

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 22, 2020

**BBX CAPITAL, INC.**  
(Exact name of registrant as specified in its charter)

<u>Florida</u> (State or other jurisdiction of incorporation)	<u>000-56177</u> (Commission File Number)	<u>82-4669146</u> (IRS Employer Identification No.)
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<u>401 East Las Olas Boulevard, Suite 800, Fort Lauderdale,</u> <u>Florida</u> (Address of principal executive offices)	<u>33301</u> (Zip Code)
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Registrant's telephone number, including area code: 954-940-4900

\_\_\_\_\_  
(Former name or former address, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act: None

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 1.01 Entry into a Material Definitive Agreement.**

The information set forth in Item 2.01 below is incorporated by reference into this Item 1.01.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On October 22, 2020, Renin Holdings, LLC (“Renin”), a wholly-owned subsidiary of BBX Capital, Inc. (the “Company”) which manufactures and distributes sliding doors, door systems and hardware, and home décor products, acquired substantially all of the assets and assumed certain of the liabilities (the “Acquisition”) of Colonial Elegance Inc. (“Colonial Elegance”). Headquartered in Montreal, Canada, Colonial Elegance is a supplier and distributor of building products, including barn doors, closet doors, and stair parts, and its customers include various big box retailers in the United States and Canada.

The base purchase price for the Acquisition was CAD \$51.0 million (approximately USD \$39.0 million), substantially all of which was paid in cash by Renin at closing. In addition to the base purchase price, Renin acquired estimated excess working capital held by Colonial Elegance above an agreed upon target working capital amount of CAD \$13.0 million (approximately USD \$9.9 million) for CAD \$6.7 million (approximately USD \$5.1 million), of which CAD \$1.3 million (approximately USD \$1.0 million) was held back by Renin at closing. Pursuant to the terms of the Asset Purchase Agreement, as further described below, the final working capital adjustment amount will be determined by Renin and Colonial Elegance during the 90 day period following closing and may result in the payment of additional amounts to Colonial Elegance, including the release of all or a portion of the working capital adjustment holdback, or a refund to Renin (if the estimated working capital adjustment at closing exceeds the actual working capital adjustment by an amount in excess of the working capital adjustment holdback).

The Company made a \$5.0 million capital contribution to Renin to partially fund the Acquisition, while the remainder of Acquisition was funded by Renin using borrowings under the 2020 TD Bank Credit Facility (as defined and described under Item 2.03 below).

The Acquisition was consummated pursuant to an Asset Purchase Agreement, dated October 22, 2020, between Renin Canada Corp., a wholly-owned subsidiary of Renin, and Colonial Elegance (the “Asset Purchase Agreement”). The Asset Purchase Agreement contains representations, warranties, and covenants believed to be customary for a transaction of this nature including covenants as to indemnification for breaches of certain representations, warranties and covenants, subject to certain exclusions and caps. Renin has obtained a representations and warranties insurance policy under which Renin may seek coverage for breaches of certain of Colonial Elegance’s representations, warranties, and covenants in the Asset Purchase Agreement, subject to certain exclusions, retention amounts, policy limits, and other terms and conditions.

The foregoing description of the Asset Purchase Agreement is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the Asset Purchase Agreement, a copy of which is attached as Exhibit 2.1 hereto and is incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

In connection with the Acquisition, on October 22, 2020, Renin Canada Corp. and Renin US LLC, each of which is a wholly-owned subsidiary of Renin, entered into a credit agreement (the “2020 TD Bank Credit Facility”) with The Toronto-Dominion Bank (“TD Bank”), which amended and restated their existing facility with TD Bank initially entered into in May 2017. The 2020 TD Bank Credit Facility includes a \$30.0 million term loan (the “Term Loan”) and an operating loan of up to \$20.0 million (the “Operating Loan”). \$30.0 million of proceeds from the Term Loan and approximately \$8.0 million of borrowings under the Operating Loan were used to fund most of the purchase price and working capital adjustment related to the Acquisition, as described above. Amounts outstanding under the Term Loan and Operating Loan bear interest at (i) the Canadian Prime Rate plus a spread between 1.375% to 1.875% per annum, (ii) the United States Base Rate plus a spread between 1.00% to 1.50% per annum, or (iii) LIBOR or Canadian Bankers Acceptance Rate, in each case plus a spread between 2.875% to 3.375% per annum, with the spreads applicable to each rate depending on the Renin’s total leverage. In addition to ongoing payments of interest under the Term Loan and Operating Loan, the Term Loan requires quarterly payments of principal based on a stated percentage of the original principal amount of \$30.0 million, with approximately 37.5% of the original principal amount due at maturity. As of October 22, 2020, approximately \$11.6 million was outstanding under the Operating Loan following the Acquisition.

Pursuant to the terms and conditions of the 2020 TD Bank Credit Facility, Renin is required to comply with certain financial covenants, including a total leverage ratio and a total fixed charge coverage ratio determined quarterly. The 2020 TD Bank Credit Facility also contains other affirmative and negative covenants believed to be customary, including those that may, among other things, limit Renin's ability to make distributions to the Company and engage in certain transactions, including asset acquisitions or dispositions, mergers, consolidations, and similar transactions.

Renin has guaranteed the obligations of the borrowers under the 2020 TD Bank Credit Facility, and the 2020 TD Bank Credit Facility is collateralized by all of Renin's assets. In addition, the Company entered into a Pledge Agreement pursuant to which it pledged all of its membership interests in Renin as security for the borrower's obligations under the 2020 TD Bank Credit Facility.

The foregoing description of the 2020 TD Bank Credit Facility is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the 2020 TD Bank Credit Facility, a copy of which is attached as Exhibit 10.1 hereto and is incorporated herein by reference.

#### **Item 8.01 Other Events.**

On October 22, 2020, the Company issued a press release announcing the Acquisition. A copy of the press release is attached as Exhibit 99.1 hereto.

#### **Item 9.01 Financial Statements and Exhibits**

(a) Financial statements of businesses acquired. To the extent required by applicable Securities and Exchange Commission ("SEC") rules and regulations, the financial statements of Colonial Elegance will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date that this initial Current Report on Form 8-K is required to be filed (as permitted by Item 9.01(a)(4) of Form 8-K).

(b) Pro forma financial information. To the extent required by applicable SEC rules and regulations, pro forma financial information will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date that this initial Current Report on Form 8-K is required to be filed (as permitted by Item 9.01(a)(4) and Item 9.01(b)(2) of Form 8-K).

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>2.1</u></a>	Asset Purchase Agreement, dated as of October 22, 2020, by and between Renin Canada Corp. and Colonial Elegance Inc.*
<a href="#"><u>10.1</u></a>	Credit Facility Agreement, dated as of October 22, 2020, by and among Renin Canada Corp., Renin US LLC, and The Toronto-Dominion Bank
<a href="#"><u>99.1</u></a>	Press release dated October 22, 2020

\* The schedules and exhibits to this exhibit have been excluded pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC, upon request, a copy of any excluded schedule or exhibit.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 26, 2020

BBX Capital, Inc.

By: /s/ Brett Sheppard  
Brett Sheppard  
Chief Financial Officer

**COLONIAL ELEGANCE INC. - and -  
RENIN CANADA CORP.**

**ASSET PURCHASE AGREEMENT**

**DATED OCTOBER 22, 2020**

**CIRCULATION OF THIS DRAFT ASSET PURCHASE AGREEMENT SHALL NOT GIVE RISE TO ANY DUTY TO NEGOTIATE OR CREATE OR IMPLY ANY OTHER LEGAL OBLIGATIONS. NO LEGAL OBLIGATION OF ANY KIND WILL ARISE UNLESS AND UNTIL A DEFINITIVE WRITTEN AGREEMENT IS SETTLED, EXECUTED AND DELIVERED BY THE PARTIES HERETO.**

**BLAKE, CASSELS & GRAYDON LLP  
ASSET PURCHASE AGREEMENT**

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This Asset Purchase Agreement dated October 22, 2020 is made between **COLONIAL ELEGANCE INC.** (the “Vendor”) and **RENIN CANADA CORP.** (the “Purchaser”).

## RECITALS

- A. The Vendor carries on the Business and is willing to sell the Purchased Assets to the Purchaser.
- B. The Purchaser is willing to purchase the Purchased Assets and to assume the Assumed Liabilities on and subject to the terms and conditions contained in this Agreement.
- C. Certain definitions and other clauses pertaining to the interpretation of this Agreement are set out in Schedule 1.0.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each Party, the Parties agree as follows:

## ARTICLE 1

### PURCHASE OF ASSETS

- 1.1 **Purchase and Sale.** On and subject to the terms and conditions of this Agreement, the Vendor hereby sells to the Purchaser, and the Purchaser hereby purchases from the Vendor, the Purchased Assets, free and clear of all Liens. The Purchased Assets constitute all or substantially all of the property that Vendor used to carry on the Business.
  - 1.2 **Assumed Liabilities.** On and subject to the terms and conditions of this Agreement, the Purchaser hereby assumes and agrees to pay when due and perform and discharge in accordance with their terms, the Assumed Liabilities. Notwithstanding any other provision of this Agreement, the Purchaser shall not be liable for any Liability of the Vendor other than the Assumed Liabilities. The Retained Liabilities shall remain the sole responsibility of, and shall be retained, paid and performed solely by, the Vendor. For greater certainty, the Purchaser and the Vendor agree that customer purchase orders shipped before the Closing Date are the responsibility of the Vendor and customer purchase orders shipped after the Closing Date shall be the responsibility of the Purchaser.
  - 1.3 **Purchase Price.** The consideration payable by the Purchaser to the Vendor for the Purchased Assets (the “Purchase Price”) shall be the aggregate of:
    - (a) \$51,000,000 (the “Base Purchase Price”), plus the Final Working Capital minus \$13,000,000 (the “Target Working Capital”) in accordance with the provisions of this Agreement; and
    - (b) the agreed value of the Assumed Liabilities as set out in Exhibit B.
  - 1.4 **Calculation of Estimated Purchase Price.**
    - (1) The Vendor has delivered to the Purchaser a written draft of the Closing Date Statements, which includes the Vendor’s good faith estimate of the Final Working Capital in the amount
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of \$19,658,000 (the “**Estimated Working Capital**”) as at the Calculation Time and calculated in a manner consistent with Annual Financial Statements.

- (2) The Base Purchase Price plus the amount by which the Estimated Working Capital exceeds the Target Working Capital or less the amount by which the Target Working Capital exceeds the Estimated Working Capital, as the case may be, shall be the Closing Date Payment Amount, which the Parties have determined to be \$57,658,000.

**1.5 Payment of Purchase Price.** The Purchase Price shall be paid and satisfied as follows:

- (a) at the Closing Time, the Purchaser shall pay by wire transfer to the Vendor, at an account designated in writing by the Vendor, an amount of \$55,966,900 representing the Closing Date Payment Amount of \$57,658,000 minus the sum of (i) \$1,300,000 (the “**Adjustment Holdback Amount**”), (ii) \$255,000 (the “**Retention Holdback Amount**”) and (iii) \$136,100, representing fifty percent (50%) of the costs, expenses and premium of the R&W Insurance Policy;
- (b) an amount equal to the agreed value of the Assumed Liabilities as set out in Exhibit B shall be paid and satisfied by the assumption by the Purchaser of the Assumed Liabilities at Closing by the execution and delivery of a general conveyance and assumption of liabilities agreement in the form of Exhibit A; and
- (c) the Adjustment Amount shall be paid on the Adjustment Date in the manner provided for in Section 1.8.

**1.6 Preparation of Purchaser’s Closing Date Statements.**

- (1) *Purchaser’s Closing Date Statements.* Promptly after the Closing Time, the Purchaser shall prepare, at the Purchaser’s expense, a draft of the Closing Date Statements (the “**Purchaser’s Closing Date Statements**”), which shall be delivered to the Vendor no later than the 90<sup>th</sup> day following the Closing Date, failing which the Estimated Working Capital shall be deemed to be the Final Working Capital for the purposes of this Agreement and the Adjustment Holdback Amount shall be paid by the Purchaser to the Vendor on the Adjustment Date.
- (2) *Access to Records, etc.* During the period from the date of delivery of the Purchaser’s Closing Date Statements until the date no later than 10 days after delivery of the Purchaser’s Closing Date Statements, the Purchaser shall give the Vendor and its Representatives such assistance and access to the books and records of the Business as the Vendor and its Representatives may reasonably request in order to enable them to reasonably assess the Purchaser’s Closing Date Statements. The Representatives of the Vendor and the Purchaser shall be entitled to be present at inventory counts and other procedures used in the preparation of the Purchaser’s Closing Date Statements (whether such counts are taken before or after Closing) and shall be provided promptly with copies of all working papers created by the Purchaser or the Vendor, as the case may be, and its respective Representatives in connection with such preparation.
- (3) *Deemed Acceptance.* If the Vendor does not give an Objection Notice in accordance with Section 1.7, the Vendor shall be deemed to have accepted the Purchaser’s Closing Date Statements prepared by the Purchaser which shall be final and binding on the Parties and the Purchaser’s Closing Date Statements shall constitute the Final Closing Date
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Statements for purposes of this Agreement immediately following the expiry date for the giving of such Objection Notice and that date shall be the Adjustment Date.

**1.7 Dispute Settlement.**

- (1) If the Vendor objects to any matter in the draft Closing Date Statements prepared pursuant to Section 1.6, then the Vendor shall give notice to the Purchaser (an "**Objection Notice**") no later than twenty (20) days after delivery of the draft Closing Date Statements. Any Objection shall set forth in detail the particulars of such objection and any items not in dispute shall be deemed final and binding upon the Parties. The Parties shall then use reasonable efforts to resolve such objection for a period of thirty (30) days following the date of receipt of the Objection Notice. If the matter is not resolved by the end of such thirty (30) day period, then the dispute with respect to such objection shall be submitted by the Parties to EY LLP (the "**Independent Accountant**"). If the Independent Accountant named is unwilling or unable to act, either Party may apply to a judge of the Superior Court of Quebec in chambers in the judicial district of Montreal to have the Independent Accountant appointed.
  - (2) In addition to the Objection Notice and the Purchaser's Closing Date Statements, the Independent Accountant may consider such other documents, materials and other written information as it deems appropriate. The Independent Accountant shall allow each of the Purchaser and the Vendor to present their respective positions regarding the Purchaser's Closing Date Statements and the determination of the Final Working Capital and each of the Purchaser and the Vendor shall have the right to present additional documents, materials and other written information to the Independent Accountant regarding items in dispute in the Purchaser's Closing Date Statements. Any such other documents, materials or other written information shall be copied to each of the Purchaser and the Vendor, and each of the Purchaser and the Vendor shall be entitled to reply thereto. No discovery shall be permitted and no arbitration shall be held. Information may be presented electronically.
  - (3) The Purchaser and the Vendor shall jointly instruct the Independent Accountant that: (i) it shall act as an expert in accounting, and not as an arbitrator, to resolve the unresolved disputed items in the Purchaser's Closing Date Statements and amounts that were included in the Objection Notice in accordance with this Agreement; (ii) it shall base its decision solely on the documents, materials, written submissions of the Purchaser and the Vendor, and not on independent review; (iii) it shall make its determination in accordance with the terms of this Agreement; and (iv) it may not assign a dollar value to any disputed item greater than the highest amount or less than the lowest amount claimed by the Purchaser or the Vendor, as applicable.
  - (4) The Parties shall use commercially reasonable efforts to cause the Independent Accountant to submit its determination or opinion in a written statement delivered to the Purchaser and the Vendor as promptly as practicable, but in no event later than thirty (30) days of the appointment of such Independent Accountant, and such determination or opinion, together with those items accepted by the Purchaser and the Vendor in respect of the Purchaser's Closing Date Statements or otherwise resolved between the Purchaser and the Vendor, shall be conclusive, final and binding on all the Parties without possibility of amendment or appeal save in the event of fraud and shall constitute the Closing Date Statements for purposes of this Agreement.
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- (5) Except as otherwise provided in this Agreement, the Purchaser and the Vendor shall bear the fees and expenses of their respective accountants, auditors and other professional advisors in preparing, reviewing or settling, as the case may be, the Closing Date Statement. In the case of a dispute and the engagement of the Independent Accountant to determine such dispute, the fees and expenses of the *Independent* Accountant shall be borne by the Vendor, on the one hand, and the Purchaser, on the other hand, based on the percentage which the portion of the contested amounts not awarded to the Vendor, on the one hand, or the Purchaser, on the other hand, bears to the total amount actually contested by such Party.

#### **1.8 Payment of Adjustment Amount.**

- (1) If the Estimated Working Capital exceeds the Final Working Capital, then the Vendor shall pay to the Purchaser the difference between such amounts on the Adjustment Date. If the Final Working Capital exceeds the Estimated Working Capital, then the Purchaser shall pay to the Vendor the difference between such amounts on the Adjustment Date. Any amount payable pursuant to this Section 1.8(1) shall be referred to as the "**Adjustment Amount**".
- (2) If the final Adjustment Amount is owed by the Purchaser to the Vendor, then the Purchaser will pay such final Adjustment Amount together with the Adjustment Holdback Amount, by wire transfer of funds to the Vendor, at an account designated in writing by the Vendor.
- (3) If the final Adjustment Amount is owed by the Vendor to the Purchaser, then the Purchaser shall retain an amount equal to such final Adjustment Amount from the Adjustment Holdback Amount and pay the balance of the Adjustment Holdback Amount, if any, by wire transfer to the Vendor, at an account designated in writing by the Vendor, and (iii) if the Adjustment Holdback Amount is less than the final Adjustment Amount, the Vendor shall be liable for and shall pay such difference between the final Adjustment Amount and the Adjustment Holdback Amount at the direction of the Purchaser by wire transfer of funds to the account designated in writing by the Purchaser to the Vendor.

#### **1.9 Release of Retention Holdback Amount.**

- (1) The Retention Holdback Amount shall be retained by the Purchaser as partial security for the payment obligations of the Vendor under this Agreement.
  - (2) In the event that the Vendor is required to pay Damages to the Purchaser pursuant to Article 4, the Purchaser shall satisfy in whole or in part such payment obligations of the Vendor by retaining such amounts from the Retention Holdback Amount.
  - (3) On the one year anniversary of the Closing Date (the "**Release Date**"), the Purchaser shall pay by wire transfer of to the Vendor, at an account designated in writing by the Vendor, the Retention Holdback Amount minus the sum of (i) any amount retained by the Purchaser for its own account as of such date in accordance with the provisions of Section 1.9(2); and (ii) the amounts set forth in any Notice of Claim pending as of such date (which, for greater certainty, include notices of claim disputed by the Vendors) ("**Pending Indemnity Holdback Claims**"); and (iii) any amounts owed to the Purchaser by the Vendor under this Agreement and not satisfied as of such date.
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- (4) Following the Release Date, upon final resolution of all Pending Indemnity Holdback Claims as of the Release Date (which resolution shall be evidenced by the written **agreement of the Purchaser in writing**, or the direction by a final Order or decision of another dispute resolution forum of competent jurisdiction, which Order or decision has not been appealed within any applicable time periods for such appeal or with respect to which no appeal is available), the Purchaser shall pay to the Vendor the remaining balance, if any, of the Retention Holdback Amount.
- (5) For greater certainty, no interest will be payable to the Vendor on the Retention Holdback Amount

**1.10 Allocation of Purchase Price.** The Parties agree that the Purchase Price shall be allocated among the Purchased Assets in the manner set forth in Exhibit B. The Purchaser and the Vendor shall report an allocation of the Purchase Price among the Purchased Assets in a manner entirely consistent with Exhibit B and shall not take any position inconsistent therewith in the filing of any Tax Returns or in the course of any audit by any Governmental Authority, Tax review or Tax proceeding relating to any Tax Returns.

**1.11 Income Tax Elections.**

(1) *Section 22 Tax Election.* If available, the Purchaser and the Vendor shall elect jointly in the prescribed form under section 22 of the ITA, section 184 of the Taxation Act (Québec), if applicable, and the corresponding provisions of any other applicable Tax statute as to the sale of the Receivables and designate in such election an amount equal to the portion of the Purchase Price allocated to the Receivables pursuant to Section 1.9. This election, or these elections, shall be made within the time prescribed for such elections.

(2) *Subsection 20(24) Tax Election.* The Purchaser and the Vendor shall, if applicable, jointly execute and file an election under subsection 20(24) of the ITA in the manner required by subsection 20(25) of the ITA and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the ITA and under any other applicable provincial or territorial statute, as to such amount paid by the Vendor to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendor acknowledge that a portion of the Purchased Assets transferred by the Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the ITA and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser

(3) *Other Tax Elections.* The Purchaser and the Vendor shall also execute and deliver such other Tax elections and forms as they may mutually agree upon.

**1.12 GST/HST and QST Election.** At the Closing, the Vendor and the Purchaser shall execute jointly elections under each of section 167 of the *Excise Tax Act* (Canada) and section 75 of the *Act respecting Québec sales tax* (Québec) to have the sale of the Purchased Assets take place on a GST/HST-free basis under Part IX of the *Excise Tax Act* (Canada) and on a QST-free basis under Chapter II, Division IV of the *Act respecting Québec sales tax* (Québec) and the Purchaser shall file such elections with its GST/HST and QST returns for the reporting period in which the sale of the Purchased Assets takes place.

