transaction has been completed to the satisfaction of the ~~Receiver~~Monitor.

45. This Certificate was delivered by the ~~Receiver~~Monitor at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

~~[NAME OF RECEIVER]~~Deloitte Restructuring Inc. in its capacity as ~~Receiver of the undertaking, property and assets of [DEBTOR]~~Court Appointed Monitor to the Applicants, and not in its personal capacity

Per:

\_\_\_\_\_  
Name:

Title:



**Schedule ~~"B"~~- Purchased Assets**

The leasehold interest in the Real Property granted pursuant to the ground leases which consist of the:

**Main Ground Lease**

The lease dated October 1, 1980 between the Samuel Black, Joseph Black, Norman Black and Beatrice Wintrob, as landlord, and the Rockford Developments Limited and Imbrook Properties Limited, as tenant, with respect to a portion of the Property, as same has been assigned through a series of assignments and has been amended and/or supplemented from time to time, as more particularly described as:

A. By a lease dated July 30, 1973, and registered on June 5, 1974 as Instrument No. EB434528 certain parcels of lands including that part now designated as part of Lot 21, Concession 3 fronting the Humber River, Etobicoke, and being designated as Part 3 on Plan 64R-8647 were leased by Samuel Black, Joseph Black, Norman Black, and Beatrice Wintrob (the "**Blacks and Wintrob**"), as landlords, to Rockford Developments Limited ("**Rockford**") as tenant, for a term expiring February 28, 2073 (the "**Original Head Lease**");

B. By an assignment of lease dated March 17, 1980, and registered on March 28, 1980 as Instrument No. EB521978, Rockford assigned an undivided one-half interest in the Original Head Lease to Imbrook Properties Limited ("**Imbrook**");

C. The Original Head Lease permits certain "peel off" leases;

D. By a peel off lease dated October 1, 1980, a notice of which was registered on October 30, 1980 as Instrument No. EB529856 (the "**Main Lease**"), among the Blacks and Wintrob, as landlord, and Rockford and Imbrook, as tenant, and Louis Frieberg and Gerda Frieberg, as guarantors, Rockford and Imbrook acquired a leasehold interest in Part 3 on Plan 64R-8647 (the "**Main Lease Lands**");

E. By sublease dated as of October 1, 1980, notice of which was registered on November 6, 1980 as Instrument No. EB530258, Rockford and Imbrook, as sublandlord, subleased the Main Lease Lands to Hudson's Bay Company Developments Limited ("**Hudson's Bay**"), as subtenant, for a term and upon conditions as set forth therein (the "**Sublease**");

F. Section 17.01 of the Sublease granted to the subtenant thereunder the right to purchase all of the leasehold interest of Rockford and Imbrook in the Main Lease Lands together with any options contained therein, effective March 1, 1999;

G. Hudson's Bay exercised the option to purchase contained in Section 17.01 of the Sublease and obtained an assignment of the leasehold interest of Rockford and Imbrook in and to the Main Lease Lands, such assignment to be effective March 1, 1999 with the Sublease remaining in full force and effect until such date, and Hudson's Bay obtained an acknowledgement of receipt of consideration for such assignment by Rockford and Imbrook which was registered on August 10, 1981 as Instrument No. EB540360;

H. Hudson's Bay, as assignor, assigned to Hudson's Bay Company Fur Sales International Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective as of March 1, 1999 by assignment dated January 16, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387591;

I. Hudson's Bay Company Fur Sales International Limited, as assignor, assigned to Hudson's Bay Company Fur Sales Canada Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective March 1, 1999 by assignment dated February 1, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387592;

J. Hudson's Bay Company Fur Sales Canada Limited changed its name to Hudson's Bay New York Inc. by certificate of amendment dated March 13, 1987, a certified copy of which was deposited on August 25, 1995, as Instrument No. CA362651;

K. Hudson's Bay New York Inc., as assignor, assigned to Markborough Properties Limited, as assignee, its leasehold interest in the Main Lease Lands and the Sublease effective March 1, 1999 by assignment dated April 30, 1988, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387593;

L. Markborough Properties Limited changed its name to Markborough Properties Inc. by certificate of amendment dated March 4, 1989, a certified copy of which was deposited on July 10, 1989 as Instrument No. TB618074;

M. Markborough Properties Inc. thereafter continued into Ontario, and amalgamated with Cambridge Shopping Centres Limited effective June 9, 1997 to become Cambridge Shopping Centres Limited;

N. Imbrook assigned its interest in the Main Lease to EL EF Investments Inc. by assignment dated as of November 25, 1985, notice of which assignment was registered December 4, 1985 as Instrument No. TB288766;