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**1.13 Section 56.4 Election.** The Parties acknowledge and agree that the non-competition agreement referenced in Section 3.2(c) is integral to this Agreement and is being granted, executed and delivered to maintain or preserve the fair market value of the Purchased Assets, and that no proceeds or other amount received or receivable under this Agreement by the Vendor shall be for granting any restrictive covenant under such non-competition agreement or otherwise under this Agreement. At the request of the Purchaser, and to the extent permitted by the ITA, the Parties shall make, and the Vendor shall file, any election or amended election in prescribed form (or such other form as the Purchaser may reasonably request) and within the prescribed time limits pursuant to section 56.4 of the ITA, and any analogous provision of provincial or territorial Tax legislation.”

**1.14 Adjustment for Uncollected Receivables.** The Purchaser shall use reasonable efforts to collect the Receivables for a period of ninety (90) days after the Closing Date. The Purchaser may at its option, exercisable by notice to the Vendor given within ninety (90) days following the ninety (90)-day period referred to in the immediately preceding sentence, re-assign to the Vendor any Receivable not then fully collected by the Purchaser for a price equal to the full face value of such Receivable on the Closing Date less any amounts collected in respect thereof by the Purchaser and the Vendor shall accept and immediately pay for every such Receivable that the Purchaser elects to reassign in accordance with this Section 1.13. All such reassigned Receivables shall become the property of the Vendor, and the Purchaser shall deliver to the Vendor promptly after receipt thereof by the Purchaser any payments received by the Purchaser on account of any reassigned Receivable.

## **ARTICLE 2 REPRESENTATIONS AND WARRANTIES**

**2.1 Representations and Warranties of the Vendor.** As a material inducement to the Purchaser’s entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 2.1, the Vendor hereby represents and warrants to the Purchaser as of the date hereof as follows:

- (1) *Incorporation and Corporate Power of Vendor.* The Vendor is a corporation incorporated, organized and subsisting under the laws of Canada. The Vendor has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations hereunder and under all such other agreements and instruments.
  - (2) *Authorization and Enforceability.* The execution and delivery of this Agreement and all agreements and instruments to be executed and delivered hereunder have been duly authorized by all necessary corporate action on the part of the Vendor and its shareholders and this Agreement constitutes the valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms.
  - (3) *Qualification to do Business.* The Vendor is registered, licensed or otherwise qualified to do business under the laws of the Province of Québec being the only jurisdiction in which the location of the properties and assets owned by the Vendor or the nature of the Business requires registration, licensing or other qualification. The Vendor has all
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necessary corporate power, authority, and capacity to carry on the Business and to own or lease and operate the Purchased Assets as now carried on and owned or leased and operated.

(4) *Financial Statements.*

(a) The Financial Statements have been prepared in accordance with GAAP consistently applied throughout the periods to which they relate, subject, in the case of the Interim Financial Statements, to usual year-end adjustments and the exclusion of footnotes. The balance sheets contained in the Financial Statements fairly present the financial position of the Business as of their respective dates and the statements of earnings and retained earnings contained in the Financial Statements fairly present the revenues, earnings and results of operations of the Business for the periods indicated. The Financial Statements are accurate and complete in all material respects and are based upon, and are consistent with, the Vendor's financial records.

(b) The draft Closing Date Statements delivered by the Vendor to the Purchaser pursuant to Section 1.4(1) have been prepared in good faith by the Vendor and using the same methodologies and principles as were used to prepare Annual Financial Statements. The balance sheet contained in such Closing Date Statements fairly presents the financial position of the Business for the period indicated and is accurate and complete in all material respects and is based upon, and are consistent with, the Vendor's financial records.

(5) *Books and Records.* The Vendor has made available to the Purchaser all books and records related to the operation of the Business, including all books of account and other financial data and information and all business records and information, whether in paper form or stored electronically, digitally or on computer-related media. All financial transactions of the Business have been accurately recorded in all material respects in the financial records of the Business in accordance with sound business and financial practice and such financial records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Business as of and to the date hereof. All books and records of the Business are in the full possession and exclusive control of, and are owned exclusively by, the Vendor and are not dependent upon any computerized or other system, program or device that is not exclusively owned and controlled by the Vendor.

(6) *Title to and Sufficiency of Purchased Assets.* Except as disclosed in Schedule 2.1(6), the Vendor has good and marketable legal and beneficial title to all of the Purchased Assets, free and clear of any Liens and there is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Vendor of the Business or any part thereof or any of the Purchased Assets other than the purchase of Inventories in the ordinary course of business. The Purchased Assets and their locations are listed or described in Schedules 2.1(6) and 2.1(7) and the Purchased Assets constitute all of the property and assets used or held for use in connection with the Business and are sufficient to permit the continued operation of the Business in substantially the same manner as conducted as of the date hereof and during the year ended on the date of the most recent Annual Financial Statements.

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- (7) *Movable Property.* Schedule 2.1(7) lists each item of movable property included in the Purchased Assets which had a book value in the financial records of the Business, at the date of the most recent Annual Financial Statements, of more than \$10,000 or is otherwise material to the Business and identifies all leases of movable property which cannot be terminated by the Vendor without liability at any time upon less than 30 days' notice or which involve payment by the Vendor in the future of more than \$10,000. No movable property included in the Purchased Assets is in the possession of a third party or is on consignment. Each item of movable property is in good operating condition and repair, ordinary wear and tear excepted, and is suitable and adequate for the purpose for which it is being used. All of the movable property included in the Purchased Assets, including its IT Systems, is used, operated, maintained and functions in accordance with all Applicable Laws and their functional specifications. The Vendor has appropriate information security measures in place, consistent with current industry standards and practices, to protect the confidentiality, integrity and availability of the Vendor's information and data, back-up systems and disaster recovery and business continuity plans in place, consistent with current industry standards and practices. Except as disclosed in Schedule 2.1(7), the IT Systems included in the Purchased Assets adequately meet the data processing and other computing needs of the Business as presently conducted and have not suffered unauthorized access or use nor materially malfunctioned within the past three years.
- (8) *Contracts.* Schedule 2.1(8) sets forth a true, accurate and complete list of all of the Contracts that relate to, arise out of or affect the Business or the Purchased Assets and specifies which of those Contracts are Assumed Contracts. The Vendor is in full compliance with each, and is not in default under any Assumed Contract, and no event has occurred that, with notice or lapse of time or both, would constitute such a default thereunder. Each other party to each Assumed Contract is in full compliance with such Assumed Contract and no other party to an Assumed Contract is in default under any Assumed Contract, and no event has occurred that, with notice or lapse of time or both, would constitute such a default thereunder. To the knowledge of the Vendor, no party to any of the Assumed Contracts intends to cancel, terminate or exercise any similar right under any of the Assumed Contracts. The Vendor has not made a prior assignment or waiver of an Assumed Contract or any of its rights or obligations thereunder. Each of the Assumed Contracts constitutes a legal, valid and binding obligation of each of the parties thereto and is enforceable against each of the parties thereto in accordance with its respective terms. True, accurate and complete copies of all Assumed Contracts (and all amendments thereto) have been provided to the Purchaser. Except as disclosed in Schedule 2.1(8) to the knowledge of the Vendor, the consummation of the Transactions will not cause the Purchaser to lose the benefit of any right or benefit that the Vendor presently enjoys under any of the Assumed Contracts.
- (9) *Leases.*
- (a) Schedule 2.1(9) lists all the Premises Leases and sets out, in respect of each Premises Lease: (i) the municipal address and applicable unit or premises leased; (ii) the date of the Premises Lease and any amendments to it; (iii) the original parties to the Premises Lease and any amendment; (iv) the area of the space subject to each Premises Lease; (v) the remaining term and any unexpired options to extend or renew; (vi) the current basic rent; (vii) the amount of any prepaid rent or deposit and the identification of any guarantee or indemnity or security given in
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respect of the Premises Lease; and (viii) any current or future rent-free or reduced rent occupancy. The information set out in Schedule 2.1(9) is true and complete.

- (b) The Leased Premises constitutes all of the immovable property used by any of the Vendor in the operation of the Business.
  - (c) The Vendor has not received any notice that the Leased Premises or any portion thereof violates or has violated any Applicable Laws. To the knowledge of the Vendor, none of the Leased Premises is subject to (i) any Order or (ii) any rights of way, building use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever which materially impact the use of the Leased Premises by the Vendor.
  - (d) The improvements and fixtures on the Leased Premises are in reasonable operating condition and in a state of reasonable repair and maintenance given their age and use, and are adequate and suitable for the purposes for which they are presently being used.
  - (e) There is no condemnation, expropriation or similar proceeding pending or threatened against any of the Leased Premises or any improvement thereon.
  - (f) The buildings and structures included in the Leased Premises have access to (i) public roads or valid easements over private streets or private property for such ingress to and egress from all such buildings and structures, and (ii) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, as is necessary for the conduct of the Business.
- (10) *Receivables.* All Receivables are recorded in the financial records of the Business and the Receivables are valid obligations which arose in the ordinary course of business and are to be collected in the ordinary course of business, in the aggregate, at their full face value and are not subject to any set-off or counterclaim. Any reserves for doubtful Receivables set forth in the Financial Statements are adequate and reasonable, and have been determined in accordance with GAAP and are consistent with past practice. None of the Receivables is due from an Affiliate of the Vendor.
- (11) *Inventories.* The Inventories consist of items that are current and of good and merchantable quality and not subject to any write-down or write-off. The allowance for slow moving or obsolete inventory is adequate and reasonable and has been determined in accordance with GAAP and is consistent with past practice. The portion of the Inventories consisting of finished products is saleable in the ordinary course of business at normal prices. The portion of the Inventories consisting of raw materials and work-in-progress is of a quality usable in the production of finished products. Current Inventory levels are consistent with the level of Inventories that has been maintained in the operation of the Business prior to the date hereof in accordance with the operation of the Business in the ordinary course.
- (12) *Intellectual Property.*
- (a) Schedule 2.1(12) sets out a complete list, and, where appropriate, a description of (i) all of the registered and pending Intellectual Property owned by the Vendors in
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connection with the Purchased Business and (ii) all non-off-the-shelf or non-standard form licenses or similar agreements or arrangements to which the Vendor is a party, either as licensee or licensor, with respect to Intellectual Property necessary or desirable for the carrying on of the Business.

- (b) Except as set forth in Schedule 2.1(12), the Vendor is the exclusive owner of all right, title and interest in and to, or possesses the right to use, the Purchased IP, free and clear of all Liens. The Vendor has not assigned, licensed or otherwise conveyed any of the Purchased IP.
  - (c) The Vendor has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the Purchased IP in connection with the conduct of the Business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchased IP is sufficient to conduct the Business as presently conducted. All licenses to which the Vendor is a party relating to Purchased IP are in good standing and no material default exists on the part of the Vendor thereunder.
  - (d) There are no outstanding or, to the knowledge of the Vendor, threatened disputes or other disagreements with respect to any licenses or similar Contracts listed in Schedule 2.1(12) or with respect to infringement by another Person of any of the Purchased IP. The Purchased IP has not and does not infringe, violate or misappropriate the intellectual property of any Person. The Vendor has not received any communication, and no claims, demands, lawsuits, litigation, summons, actions, suits, notice of violation, or proceedings, at law or in equity have been instituted, settled or, to the knowledge of the Vendor, threatened that alleges any such infringement, violation or misappropriation.
  - (e) All required filings and fees related to the applications for and registrations of Purchased IP have been timely filed with and paid to the relevant Governmental Authority and authorized registrars, and all registrations are otherwise in good standing.
- (13) *Licences and Compliance with Applicable Law.* Except as disclosed in Schedule 2.1(13), there are no licences, permits, authorizations, approvals or other evidences of authority of any Governmental Authority required for the operation of the Business and the Vendor has conducted and is conducting the Business in compliance with Applicable Law and the licences, permits, authorizations, approvals or other evidences of authority of any Governmental Authority set out in Schedule 2.1(13).
- (14) *Consents.* Except as set forth in Schedule 2.1(14), no Consent of (a) any Governmental Authority or (b) other Person that is a party to a Contract is required in connection with the execution, delivery or performance of this Agreement by the Vendor or the consummation by the Vendor of the transactions contemplated herein or to permit the Purchaser to carry on the Business after the Closing as the Business is currently carried on by the Vendor.
- (15) *Compliance with Anti-Corruption Laws.* None of the Vendor nor, to the knowledge of the Vendor, any of its Representatives or joint venture partners, in carrying out or representing the Business anywhere in the world, have violated the *Corruption of Foreign Public Officials Act* (Canada), the U.S. *Foreign Corrupt Practices Act*, the U.K. *Bribery Act 2010*, or the anti-corruption laws of any other jurisdiction where the Business is carried on.
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- (16) *Legal Proceedings and Orders.* Except as set forth and described in Schedule 2.1(16) there is no Legal Proceeding in progress, pending or, to the knowledge of the Vendor, Threatened against or affecting the Vendor or any of the Purchased Assets or title thereto, nor is there any factual or legal basis on which any such Legal Proceeding might be commenced. Except as set forth and described in Schedule 2.1(16) there is no Order outstanding against or affecting the Vendor, the Business or any of the Purchased Assets.
- (17) *Environmental Matters.* To the best of Vendor's knowledge, the Business and the Purchased Assets as carried on or used by the Vendor and its predecessors have been carried on and used and are currently carried on and used in compliance with all Environmental Laws. There is no Hazardous Substance on, in or under any of the real or movable property included in the Purchased Assets nor has there ever been any release, escape or other discharge of any Hazardous Substance therefrom. The Vendor and its predecessors have not used any of the Purchased Assets, or permitted them to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce or process any Hazardous Substance. To the best of Vendor's knowledge, there are no Environmental Permits required for the operation of the Business or the Purchased Assets. Except as disclosed in Schedule 2.1(17), there are no underground storage tanks, pits, lagoons, waste disposal sites, above-ground storage tanks or materials or other assets containing asbestos or polychlorinated biphenyls located on any lands included in the Purchased Assets.
- (18) *Employees and Employee Benefits.* Except as set out in Schedule 2.1(18), the Vendor is not a party to or bound by, either directly or by operation of Applicable Law, any collective agreement, labour contract, letter of understanding, letter of intent, voluntary recognition agreement or legally binding commitment or written communication to any labour union, trade union or employee organization or group which may qualify as a trade union in respect of or affecting Employees or independent contractors nor is the Vendor subject to any union organization effort, nor is it engaged in any labour negotiation. Except as set out in Schedule 2.1(18), the Vendor does not have written contracts of employment with any Employee or any written contract with any consultant. The Vendor has no obligation to make any severance or termination payment to any Employee in excess of any amount payable under Applicable Law. Each employee benefit, health, welfare, medical, dental, pension, retirement, profit sharing, current or deferred compensation, equity or phantom stock compensation, savings, severance or termination payment, life insurance or disability plan, program, agreement and arrangement (whether written or oral) and all other similar plans, programs, agreements and arrangements which are sponsored, maintained or contributed to by the Vendor for the Employees or former Employees or under which the Vendor has any actual or potential liability or obligations, other than plans established pursuant to statute, are listed on Schedule 2.1(18) (the "**Employee Plans**"). The Vendor has provided the Purchaser with true, up-to-date and complete copies of all Employee Plans (or, where oral, written summaries of the material terms thereof) as amended as of the date hereof, together with all related documentation including annuity contracts, trust or other funding agreements, participation agreements, insurance policies and contracts, actuarial reports, annual information returns, investment management agreements, copies of all material correspondence with Governmental Authority and plan summaries, employee booklets, brochures and personnel manuals. Each Employee Plan has been established, administered and invested in accordance with its terms and Applicable Law. No Employee Plan provides post-retirement or post-employment of employment benefits to or in respect of any Employees or former Employees or their
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beneficiaries. All contributions or premiums required to be made by the Vendor to or under each Employee Plan have been made in a timely fashion in accordance with Applicable Law, the terms of the applicable Employee Plan and any applicable collective agreement, and the Vendor does not have, and as of the Closing Date will not have, any actual or potential unfunded liabilities (other than liabilities accruing after the Closing Date) with respect to any Employee Plans. All liabilities of the Vendor (whether accrued, absolute, contingent or otherwise) related to all Employee Plans have been fully and accurately disclosed in accordance with GAAP in the Financial Statements. Schedule 2.1(18) lists all the Employees and other Persons who are receiving remuneration for work or services provided to the Vendor who are not Employees as of the date of this Agreement and the age, position, status, length of service, location of employment, compensation and benefits of each Employee and the terms on which each other Person who is providing work or services to the Vendor is engaged. Except as set out in Schedule 2.1(18), no Employee is on long-term disability leave, receiving benefits pursuant to applicable labour and employment Laws or otherwise an inactive Employee. Except as set out in Schedule 2.1 (18), the Vendor has not paid nor will it be required to pay any bonus, fee, distribution, remuneration or other compensation to any Person (other than salaries, wages or bonuses paid or payable to Employees in the ordinary course of business in accordance with current compensation levels and practices as set out in Schedule 2.1(18)) as a result of the transactions contemplated by this Agreement or otherwise.

- (19) *Customers and Suppliers.* Schedule 2.1(19) lists the 10 largest customers of, and the 10 largest suppliers to, the Business (or such additional customers or suppliers of the Business which are sufficient to constitute 50% or more of total sales or purchases, as the case may be) for each of the last three 12-month periods ending immediately before the date of this Agreement, and the aggregate amount which each customer was invoiced and each supplier was paid during such period. To the knowledge of the Vendor, no such customer or supplier intends to cease doing business with the Vendor or to modify or change in any material manner any existing arrangement with the Vendor for the purchase or supply of any products or services. Except as set out in Schedule 2.1 (19), the relationships of the Vendor with each of its principal suppliers, shippers and customers are satisfactory, and there are no unresolved disputes with any such supplier, shipper or customer.
- (20) *Products and Services.*
- (a) Except as disclosed in Schedule 2.1(20), the Vendor does not make, nor has made, any express warranty or guarantee as to goods or products manufactured, sold, leased, distributed, installed or delivered, or services provided by the Vendor, and there is no pending or, to the knowledge of the Vendor, Threatened claim alleging any breach of any such warranty or guarantee.
  - (b) The Vendor has not had any exposure to, or liability under, any warranty (i) that is beyond that which is typically assumed in the ordinary course of business by Persons engaged in businesses comparable in size and scope to the Business or (ii) that would result in a Material Adverse Change. Each product manufactured, sold, leased, distributed, installed or delivered by the Vendor is and has been, and all services provided are and have been, at all times, in conformity with Applicable Law, all applicable contractual commitments and all express and implied warranties, and the Vendor has no Liability (and to the knowledge of the Vendor there is no basis for any present or future Legal Proceeding against the Vendor
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giving rise to any liability) for replacement or repair thereof or other damages in connection therewith.