O. Rockford assigned its interest in the Main Lease to 908498 Ontario Limited and Vinca Estates Limited, as trustee for Rockford by an assignment dated December 19, 1990, notice of which assignment was registered May 31, 1991 as Instrument No. TB760211;

P. Pursuant to the option to purchase (detailed in recitals E, F and G above), effective March 1, 1999, Cambridge Shopping Centres Limited acquired the interest of EL EF Investments Inc., the interest of 908498 Ontario Limited and the interest of Vinca Estates Limited as trustee for Rockford including the interest of Rockford in the Main Lease;

Q. Cambridge Shopping Centres Limited amalgamated with Ivanhoe Ontario Inc. effective August 13, 2001 and continued as Ivanhoe Cambridge I Inc.;

R. Ivanhoe Cambridge I Inc. assigned its beneficial interest in the Main Lease to Ivanhoe Cambridge II Inc. effective August 15, 2001;

T. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Main Lease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492753; and

U. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Sublease by assignment dated February 22, 2017, notice of which assignment was registered February 22, 2017 as Instrument No. AT4492755.

**Main Ground Lease Legal Description:**

**Part of PIN 07424-0195 (LT): PT LT 21 CON 3 FTH ETOBICOKE; PT 3, 64R8647;**

**TORONTO (ETOBICOKE); CITY OF TORONTO**

**City Ground Lease**

The lease dated October 1, 1980 between the The Corporation of the Borough of Etobicoke, as landlord, and Rockford Developments Limited and Imbrook Properties Limited, as tenant, with respect to a portion of the Property, as same has been assigned through a series of assignments and has been amended and/or supplemented from time to time, as more particularly described as:

A. By a lease dated October 1, 1980, notice of which was registered on October 30, 1980 as Instrument No. EB529855 (the "City Lease"), among The Corporation of the Borough of Etobicoke as landlord and Rockford and Imbrook as tenant, with the Blacks and Wintrob, as landlords to the Original Head Lease, Rockford and Imbrook acquired a leasehold interest in that part of Lot 21, Concession 3 fronting the Humber River, Etobicoke and being designated as Parts 1 and 2 on Plan 64R-8647 (the "City Lease Lands"), upon the terms and conditions contained therein;

B. Pursuant to the City of Toronto Act, 1997 S.O. 197, c.2, The Corporation of the Borough of Etobicoke, together with other municipalities, amalgamated to continue as City of Toronto, on January 1, 1998;

C. By sublease dated as of October 1, 1980, notice of which was registered on November 6, 1980 as Instrument No. EB530258, Rockford and Imbrook, as sublandlord, subleased the City Lease Lands to Hudson's Bay as subtenant for a term and upon conditions as set forth therein (the "Sublease");

D. Section 17.01 of the Sublease granted to the subtenant thereunder the right to purchase all of the leasehold interest of Rockford and Imbrook in the City Lease Lands together with any options contained therein, effective March 1, 1999;

E. Hudson's Bay exercised the option to purchase contained in Section 17.01 of the Sublease and obtained an assignment of the leasehold interest of Rockford and Imbrook in and to the City Lease Lands, such assignment to be effective March 1, 1999 with the Sublease remaining in full force and effect until such date and Hudson's Bay obtained an acknowledgement of receipt of consideration for such assignment by Rockford and Limited which was registered on August 10, 1981 as Instrument No. EB540360;

F. Hudson's Bay, as assignor, assigned to Hudson's Bay Company Fur Sales International Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective as of March 1, 1999 by assignment dated January 16, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387591;

G. Hudson's Bay Company Fur Sales International Limited, as assignor, assigned to Hudson's Bay Company Fur Sales Canada Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective March 1, 1999 by assignment dated February 1, 1984, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387592;

H. Hudson's Bay Company Fur Sales Canada Limited changed its name to Hudson's Bay New York Inc. by certificate of amendment dated March 13, 1987, a certified copy of which was deposited on August 25, 1995, as Instrument No. CA362651;

I. Hudson's Bay New York Inc., as assignor, assigned to Markborough Properties Limited, as assignee, its leasehold interest in the City Lease Lands and the Sublease effective March 1, 1999 by assignment dated April 30, 1988, notice of which assignment was registered on January 23, 1996, as Instrument No. CA387593;

J. Markborough Properties Limited changed its name to Markborough Properties Inc. by certificate of amendment dated March 4, 1989, a certified copy of which was deposited on July 10, 1989 as Instrument No. TB618074;

K. Markborough Properties Inc. thereafter continued into Ontario, and amalgamated with Cambridge Shopping Centres Limited effective June 9, 1997 to become Cambridge Shopping Centres Limited;

L. Imbrook assigned its interest in the City Lease to EL EF Investments Inc. by assignment dated as of November 25, 1985, notice of which assignment was registered December 4, 1985 as Instrument No. TB288767;

M. Rockford assigned its interest in the City Lease to 908498 Ontario Limited and Vinca Estates Limited, as trustee for Rockford by an assignment dated December 19, 1990, notice of which assignment was registered May 31, 1991 as Instrument No. TB760210;

N. Pursuant to the option to purchase (detailed in recitals C, D and E above), effective March 1, 1999, Cambridge Shopping Centres Limited acquired the interest of EL EF Investments Inc., the interest of 908498 Ontario Limited and the interest of Vinca Estates Limited as trustee for Rockford including the interest of Rockford, in the City Lease;

O. Cambridge Shopping Centres Limited amalgamated with Ivanhoe Ontario Inc. effective August 13, 2001 and continued as Ivanhoe Cambridge I Inc.; and

P. Ivanhoe Cambridge I Inc. assigned its beneficial interest in the City Lease to Ivanhoe

Cambridge II Inc. effective August 15, 2001.

Q. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the Main

Lease by assignment dated February 22, 2017, notice of which assignment was registered

February 22, 2017 as Instrument No. AT4492754.

R. Ivanhoe Cambridge I Inc. and Ivanhoe Cambridge II Inc. assigned its interest in the

Sublease by assignment dated February 22, 2017, notice of which assignment was registered

February 22, 2017 as Instrument No. AT4492755.

***City Ground Lease Legal Description:***

**Part of PIN 07424-0200 (LT): PT LT 21 CON 3 FTH ETOBICOKE CLOSED BY EB528845.**

PT 1 AND 2, 64R8647; S/T EB529811; TORONTO (ETOBICOKE); CITY OF TORONTO



**Schedule "C" – Claims to be deleted and expunged from title to the Real Property****PIN 07424-0195(LT)**

1. Instrument No. AT4492756 registered February 22, 2017, being a Notice of Charge of Lease in favour of Business Development Bank of Canada for the original principal amount of \$7,240,000.00.

2. Instrument No. AT4492757 registered February 22, 2017, being a Notice of Assignment of Rents – General in favour of Business Development Bank of Canada.

3. Instrument No. AT5261368 registered October 11, 2019, being a Notice of Charge of Lease in favour of Canadian Imperial Bank of Commerce for the original principal amount of \$100,000,000.00.

**PIN 07424-0200(LT)**

1. Instrument No. AT4492758 registered February 22, 2017, being a Notice of Charge of Lease in favour of Business Development Bank of Canada for the original principal amount of \$7,240,000.00.

2. Instrument No. AT4492759 registered February 22, 2017, being a Notice of Assignment of Rents – General in favour of Business Development Bank of Canada.

3. Instrument No. AT5261369 registered October 11, 2019, being a Notice of Charge of Lease in favour of Canadian Imperial Bank of Commerce for the original principal amount of \$100,000,000.00.

Schedule "D" – Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property

(~~unaffected~~ Unaffected by the Vesting Order)

PIN 07424-0195(LT)

1. Instrument No. EB373297, registered August 12, 1970, being a transfer.
2. Instrument No. EB412063, registered January 29, 1973, being a notice.
3. Plan 64R3413 deposited January 23, 1974.
4. Instrument No. EB434528, registered June 5, 1974, being a notice of lease.
5. Plan 64R7996 deposited October 10, 1979.
6. Instrument No. EB521973, registered March 28, 1980, being an assignment of lease.
7. Plan 64R8647 deposited September 12, 1980.
8. Instrument No. EB528844, registered October 2, 1980, being an agreement.
9. Instrument No. EB529811, registered October 30, 1980, being a transfer of easement
10. Instrument No. EB529856, registered October 30, 1980, being a notice of lease.
11. Instrument No. EB530152, registered November 4, 1980, being an agreement.
12. Instrument No. EB530258, registered November 6, 1980, being a lease.