- (c) The Vendor has no, nor has the Vendor had in the last five (5) years any, Liability, and to the knowledge of the Vendor, there is no basis for any present or future claim or proceeding against the Vendor giving rise to any Liability, arising out of any injury to individuals or property as a result of the ownership, possession or use of any product manufactured, sold, leased, distributed, installed, delivered or serviced by the Vendor. The Vendor has no Liability (whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due) arising out of any injury to individuals or property as a result of or alleged to be the result of work or service performed (or not performed) or due to the ownership, possession or use of any product manufactured, sold, leased, installed, or delivered.
- (21) *Insurance.* The Vendor maintains insurance covering the Purchased Assets and protecting the Business in the amounts and under the policies described in Schedule 2.1(21). Each of such insurance policies is valid and subsisting and in good standing, there is no default thereunder and the Vendor is entitled to all rights and benefits thereunder. There are no claims pending under such policies.
- (22) *Taxes and Tax Returns.*
- (a) The Vendor is not a non-resident of Canada for purposes of the ITA.
  - (b) The Vendor has withheld from each payment made to any Person, including any of its present or former Employees and, in respect of other payments, to all Persons who are or are deemed to be non-residents of Canada for purposes of the ITA all amounts required by Applicable Law to be withheld, and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Vendor has remitted all Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of the Employees to the proper Governmental Authority within the time required under Applicable Law. The Vendor has charged, collected and remitted on a timely basis all Taxes as required under Applicable Law on any sale, supply or delivery whatsoever, made by the Vendor.
  - (c) The Vendor has filed all Tax Returns required to be filed by it in all applicable jurisdictions and has paid all Taxes relating to the Business when due.
  - (d) The Vendor is registered for GST/HST purposes under Part IX of the Excise Tax Act (Canada) and for QST purposes under the *Act respecting Québec sales tax* (Québec) and the Vendor's GST/HST and QST registration numbers are as follows: GST/HST: 101054658RT0001 and QST: 1002558137TQ0001.
- (23) *No Material Adverse Change.* Since the date of the most recent Annual Financial Statements, there has been no Material Adverse Change and no event has occurred nor do any circumstances exist which could result in such a Material Adverse Change.
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- (24) *Absence of Certain Changes or Events.* Since the date of the most recent Annual Financial Statements, the Vendor has carried on the Business in the ordinary course and, in particular, but without limitation, has not:
- (a) revalued or disposed of any of the Purchased Assets, except sales of Inventory in the ordinary course of business;
  - (b) changed any accounting principles, policies, practices or methods;
  - (c) entered into any contract or any other transaction that was not in the ordinary course of business;
  - (d) created a Lien on any of the Purchased Assets, except in the ordinary course of business and in amounts which, individually and in the aggregate are not material to the financial condition or the operation of the Business;
  - (e) terminated, cancelled, modified or amended in any material respect or received notice or a request for termination, cancellation, modification or amendment of any lease or other contract to which it is a party or taken or failed to take any action that would entitle any party to a lease or other contract with the Vendor to terminate, modify, cancel or amend it;
  - (f) terminated, cancelled, modified or amended in any material respect or received notice or a request for termination, cancellation, modification or amendment of any contract with a customer or supplier to which the Vendor is a party or taken or failed to take any action that would entitle any customer or supplier that is a party to a contract with the Vendor to terminate, modify, cancel or amend it;
  - (g) received a notice from any customer or supplier stating that such customer or supplier intends to cease doing business with the Vendor or to modify or change in any material manner any existing arrangement with the Vendor for the purchase or supply of any products or services;
  - (h) incurred any damage, destruction or loss with respect to any of the Purchased Assets (whether or not insured);
  - (i) in respect of the Business, made any capital expenditure or authorized any capital expenditure or made any commitment for the purchase, construction or improvement of any capital assets except in the ordinary course of business;
  - (j) entered into any contract or commitment to hire, or terminated the services of, any officer or senior management Employee with responsibilities related to the Business;
  - (k) made any increase in, or commitment to increase, the rate of compensation, commission, bonus to or in respect of any Employee, (B) made any increase in, or commitment to increase, any employee benefits, (c) entered into, adopted, amended or terminated, or made a commitment to enter into, adopt, amend or terminate any Employee Plan or (D) implemented or announced any voluntary or involuntary employment termination programs or layoffs; or
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- (l) authorized or agreed or otherwise become committed to do any of the foregoing.
- (25) *Absence of Other Changes or Events*. Without limiting the generality of Section 2.1(24), since the date of the Annual Financial Statements, the Vendor has:
  - (a) conducted the Business in the ordinary course in a manner consistent with past practice;
  - (b) maintained the Purchased Assets in good working condition (normal wear and tear excepted); and
  - (c) used its best efforts to maintain the Business and employees, customers, assets and operations as an ongoing concern in accordance with past practice.
- (26) *Investment Canada Act*.
  - (a) The Business is not a cultural business as defined in the Investment Canada Act, or a business that falls within a specific type of business activity that, in the opinion of the Governor in Council, is related to Canada's cultural heritage or national identity as prescribed under the Act.
  - (b) The applicable threshold for requiring that the Purchaser submit an application for review under Part IV of the Investment Canada Act will not be exceeded through the purchase of the Purchased Assets by the Purchaser on the terms of this Agreement, including based on the Purchaser's representation and warranty at Section 2.2(3) of this Agreement. (Purchaser to make this verification).
- (27) *Competition Act (Canada)*. Purchaser warrants that neither the aggregate value of the Purchased Assets in Canada, nor the aggregate gross revenues from sales in or from Canada generated from those assets, exceed the monetary threshold set out at section 110(2) of the *Competition Act (Canada)*, as prescribed by the *Competition Act (Canada)*.
- (28) *Full Disclosure*. None of the foregoing representations and warranties and no document furnished by or on behalf of the Vendor to the Purchaser in connection with the negotiation of the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading to a prospective purchaser of the Business and the Purchased Assets seeking full information as to the Business and the Purchased Assets.

**2.2 Representations and Warranties of the Purchaser.** As a material inducement to the Vendor's entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 2.2, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Corporate Power*. The Purchaser is a corporation incorporated, organized and subsisting under the laws of the jurisdiction of its incorporation. The Purchaser has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as
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contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.

- (2) *Authorization and Enforceability.* The execution and delivery of this Agreement and all other agreements and instruments to be executed and delivered hereunder have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement constitutes the valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.
- (3) *Excise Tax Act.* The Purchaser is registered for GST/HST purposes under the *Excise Tax Act* (Canada) and for QST purposes under the *Act respecting Québec sales tax* (Québec) and its registration numbers are as follows: GST/HST: 835391830RT0001 and QST: 1225162693TQ0001.

**2.3 Commissions.** Each Party represents and warrants to the other Party that such other Party will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, that Party.

### ARTICLE 3

#### CLOSING ARRANGEMENTS

**3.1 Closing.** The Closing shall take place virtually at 9:00 a.m. on the Closing Date by way of electronic exchange of signatures, or at such other time on the Closing Date as may be agreed orally or in writing by the Vendor and the Purchaser.

**3.2 Vendor's Deliverables.** At Closing, the Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser all the documents contemplated in this Agreement, including the following:

- (a) a general conveyance and assumption of liabilities agreement substantially in the form of Exhibit A duly executed by the Vendor;
  - (b) copies of all Consents, approvals, orders, authorizations, declarations, filings and registrations required in connection with the consummation of the transactions contemplated by this Agreement, in each case in form and substance satisfactory to the Purchaser, acting reasonably, with such Consents being in full force and effect;
  - (c) non-competition, non-solicitation and confidentiality agreements in the form of Exhibit C, duly executed by the Vendor and each of the individuals that, directly or indirectly, own the Vendor;
  - (d) a certificate of a senior officer of the Vendor certifying (i) the Constatting Documents of the Vendor, (ii) the resolutions of the board of directors and shareholders of the Vendor authorizing the execution, delivery and performance of this Agreement and of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by the Vendor and (iii) the incumbency and signatures of the officers of the Vendor executing this Agreement and any other document relating to the transactions contemplated by this Agreement, in the form of Exhibit D;
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- (e) if applicable, the elections referred to in Sections 1.11 and 1.12, duly executed by the Vendor;
- (f) consulting agreements between the Purchaser and each of Piérot Drouin and Réal Charbonneau, duly executed by Piérot Drouin and Réal Charbonneau, respectively;
- (g) a pay-out letter in form and substance satisfactory to the Purchaser, acting reasonably, addressed to the Vendor, from each of the Vendor's secured creditors;
- (h) articles of amendment effective on the Closing Date evidencing the change of the Vendor's corporate name to a name which does not include any trade-mark, corporate name or business name "Colonial Elegance";
- (i) a legal opinion from Vendor's Counsel in a form and substance satisfactory to the Purchaser's Counsel;
- (j) a confirmatory trade-mark assignment agreement, duly executed by the Vendor;
- (k) a lease assignment agreement relating to the Berthierville Premises Lease, duly executed by the Vendor;
- (l) a sub-lease agreement relating to Montreal Premises Lease, duly executed by the Vendor;
- (m) a vehicle transfer agreement relating to the two 2019 Ford Tran C vehicles and Ford Cube vehicle, duly executed by the Vendor; and.
- (n) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

**3.3 Purchaser's Deliverables.** At Closing, the Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor all the documents contemplated in this Agreement, including the following:

- (a) a general conveyance and assumption of liabilities agreement substantially in the form of Exhibit B, duly executed by the Purchaser;
  - (b) the payment referred to in Section 1.5(a);
  - (c) the elections referred to in Sections 1.11 and 1.12, duly executed by the Purchaser;
  - (d) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Vendor to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably.
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**ARTICLE 4**  
**SURVIVAL AND INDEMNIFICATION**

**4.1 Survival.** All provisions of this Agreement and of any other agreement, certificate or instrument delivered pursuant to this Agreement, other than the conditions in Article 3, shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title to the Purchased Assets and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the consideration for the Purchased Assets.

**4.2 Indemnity by the Vendor.** The Vendor shall indemnify the Purchaser and save it fully harmless against, and will reimburse it for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any incorrectness in or breach of any representation or warranty of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
  - (b) any breach or any non-fulfilment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any of the following:
    - (i) the general conveyance and assumption of liabilities agreement contemplated by Section 3.2(a);
    - (ii) the non-competition, non-solicitation and confidentiality agreements contemplated by Section 3.2(c);
    - (iii) the officer's certificate contemplated by Section 3.2(d);
    - (iv) the consulting agreements contemplated by Section 3.2(f);
    - (v) the confirmatory trade-mark assignment agreement contemplated by Section 3.2(j);
    - (vi) the lease assignment and sub-lease agreements contemplated by Section 3.2(k) and 3.2(l); and
    - (vii) the vehicle transfer agreement contemplated by Section 3.2(m);
  - (c) any Liability arising from the ownership or operation of the Business or the Purchased Assets prior to the Closing Date, other than a Liability that is an Assumed Liability;
  - (d) defects or deficiencies in any product manufactured or distributed by the Vendor, in whole or in part, prior to the Closing Date;
  - (e) any Legal Proceeding to which the Vendor is a party at any time on or prior to the Closing Date, or to which it becomes a party after the Closing Date arising from facts or circumstances that existed at any time on or prior to the Closing Date including the Legal Proceedings disclosed in Schedule 2.1(16);
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- (f) any breach or alleged breach of any contract by the Vendor which occurred prior to or on the Closing Date or any such breach which occurs after the Closing Date but arises out of a continuation of a course of conduct which commenced prior to the Closing Date, including any contract disclosed in Schedule 2.1(8). For further clarification, any penalties resulting from Customer purchase orders shipped before Closing are the responsibility of the Vendor. Any penalties resulting from Customer purchase orders shipped after Closing are the responsibility of the Purchaser; and
- (g) the Retained Liabilities;

For greater certainty and without limiting the generality of the provisions of Sections 4.2(a) the indemnity provided for in Sections 4.2(b) through 4.2(g) shall extend to any Damages arising from any act, omission or state of facts that occurred or existed prior to the Closing Time, and whether or not disclosed in any Schedule to this Agreement. The waiver of any condition based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

**4.3 Indemnity by the Purchaser.** The Purchaser shall indemnify the Vendor and save them fully harmless against, and will reimburse them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (a) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; and
- (b) any breach or non-fulfilment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

**4.4 Claim Notice.** If an Indemnified Party becomes aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under this Article 4, the Indemnified Party shall promptly give written notice thereof (a "**Claim Notice**") to the Indemnifying Party. The Claim Notice shall specify whether the potential Damages arise as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the potential Damages arise as a result of a claim directly by the Indemnified Party against the Indemnifying Party (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Direct Claim or Third Party Claim, as the case may be; and
- (b) the amount of the potential Damages arising therefrom, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive a Claim Notice in time effectively to contest the determination of any liability susceptible of being contested or to assert a right to recover an amount under applicable insurance coverage, then the liability of the Indemnifying Party to the Indemnified Party under this Article 4 shall be reduced only to the extent that Damages are actually incurred by the

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Indemnifying Party resulting from the Indemnified Party's failure to give the Claim Notice on a timely basis. Nothing in this Section 4.4 shall be construed to affect the time within which a Claim Notice must be delivered pursuant to Sections 4.5(1) and 4.5(2) in order to permit recovery pursuant to Section 4.2(a) or 4.3(a) as the case may be.

#### 4.5 Time Limits for Claim Notice for Breach of Representations and Warranties.

(1) *Notice by the Purchaser.* No Damages may be recovered from the Vendor pursuant to Section 4.2(a) unless (subject to the fraud exception below) a Claim Notice is delivered by the Purchaser in accordance with the timing set out below:

- (a) with respect to the representations and warranties in Sections 2.1(1), 2.1(2), 2.1(6), 2.1(12)(b) and 2.1(22) (collectively, the "**Fundamental Representations**"), at any time after Closing; and
- (b) with respect to all other representations and warranties, on or before the second anniversary of Closing,

provided, however, that in the event of fraud relating to a representation and warranty of the Vendor in this Agreement, then notwithstanding the foregoing time limitations, the Purchaser shall be entitled to deliver a Claim Notice at any time for purposes of such a claim. Unless (subject to the fraud exception above) a Claim Notice has been given in accordance with the timing set out in Section 4.5(1)(b), with respect to the representations and warranties referred to in any such Section, the Vendor shall be released on the date set out in Section 4.5(1)(b) from all obligations in respect of representations and warranties referenced in that Section and from the obligation to indemnify the Purchaser in respect thereof pursuant to Section 4.2(a). This Section 4.5(1) shall not be construed to impose any time limit on the Purchaser's right to assert a claim to recover Damages under Sections 4.2(b) through 4.2(g).

(2) *Notice by the Vendor.* No Damages may be recovered from the Purchaser pursuant to Section 4.3(a) unless a Claim Notice is delivered by the Vendor on or before the second anniversary of Closing. Unless a Claim Notice has been given on or before the second anniversary of Closing with respect to each particular representation and warranty, the Purchaser shall be released on the second anniversary of Closing from all obligations in respect of that particular representation and warranty and from the obligation to indemnify the Vendor in respect thereof pursuant to Section 4.3(a). This Section 4.5(2) shall not be construed to impose any time limit on the Vendor's right to assert a claim to recover Damages under Section 4.3(b), whether or not the basis on which such a claim is asserted could also entitle the Vendor to make a claim for Damages pursuant to Section 4.3(a).

#### 4.6 Monetary Limitations.

(1) Subject to Section 4.8, with respect to the matters described in Section 4.2(a), the Vendor will have no liability with respect to such matters until the Purchaser have suffered or incurred Damages by reason of all such breaches in excess of \$255,000 (the "**Deductible**"), after which point the Vendor shall be liable for all such Damages; provided, that the foregoing limitations shall not apply in respect of any Damages relating to (i) breaches of the Fundamental Representations or (ii) any fraud or intentional misrepresentation.

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- (2) With respect to the matters described in Section 4.2(a), the maximum aggregate liability of the Vendor to the Purchaser for any Damages shall not exceed the Retention Holdback Amount; provided, that the foregoing limitations shall not apply in respect of any Damages relating to (i) breaches of the Vendor's Fundamental Representations or (ii) any fraud or intentional misrepresentation.
- (3) With respect to the matters described in Section 4.2(a), the maximum aggregate liability of the Vendor to the Purchaser for any Damages resulting from breaches of the Vendor's Fundamental Representations shall not exceed the Purchase Price.

**4.7 Damages from Purchaser.** No Damages may be recovered from the Purchaser pursuant to Section 4.3(a) unless and until the accumulated aggregate amount of Damages of the Vendor arising pursuant to Section 4.3(a) exceeds the Deductible, in which event the accumulated aggregate amount of all such Damages in excess of the Deductible may be recovered up to a maximum amount equal to the \$3,000,000. Such limitation shall have no application to any claim to recover Damages based on any incorrectness in or breach of (i) any representation or warranty of the Purchaser in Sections 2.2(1) or 2.2(2) of this Agreement, or (ii) any other representation or warranty of the Purchaser in this Agreement resulting from fraud by the Purchaser, nor shall the limitation be construed to apply to any of the indemnities in Sections 4.3(b).

**4.8 Recoupment Provision.**

- (1) The Purchaser acknowledges and agrees that its sole source of indemnification and recovery for Damages and any payment due by the Vendor to the Purchaser pursuant to Section 4.2(a) shall be made from the following sources and in the following order of priority: (a) first, subject to the provisions of Article 4, including the limitations set forth in Article 4, from the Retention Holdback Amount; (b) second, by claims under the R&W Insurance Policy, except in the case of fraud or intentional misrepresentation, and (c) third, from the Vendor with respect to (i) breaches of the Fundamental Representations and (ii) any fraud or intentional misrepresentation.
- (2) Where the Purchaser is at any time entitled to recover from some other Person (including an insurer) any sum in respect of any matter giving rise to a claim against the Vendor under this Agreement, the Purchaser shall take all commercially reasonable steps at its cost to enforce such recovery prior to taking action against the Vendor and, if the Purchaser recovers any amount from such other Person, the amount of the claim against the Vendor shall be reduced by the amount recovered by the Purchaser from such Person (less any costs and expenses incurred in connection therewith). The R&W Insurance Policy shall provide that the insurer thereunder shall have no claim against the Vendor by way of subrogation or otherwise, except in the event of fraud or intentional misrepresentation.

**4.9 Calculation of Damages.** For greater certainty, for the purpose of determining existence of any inaccuracy in or breach of any representation or warranty set forth in Section 2.1 and calculating the amount of Damages under this Article 4, the representations and warranties of the Parties contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement shall be deemed to have been made without qualifications as to materiality where the words or phrases "material", "immaterial", "in all material respects" or words or phrases of similar import are used, such that the amount of Damages payable to an Indemnified Party is not subject to any

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deduction in respect of amounts below the level of materiality stated in the relevant representation and warranty. Further, the calculation of such amount shall not be affected by any inspection or inquiries made by or on behalf of the Party entitled to be indemnified under this Article 4.

**4.10 Direct Claims.** In the case of a Direct Claim, the Indemnifying Party shall have 60 days from receipt of a Claim Notice in respect thereof within which to make such investigation as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate its right to be indemnified under this Article 4, together with all such other information as the Indemnifying Party may reasonably request. If the Parties fail to agree at or before the expiration of such 60-day period (or any mutually agreed upon extension thereof), the Indemnified Party shall be free to pursue such remedies as may be available to it.

**4.11 Third Party Claims.**

(1) *Rights of Indemnifying Party.* In the event a Claim Notice is delivered with respect to a Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party.

(2) *Commercially Necessary Payments Prior to Settlement.* If any Third Party Claim is of a nature such that it is necessary in the reasonable view of the Indemnified Party acting in a manner consistent with reasonable commercial practices, in respect of (A) a Third Party Claim by a customer relating to products or services supplied by the Business or (B) a Third Party Claim relating to any contract which is necessary to the ongoing operations of the Business or any material part thereof in order to avoid material damage to the relationship between the Indemnified Party and any of its major customers or to preserve the rights of the Indemnified Party under such an essential contract, to make a payment to any Person (a "Third Party") with respect to the Third Party Claim before the completion of settlement negotiations or related Legal Proceedings, as the case may be, then the Indemnified Party may make such payment and the Indemnifying Party shall, promptly after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall pay the amount of such difference to the Indemnifying Party.

(3) *Compulsory Payments Prior to Settlement.*

(a) In the case of a Claim Notice concerning an amount of Damages (i) required to be paid by an Indemnified Party under Applicable Law or any Order, or (ii) in respect of which any amount is garnished by a Governmental Authority (each such amount a "**Preliminary Compulsory Payment Amount**"), the Indemnifying Party shall, within 10 days of receipt of the Claim Notice, pay the Indemnified Party an amount equal to the Preliminary Compulsory Payment Amount.

(b) Upon the occurrence of a Final Compulsory Payment Indemnification Event (if any), (i) if the aggregate of all Preliminary Compulsory Payment Amounts is less than the amount so determined under the Final Determination to be the amount

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owing (the "**Final Compulsory Payment Amount**"), the Indemnifying Party shall, within 10 days of the time that the Indemnified Party notifies the Indemnifying Party of the occurrence of the Final Compulsory Payment Indemnification Event, pay to the Indemnified Party an amount equal to the difference between the aggregate for all Preliminary Compulsory Payment Amounts and the Final Compulsory Payment Amount, and (ii) if the aggregate of all Preliminary Compulsory Payment Amounts exceeds the Final Compulsory Payment Amount, the Indemnified Party shall within 10 days of the receipt of any related refund or credit, pay to the Indemnifying Party the amount of such refund or credit (including any interest paid or credited with respect thereto but net of any Taxes payable by the Indemnified Party in respect of such refund, credit or interest).

- (4) *Other Rights of Indemnified Party.* The Indemnified Party, acting reasonably, shall have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

**4.12 Interest on Damages.** For greater certainty, no interest will be payable to the Purchaser on the Damages Amount and any indemnity claim.

**4.13 Set-off.** The Purchaser shall be entitled to set off the amount of any Damages subject to indemnification under this Agreement against any other amounts payable by the Purchaser to the Vendor whether under this Agreement or otherwise.

## ARTICLE 5

### COVENANTS

#### 5.1 Confidentiality.

- (1) *Information To Be Confidential.* Each Recipient shall treat confidentially and not disclose, and shall cause each of its Representatives to treat confidentially and not disclose, other than as expressly contemplated by this Agreement, any Evaluation Material of the Discloser.

- (2) *Use Of Evaluation Material.* A Recipient may disclose Evaluation Material only to those of its Representatives who need to know such Evaluation Material for the purpose of implementing the transaction contemplated by this Agreement. No Recipient shall use, nor permit its Representatives to use, Evaluation Material for any other purpose nor in any way that is, directly or indirectly, detrimental to the applicable Discloser.

- (3) *Return or Destruction.* Following the termination of this Agreement in accordance with the provisions of this Agreement, each Recipient shall (and shall cause each of its Representatives to) (a) return promptly to the Discloser all physical copies of the Evaluation Material of the Discloser, then in such Recipient's possession or in the possession of its Representatives, (b) destroy all (i) electronic copies of such Evaluation Material, and (ii) all plans, proposals, reports, analyses, notes studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect, Evaluation Materials (including electronic copies thereof) prepared by such Recipient or any of its Representatives, including electronic back-ups of the foregoing in a manner that ensures the same may not be retrieved or undeleted by such Recipient or any of its Representatives, and (c) deliver to the Discloser a certificate executed by one of the
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Recipient's duly authorized senior officers indicating that the requirements of this Section 5.1(3) have been satisfied in full.

- (4) *Personal Information.* After the Closing, the Purchaser shall not, and shall cause its Representatives not to, use or disclose Personal Information, other than for the purpose of carrying on the Business or for purposes other than those for which such information was collected by the Vendor, except with the consent of the individuals to whom such information relates or as otherwise required by Applicable Law, and shall give effect to any withdrawal of consent made in accordance with such Laws. If the Vendor or the Purchaser terminates this Agreement as provided herein, the Purchaser shall promptly deliver to the Vendor all Personal Information in its possession or in the possession of any of its Representatives, including all copies, reproductions, summaries or extracts thereof.

- 5.2 Use of Name.** The Vendor acknowledges and agrees that, notwithstanding any existing business name registrations in the name of the Vendor or of any of its Affiliates in any jurisdiction with respect to the name "Colonial Elegance", as of the Closing Time, the Purchaser, either directly or through or an Affiliate of the Purchaser, shall own the name "Colonial Elegance" and shall have the right to use such name at its entire discretion and to make any registrations it deems appropriate in respect of the name "Colonial Elegance". Furthermore, following the Closing Time, the Vendor agrees to cease using the name "Colonial Elegance" and, without limitation, the Vendor undertakes to immediately take all steps necessary in order to remove any reference to the name "Colonial Elegance" from its corporate names and the corporate name of any of its Affiliates and to enable Purchaser to register same in all jurisdictions where the Business is carried on.

- 5.3 Domain Names, Telephone Numbers and E-mail Addresses.** Upon request from the Purchaser, the Vendor agrees to support the transition to the Purchaser of telecommunications and mobile device contracts and the transition of phone DID numbers, 800 numbers and fax numbers associated with the Business. The Vendor agrees to support the transition of email mailboxes and data to the Purchaser, including the forwarding of email addresses to the Purchaser for a time period to be mutually agreed upon by the Parties following the Closing Date. The Vendor agrees to transfer administrative security logins for all IT Systems to the Purchaser.

- 5.4 Cooperation and Records Retention.** The Purchaser and the Vendor shall (i) each provide the other with such assistance as may reasonably be requested by any of them in connection with the preparation of any return, audit or other examination by any Governmental Authority, taxing authority or judicial or administrative proceedings relating to liability for Taxes or any matter with respect to the Business that is the subject of such audit or examination, (ii) retain and provide the other with any records or other information that may be relevant to such return, audit or examination, proceeding or determination, and (iii) provide the other with any final determination of any such audit or examination, proceeding or determination that affects any amount required to be shown on any Tax Return, information return, report, election, declaration, filing with a Governmental Authority or other applicable document of the other for any period. Without limiting the generality of the foregoing, the Parties shall retain, until the applicable statutes of limitations (including any extensions) have expired, copies of all Tax Returns, bills of sale and other sales information, information returns, reports, election, declarations, supporting work schedules and other records or information that may be relevant to such returns, sales to customers, reports, elections, declarations or other applicable document for all Tax periods or portion thereof ending on or before the Closing Date.
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- 5.5 Work-In-Progress.** Any payments received by the Vendor following the Closing Time on account of orders outstanding immediately prior to the Closing Time shall be held by the Vendor for and on behalf of the Purchaser and be promptly paid to the Purchaser. Upon request of the Purchaser, the Vendor shall notify the relevant customers that all such payments shall be paid to the Purchaser thereafter.
- 5.6 Accounts Receivable.** Any payments received by the Vendor following the Closing Time relating to Accounts Receivable outstanding immediately prior to the Closing Time shall be held by the Vendor for and on behalf of the Purchaser and be promptly paid to the Purchaser. Upon request of the Purchaser, the Vendor shall notify the relevant debtors that all such payments shall be paid to the Purchaser thereafter.
- 5.7 Letters of Credit.**
- (1) For a period of not more than 30 days following the Closing and unless otherwise directed by the Purchaser, the Vendor shall maintain in good standing and in full force and effect, and shall not cancel, amend or modify (i) the irrevocable standby letter of credit in the amount of USD200,000 issued by The Toronto Dominion Bank on behalf of the Vendor in favour of Avalon Risk Management Insurance and expiring on December 19, 2020 and (ii) the irrevocable standby letter of credit in the amount of USD500,000 issued by The Toronto Dominion Bank on behalf of the Vendor in favour of Avalon Risk Management Insurance and expiring on May 4, 2020 (the "**Letters of Credit**").
  - (2) For the duration of the period referenced in Section 5.7(1), the Purchaser shall indemnify the Vendor and hold it harmless and against and shall reimburse the Vendor to the extent the Letters of Credit are drawn down upon as a consequence of a default of the Purchaser.

## **ARTICLE 6**

### **EMPLOYEES AND EMPLOYEE BENEFITS<sup>9</sup>**

#### **6.1 Offers of Employment and Employee Liabilities.**

- (1) *Offers to certain Employees.* The Purchaser shall continue to offer employment effective as of the Closing Date to all Employees listed on Schedule 6.1(1) on terms and conditions which are no less favourable in the aggregate to those set forth in Schedule 2.1(18) in respect of such Employees, with the exception of Piérot Drouin and Réal Charbonneau. The Vendor shall cooperate in the Purchaser's efforts to make offers of employment as contemplated by this Section 6.1(1).
  - (2) *Purchaser Liabilities.* The Purchaser shall be responsible for all Liabilities:
    - (a) for salary, wages, bonuses, commissions, vacations, vacation pay and other compensation relating to the employment of all Transferred Employees and claims for the termination of such employment on and after the Closing Date; and
    - (b) to an Employee who is eligible to receive an offer of employment from the Purchaser pursuant to Section 6.1(1) but does not receive such offer of employment, and which arise directly or indirectly out of, as a result of, in connection with or pursuant to the Vendor's termination of the employment of such Employee.
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- (3) *Vendor Liabilities*. The Vendor shall be responsible for all Liabilities related to Employees not set out in Section 6.1(2) above, including but not limited to:
- (a) for salary, wages, bonuses, commissions, vacations, vacation pay and other compensation and benefits relating to the employment of all Transferred Employees prior to the Closing Date; and
  - (b) for salary, wages, bonuses, commissions, vacations, vacation pay and other compensation and benefits relating to the employment or termination of employment of Mr. Piérot Drouin and Mr. Réal Charbonneau.

**6.2 Vacation.** From and after the Closing Date, all Transferred Employees shall be entitled to use and obtain their unused and accrued vacation benefits and vacation pay under the Vendor's vacation arrangements, other than such Transferred Employee's portion of such unused and accrued vacation benefits and vacation pay for the current year that have been provisioned for, determined as of the Closing Date and the Vendor shall reimburse the Purchaser therefor.

**6.3 Employee List.** At least 10 days before the Closing Date, the Vendor shall deliver to the Purchaser an up-to-date version of Schedule 2.1(18) as at such date certified complete by a senior officer of the Vendor. On the Closing Date, the Vendor shall also deliver to the Purchaser an up-to-date version of Schedule 2.1(18) as at the Closing Time certified complete by a senior officer of the Vendor.

## ARTICLE 7

### GENERAL

**7.1 Actions on Non-Business Days.** If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

**7.2 Currency and Payment Obligations.** Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

**7.3 Calculation of Interest.** In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

**7.4 Calculation of Time.** In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5: 00 p.m. Montreal time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5: 00 p.m. Montreal time on the next succeeding Business Day.

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**7.5 Schedules and Exhibits.** The Schedules and Exhibits listed below and attached to this Agreement are incorporated herein by reference and deemed to be part of this Agreement.

**Schedules**

- 1.0 - Definitions and Interpretation
- 2.1(4) - Financial Statements
- 2.1(6) - Title to and Sufficiency of Purchased Assets
- 2.1(7) - Movable Property
- 2.1(8) - Contracts
- 2.1(9) - Leases
- 2.1(12) - Intellectual Property
- 2.1(13) - Licences
- 2.1(14) - Consents
- 2.1(16) - Legal Proceedings and Orders
- 2.1(17) - Environmental Matters
- 2.1(18) - Employees and Employee Benefits
- 2.1(19) - Customers and Suppliers
- 2.1(20) - Products and Services
- 2.1(21) - Insurance Policies
- 6.1(1) - Employees Receiving Offers

**Exhibits**

- A - General Conveyance and Assumption of Liabilities Agreement
- B - Allocation of Purchase Price
- C - Form of Non-Competition Agreement
- D - Form of Vendor's Officer's Certificate
- E - Estimated Working Capital

**7.6 Expenses.** Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses (including any Taxes imposed on such expenses) incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisers).

**7.7 Payment of Taxes.** Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from the transactions contemplated by, this Agreement (other than Taxes payable by the Vendor under Applicable Law) and any filing, registration, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

**7.8 Public Announcements.** Except to the extent otherwise required by Applicable Law (including applicable securities Laws) or with the prior consent of the other Party, neither Party shall make any public announcement regarding this Agreement or the transactions contemplated by this Agreement.

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7.9

**Notices.**

- (1) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, e-mail (return receipt requested) or other similar means of electronic communication, in each case to the applicable address set out below:

if to the Vendor, to:

10390534 Canada Inc.  
495 Rang 8 Ouest  
Lyster, Québec, G0S 1V0  
Email: pcdrouin@gmail.com  
Attention: Pierot Drouin

with a copy (which shall not constitute notice) to:

HHS Avocat  
34 Thurlow  
Hampstead, Quebec H3X3G6

email: Coloniale2020@gmail.com; rs@hhsllaw.ca; ih@hhsllaw.ca  
fax: 514 866-4210

if to the Purchaser, to:

**[Renin Canada Corp.]**  
110 Walker Dr.  
Brampton, Ontario L6T 4H6

Email: joe.ruffo@renin.com  
Attention: Joe Ruffo

with a copy (which shall not constitute notice) to:

Blake, Cassels&Graydon LLP  
1 Place Ville Marie, Suite 3000  
Montreal, Quebec H3B 4N8

Email: pme@blakes.com  
Attention: Patrick Menda

- (2) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing, e-mailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed, e-mailed or sent before 4: 30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication given
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or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

- (3) *Change of Address.* Any Party may from time to time change its address under this Section 7.9 by notice to the other Party given in the manner provided by this Section 7.9.

**7.10 Time of Essence.** Time shall be of the essence of this Agreement in all respects.

**7.11 Further Assurances.** Each Party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

**7.12 Co-operation in Filing of Tax Returns.** The Purchaser agrees to provide to the Vendor all reasonable co-operation following the Closing Date in connection with the filing of Tax Returns of the Vendor in respect of which the books and records delivered to the Purchaser pursuant to this Agreement are relevant.

**7.13 Entire Agreement.** This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, (including that letter of intent between the Parties dated June 15, 2020). There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

**7.14 Amendment.** No amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

**7.15 Waiver.** A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver and then only in the specific instance and for the specific purpose for which it has been given. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

**7.16 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**7.17 Remedies Cumulative.** The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

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- 7.18 Attornment.** Each Party agrees (a) that any Legal Proceeding relating to this Agreement shall be brought in any court of competent jurisdiction in the Province of Québec, judicial district of Montreal, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such Québec court; (b) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Province of Québec on any jurisdictional basis, including forum non conveniens; and (c) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from an Québec court as contemplated by this Section 7.18.
- 7.19 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable in such Province and this Agreement shall be treated, in all respects, as a Québec contract.
- 7.20 Successors and Assigns; Assignment.** This Agreement shall ensure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party. Notwithstanding the foregoing, the Purchaser may, without the consent of the Vendor but on written notice to the Vendor, assign this Agreement in whole or in part (including its rights hereunder) to one or more affiliates, on condition that the Purchaser remain liable to observe and perform all of its covenants and obligations hereunder.
- 7.21 Third Party Beneficiaries.** This Agreement is for the sole benefit of the Parties, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- 7.22 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile, e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.
- 7.23 Language.** The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. *Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.*

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

**COLONIAL ELEGANCE INC.**

By:           /s/ Piérot Drouin P            
Name: Piérot Drouin  
Title: President

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**RENIN CANADA CORP.**

By: /s/ Joseph Ruffo  
Name: Joseph Ruffo  
Title: CEO

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**SCHEDULE 1.0  
DEFINITIONS AND INTERPRETATION**

1. **Definitions.**

“**Adjustment Amount**” means any amount payable pursuant to Section 1.8.

“**Adjustment Date**” means the fifth Business Day after the Closing Date Statements are finally determined in accordance with Section 1.6 or 1.8, as the case may be.

“**Adjustment Holdback Amount**” has the meaning set out in Section 1.5(a).

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “**controlled**” shall have a similar meaning.

“**Agreement**” means the Asset Purchase Agreement to which this Schedule 1.0 is attached, together with all the Exhibits and the Schedules attached thereto.

“**Annual Financial Statements**” means the annual audited financial statements of the Vendor for the fiscal years ended April 30, 2018, April 30, 2019 and April 30, 2020, true and complete copies of which are attached as Schedule 2.1(4) and which are true and correct in all material respects.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law, (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, in the foregoing clauses (a) and (b), “**Law**”) in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Assumed Contracts**” means those Contracts purchased and assumed by the Purchaser as part of the Purchased Assets as listed on Schedule 2.1(8).

“**Assumed Liabilities**” means only the following Liabilities of the Vendor:

- (a) Liabilities under contracts, licences, permits and Intellectual Property included in the Purchased Assets, in each case in respect of the period commencing at the Closing Time and not related to any matter, circumstance or default existing at, prior to or as a consequence of Closing;
  - (b) Liabilities on account of trade accounts payable incurred in the ordinary course of business before the Closing Time, but only to the extent that such trade accounts payable are included in the Closing Working Capital Amount and reflected in the Closing Date Statements;
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- (c) Liabilities respecting Employees which are specifically assumed by the Purchaser pursuant to Section 6.1(2); and
- (d) any Liability which is agreed to be assumed by the Purchaser and which is reflected in the Closing Date Statements;

**"Base Purchase Price"** has the meaning set out in Section 1.3(a).

**"Business"** means the business carried on by the Vendor which involves the design, manufacturing, marketing, distribution and sale of doors of all types, including closet doors, barn doors, screen doors, pocket doors and folding doors, wall coverings, room dividers, balustrades, columns and jackposts.

**"Business Day"** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Montreal.

**"Canadian Dollars"** means the lawful currency of Canada.

**"Claim Notice"** has the meaning set out in Section 4.4.

**"Closing"** means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

**"Closing Date"** means the date of this Agreement.

**"Closing Date Statements"** means (a) the balance sheet of the Business as at 12:01 a.m. on the Closing Date prepared on a consistent basis and applying the same accounting principles, policies and practices as were used in preparing the Annual Financial Statements, and (b) a statement setting forth the Closing Working Capital Amount and the Adjustment Amount, if any, in each case, as determined from such balance sheet, all as finally determined pursuant to Section 1.6 or 1.8, as the case may be.

**"Closing Date Payment Amount"** has the meaning set out in Section 1.4(2).

**"Closing Time"** means the time of Closing on the Closing Date provided for in Section 3.1.

**"Evaluation Material"** has the meaning ascribed to it in the Non-Disclosure Agreement dated June 18, 2020 between the Vendor and the Purchaser.

**"Consent"** means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than the Vendor) which is provided for or required: (a) pursuant to the terms of any lease or other contract of the Vendor; or (b) under any Applicable Law, in either case in connection with the sale of the Purchased Assets to the Purchaser on the terms contemplated in this Agreement, to permit the Purchaser to use the Purchased Assets to carry on the Business after Closing, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

**"Contract"** means all agreements, contracts, licenses, instruments, commitments, leases, arrangements, understandings, commitments and all other undertakings (whether written, electronic or oral), to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected or bound.

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**"Damages"** means, whether or not involving a Third Party Claim, any loss, cost, liability, claim, interest, fine, penalty, assessment, Taxes, damages available at law (including exemplary or punitive damages), expenses including reasonable consultant's and expert's fees.

**"Deductible"** has the meaning set out in Section 4.6(1).

**"Direct Claim"** has the meaning set out in Section 4.4.

**"Discloser"** means a Person disclosing Evaluation Material.

**"Employee"** means an individual who is employed by the Vendor in the Business, whether on a full-time or part-time basis.

**"Employee Plans"** has the meaning set out in Section 2.1(18).

**"Environmental Law"** means Applicable Law in respect of the protection of the natural environment or any species or organisms that make use of it, public or occupational health or safety, or the manufacture, importation, handling, transportation, storage, disposal and treatment of Hazardous Substances.

**"Environmental Permit"** means any licence issued or required pursuant to any Environmental Law.

**"Estimated Working Capital"** has the meaning set out in Section 1.4(1) and calculated in a manner consistent with Exhibit E.

**"Excluded Assets"** means the following property and assets of the Vendor:

- (a) the minute books and other corporate records of the Vendor;
- (b) the rights of the Vendor under this Agreement or any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (c) all cash, cash equivalents and short-term investments;
- (d) income tax refunds and other Tax refunds receivable by the Vendor and all Tax Returns pertaining to corporate income taxes of the Vendor;
- (e) books and records that the Vendor is required by Applicable Law to retain in its possession;
- (f) the rights, title and interest of the Vendor under the Software License Agreement for Netsuite Customers dated June 30, 2020 between the Vendor and Configure One, Inc.; and
- (g) the property and assets of the Vendor listed in Schedule 2.1(7).

**"Final Compulsory Payment Amount"** has the meaning set out in Section 4.11(3)(b).

**"Final Compulsory Payment Indemnification Event"** means a Final Determination having been made regarding a liability requiring payment under Applicable Law or any Order.

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**"Final Determination"** means a determination made by a Governmental Authority (including pursuant to a settlement) where all rights to object to or appeal from the determination (including any right to obtain relief under a competent authority or similar process) have been exhausted or have expired.

**"Final Working Capital"** means the amount of Working Capital calculated on the basis of the Closing Date Statements as finally determined in accordance with Section 1.6 or 1.7.

**"Financial Statements"** means, collectively, the Annual Financial Statements and the Interim Financial Statements.

**"Fundamental Representations"** has the meaning set out in Section 4.5(1)(a).

**"GAAP"** or **"generally accepted accounting principles"** means the generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada, or any successor entity thereto, applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with generally accepted accounting principles.

**"Governmental Authority"** means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (h) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;
- (i) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and
- (j) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

**"GST/HST"** means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

**"Hazardous Substance"** means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual and includes any contaminant, waste, or substance or material defined, prohibited, regulated or reportable pursuant to any Environmental Law.

**"Indemnified Party"** means a Person whom the Vendor or the Purchaser, as the case may be, is required to indemnify under Article 4.

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**"Indemnifying Party"** means, in relation to an Indemnified Party, the Party that is required to indemnify such Indemnified Party under Article 4.

**"Independent Accountant"** has the meaning set out in Section 1.7.

**"Intellectual Property"** means all of the following and similar incorporeal property and related proprietary rights, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world: (a) all patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice), including all provisional applications, substitutions, continuations, continuations-in-part, patents of addition, improvement patents, divisions, renewals, reissues, confirmations, counterparts, re-examinations and extensions thereof, (b) all trade-marks, service marks, trade dress, trade names, brand names, logos, domain names and corporate names and other proprietary indicia of goods and services, whether registered or existing at common law, and all registrations, applications for registration, all issuances of such registrations, and the goodwill connected with the use of and symbolized by any of the foregoing, (c) all registered and unregistered statutory and common law copyrights and industrial designs, (d) all registrations, applications and renewals for any of the foregoing, (e) all trade secrets, confidential information, ideas, formulae, compositions, know-how, improvements, research and development, innovations, discoveries, designs, devices, technology, manufacturing and production methods, processes and techniques, whether or not patentable, (f) telephone numbers, social media identities, and all derivatives, modifications and improvements of the foregoing, and (g) all other intellectual property rights owned, licensed, controlled or used by a Person, in any and all relevant jurisdictions in the world; and (h) all rights to sue and recover and retain damages, costs and attorneys' fees for past, present and future infringement and any other rights relating to any of the foregoing.

**"Interim Financial Statements"** means the unaudited financial statements of the Vendor for each calendar month-end immediately following April 30, 2020, true and complete copies of which are attached as Schedule 2.1(4).

**"Inventories"** means all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress, finished goods, tooling, service parts and purchased finished goods owned by the Vendor and used in or arising from the Business (including those in possession of suppliers, customers and other third parties).

**"ITA"** means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supplement).

**"IT Systems"** means all computer hardware, devices, peripheral equipment, software and firmware, data and databases, technology infrastructure and other information technology systems and services that are used by or accessible to the Vendor to operate the Business and to receive, store, process or transmit data.

**"Law"** has the meaning set out in the definition of "Applicable Law".

**"Leased Premises"** means the real property that is leased, subleased, licensed to or otherwise occupied by the Vendor and which is related to the Business, including all improvements situate on, in, under, over or forming part of such real property.

**"Legal Proceeding"** means any litigation, action, application, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration

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proceeding or other similar proceeding, before or by any Governmental Authority, and includes any appeal or review thereof and any application for leave for appeal or review.