13. [Instrument No. EB537697, registered June 8, 1981, being a lease.](#)
14. [Instrument No. EB540360, registered August 10, 1981, being an acknowledgment.](#)
15. [Instrument No. TB288766, registered December 4, 1985, being an assignment of lease.](#)
16. [Instrument No. TB291556, registered December 17, 1985, being a charge.](#)
17. [Instrument No. TB296815, registered January 17, 1986, being an assignment of lease.](#)
18. [Instrument No. TB366644, registered November 4, 1986, being an agreement.](#)
19. [Instrument No. TB375487, registered December 8, 1986, being a lease.](#)
20. [Instrument No. TB396460, registered March 13, 1987, being an agreement.](#)
21. [Instrument No. TB419322, registered June 5, 1987, being a debenture.](#)
22. [Instrument No. TB419504, registered June 5, 1987, being an assignment general.](#)
23. [Instrument No. TB464831, registered November 25, 1987, being a notice of lease.](#)
24. [Instrument No. TB478920, registered January 28, 1991, being an agreement.](#)
25. [Instrument No. TB760211, registered May 31, 1991, being a transfer.](#)
26. [Instrument No. TB893345, registered April 5, 1993, being a notice.](#)

27. [Instrument No. CA311546, registered October 18, 1994, being a transfer.](#)
28. [Instrument No. CA339842, registered April 5, 1995, being a notice.](#)
29. [Instrument No. CA342980, registered April 28, 1995, being an agreement.](#)
30. [Instrument No. CA387591, registered January 23, 1996, being a notice.](#)
31. [Instrument No. CA387592, registered January 23, 1996, being a notice.](#)
32. [Instrument No. CA387593, registered January 23, 1996, being a notice.](#)
33. [Instrument No. CA387594, registered January 23, 1996, being a notice.](#)
34. [Instrument No. CA387596, registered January 23, 1996, being an agreement.](#)
35. [Instrument No. CA662395, registered April 28, 2000, being a notice.](#)
36. [Plan 66R21954 deposited August 8, 2005.](#)
37. [Instrument No. AT1090598, registered March 21, 2006, being a notice.](#)
38. [Instrument No. AT1255958, registered September 15, 2006, being a transmission by personal representative – land.](#)
39. [Instrument No. AT2453920, registered July 21, 2010, being a transfer by personal representative.](#)

40. Instrument No. AT2472527, registered August 11, 2010, being a transfer by personal representative.

41. Instrument No. AT4174167, registered March 23, 2016, being an application to change name – instrument.

42. Instrument No. AT4174168, registered March 23, 2016, being an application to change name – instrument.

43. Instrument No. AT4492753, registered February 22, 2017, being a notice of assignment of lessee interest in lease.

44. Instrument No. AT4492755, registered February 22, 2017, being a notice of assignment of lessee interest in lease.

**PIN 07424-0200(LT)**

1. Instrument No. EB375135, registered October 1, 1970, being a miscellaneous plan.

2. Instrument No. EB412063, registered January 29, 1973, being a notice.

3. Plan 64R7996 deposited October 10, 1979.

4. Plan 64R8647 deposited September 12, 1980.

5. Instrument No. EB528845, registered October 2, 1980, being a bylaw.

6. Instrument No. EB529811, registered October 30, 1980, being a transfer of easement.

7. [Instrument No. EB529855, registered October 30, 1980, being a lease.](#)
8. [Instrument No. EB530152, registered November 4, 1980, being an agreement.](#)
9. [Instrument No. EB530258, registered November 6, 1980, being a lease.](#)
10. [Instrument No. EB537696, registered June 8, 1981, being a lease.](#)
11. [Instrument No. EB540360, registered August 10, 1981, being an acknowledgement.](#)
12. [Instrument No. TB288767, registered December 4, 1985, being an assignment of lease.](#)
13. [Instrument No. TB296816, registered January 17, 1986, being an assignment of lease.](#)
14. [Instrument No. TB419322, registered June 5, 1987, being a debenture](#)
15. [Instrument No. TB419504, registered June 5, 1987, being an assignment general.](#)
16. [Instrument No. TB464831, registered November 25, 1987, being a notice of lease.](#)
17. [Instrument No. TB478544, registered January 27, 1988, being an agreement.](#)
18. [Instrument No. TB760210, registered May 31, 1991, being a transfer.](#)
19. [Instrument No. CA339842, registered April 5, 1995, being a notice.](#)
20. [Instrument No. CA387591, registered January 23, 1996, being a notice.](#)

21. [Instrument No. CA387592, registered January 23, 1996, being a notice.](#)

22. [Instrument No. CA387593, registered January 23, 1996, being a notice.](#)

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26. [Instrument No. AT1090598, registered March 21, 2006, being a notice.](#)

27. [Instrument No. AT4492754, registered February 22, 2017, being a notice of assignment](#)

[of lessee interest in lease.](#)

28. [Instrument No. AT4492755, registered February 22, 2017, being a notice of assignment](#)

[of lessee interest in lease.](#)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US)  
INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC),  
NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO (the "Applicants")

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

**ORDER**  
**(Re: Approval and Vesting Order)**

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,  
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US)  
INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC),  
NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “Applicants”)

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD OF THE APPLICANTS  
(Re: Stay Extension Motion returnable April 7, 2021)**

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