**“Liability”** means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

**“Liens”** means any claim, prior claim, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, hypothec, right-of-way, encroachment, building or use restriction, conditional sales agreement, encumbrance or other right of third parties, whether voluntarily incurred or arising by operation of Applicable Laws, and includes any Contract to give any of the foregoing in the future, and any conditional sale or other title retention agreement or lease in the nature thereof.

**“Material Adverse Change”** means any change in the Business or the Purchased Assets or in the operations, affairs, prospects or condition (financial or otherwise) of the Business or any of the Purchased Assets including any such change arising as a result of any change in Applicable Law, the amendment or revocation of any licence or permit or as a result of fire, explosion, accident, casualty, labour problem, flood, drought, riot, storm, terrorist act, act of God or otherwise, except for (a) changes resulting from the COVID-19 pandemic which do not, individually or in the aggregate, have a disproportionate effect on the Business or any of the Purchased Assets when compared to other comparable Persons operating in the same industries as the Vendor, or (b) occurring in the ordinary course of the Business which, either individually or in the aggregate, have not materially adversely affected and will not materially adversely affect the Business or the Purchased Assets or the operations, affairs, prospects or condition (financial or otherwise) of the Business or any of the Purchased Assets.

**“Objection Notice”** has the meaning set out in Section 1.7.

**“Order”** means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

**“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means every Party.

**“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

**“Personal Information”** means information about an identifiable individual and includes any information that constitutes personal information within the meaning of one or more Applicable Laws in Canada relating to privacy.

**“Preliminary Compulsory Payment Amount”** has the meaning set out in Section 4.11(3)(a).

**“Prime Rate”** means the prime rate of interest per annum quoted by Bank of Montreal from time to time as its reference rate of interest for Canadian dollar demand loans made to its commercial

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customers in Canada and which Bank of Montreal refers to as its “prime rate”, as such rate may be changed from time to time.

“**Purchase Price**” has the meaning set out in Section 1.3.

“**Purchased Assets**” means all of the right, title and interest of the Vendor as of the Closing Time in and to the business, properties, assets and rights of every kind and description and wheresoever situated, whether tangible or intangible, that are used primarily in the Business, including all of Vendor’s right, title and interest in and to the following:

- (a) the Receivables;
- (k) the Inventories;
- (l) the IT Systems;
- (m) the Assumed Contracts;
- (n) the Permits, to the extent transferrable to the Purchaser;
- (o) the books and records related to the Business;
- (p) the IP Rights;
- (q) any leasehold improvements to the Leased Premises, subject to the rights of the landlord of the Leased Premises;
- (r) all order books or pipelines of quoted work relating to the Business;
- (s) all rights under or pursuant to all warranties, representations and guarantees made by suppliers in connection with the Purchased Assets or services furnished to the Vendor and pertaining to the Business; and
- (t) the all goodwill associated with the Business, together with the right of the Purchaser to represent itself as carrying on the Business in succession to the Vendor;

but excluding the Excluded Assets;

“**Purchased IP**” means (a) all of the Intellectual Property owned by the Vendor in connection with the Business and (b) all licenses or similar agreements or arrangements to which the Vendor is a party, either as licensee or licensor, with respect to Intellectual Property necessary or desirable for the carrying on of the Business.

“**Purchaser**” has the meaning set out in the preamble to the Agreement.

“**Purchaser’s Closing Date Statements**” has the meaning set out in Section 1.6(1).

“**Purchaser’s Counsel**” means Blake, Cassels & Graydon LLP.

“**QST**” means the Québec sales tax imposed under an *Act respecting the Québec sales tax* (Québec).

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**"R&W Insurance Policy"** means the representations and warranty insurance policy issued to the Purchaser by Euclid Transactional, LLC as of the Closing Date in relation to the transactions contemplated herein, on terms and conditions set forth therein.

**"Receivables"** means all accounts receivable, bills receivable, trade accounts, book debts and insurance claims of the Vendor arising from the Business, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

**"Recipient"** means a Person receiving Evaluation Material.

**"Release Date"** has the meaning set out in Section 1.8(3).

**"Representative"** when used with respect to a Person means each director, officer, employee, consultant, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

**"Retained Liabilities"** means all Liabilities of the Vendor other than the Assumed Liabilities.

**"Retention Holdback Amount"** has the meaning set out in Section 1.5(a).

**"Target Working Capital"** has the meaning set out in Section 1.3(a).

**"Taxes"** means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, social security premiums, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, QST, sales taxes, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties.

**"Tax Returns"** means all returns, information returns, reports, declarations, elections, notices, filings and statements in respect of Taxes that are required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

**"Third Party"** has the meaning set out in Section 4.11(2).

**"Third Party Claim"** has the meaning set out in Section 4.4.

**"Threatened"**, when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that a Legal Proceeding or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future.

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**“Transferred Employee”** means an Employee who continues employment with the Purchaser as of the Closing Date, or an Employee who has accepted an offer of employment from the Purchaser and who commences employment with the Purchaser on or after the Closing Date.

**“Vendor”** has the meaning set out in the preamble to the Agreement.

**“Vendor’s Counsel”** means HHS AVOCATS.

**“Working Capital”** means, at any date, the amount calculated by subtracting the current liabilities of the Business included in the Assumed Liabilities as of that date from the current assets of the Business included in the Purchased Assets as of that date, and calculated in a manner consistent with Exhibit E.

**2. Additional Rules of Interpretation.**

- (1) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
  - (2) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
  - (3) *Section References.* Unless the context requires otherwise, references in this Agreement to Articles, Sections, Schedules or Exhibits are to Articles or Sections of this Agreement, and Schedules or Exhibits to this Agreement.
  - (4) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.
  - (5) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
  - (6) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
  - (7) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto.
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- (8) *Ordinary Course.* The term “ordinary course”, when used in relation to the conduct by the Vendor of the Business, or the conduct of business by any other Person, means any transaction which constitutes an ordinary day-to-day business activity, conducted in a commercially reasonable and businesslike manner, having no unusual or special features, and, in the case of the Vendor, consistent with past practice and, in the case of any other Person, being such as a Person of similar nature and size and engaged in a similar business might reasonably be expected to carry out from time to time.
- (9) *Knowledge.* Where any representation, warranty or other statement in this Agreement is expressed to be made by the Vendor to its knowledge or is otherwise expressed to be limited in scope to facts or matters known to the Vendor or of which the Vendor is aware, it shall mean such knowledge as is actually known to, or which actually came to the attention of, the officers or employees of the Vendor who have overall responsibility for or knowledge of the matters relevant to such statement after due and reasonable inquiry with respect to the facts or matters at hand. It does not include presumed or constructive knowledge.
- (10) *Schedules.* The Schedules attached to this Agreement are included to qualify the representations and warranties of the Vendor contained in this Agreement. The purpose of the Schedules is to set out the qualifications and other information called for in this Agreement. The Schedules are arranged in schedules corresponding to the Sections of this Agreement for convenient reference only, and the disclosure of an item in one section of the Schedules as a qualification to any representation or warranty will be deemed adequately disclosed as a qualification with respect to all other representations or warranties, to the extent such item is relevant to such other representations or warranties, and such relevance is reasonably apparent on its face, in each case, notwithstanding the presence or absence of an appropriate section of the Schedule with respect to such other representations or warranties, or an appropriate cross reference thereto within this Agreement or the Schedules.
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Pine Valley Commercial Banking Centre  
4499 Highway 7 At Pine Valley Drive 2nd Floor  
Vaughan, ON  
L4L 9A9  
Telephone No.: (905) 264-6723  
Fax No.: (905) 851 8209

October 22, 2020  
RENIN CANADA CORP.  
RENIN US LLC  
110 Walker Drive  
Brampton, Ontario  
L6T 4H6

Attention: Joe Ruffo, President and Chief Executive Officer

Dear Sir,

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions. This Agreement amends and restates our agreement dated June 5<sup>th</sup>, 2020 and its predecessors.

**BORROWER**

RENIN CANADA CORP.  
("Borrower A" or "RENIN CA")  
RENIN US LLC  
("Borrower B" or "RENIN US")

**GUARANTORS**

RENIN HOLDINGS LLC  
("Guarantor A" or "HOLDINGS")

**LENDER**

**The Toronto-Dominion Bank** (herein referred to as the "Bank", the "Lender", "TD" or "TD Bank" ), through its Pine Valley branch, in Vaughan, ON.

**CREDIT LIMIT**

1 (A) (B)

The lesser of:

i) USD\$20,000,000 «or its CAD\$ Equivalent», AND

ii) The Total of

A) 85% of the Receivable Value, (net of discounts, rebates, over 90 day accounts, related party accounts and holdbacks) for Canadian and US companies with satisfactory Investment Grade credit ratings to the Bank, where "Investment Grade" refers to a company that maintains at least one rating of at least BBB-/Baa3 with S&P or Moody's credit ratings services  
AND

B) 80% of the Receivable Value (net of discounts, rebates, over 90 day accounts, related party accounts and holdbacks) for Canadian and US companies not included in paragraph A) above,

AND

C) 60% of the Inventory Value except that the amount calculated under (C) will not exceed USD\$10,000,000. Inventory Value to include raw materials and finished goods and goods in transit (GIT)\* (to a maximum of USD\$5,000,000), and to be net of returned inventory, defective inventory, damaged goods, inventory held outside Canada & USA, obsolete inventory, unsaleable inventory, GIT in excess of the above maximum limit and Slow-Moving Inventory\*\*. For clarity, Inventory Value to be held in a warehouse where the Bank holds a landlord waiver, otherwise a deduction of three (3) months rent will be taken.

\*GIT will be excluded from Inventory Value unless the Borrower obtains a marine/freight cargo policy with TD as loss payee.

\*\* "Slow-Moving Inventory" is defined as inventory where part number has not been sold for greater than 12 months

In addition, the Credit Limit of Facility #1 is to be capped monthly to the lower of \$ USD 20,000,000 and the previous month's borrowing base coverage (forward margining).

2 (A)

USD\$30,000,000 «or its CAD\$ Equivalent», as reduced pursuant to the section headed "Repayment and Reduction of Amount of Credit Facility".

Unless stated otherwise, all amounts referred to this Agreement are in United States Dollars/USD.

**TYPE OF CREDIT  
AND BORROWING  
OPTIONS**

1 (A) (B)

**Operating Loan** available at the Borrower's option by way of:

- Prime Rate Based Loans in CAD\$ ("Prime Based Loans")
- Bankers Acceptances in CAD\$ ("B/As")
- United States Base Rate Loans in USD\$ ("USBR Loans")
- London Interbank Offered Rate Loans in USD\$ ("LIBOR Loans")
- Letters of Credit in CAD\$ or USD\$ ("L/Cs")
- Stand-by Letters of Guarantee in CAD\$ or USD\$ ("L/Gs")

2 (A)

**Committed Reducing Term Facility (Single Draw)** available at the Borrower's option by way of:

- Floating Rate Term Loan available by way of:
- Prime Rate Based Loans in CAD\$ ("Prime Based Loans")
- Bankers Acceptances in CAD\$ ("B/As")
- United States Base Rate Loans in USD\$ ("USBR Loans")
- London Interbank Offered Rate Loans in USD\$ ("LIBOR Loans")

**PURPOSE**

1 (A) (B)

To finance working capital and to partially finance the acquisition of the assets of Colonial Elegance Inc. by RENIN CA (the "Colonial Elegance Acquisition") on the closing date thereof (the "Acquisition Closing Date").

2 (A)

Financing of the Colonial Elegance Acquisition

**TENOR**

- 1 (A) (B) Committed.  
 2 (A) Committed.

**CONTRACTUAL TERM**

- 1 (A) (B) Up to 5 years from the Acquisition Closing Date (the "Maturity Date")  
 2 (A) Up to 5 years from the Acquisition Closing Date (the "Maturity Date")

**AMORTIZATION**

1 (A)(B)  
 Not Applicable

2) (A)  
 96 month(s) on a sculpted basis as per the table of Scheduled Payments in the "Repayment and Reduction of Amount of Credit Facility" Section below

**INTEREST RATES AND FEES**

1(A) (B)

2 (A)  
 Advances under the Facilities shall bear interest as follows with "Leverages" based on the Total Leverage Ratio (as hereinafter defined) and reset with quarterly results as set forth below.

<b>Leverages</b>	<b>Prime Plus</b>	<b>BA/LIBOR Plus</b>	<b>LC/LG Fee</b>	<b>USBR Plus</b>	<b>Standby Fee</b>
<2.5x	1.375%	2.875%	2.875%	1.00%	0.575%
≥2.5x and ≤ 3.00x	1.725%	3.125%	3.125%	1.25%	0.625%
>3.00x	1.875%	3.375%	3.375%	1.50%	0.675%
Default Pricing	3.875%	5.375%	5.375%	3.50%	1.075%

The applicable Leverage for each type of Loan or Fee will vary based on changes to the ratio of Total Leverage Ratio from time to time, and such changes to the Leverage shall be effective as of the third Business Day following the date the compliance certificate for such fiscal quarter is delivered to the Lender. In the event the Bank does not receive a compliance certificate for any fiscal quarter that has ended on the date required pursuant to this Agreement (the "Delivery Default Date"), the applicable Leverage for each Loan and Fee from and after the Delivery Default Date and for the subsequent fiscal quarters shall increase to the "Default Pricing" level as set out in the table above until such time as a new compliance certificate is delivered supporting an alternative level. The Leverage level applicable on the date hereof shall be the highest level, >3.00x. In addition, if an Event of Default occurs, the applicable Leverage for each Loan and Fee from and after the date of such Event of Default shall increase to the "Default Pricing" level as set out in the table above until such time as such Event of Default has been waived by the Lender or has been cured to the Lender's satisfaction. For all Facilities, interest payments will be made in accordance with Schedule "A" attached hereto unless otherwise stated in this Letter or in the Rate and Payment Terms Notice applicable for a particular drawdown. Information on interest rate and fee definitions, interest rate calculations and payment is set out in the Schedule "A" attached hereto.

**STANDBY FEE**

**Standby Fee on Committed Operating Loan under Facility 1 (A) (B)** . On the third Business Day following the last Business Day of March, June, September, and December, in each year, the Borrower shall pay to the Bank a standby fee in an amount equal to the above mentioned grid percentage per annum calculated on the daily average amount of the undrawn portion of Facility 1 during the fiscal quarter just ended.

### **LIBOR Discontinuation**

If the Bank determines (which determination shall be conclusive absent manifest error) that:

- (a) adequate and reasonable means do not exist for ascertaining LIBOR, LIBOR is not available or published on a current basis for a LIBOR Loan or for the applicable interest period and such circumstances are unlikely to be temporary;
- (b) the administrator of LIBOR or a governmental authority having jurisdiction over the administrator of LIBOR has made a public statement identifying a specific date after which LIBOR will permanently or indefinitely cease to be made available or permitted to be used for determining the interest rate of loans;
- (c) a governmental authority having jurisdiction over the Bank has made a public statement identifying a specific date after which LIBOR shall no longer be permitted to be used for determining the interest rate of loans (each such specific date in clause (b) above and in this clause (c) a "**LIBOR Scheduled Unavailability Date**"); or
- (d) loans similar to this Facility are currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then reasonably promptly after such determination by the Bank, the Bank shall provide notice to the Borrower of a successor rate to LIBOR, and the Bank and the Borrower agree that this Agreement shall be automatically amended 30 days after such notice is sent to the Borrower to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then existing convention for similar United States Dollars denominated credit facilities for such alternative benchmarks (any such proposed rate, a "**LIBOR Successor Rate**"), together with any proposed LIBOR Successor Rate conforming changes to this Agreement and any such amendment shall become effective at 5:00 p.m. (Toronto time) on the thirtieth day after the Bank shall have provided such amendment to the Borrower. If no LIBOR Successor Rate has been determined and the circumstances above exist or a LIBOR Scheduled Unavailability Date has occurred (as applicable), the Bank will promptly so notify the Borrower. Thereafter, the obligation of the Bank to make or maintain LIBOR Loans shall be suspended (to the extent of the affected LIBOR Loans or interest periods). Upon receipt of such notice, the Borrower may revoke any pending request for an advance of, conversion to or rollover of LIBOR Loans (to the extent of the affected LIBOR Loans or interest periods) or, failing that, will be deemed to have converted such request into a request for an advance of US Base Rate Loans (subject to the foregoing) in the amount specified therein. Notwithstanding anything else herein, any definition of the LIBOR Successor Rate (exclusive of any margin) shall provide that in no event shall such LIBOR Successor Rate be less than zero for the purposes of this Agreement.

The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to LIBOR or the LIBOR Successor Rate including without limitation, whether the composition or characteristics of the LIBOR Successor Rate, will be similar to, or produce the same value or economic equivalence of, LIBOR or have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability.

### **WORK FEE**

Non-refundable USD \$50,000.00 work fee was paid upon acceptance of the term sheet.

### **UPFRONT FEE**

One-time non-refundable fee equal to USD \$ 325,000.00 (being 13 bps per year of the aggregate commitments under the Facilities for each of the five years) shall be payable by the Borrower to the Bank in two installments. The

first installment of USD \$162,500 shall be payable by the Borrower on the Acquisition Closing Date and will be withheld from the first advance under Facility 2. The second installment of USD \$162,500 shall be payable by the Borrower on January 1, 2021. Notwithstanding such payment in installments, the upfront fee shall be deemed to be fully earned by the Bank on the Acquisition Closing Date.

### **DRAWDOWN**

1 (A) (B)

Subject to satisfaction of Disbursement Conditions, on a revolving basis.

L/C and L/G on a revolving basis, limited to USD \$1,500,000 + 1 year term

LIBOR Loans for periods up to a maximum of 90 days, subject to availability, with minimum drawdown of USD \$1,000,000 and multiples of US\$100,000 thereafter

B/A availability to a maximum of 90 days with minimum drawdown of CAD \$1,000,000 and multiples of CAD \$100,000 thereafter.

2 (A)

Subject to satisfaction of Disbursement Conditions. The term loan will be available by way of a single drawdown (the "drawdown") prior to October 30, 2020 after which any amount not drawn is cancelled. Amounts repaid may not be redrawn.

Notice periods, minimum amounts of draws, interest periods and contract maturity for LIBOR Loans, terms for Banker's Acceptances and other similar details are set out in the Schedule "A" attached hereto.

### **BUSINESS CREDIT SERVICE**

The Borrower will have access to the Operating Loan (Facility 1) via Loan Account Number 1890-9529209 (the "Loan Account") up to the Credit Limit of the Operating Loan by withdrawing funds from the Borrower's current account number 1890-5292117 (the "Current Account"). The Borrower agrees that each advance from the Loan Account will be in an amount equal to CAD \$10,000 (the "Transfer Amount") or a multiple thereof. If the Transfer Amount is NIL, the Borrower agrees that an advance from the Borrower's Loan Account may be in an amount sufficient to cover the debits made to the Current Account.

The Borrower agrees that:

- a) all other overdraft privileges which have governed the Borrower's Current Account are hereby cancelled.
- b) all outstanding overdraft amounts under any such other agreements are now included in indebtedness under this Agreement.

The Bank may, but is not required to, automatically advance the Transfer Amount or a multiple thereof or any other amount from the Loan Account to the Current Account in order to cover the debits made to the Current Account if the amount in the Current Account is insufficient to cover the debits. The Bank may, but is not required to, automatically and without notice apply the funds in the Current Account in amounts equal to the Transfer Amount or any multiple thereof or any other amount to repay the outstanding amount in the Loan Account.

For clarity, the aggregate of (i) the total of USD\$ loans and CAD equivalent of USBR Loans under the Operating Loan via overdrafts under the "Overdrafts" Section below, (ii) the total of all advances made to the Borrowers under this "Business Credit Service" Section, and (iii) all other credit accommodation received by and loans made to the Borrowers under the Operating Loan cannot exceed the limits defined under the Credit Limit for Facility #1 above.

### **OVERDRAFTS**

The Borrower will have access to USBR Loans under the Operating Loan (Facility #1) via overdraft from current account number 7323688 at Branch 1890 and current account number 7321995 1890 up to a maximum of USD\$20,000,000 in the aggregate. The total of USD\$ loans and CAD equivalent of USBR Loans under the Operating Loan via overdrafts cannot exceed the limits defined under the Credit Limit for Facility #1 above.

For clarity, the aggregate of (i) the total of USD\$ loans and CAD equivalent of USBR Loans under the Operating Loan via overdrafts pursuant to this Section, (ii) the total of all advances made to the Borrowers under the "Business Credit Service" Section described above, and (iii) all other credit accommodation received by and loans made to the Borrowers under the Operating Loan cannot exceed the limits defined under the Credit Limit for Facility #1 above.

#### **REPAYMENT AND REDUCTION OF AMOUNT OF CREDIT FACILITY**

1(A) (B)

Draws and Repayments to fluctuate as a traditional operating facility, subject to mandatory prepayments required to comply with Credit Limits and other covenants hereunder and subject to no Event of Default having occurred and be continuing.

L/C and L/G upon payout or cancellation by the beneficiary.

The Borrower shall repay on the Maturity Date (i) all outstanding loans, advances, and other credit accommodation drawn under Facility 1, and all accrued and unpaid interest, fees and charges relating thereto, and (ii) any other amounts of principal, interest, fees, charges and other expenses remaining unpaid under this Agreement.

2 (A)

Scheduled Repayments:

The Borrower shall repay the principal amount advanced under Facility #2 by way of quarterly principal installments in each Year aggregating to annual payments as follows:

Year 1: 7.5% of the original principal amount of the single Advance under Facility 2.

Year 2: 10% of the original principal amount of the single Advance under Facility 2.

Year 3: 12.5% of the original principal amount of the single Advance under Facility 2.

Year 4: 15% of the original principal amount of the single Advance under Facility 2.

Year 5: 17.5% of the original principal amount of the single Advance under Facility 2.

The Borrower shall make a final bullet payment on the Maturity Date equal to the aggregate of (i) 37.5% of the original principal amount of the single Advance under Facility 2, and all accrued and unpaid interest, fees and charges relating thereto, and (ii) any other amounts of principal, interest, fees, charges and other expenses remaining unpaid under this Agreement.

For the purposes of this Section, "Year" shall mean a one year period commencing on the Acquisition Closing Date and each anniversary thereof, with quarterly principal installments to occur on December 31, March 31, June 30 and September 30 in each such Year, with the first such principal installment for Year 1 to be made on December 31, 2020.

#### **PREPAYMENT**

1 (A) (B)

Permitted in whole or in part at any time; B/A's and LIBOR Loans may not be prepaid.

2(A)

Optional Prepayments:

No restriction or prepayment penalties (subject to breakage costs if applicable). B/A's and LIBOR Loans may not be prepaid

#### **SECURITY**

Unless otherwise indicated or agreed upon with the Bank, the following security shall be provided, shall support all present and future indebtedness and liability of the Borrower and the grantor of the security to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management

products, and derivative contracts, shall be registered in first position, and shall be on the Bank's standard form, supported by resolutions and solicitor's opinion, all acceptable to the Bank.

- a) General Security Agreement ("GSA") issued by HOLDINGS representing a first charge on all the Borrower's present and after acquired personal property. – **To Be Obtained**
- b) GSA issued by RENIN CA representing a first charge on all the Borrower's present and after acquired personal property . – **On Hand**
- c) US Security Agreement issued by RENIN US representing first charge on all present and after acquired personal property. UCC filing/registered in Florida and Mississippi. To be guided by lawyer acting for the Bank. - **On Hand**
- d) US Security Agreement issued by HOLDINGS representing first charge on all present and after acquired personal property. UCC filing/registered in Florida and Mississippi. To be guided by lawyer acting for the Bank. – **On Hand**
- e) GSA issued by RENIN US representing a first charge on all the Borrower's present and after acquired personal property. – **On Hand**
- f) Section 427 Bank Act Security/Notice of Intention issued by RENIN CA registered in first position in Ontario – **On Hand**
- g) Pledge Agreement issued by BBX CAPITAL, INC. re 100% of the uncertificated membership interests and other equity interests of HOLDINGS held by it (the "BBX Pledge Agreement") - **To Be Obtained**
- h) Share Pledge Agreement issued by HOLDINGS re 100% of the shares, membership unit interests and other equity interests of RENIN CA and RENIN US held by it, together with delivery of the applicable share certificates and stock powers of attorney - **To Be Obtained**
- i) Unlimited Guarantee of Advances in support of RENIN US  
- Executed by RENIN CA – **On Hand**
- j) Unlimited Guarantee of Advances in support of RENIN CA  
- Executed by HOLDINGS – **On Hand**
- k) Unlimited Guarantee of Advances in support of RENIN US  
- Executed by HOLDINGS – **On Hand**
- l) Unlimited Guarantee of Advances in support of RENIN CANADA CORP  
- Executed by RENIN US – **On Hand**
- m) Assignment of Account Receivable Insurance (Non-EDC) from RENIN CA – **To be Obtained**
- n) Assignment of Fire Insurance with Business Interruption Insurance, TD Loss Payee from RENIN CA – **To be Obtained**
- o) Assignment of Fire Insurance with Business Interruption Insurance, TD Loss Payee from RENIN US. – **To be Obtained**
- p) Assignment of Marine/Freight Insurance in the amount of USD \$5,000,000 issued by RENIN CA, RENIN US, and HOLDINGS - **To Be Obtained**
- q) Landlord's Letter of Non-Disturbance / Landlord's Waiver from Landlord RENIN CA re Brampton, Ontario Location – **On Hand**
- r) Landlord's Letter of Non-Disturbance / Landlord's Waiver from Landlord of RENIN US re Tupelo, Mississippi Location – **On Hand**
- s) Landlord's Letter of Non-Disturbance / Landlord's Waiver from Landlord of RENIN CA re Berthierville, Quebec - **To Be Obtained**
- t) Landlord's Letter of Non-Disturbance / Landlord's Waiver from Landlord of Colonial Elegance Inc., Colonial Elegance Inc., as lessee and RENIN CA, as sublessee, re Montreal, Quebec - **To Be Obtained**
- u) Assignment (by way of security) to TD Bank of the Asset Purchase Agreement between Colonial Elegance Inc. and RENIN CA, together with the Representations and Warranties Insurance Policy being delivered thereunder, with such assignment consented to by Colonial Elegance Inc. – **To Be Obtained**
- v) Movable Hypothec from RENIN CA covering all assets in Quebec being acquired from Colonial Elegance Inc. – **To Be Obtained**
- w) Acknowledgment, Confirmation and Amendment of Existing Guarantees and Security from each of RENIN CA, RENIN US and HOLDINGS, one of each applicable governing law jurisdiction. – **To Be Obtained**
- x) Security Agreements or Notices thereof charging the Borrowers' and HOLDINGS' Intellectual Property in all applicable jurisdictions for registration at CIPO and USPTO and any other applicable international jurisdiction offices, including all Intellectual Property acquired as part of the Colonial Elegance Acquisition – **To Be Obtained**
- y) Such other security as may be determined by the Bank from its due diligence review.

All persons and entities required to provide a guarantee shall be referred to in this Agreement individually as a "Surety" and/or "Guarantor" and collectively as the "Guarantors";

All of the above security and guarantees shall be referred to collectively in this Agreement as "Bank Security".



**DISBURSEMENT  
CONDITIONS**

Unless otherwise indicated or agreed upon with the Bank, the obligation of the Bank to permit any drawdown hereunder is subject to the Standard Disbursement Conditions contained in Schedule "A" and the following additional drawdown conditions:

Delivery to the Bank of the following, all of which must be satisfactory to the Bank:

- 1) Satisfactory loan documentation, including all documentation to satisfy the Bank's regulatory requirements (KYC/AML), this Agreement, security, legal opinions, inter-creditor agreement (if any), in form and substance satisfactory to the Lender and its counsel
- 2) Satisfactory review of the acquisition documents (including Colonial Elegance Asset Purchase Agreement, non-competition agreement, employment contracts with top management and key employees (Luc Olivier, Eric Labelle and Robert Perreault), and consulting agreements with Pierot Drouin and Real Charbonneau) and satisfactory confirmation that all of the purchased assets of Colonial Elegance Inc. are or will be transferred to RENIN CA free and clear of all encumbrances (subject to liens covered by satisfactory payout letters and undertakings to discharge) following the closing of the Colonial Elegance Acquisition, and receipt of certified copies of all such documents
- 3) Pro-forma compliance certificate including detailed covenant calculations based on trailing twelve months ("TTM") results for the period ended one month prior to closing and projected debt to be drawn, with the proforma Total Leverage Ratio not to exceed 3.40x at closing
- 4) Confirmation of USD \$5,000,000.00 cash equity injection from BBX Capital, Inc. into HOLDINGS
- 5) Any/all regulatory approvals required to be on hand relating to the Colonial Elegance Acquisition or otherwise
- 6) No material adverse change, payment of all fees and expenses
- 7) Borrowers Environmental and Social Risk Questionnaire to be completed by the Borrower
- 8) PPSA Registrations in British Columbia and Ontario against RENIN CA; RPMRR registrations in Quebec against RENIN CA; PPSA Registrations in Ontario against RENIN US and HOLDINGS; UCC registrations as required against RENIN US, HOLDINGS and BBX Capital, Inc. as determined by US counsel
- 9) Receipt of certified copies of satisfactory leases of the Colonial Elegance premises locations in Berthierville and Montreal being assumed or sublet by RENIN CA
- 10) Certificates of Insurance from all applicable insurance brokers evidencing the existence of all current property, liability, accounts receivable and marine/freight insurance and TD's interest as first mortgagee, first loss payee and an addition insured thereunder.
- 11) Such PPSA estoppel letters, Payout Letters to Secured Creditors of Colonial Elegance Inc., and all such other documents, instruments and agreements as may be deemed necessary by counsel to the Bank following its due diligence review and searches.
- 12) Corporate Org Chart updated for all of the Renin and BBX entities both pre and post-acquisition and any change resulting from the USD\$5,000,000 cash equity injection from BBX Capital, Inc.
- 13) Confirmation of no outstanding shareholder loans or inter-company loans within the Renin entities.
- 14) Site Visit to be performed by the Bank (virtual site visit to be considered).
- 15) Management prepared consolidated financial statements for HOLDINGS for the TTM period ended August 31, 2020 prior to the Acquisition Closing Date.

**REPRESENTATIONS  
AND WARRANTIES**

All representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect. The Borrower makes the Standard Representations and Warranties set out in Schedule "A" and in addition the following representations which shall apply to it and to its subsidiaries and each of the Guarantors:

- 1) The current beneficial and registered ownership of each of RENIN CA, RENIN US and HOLDINGS are as set out in the corporate organization chart attached as Schedule "B".

**POSITIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrowers will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Positive Covenants set out in Schedule "A" and in addition will:

- 1) Provide notice of material events (environmental, litigation, etc.) to the Lender.
- 2) Maintain all operating accounts at The Toronto-Dominion Bank.
- 3) Provide a guarantee and security agreement executed by Renin UK Corp. if its EBITDA is greater than 5% of either the revenue of the Renin Group, the Consolidated EBITDA as defined in Financial Covenant 2, or the asset value of the Renin Group.
- 4) Prior to completion of any Permitted Change in Control, the Borrowers and the Renin Group shall execute and deliver, and cause all necessary third parties involved in such Permitted Change in Control to execute and deliver, to the Bank all required documents, instruments, agreements, identification verification forms and other materials as may be required for compliance with all of the Bank KYC/AML requirements in effect at the time of such Permitted Change in Control.

**REPORTING COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrowers will provide to the Bank:

- 1) Annual audited consolidated financial statements for HOLDINGS to be provided within 120 calendar days of fiscal year end. Annual financial statements to be accompanied by a compliance certificate with detailed covenant calculation reconciliations.
- 2) An aged accounts receivable, accounts payable and inventory listing to be provided monthly by the Borrowers with details on holdbacks, raw materials, work in progress, inventory in transit and finished goods. Monthly reporting to be accompanied by a compliance certificate provided within 20 days of each month end.
- 3) Annual financial projections and financial covenant calculations on a consolidated basis for the upcoming fiscal year within 45 days after each fiscal year end. Financial projections are to be completed on a quarterly basis and are to include a balance sheet, income statement, and cash flow statement.
- 4) Annual management prepared financial statements for RENIN CA to be provided within 120 calendar days of fiscal year end.
- 5) Annual management prepared financial statements for RENIN US to be provided within 120 calendar days of fiscal year end.
- 6) Quarterly management prepared consolidated financial statements for HOLDINGS (including balance sheet, income statement & cash flow statement) to be provided within 45 days of each quarter end. Quarterly financial statements must reflect fiscal year to date results and rolling four quarter results and be accompanied by a compliance certificate with detailed covenant calculation reconciliations.
- 7) Annual and Quarterly Schedule of leases and adjustments related to US GAAP (ASC 842) within 45 days of fiscal quarter end and 120 days of fiscal year end.
- 8) Annual management prepared financial statements for RENIN UK CORP. to be provided within 120 calendar days of fiscal year end.

All references herein to "Renin Group" or to the financial statements of RENIN CA or others being calculated on a consolidated basis shall mean and refer to the financial performance of RENIN CA, RENIN UK CORP., RENIN US and HOLDINGS collectively.

The Accounting Principles set out below shall apply to all deliveries contemplated by these Reporting Covenants.

#### **ACCOUNTING PRINCIPLES**

(1) Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of this Agreement or any loan document, such determination or calculation will, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with US GAAP applied on a consistent basis.

(2) If at any time any change in US GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement, and either the Borrowers or the Bank shall so require, the Bank and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in US GAAP; provided that, until so amended, (i) such ratio or replacement shall continue to be computed in accordance with US GAAP prior to such change therein and (ii) the Borrowers shall provide to the Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in US GAAP.

(3) For the avoidance of doubt, any operating lease obligations that would be classified as a Capital Lease Obligation in accordance with US GAAP or otherwise reflected on the Borrowers' consolidated balance sheet, shall be excluded from the definition of indebtedness for borrowed money and shall not constitute indebtedness but shall be treated as operating leases.

(4) "**Capital Lease Obligation**" of any person means the obligation of such person, as lessee, to pay rent or other payment amounts under a lease of (or other agreement conveying the right to use) real or personal property which is required to be classified and accounted for as a capital lease or a liability on a consolidated balance sheet of such person (a "**Capital Lease**").

#### **NEGATIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Negative Covenants set out in Schedule "A". In addition, the Borrowers will not and will ensure that their subsidiaries and each of the Guarantors will not:

1)  
Make any Distributions\* (i) if an Event of Default is continuing or will occur on a pre and post payment basis; and (ii) if the Total Leverage Ratio is >2.75x on a pre and post payment basis.

\* "Distributions" are defined as dividends, share redemptions, repayment of shareholder or related party loans, and advances to shareholders or related parties.

For clarity, the USD \$1,000,000 Distribution made by Holdings to BBX Capital, Inc. on December 31, 2019 will be excluded from this covenant and from any Financial Covenants as outlined in this Agreement.

2)  
[Deleted].

3)  
[Deleted].

4)  
Make any investment to and/or provide financial assistance to non-Guarantors except up to USD\$2,500,000, without duplication of any permitted threshold level of action permitted in the Standard Negative Covenants in Schedule "A".

5)  
[Deleted].

6)  
[Deleted].

7)  
Provide any loans, advances of other forms of financial assistance in any form to Renin UK Corp.

8)  
Make any Distributions of any kind to Renin UK Corp. at any time, nor pay any dividends to or make any shareholder loan repayments to Renin UK Corp. at any time.

#### **PERMITTED LIENS**

Permitted Liens as referred to in Schedule "A" or in this Agreement shall refer to:

1)  
Purchase Money Security Interests in equipment which Purchase Money Security Interests exist on the date of this Agreement ("Existing PMSIs") which are known to the Bank and all future Purchase Money Security Interests on equipment acquired to replace the equipment under Existing PMSIs, provided that the cost of such replacement equipment may not exceed the cost of the equipment, and further provided that the aggregate of all such existing and future Purchase Money Security Interests shall not exceed a maximum of USD\$2,500,000 at any time during the term of this Agreement;

#### **FINANCIAL COVENANTS**

All Financial Covenants to be determined on a consolidated basis in accordance with US GAAP (provided that with respect to any lease that would in accordance with US GAAP be determined to be an operating lease as of the Acquisition Closing Date, the Borrowers shall continue to treat such lease as an operating lease and not a capital lease notwithstanding any changes to US GAAP in regards to accounting for leases, including regardless of whether such lease was entered into prior to or at any time after the Acquisition Closing Date)

The Borrowers and the Renin Group agree that at all times:

1) Its maximum Total Funded Debt to Consolidated Adjusted EBITDA Ratio ("Total Leverage Ratio") of the Renin Group shall not exceed 3.50x at any time on or after the Acquisition Closing Date, stepping down to not exceed:

- 3.25x on December 31, 2020, and all times thereafter, further stepping down to not exceed
- 3.00x on December 31, 2021 and all times thereafter.

To be calculated based on the consolidated Renin Group and tested quarterly on a rolling four quarter basis.

"Total Funded Debt" is defined as all debts and liabilities for borrowed money including liabilities in respect of BAs/LIBOR and Letters of Credit/Guarantee, capital leases, contingent guarantees.

"Consolidated Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, plus/(minus) extraordinary losses/(gains), non-cash losses/(gains), plus the following:

- (a) Normalization adjustments at closing up to USD \$167,000 as supported by the September 2020 KPMG quality of earnings report;
- (b) Non-recurring and identifiable expenses up to USD \$1,000,000 incurred in connection with the Colonial Elegance Acquisition;
- (c) Unrealized cost synergies expected to be realized within 24 months from closing (to be reasonably identifiable and factually supportable) up to USD \$2,800,000.

Note the aggregate of (a), (b) and (c) not to exceed 25% of Consolidated Adjusted EBITDA for such period.

For clarity purposes, the historical EBITDA of Colonial Elegance Inc. ("CE") shall be added back to Consolidated Adjusted EBITDA as follows:

- a. Q4 2020 : CE EBITDA of 9.5 months from January 1, 2020 to October 15, 2020
- b. Q1 2021 : CE EBITDA of 6.5 months from April 1, 2020 to October 15, 2020
- c. Q2 2021 : CE EBITDA of 3.5 months from July 1, 2020 to October 15, 2020
- d. Q3 2021 : CE EBITDA of 0.5 months from October 1, 2020 to October 15, 2020

CE EBITDA as per the Compliance Certificate provided by the Borrowers on the Acquisition Closing Date is as follows:

- 1. Q1 2020 (January 1, 2020 to March 31, 2020 – CAD\$2,700,000
- 2. Q2 2020 (April 1, 2020 to June 30, 2020 – CAD\$1,913,000
- 3. Q3 2020 until the Acquisition Closing Date:
  - a. July 2020 – CAD\$745,000
  - b. August 2020 – CAD\$885,000
  - c. September 2020 Projected – CAD\$983,000
  - d. October 2020 Projected – CAD\$983,000

- 2) A minimum Fixed Charge Coverage Ratio ("FCCR") of not less than 1.10x is to be maintained by the Renin Group at all times

To be calculated based on the consolidated financial results of the Renin Group tested quarterly on a rolling four quarter basis.

FCCR is defined as:

$(\text{Consolidated Adjusted EBITDA} - \text{Cash Taxes} - \text{Unfinanced Capex} - \text{Distributions}) / \text{Scheduled Principal} + \text{Interest}$

Unfinanced Capex shall be calculated as total capital expenditures net of long-term debt advanced in support of such expenditures and proceeds from the sale of fixed assets. For greater certainty, Unfinanced Capex will exclude all Capex incurred in the Fiscal Year 2020 from the rolling quarterly Unfinanced Capex figure up to USD\$6,627,000 deemed one-time for the Fiscal Year 2020.

Principal and Interest to be annualized for the first-year post closing.

The Accounting Principles set out above shall apply to the calculation of all Financial Covenants.

#### **EVENTS OF DEFAULT**

Subject to the cure periods provided in this Agreement or agreed with the Bank, the Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Standard Events of Default contained in Schedule "A" attached hereto and after any one of the following additional events of default (each an "Event of Default"):

- 1) Change in control of any of the Borrowers or HOLDINGS where (i) the Controlling Shareholders do not have direct or indirect voting control of such Borrower or HOLDINGS, and (ii) such change has not been consented to by the Bank (such consent not to be unreasonably withheld).

Notwithstanding the foregoing, if as a result of a change in control of a Borrower or HOLDINGS, the Controlling Shareholders of BBX Capital, Inc. have direct or indirect voting control of such Borrower or HOLDINGS (a "Permitted Change in Control"), an Event of Default shall not be triggered.

"Controlling Shareholders" shall refer to Alan B. Levan, Jarett S. Levan, John E. Abdo and/or Seth M. Wise (each, a "Specified Person") and any person or entity based on any transfer for estate planning purposes to one or more family members of any Specified Person or one or more trust, limited liability company, partnership or other vehicles for the benefit of any Specified Person or family member of any Specified Person.

For the purposes of this definition, "control" (including with correlative meanings the terms "controlled by" and "controls") means the direct or indirect possession by a person or persons of:

- (i) power to vote 50.1% or more of the securities (on a fully diluted basis) or other equity or membership interests of another person having ordinary voting power for the election of directors or managing general partners or members;
- (ii) power to direct or cause the direction of the management and policies of another person whether by contract or otherwise; or
- (iii) beneficial ownership of 50.1% or more of any class of voting stock of another person or 50.1% or more of all outstanding equity interests or other interests of such other person.

#### **CROSS DEFAULT**

- a)
- b) Cross-default between the TD credit Facilities and any Permitted Indebtedness

Cross-default to any other indebtedness of the Borrowers and Guarantors to the Bank or any of the Bank's affiliates or subsidiaries in excess of USD \$1,000,000.

**ANCILLARY  
FACILITIES**

As at the date of this Agreement, the following uncommitted ancillary products are made available. These products may be subject to other agreements.

3 (A) (B)  
TD Visa Business card (or cards) for an aggregate amount of CAD \$300,000.

4 (A)  
Spot Foreign Exchange Facility which allows the Borrower to enter into USD \$2,000,000 for settlement on a spot basis.

4 (B)  
Spot Foreign Exchange Facility which allows the Borrower to enter into USD \$2,000,000 for settlement on a spot basis.

5 (A) (B)  
Certain treasury products, such as forward foreign exchange transactions, and/or interest rate and currency and/or commodity swaps.

The Borrower agrees that treasury products will be used to hedge its risk and will not be used for speculative purposes.

The paragraph headed "FX CLOSE OUT" as set out in Schedule "A" shall apply to FX Transactions.

For the Borrower's information only, the Bank advises the Borrower that, as at the day of this Agreement only, the Bank would, if requested by the Borrower, make available to the Borrower forward foreign exchange contracts in an aggregate amount of up to USD \$6,000,000 for periods of up to 12 months. This limit and term is subject to change at any time at the discretion of the Bank and without prior notice to the Borrower. The Borrower must contact the Bank from time to time, to obtain information about the Borrower's then current forward foreign exchange limit.

**LANGUAGE  
PREFERENCE**

This Agreement has been drawn up in the English language at the request of all parties. (Cet acte a été rédigé en langue anglaise à la demande de toutes les parties.)

**SCHEDULE "A" -  
STANDARD TERMS  
AND CONDITIONS**

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

**AMENDMENTS TO SCHEDULE "A" -  
STANDARD TERMS  
AND CONDITIONS**

The following Sections in the Standard Terms and Conditions have been amended for this transaction:

Standard Representations and Warranties 6(f)

Standard Negative Covenants 8(b), (c) and (g)  
Standard Events of Default 10(d) and (i)  
Acceleration 11  
Changing the Agreement 15(a) re Committed Line  
F/X Close-out 24  
Miscellaneous 27(iii), (v)

**NOTICE**

Any notice, request or other communication hereunder to any of the parties hereto shall be in writing and be well and sufficiently given if delivered personally or sent by prepaid registered mail to its address to the number and to the attention of the person set forth below:

In the case of the Borrowers, a single notice to:

Renin Canada Corp.  
110 Walker Drive  
Brampton, Ontario  
L6T 4H6

Attention: Joe Ruffo, President and Chief Executive Officer  
Email Address: joseph.ruffo@renin.com

In the case of the Lender, to:

The Toronto-Dominion Bank  
4499 Highway 7 At Pine Valley Drive  
2nd Floor  
Vaughan, Ontario  
L4L 9A9

Attention: Krystal Van Westerop  
Email: krystal.vanwesterop@td.com

The Lender will provide to BBX Capital, Inc., at the address set out below, a copy of each written notice sent or given by the Lender to the Borrowers in respect of the occurrence of a default by the Borrowers under the terms of the Loan Agreement:

BBX Capital, Inc.  
401 E. Las Olas Blvd., Suite 800  
Fort Lauderdale, FL 33301

Attention : Brett Sheppard - Chief Financial Officer  
Email: bsheppard@bbxcapital.com

Further provided that the covenant to provide copies of notices as described above shall only apply for so long as the Controlling Shareholders control BBX Capital, Inc., and BBX Capital, Inc. maintains a controlling interest in the Borrowers and Renin Holdings LLC.

For clarity, it is further acknowledged that the Lender shall not be required to provide BBX Capital, Inc. with notice of any telephone conversation between the Lender and the Borrowers concerning or addressing any default or Event of Default under the Loan Agreement.

Any such notice shall be deemed to be given and received, if delivered by hand, when delivered, and if mailed, by certified or registered mail, shall be deemed to have been given when received, unless an interruption of postal services occurs or is continuing on or within the three Business Days after the date of mailing in which



case the notice shall be deemed to have been received on the third Business Day after postal service resumes. Any party may by notice to the other, given as aforesaid, designate a changed address.

Notices and other communications to the Lender, the Borrowers and any Guarantor and any other person may also be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) and any such notice shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement).

**Remainder of Page Intentionally Left Blank. Signature Pages follow.]**

We trust you will find these facilities helpful in meeting your ongoing financing requirements. We ask that if you wish to accept this offer of financing (which includes the Standard Terms and Conditions), please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by the Bank on or before October 22, 2020

Yours truly,

**THE TORONTO-DOMINION BANK**

***/s/Ryan Avery***

\_\_\_\_\_  
Ryan Avery  
District Vice President

***/s/ Krystal Van Westrop***

\_\_\_\_\_  
Krystal Van Westrop  
Senior Manager, Commercial Services

**TO THE TORONTO-DOMINION BANK:**

RENIN CANADA CORP., and RENIN US LLC hereby accepts the foregoing offer this 22 day of October, 2020. The Borrower confirms that, except as may be set out above, the credit facility(ies) detailed herein shall not be used by or on behalf of any third party.

**RENIN CANADA CORP.**

/s/Joseph Ruffo  
Signature

Joseph Ruffo  
Chief Executive Officer

\_\_\_\_\_  
Print Name & Position

**RENIN US LLC**

/s/Joseph Ruffo  
Signature

Joseph Ruffo  
Chief Executive Officer

\_\_\_\_\_  
Print Name & Position

**cc. Guarantor(s)**

The Bank is providing the guarantor(s) with a copy of this letter as a courtesy only. The delivery of a copy of this letter does not create any obligation of the Bank to provide the guarantor(s) with notice of any changes to the credit facilities, including without limitation, changes to the terms and conditions, increases or decreases in the amount of the credit facilities, the establishment of new credit facilities or otherwise. The Bank may, or may not, at its option, provide the guarantor(s) with such information, provided that the Bank will provide such information upon the written request of the guarantor.

Receipt acknowledged this 22 day of October, 2020

**RENIN HOLDINGS LLC**

/s/ Joseph Ruffo

Signature

Joseph Ruffo  
Chief Executive Officer

\_\_\_\_\_  
Print Name & Position

**SCHEDULE A**  
**STANDARD TERMS AND CONDITIONS**

**1. INTEREST RATE DEFINITIONS**

Prime Rate means the rate of interest per annum (based on a 365 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

The Stamping Fee rate per annum for CAD B/As is based on a 365 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance. The Stamping Fee rate per annum for USD B/As is based on a 360 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance.

CDOR means, for any day, the annual rate for B/As denominated in Canadian Dollars for a specified term that appears on the Reuters Screen CDOR Page as of 10:00 a.m. (Toronto time) on such day (or, if such day is not a Business Day, then on the immediately preceding Business Day).

LIBOR means the rate of interest per annum (based on a 360 day year) as determined by the Bank (rounded upwards, if necessary to the nearest whole multiple of 1/16th of 1%) at which the Bank may make available United States dollars which are obtained by the Bank in the Interbank Euro Currency Market, London, England at approximately 11:00 a.m. (Toronto time) on the second Business Day before the first day of, and in an amount similar to, and for the period similar to the interest period of, such advance.

USBR means the rate of interest per annum (based on a 365 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

If Prime Rate, CDOR, LIBOR, USBR or any other applicable base rate is less than zero, such base rate shall be deemed to be zero for purposes of this Agreement.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

**2. INTEREST CALCULATION AND PAYMENT**

Interest on Prime Based Loans and USBR Loans is calculated daily (including February 29 in a leap year) and payable monthly in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment Terms Notice. Interest is charged on February 29 in a leap year.

The Stamping Fee is calculated based on the amount and the term of the B/A and is payable upon acceptance by the Bank of the B/A. The net proceeds received by the Borrower on a B/A advance will be equal to the Face Amount of the B/A discounted at the Bank's then prevailing B/A discount rate for CAD B/As or USD B/As as the case may be, for the specified term of the B/A less the B/A Stamping Fee. If the B/A discount rate (or the rate used to determine the B/A discount rate) is less than zero, it shall instead be deemed to be zero for purposes of this Agreement.

Interest on LIBOR Loans and CDOR Loans is calculated and payable on the earlier of contract maturity or quarterly in arrears, for the number of days in the LIBOR or CDOR interest period, as applicable.

L/C and L/G fees are payable at the time and as required under the Operating Line and as set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C or L/G.

Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice.

Interest is payable both before and after maturity or demand, default and judgment.

Each payment under this Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of principal.

For loans not secured by real property, all overdue amounts of principal and interest and all amounts outstanding in excess of the Credit Limit shall bear interest from the date on which the same became due or from when the excess was incurred, as the case may be, until the date of payment or until the date the excess is repaid at the Bank's standard rate charged from time to time for overdrafts, or such lower interest rate if the Bank agrees to a lower interest rate in writing. Nothing in this clause shall be deemed to authorize the Borrower to incur loans in excess of the Credit Limit.

If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Bank in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Bank of "interest" at a "criminal rate" (as such terms are construed under the Criminal Code (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by the Bank of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows: first, by reducing the amount or rate of interest, and, thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the Bank which would constitute interest for purposes of section 347 of the Criminal Code (Canada).

### **3. DRAWDOWN PROVISIONS**

#### **Prime Based and USBR Loans**

There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in this Agreement. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Prime Based Loan or USBR Loan over \$1,000,000.

#### **B/As**

The Borrower shall advise the Bank of the requested term or maturity date for B/As issued hereunder. The Bank shall have the discretion to restrict the term or maturity dates of B/As. In no event shall the term of the B/A exceed the Contractual Term Maturity Date or Maturity Date, as applicable. Except as otherwise stated in this Agreement, the minimum amount of a drawdown by way of B/As is \$1,000,000 and in multiples of \$100,000 thereafter. The Borrower shall provide the Bank with 3 Business Days' notice of a requested B/A drawdown.

The Borrower shall pay to the Bank the full amount of the B/A at the maturity date of the B/A.

The Borrower appoints the Bank as its attorney to and authorizes the Bank to (i) complete, sign, endorse, negotiate and deliver B/As on behalf of the Borrower in handwritten form, or by facsimile or mechanical signature or otherwise, (ii) accept such B/As, and (iii) purchase, discount, and/or negotiate B/As.

#### **LIBOR and CDOR**

The Borrower shall advise the Bank of the requested LIBOR or CDOR contract maturity period. The Bank shall have the discretion to restrict the LIBOR or CDOR contract maturity. In no event shall the term of the LIBOR or CDOR contract exceed the Contractual Term Maturity Date. Except as otherwise stated in this Agreement, the minimum amount of a drawdown by way of a LIBOR Loan or a CDOR Loan is \$1,000,000, and shall be in multiples of \$100,000 thereafter. The Borrower will provide the Bank with 3 Business Days' notice of a requested LIBOR Loan or CDOR Loan.

#### **L/C and/or L/G**

The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

#### **B/A, LIBOR and CDOR - Conversion**

Any portion of any B/A, LIBOR or CDOR Loan that is not repaid, rolled over or converted in accordance with the applicable notice requirements hereunder shall be converted by the Bank to a Prime Based Loan effective as of the maturity date of the B/A or the last day in the interest period of the LIBOR or CDOR contract, as applicable. The Bank may charge interest on the amount of the Prime Based Loan at the rate of 115% of the rate applicable to Prime Based Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

#### **B/A, LIBOR and CDOR – Market Disruption**

If the Bank determines, in its sole discretion, that a normal market in Canada for the purchase and sale of B/As or the making of CDOR or LIBOR Loans does not exist, any right of the Borrower to request a drawdown under the applicable borrowing option shall be suspended until the Bank advises otherwise. Any drawdown request for B/As, LIBOR or CDOR Loans, as applicable, during the suspension period shall be deemed to be a drawdown notice requesting a Prime Based Loan in an equivalent amount.

#### **Cash Management**

The Bank may, and the Borrower hereby authorizes the Bank to, drawdown under the Operating Loan , Agriculture Operating Line or Farm Property Line of Credit to satisfy any obligations of the Borrower to the Bank in connection with any cash management service provided by the Bank to the Borrower. The Bank may drawdown under the Operating Loan , Agriculture Operating Line or Farm Property Line of Credit even if the drawdown results in amounts outstanding in excess of the Credit Limit.

#### **Notice**

Prior to each drawdown under a Fixed Rate Term Loan, other than a Long Term Farm Loan, an Agriculture Term Loan, a Canadian Agricultural Loans Act Loan, a Dairy Term Loan or a Poultry Term Loan and at least 10 days prior to the maturity of each Rate Term, the Borrower will advise the Bank of its selection of drawdown options from those made available by the Bank. The Bank will, after each drawdown, other than drawdowns by way of BA, CDOR, or LIBOR Loan or under the operating loan, send a Rate and Payment Terms Notice to the Borrower.

#### **4. PREPAYMENT**

##### **Fixed Rate Term Loans**

##### **10% Prepayment Option Chosen.**

- (a) Once, each calendar year, ("Year"), the Borrower may, provided that an Event of Default has not occurred, prepay in one lump sum, an amount of principal outstanding under a Fixed Rate Term Loan not exceeding 10% of the original amount of the Fixed Rate Term Loan, upon payment of all interest accrued to the date of prepayment without paying any prepayment charge. If the prepayment privilege is not used in one Year, it cannot be carried forward and used in a later Year.
- (b) Provided that an Event of Default has not occurred, the Borrower may prepay more than 10% of the original amount of a Fixed Rate Term Loan in any Year, upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
- i) three months' interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
  - ii) the Yield Maintenance, being the difference between:
    - a. the current outstanding principal balance of the Fixed Rate Term Loan; and
    - b. the sum of the present values as of the date of the prepayment of the future payments to be made on the Fixed Rate Term Loan until the last day of the Rate Term, plus the present value of the principal amount of the Fixed Rate Term Loan that would have been due on the maturity of the Rate Term, when discounted at the Government of Canada bond yield rate with a term which has the closest maturity to the unexpired term of the Fixed Rate Term Loan.

**10% Prepayment Option Not Chosen.**

- (c) The Borrower may, provided that an Event of Default has not occurred, prepay all or any part of the principal then outstanding under a Fixed Rate Term Loan upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
- i) three months' interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
  - ii) the Yield Maintenance, being the difference between:
    - a. the current outstanding principal balance of the Fixed Rate Term Loan; and
    - b. the sum of the present values as of the date of the prepayment of the future payments to be made on the Fixed Rate Term Loan until the last day of the Rate Term, plus the present value of the principal amount of the Fixed Rate Term Loan that would have been due on the maturity of the Rate Term, when discounted at the Government of Canada bond yield rate with a term which has the closest maturity to the unexpired term of the Fixed Rate Term Loan.

Floating Rate Term Loans

The Borrower may prepay the whole or any part of the principal outstanding under a Floating Rate Term Loan, at any time without the payment of prepayment charges.

**5. STANDARD DISBURSEMENT CONDITIONS**

The obligation of the Bank to permit any drawdowns hereunder at any time is subject to the following conditions precedent:

- a) The Bank shall have received the following documents which shall be in form and substance satisfactory to the Bank:
  - i) A copy of a duly executed resolution of the Board of Directors of the Borrower empowering the Borrower to enter into this Agreement;
  - ii) A copy of any necessary government approvals authorizing the Borrower to enter into this Agreement;
  - iii) All of the Bank Security and supporting resolutions and solicitors' letter of opinion required hereunder;
  - iv) The Borrower's compliance certificate certifying compliance with all terms and conditions hereunder;
  - v) All operation of account documentation; and
    - vi) For drawdowns under the Facility by way of L/C or L/G, the Bank's standard form Letter of Credit Indemnity Agreement
- b) The representations and warranties contained in this Agreement are correct.
- c) No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.
- d) The Bank has received the arrangement fee payable hereunder (if any) and the Borrower has paid all legal and other expenses incurred by the Bank in connection with the Agreement or the Bank Security.

**6. STANDARD REPRESENTATIONS AND WARRANTIES**

The Borrower hereby represents and warrants, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, that:



- a) The Borrower is a duly incorporated corporation, a limited partnership, partnership, or sole proprietorship, duly organized, validly existing and in good standing under the laws of the jurisdiction where the Branch/Centre is located and each other jurisdiction where the Borrower has property or assets or carries on business and the Borrower has adequate corporate power and authority to carry on its business, own property, borrow monies and enter into agreements therefore, execute and deliver the Agreement, the Bank Security, and documents required hereunder, and observe and perform the terms and provisions of this Agreement.
- b) There are no laws, statutes or regulations applicable to or binding upon the Borrower and no provisions in its charter documents or in any by-laws, resolutions, contracts, agreements, or arrangements which would be contravened, breached, violated as a result of the execution, delivery, performance, observance, of any terms of this Agreement.
- c) No Event of Default has occurred nor has any event occurred which, with the passage of time or the giving of notice, would constitute an Event of Default under this Agreement or which would constitute a default under any other agreement.
- d) There are no actions, suits or proceedings, including appeals or applications for review, or any knowledge of pending actions, suits, or proceedings against the Borrower and its subsidiaries, before any court or administrative agency which would result in any material adverse change in the property, assets, financial condition, business or operations of the Borrower.
- e) All material authorizations, approvals, consents, licenses, exemptions, filings, registrations and other requirements of governmental, judicial and public bodies and authorities required to carry on its business have been or will be obtained or effected and are or will be in full force and effect.
- f) The financial statements and forecasts delivered to the Bank fairly present the present financial position of the Borrower, and have been prepared by the Borrower and its auditors in accordance with US GAAP, the International Financial Reporting Standards or GAAP for Private Enterprises.
- g) All of the remittances required to be made by the Borrower to the federal government and all provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, Employment Insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, corporate capital taxes, payroll taxes and workers' compensation dues are currently paid and up to date.
- h) If the Bank Security includes a charge on real property, the Borrower or Guarantor, as applicable, is the legal and beneficial owner of the real property with good and marketable title in fee simple thereto, free from all easements, rights-of-way, agreements, restrictions, mortgages, liens, executions and other encumbrances, save and except for those approved by the Bank in writing.
- i) All information that the Borrower has provided to the Bank is accurate and complete respecting, where applicable:
  - i) the names of the Borrower's directors and the names and addresses of the Borrower's beneficial owners;
  - ii) the names and addresses of the Borrower's trustees, known beneficiaries and/or settlors; and
  - iii) the Borrower's ownership, control and structure.

**7. STANDARD POSITIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will, and will ensure that its subsidiaries and each of the Guarantors will:

- a) Pay all amounts of principal, interest and fees on the dates, times and place specified herein, under the Rate and Payment Terms Notice, and under any other agreement between the Bank and the Borrower.
- b) Advise the Bank of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender.
- c) Advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Borrower or the occurrence of any Event of Default or default under this Agreement or under any other agreement for borrowed money.

- d) Do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.
- e) Take all necessary actions to ensure that the Bank Security and its obligations hereunder will rank ahead of all other indebtedness of and all other security granted by the Borrower.
- f) Pay all taxes, assessments and government charges unless such taxes, assessments, or charges are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.
- g) Provide the Bank with information and financial data as it may request from time to time, including, without limitation, such updated information and/or additional supporting information as the Bank may require with respect to any or all the matters in the Borrower's representation and warranty in Section 6(i).
- h) Maintain property, plant and equipment in good repair and working condition.
- i) Inform the Bank of any actual or probable litigation and furnish the Bank with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Borrower
- j) Provide such additional security and documentation as may be required from time to time by the Bank or its solicitors .
- k) Continue to carry on the business currently being carried on by the Borrower its subsidiaries and each of the Guarantors at the date hereof.
- l) Maintain adequate insurance on all of its assets, undertakings, and business risks.
- m) Permit the Bank or its authorized representatives full and reasonable access to its premises, business, financial and computer records and allow the duplication or extraction of pertinent information therefrom.
- n) Comply with all applicable laws.

#### **8. STANDARD NEGATIVE COVENANTS**

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

- a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets or undertakings, now owned or hereafter acquired, except for those Permitted Liens, if any, set out in the Letter.
- b) Create, incur, assume or suffer to exist any other indebtedness for borrowed money in excess of USD\$2,500,000 in the aggregate, or guarantee or act as surety or agree to indemnify the debts of any other Person in excess of USD\$2,500,000 in the aggregate, or make any loans or advances to any other Person . For clarity, indebtedness will not include trade credit in the ordinary course of business.
- c) Merge, amalgamate or consolidate with any other Person, or acquire any other entity, or acquire or form any subsidiary in whole or in part, or acquire all or substantially all of the shares, assets or business of any other Person except as defined in Permitted Change in Control.
- d) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of subsidiaries, receivables and leasehold interests), except for inventory disposed of in the ordinary course of business.
- e) Terminate or enter into a surrender of any lease of any property mortgaged under the Bank Security .
- f) Cease to carry on the business currently being carried on by each of the Borrower, its subsidiaries, and the Guarantors at the date hereof.
- g) Permit any change of ownership or change in the capital structure of the Renin Group without the Bank's prior written consent, other than a Permitted Change in Control.

## **9. ENVIRONMENTAL**

The Borrower represents and warrants (which representation and warranty shall continue throughout the term of this Agreement) that the business of the Borrower, its subsidiaries and each of the Guarantors is being operated in compliance with applicable laws and regulations respecting the discharge, omission, spill or disposal of any hazardous materials and that any and all enforcement actions in respect thereto have been clearly conveyed to the Bank.

The Borrower shall, at the request of the Bank from time to time, and at the Borrower's expense, obtain and provide to the Bank an environmental audit or inspection report of the property from auditors or inspectors acceptable to the Bank.

The Borrower hereby indemnifies the Bank, its officers, directors, employees, agents and shareholders, and agrees to hold each of them harmless from all loss, claims, damages and expenses (including legal and audit expenses) which may be suffered or incurred in connection with the indebtedness under this Agreement or in connection with the Bank Security.

## **10. STANDARD EVENTS OF DEFAULT**

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the following Events of Default:

- a) Non-payment of principal outstanding under this Agreement when due or non-payment of interest or fees outstanding under this Agreement within 3 Business Days of when due .
- b) If any representation, warranty or statement made hereunder or made in connection with the execution and delivery of this Agreement or the Bank Security is false or misleading at any time.
- c) If any representation or warranty made or information provided by the Guarantor to the Bank from time to time, including without limitation, under or in connection with the Personal Financial Statement and Privacy Agreement provided by the Guarantor, is false or misleading at any time.
- d) If there is a breach or non-performance or non-observance of any term or condition of this Agreement or the Bank Security and, if such default is capable to being remedied, the default continues unremedied for 7 Business Days after the occurrence.
- e) If the Borrower, any one of its subsidiaries, or, if any of the Guarantors makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers or if a judgment or order shall be entered by any court approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any of its subsidiaries, or any of the Guarantors or if the Borrower, any of its subsidiaries, or any of the Guarantors is insolvent or declared bankrupt.
- f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of its subsidiaries, or any of the Guarantors.
- g) If action is taken by an encumbrancer against the Borrower, any of its subsidiaries, or any of the Guarantors to take possession of property or enforce proceedings against any assets.
- h) If any final judgment for the payment of monies is made against the Borrower, any of its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.
- i) If there exists an event of default after all cure periods have expired under any other agreement for borrowed money in excess of USD\$1,000,000 entered into by the Borrower, any of its subsidiaries, or any of the Guarantors.
- j) If the Borrower, any one of its subsidiaries, or any of the Guarantors default under any other present or future agreement with the Bank or any of the Bank's subsidiaries, including without limitation, any other loan agreement, forward foreign exchange transactions, interest rate and currency and/or commodity swaps.
- k) If the Bank Security is not enforceable or if any party to the Bank Security shall dispute or deny any liability or any of its obligations under the Bank Security, or if any Guarantor terminates a guarantee in respect of future advances.

- l) If, in the Bank's determination, a material adverse change occurs in the financial condition, business operations or prospects of the Borrower, any of the Borrower's subsidiaries, or any of the Guarantors.
- m) If the Borrower or Guarantor is an individual, the Borrower or such Guarantor dies or is found by a court to be incapable of managing his or her affairs.

#### **11. ACCELERATION**

If the Bank accelerates the payment of principal and interest hereunder, the Borrower shall immediately pay to the Bank all amounts outstanding hereunder, including without limitation, the amount of unmatured B/As, CDOR and LIBOR Loans and the amount of all drawn and undrawn L/Gs and L/Cs. All cost to the Bank of unwinding CDOR and LIBOR Loans and all loss suffered by the Bank in re-employing amounts repaid will be paid by the Borrower.

#### **12. INDEMNITY**

The Borrower agrees to indemnify the Bank from and against any and all claims, losses and liabilities arising or resulting from this Agreement. USD loans must be repaid with USD and CAD loans must be repaid with CAD and the Borrower shall indemnify the Bank for any loss suffered by the Bank if USD loans are repaid with CAD or vice versa, whether such payment is made pursuant to an order of a court or otherwise. In no event will the Bank be liable to the Borrower for any direct, indirect or consequential damages arising in connection with this Agreement.

#### **13. TAXATION ON PAYMENTS**

All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, the Borrower, shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

#### **14. REPRESENTATION**

No representation or warranty or other statement made by the Bank concerning any of the Facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this Agreement.

#### **15. CHANGING THE AGREEMENT**

- a) The Bank may, from time to time, unilaterally change the provisions of this Agreement where (i) such change is for the benefit of the Borrower, or made at the Borrower's request, including without limitation, decreases to fees or interest payable hereunder or (ii) where such change makes compliance with this Agreement less onerous to the Borrower, including without limitation, release of security. These changes can be made by the Bank providing written notice to the Borrower of such changes in the form of a specific waiver or a document constituting an amending agreement. The Borrower is not required to execute such waiver or amending agreement, unless the Bank requests the Borrower to sign such waiver or amending agreement. A change in the Prime Rate and USBR is not an amendment to the terms of this Agreement that requires notification to be provided to the Borrower.
- b) Changes to the Agreement, other than as described in a) above, including changes to covenants and fees payable by the Borrower, are required to be agreed to by the Bank and the Borrower in writing, by the Bank and the Borrower each signing an amending agreement.
- c) The Bank is not required to notify a Guarantor of any change in the Agreement, including any increase in the Credit Limit.

#### **16. ADDED COST**

If the introduction of or any change in any present or future law, regulation, treaty, official or unofficial directive, or regulatory requirement, (whether or not having the force of law) or in the interpretation or application thereof, relates to:

- i) the imposition or exemption of taxation of payments due to the Bank or on reserves or deemed reserves in respect of the undrawn portion of any Facility or loan made available hereunder; or,

- ii) any reserve, special deposit, regulatory or similar requirement against assets, deposits, or loans or other acquisition of funds for loans by the Bank; or,
- iii) the amount of capital required or expected to be maintained by the Bank as a result of the existence of the advances or the commitment made hereunder;

and the result of such occurrence is, in the sole determination of the Bank, to increase the cost of the Bank or to reduce the income received or receivable by the Bank hereunder, the Borrower shall, on demand by the Bank, pay to the Bank that amount which the Bank estimates will compensate it for such additional cost or reduction in income and the Bank's estimate shall be conclusive, absent manifest error.

#### **17. EXPENSES**

The Borrower shall pay, within 5 Business Days following notification, all fees and expenses (including but not limited to all legal fees) incurred by the Bank in connection with the preparation, registration and ongoing administration of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement and the Bank Security whether or not any amounts are advanced under the Agreement. These fees and expenses shall include, but not be limited, to all outside counsel fees and expenses and all in-house legal fees and expenses, if in-house counsel are used, and all outside professional advisory fees and expenses. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph at the All-In Rate plus 2% per annum.

Without limiting the generality of Section 25, the Bank or the Bank's agent, is authorized to debit any of the Borrower's accounts with the amount of the fees and expenses owed by the Borrower hereunder, including the registration fee in connection with the Bank Security, even if that debiting creates an overdraft in any such account. If there are insufficient funds in the Borrower's accounts to reimburse the Bank or its agent for payment of the fees and expenses owed by the Borrower hereunder, the amount debited to the Borrower's accounts shall be deemed to be a Prime Based Loan under the Operating Loan, the Agriculture Operating Line or Farm Property Line of Credit.

The Borrower will, if requested by the Bank, sign a Pre-Authorized Payment Authorization in a format acceptable to the Bank to permit the Bank's agent to debit the Borrower's accounts as contemplated in this Section.

#### **18. NON WAIVER**

Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security or upon the occurrence of an Event of Default shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Bank Security or the Bank's rights thereunder.

#### **19. EVIDENCE OF INDEBTEDNESS**

The Bank shall record on its records the amount of all loans made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower will sign the Bank's standard form Letter of Credit Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

With respect to chattel mortgages taken as Bank Security, this Agreement is the Promissory Note referred to in same chattel mortgage, and the indebtedness incurred hereunder is the true indebtedness secured by the chattel mortgage.

#### **20. ENTIRE AGREEMENTS**

This Agreement replaces any previous letter agreements dealing specifically with terms and conditions of the credit facilities described in the Letter. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities. This Agreement, and if applicable, the Letter of Credit Indemnity Agreement, are the entire agreements relating to the Facilities described in this Agreement.

## **21. NON-MERGER**

Notwithstanding the execution, delivery or registration of the Bank Security and notwithstanding any advances made pursuant thereto, this Agreement shall continue to be valid, binding and enforceable and shall not merge as a result thereof. Any default under this Agreement shall constitute concurrent default under the Bank Security. Any default under the Bank Security not cured with the applicable cure period thereunder shall constitute concurrent default under this Agreement. In the event of an inconsistency between the terms of this Agreement and the terms of the Bank Security, the terms of this Agreement shall prevail and the inclusion of any term in the Bank Security that is not dealt with in this Agreement shall not be an inconsistency.

## **22. ASSIGNMENT**

The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement.

## **23. RELEASE OF INFORMATION**

The Borrower hereby irrevocably authorizes and directs the Borrower's accountant, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agrees that the Bank and the Accountant may communicate directly with each other.

## **24. FX CLOSE OUT**

The Borrower hereby acknowledges and agrees that in the event any of the following occur: (i) Default not cured within the applicable cure period, if any, by the Borrower under any forward foreign exchange contract ("FX Contract"); (ii) Default not cured within the applicable cure period, if any, by the Borrower in payment of monies owing by it to anyone, including the Bank; (iii) Default not cured within the applicable cure period, if any, in the performance of any other obligation of the Borrower under any agreement to which it is subject; or (iv) the Borrower is adjudged to be or voluntarily becomes bankrupt or insolvent or admits in writing to its inability to pay its debts as they come due or has a receiver appointed over its assets, the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts entered into hereunder, using normal commercial practices employed by the Bank, to determine the gain or loss for each terminated FX contract. The Bank shall then be entitled to calculate a net termination value for all of the terminated FX Contracts which shall be the net sum of all the losses and gains arising from the termination of the FX Contracts which net sum shall be the "Close Out Value" of the terminated FX Contracts. The Borrower acknowledges that it shall be required to forthwith pay any positive Close Out Value owing to the Bank and the Bank shall be required to pay any negative Close Out Value owing to the Borrower, subject to any rights of set-off to which the Bank is entitled or subject.

## **25. SET-OFF**

In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness or amount payable by the Bank (irrespective of the place of payment or booking office of the obligation), to or for the credit of or for the Borrower's account, including without limitation, any amount owed by the Bank to the Borrower under any FX Contract or other treasury or derivative product, against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit or other obligation in a different currency than the indebtedness and liability under this Agreement to the indebtedness and liability under this Agreement, the Bank will convert the deposit or other obligation to the currency of the indebtedness and liability under this Agreement using the exchange rate determined by the Bank at the time of the conversion.

## **26. SEVERABILITY**

In the event any one or more of the provisions of this Agreement shall for any reason, including under any applicable statute or rule of law, be held to be invalid, illegal or unenforceable, that part will be severed from this Agreement and will not affect the enforceability of the remaining provisions of this Agreement, which shall remain in full force and effect.

## **27. MISCELLANEOUS**

- i) The Borrower has received a signed copy of this Agreement;
- ii) If more than one Person, firm or corporation signs this Agreement as the Borrower, each party is jointly and severally liable hereunder, and the Bank may require payment of all amounts payable under this Agreement from any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them;
- iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Financial Accounting Standards Board (FASB) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;
- iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located;
- v) Unless stated otherwise, all amounts referred to herein are in United States dollars.

## **28. DEFINITIONS**

Capitalized Terms used in this Agreement shall have the following meanings:

*"All-In Rate"* means the greater of the interest rate that the Borrower pays for Floating Rate Loans or the highest fixed rate paid for Fixed Rate Term Loans.

*"Agreement"* means the agreement between the Bank and the Borrower set out in the Letter and this Schedule "A" - Standard Terms and Conditions.

*"Business Day"* means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business.

*"Branch/Centre"* means The Toronto-Dominion Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.

*"Contractual Term Maturity Date"* means the last day of the Contractual Term period. If the Letter does not set out a specific Contractual Term period but rather refers to a period of time up to which the Contractual Term Maturity Date can occur, the Bank and the Borrower must agree on a Contractual Term Maturity Date before first drawdown, which Contractual Term Maturity Date will be set out in the Rate and Payments Terms Notice.

*"Cross Default Threshold"* means the cross default threshold set out in the Letter. If no such cross default threshold is set out in the Letter it will be deemed to be zero.

*"Face Amount"* means, in respect of:

- (i) a B/A, the amount payable to the holder thereof on its maturity;
- (ii) A L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C or L/G.

*"Fixed Rate Term Loan"* means any drawdown under a Facility at an interest rate which is fixed for a Rate Term at such rate as is determined by the Bank at its sole discretion.

*"Floating Rate Loan"* means any loan drawn down, converted or extended under a Facility at an interest rate which is referenced to a variable rate of interest, such as the Prime Rate.

*"Inventory Value"* means, at any time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than (i) those inventories supplied by trade creditors who at that time have not been fully paid and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

*"Letter"* means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

*"Letter of Credit"* or *"L/C"* means a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.

*"Letter of Guarantee"* or *"L/G"* means a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.

*"Maturity Date"* for a Facility, means the date on which all amounts outstanding under such Facility are due and payable to the Bank.

*"Person"* includes any individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated association, association, institution, entity, party, or government (whether national, federal, provincial, state, municipal, city, county, or otherwise and including any instrumentality, division, agency, body, or department thereof).

*"Purchase Money Security Interest"* means a security interest on an asset which is granted to a lender or to the seller of such asset in order to secure the purchase price of such asset or a loan incurred to acquire such asset, provided that the amount secured by the security interest does not exceed the cost of the asset and provided that the Borrower provides written notice to the Bank prior to the creation of the security interest, and the creditor under the security interest has, if requested by the Bank, entered into an inter-creditor agreement with the Bank, in a format acceptable to the Bank.

*"Rate Term"* means that period of time as selected by the Borrower from the options offered to it by the Bank, during which a Fixed Rate Term Loan will bear a particular interest rate. If no Rate Term is selected, the Borrower will be deemed to have selected a Rate Term of 1 year.

*"Rate and Payment Terms Notice"* means the written notice sent by the Bank to the Borrower setting out the interest rate and payment terms for a particular drawdown.

*"Receivable Value"* means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than (i) those accounts then outstanding for 90 days, (ii) those accounts owing by Persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the total amount of all claims, liens, or encumbrances on those receivables having or purporting to have priority over the Bank.

*"Receivables/Inventory Summary"* means a summary of the Borrower's trade account receivables and inventories, in form as the Bank may require and certified by a senior officer/representative of the Borrower.

*"US\$" or "USD Equivalent"* means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the exchange rate determined by the Bank at the time of the conversion.



**SCHEDULE B**  
**CORPORATE ORGANIZATION CHART**

See Attached.

## BBX Capital's Subsidiary, Renin Holdings, Acquires Colonial Elegance

FORT LAUDERDALE, Fla. & BRAMPTON, Ontario--(BUSINESS WIRE)-- BBX Capital, Inc. (OTCQX: BBXIA) (PINK: BBXIB) ("BBX Capital" or "the Company") announced today that Renin Holdings LLC ("Renin"), its wholly-owned subsidiary which manufactures and distributes sliding doors, door systems and hardware, and home décor products, has acquired substantially all of the assets and assumed certain of the liabilities of Colonial Elegance for a purchase price of approximately USD \$39.0 million before adjustments for working capital.

Headquartered in Montreal, Canada, Colonial Elegance is a supplier and distributor of building products, including barn doors, closet doors, and stair parts, and its customers include various big box retailers in the United States and Canada which are complementary to and expand Renin's existing customer base. Colonial Elegance's calculation of its EBITDA for the year ended April 30, 2020 was CAD \$8.1 million (USD \$6.1 million translated at an exchange rate of 1.337 CAD/USD). Colonial Elegance's calculation of its EBITDA for the year ended April 30, 2020 and a reconciliation to its reported net income for such period is set forth below under "Non-GAAP Financial Measure."

"We are pleased to announce our acquisition of Colonial Elegance and believe it is an excellent fit for our Renin vertical," commented Jarett Levan, Chief Executive Officer of BBX Capital. "Renin has had success in its manufacturing and distribution of closet doors and barn doors throughout North America, and we believe the addition of Colonial Elegance will allow Renin to expand into new markets and geographic areas."

Joseph Ruffo, Chief Executive Officer of Renin, also commented, "We believe the combination of these two businesses will establish Renin as a leader in barn doors and closet doors, support the expansion of the growing door hardware and stair parts business, and provide a promising avenue for continued growth. In addition, we believe that the increased scale of the combined businesses will result in better overall service and selection for our customers and improved logistics and cost efficiencies for Renin. We are delighted to promote the Renin and Colonial Elegance brands throughout our distribution channels and welcome the Colonial Elegance associates to the Renin family."

Renin funded the acquisition with proceeds from a credit facility originated by Renin in connection with the acquisition and a USD \$5.0 million equity contribution from BBX Capital. In addition to the purchase price of USD \$39.0 million, Renin also acquired estimated excess working capital held by Colonial Elegance for approximately USD \$5.1 million, of which USD \$1.0 million was held back at closing. Pursuant to the terms of the acquisition agreement between Renin and Colonial Elegance, the final working capital adjustment amount will be determined by Renin and Colonial Elegance during the 90 day period following closing and may result in the payment of additional amounts to Colonial Elegance, including the release of all or a portion of the working capital adjustment holdback, or a refund to Renin (if the estimated working capital adjustment at closing exceeds the actual working capital adjustment by an amount in excess of the working capital adjustment holdback).

**About BBX Capital, Inc.:** BBX Capital, Inc. (OTCQX: BBXIA) (PINK: BBXIB) (formerly a subsidiary of BBX Capital Corporation) is a Florida-based diversified holding company whose principal investments include BBX Capital Real Estate, BBX Sweet Holdings, and Renin. For additional information, please visit [www.BBXCapital.com](http://www.BBXCapital.com).

**About Renin:** Headquartered in Ontario, Canada, Renin is engaged in the design, manufacture, and distribution of sliding doors, door systems and hardware, and home décor products and operates through its two manufacturing and distribution facilities in the United States and Canada. In addition to manufacturing its own products, Renin also sources products and materials from China and Vietnam. Renin's products are sold through three channels in North America: retail, commercial, and direct installation in the greater Toronto area. For additional information, please visit [www.Renin.com](http://www.Renin.com).

### **Non-GAAP Financial Measure:**

This press release references Colonial Elegance's calculation of its EBITDA for the year ended April 30, 2020, which is a non-GAAP financial measure. Colonial Elegance's EBITDA was derived by Colonial Elegance from its historical financial statements which were prepared in accordance with Canadian Accounting Standards for Private Enterprises. Colonial Elegance calculated its EBITDA for the year ended April 30, 2020 by adjusting its reported net income of CAD \$2.4 million for CAD \$1.7 million of income tax expenses, CAD \$1.3 million of interest and financing expenses, and CAD \$2.7 million of depreciation and amortization expenses. The Company has translated Colonial Elegance's calculated EBITDA from CAD to USD using an average exchange rate for the year ended April 30, 2020 of 1.337. The Company considers EBITDA to be an indicator of the operating performance of Colonial Elegance and Renin's valuation of Colonial Elegance in the context of the acquisition. EBITDA should not be considered as an alternative to net income or any other GAAP financial measure as an indicator of the financial performance of Colonial Elegance or as an alternative to cash flow from operating activities as a measure of its liquidity, and Colonial Elegance's computation of EBITDA may differ from the methodology utilized by other

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companies, including the Company. Items excluded from EBITDA are significant components in understanding and assessing the financial performance of a company. Further, Colonial Elegance's calculation of its EBITDA was derived from its historical financial statements that have been prepared in accordance with Canadian Accounting Standards for Private Enterprises and are not in conformity with, or audited under, US GAAP, and accordingly, its net income and EBITDA might be different if its historical financial statements had been prepared in conformity with US GAAP. The Company expects to file Colonial Elegance's historical financial statements as of and for the year ended April 30, 2020 prepared in conformity with US GAAP with the SEC on Form 8-K within 75 days following the acquisition.

**Forward-Looking Statements:**

This press release contains forward-looking statements. All opinions, forecasts, projections, future plans, or other statements, other than statements of historical fact, are forward-looking statements and can be identified by the use of words or phrases such as "plans," "believes," "will," "expects," "anticipates," "intends," "estimates," "our view," "we see," "would," and words and phrases of similar import. The forward-looking statements in this press release are also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and involve substantial risks and uncertainties. We can give no assurance that such expectations will prove to be correct. Actual results, performance, or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements contained herein. Forward-looking statements are based largely on our expectations and are subject to a number of risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. When considering forward-looking statements, the reader should keep in mind the risks, uncertainties, and other cautionary statements made in this report and in the Company's other reports filed with the SEC. These risks and uncertainties include, without limitation, the impact of economic, competitive and other factors affecting Renin and Colonial Elegance, including their operations, markets, marketing strategies, products and services; the risk that the integration of Colonial Elegance may not be completed on a timely basis, or as anticipated; that the anticipated expansion or growth opportunities will not be achieved or if achieved will not be advantageous; that the acquisition will not be cash accretive immediately or at all; that net income may not be generated when anticipated or at all or the acquisition may result in net losses; and that BBX Capital and/or Renin may not realize the anticipated benefits of the acquisition when or to the extent anticipated or at all. See also the factors and uncertainties related to Colonial Elegance's calculated EBITDA, as described under "Non-GAAP Financial Measure" above. In addition, past performance may not be indicative of future results. Reference is also made to the other risks and uncertainties described in BBX Capital's filings with the SEC, including its Registration on Form 10, as amended, which is available on the SEC's website, <https://www.sec.gov>. The Company cautions that the foregoing factors are not exclusive. The reader should not place undue reliance on any forward-looking statement, which speaks only as of the date made. The Company does not undertake to, and specifically disclaims any obligation to, update any forward-looking statements except as required by law.

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