

No.:

**Dans l'affaire de la nomination d'un
séquestre intérimaire aux biens :**

ROYAL ELECTRIQUE GC INC., personne morale légalement constituée ayant une place d'affaires située au 1450, rue Bégin, Montréal, province de Québec, H4R 1X1;

Débitrice

- et -

LA BANQUE TORONTO-DOMINION, personne morale légalement constituée ayant une place d'affaires située au 1350, boulevard René-Lévesque Ouest, 7^e étage, Montréal, province de Québec, H3G 1T4;

Requérante

- et -

KPMG INC., personne morale légalement constituée ayant une place d'affaires située au 600, boulevard de Maisonneuve Ouest, bureau 1500, Montréal, province de Québec, H3A 0A3;

Séquestre intérimaire

**REQUÊTE POUR NOMINATION D'UN SÉQUESTRE INTÉRIMAIRE
(Article 47.1 (1) de la Loi sur *la faillite et l'insolvabilité* et
article 6(4) des Règles générales sur la faillite et l'insolvabilité)**

À L'UN DES HONORABLES JUGES DE LA COUR SUPÉRIEURE, OU À L'UN DE SES REGISTRAIRES, SIÉGEANT EN CHAMBRE COMMERCIALE, DANS ET POUR LE DISTRICT DE MONTRÉAL, LA REQUÉRANTE EXPOSE RESPECTUEUSEMENT CE QUI SUIT :

INTRODUCTION

1. La Débitrice, Royal Électrique GC inc. (ci-après « **Royal** ») est entrepreneur électrique;

2. La Banque Toronto-Dominion (la « **Banque** ») a mis à la disposition de la Débitrice des crédits qui s'élevaient, en date du 26 octobre 2018, à la somme de 2 390 814,60 \$, plus les intérêts accrus et intérêts à venir, calculés au taux préférentiel de la Banque, plus 1,50% (la « **Dette** »), le tout tel qu'il appert d'une copie de l'état de compte produit au soutien des présentes sous la cote **R-1**;
3. Le remboursement des crédits mis à la disposition de la Débitrice par la Banque est notamment garanti par :
 - a. une hypothèque mobilière grevant l'universalité des biens meubles de la Débitrice, consentie le 25 janvier 2018 et inscrite au registre des droits personnels et réels mobiliers (le « **RDPRM** ») le 29 janvier 2018 sous le numéro 18-0081851-0001, le tout tel qu'il appert d'une copie de l'hypothèque mobilière et de l'état certifié de son inscription au RDPRM, produits au soutien des présentes sous la cote **R-2**;
 - b. une garantie en vertu de l'article 427 de la *Loi sur les banques*, enregistrée au registre des garanties conférées en vertu de la *Loi sur les banques*, le 30 janvier 2018, sous le numéro 01316015, le tout tel qu'il appert de la garantie et de sa preuve d'enregistrement, de même que de l'avis d'intention de donner une telle garantie, produits au soutien des présentes sous la cote **R-3**;
4. Pour les motifs ci-après mentionnés, il est respectueusement soumis à cette honorable Cour qu'il est urgent et essentiel à la préservation des éléments d'actif de la Débitrice qu'un séquestre intérimaire soit nommé aux termes de *Loi sur la faillite et l'insolvabilité* ;
5. Le 9 octobre 2018, la Banque transmettait à la Débitrice un Préavis d'intention de mettre à exécution des garanties en vertu de l'article 244 de la *Loi sur la faillite et l'insolvabilité*, copie de l'avis étant produites au soutien des présentes sous la cote **R-4**;
6. Le délai de 10 jours accordé aux termes de l'article 244 est expiré depuis le 20 octobre 2018 ;
7. La Débitrice est insolvable et la Banque est en droit de mettre à exécution ses garanties;
8. La Requérante, détenant une garantie en vertu de l'article 427 de la *Loi sur les banques*, serait en droit de prendre possession des biens et de procéder immédiatement à leur liquidation;
9. Bien que dûment mis en demeure, la Débitrice a fait défaut de rembourser à la Banque la Dette dans les délais qui lui était accordé, soit au plus tard le 22 octobre 2018, copie de la mise en demeure étant déjà produite sous la cote **R-4** ;
10. La Requérante est informée que la Débitrice déposera, le ou vers le 29 octobre 2018, un avis d'intention de faire une proposition concordataire auprès de KPMG inc.;
11. La Banque est en droit de mettre à exécution ses garanties, nonobstant le dépôt

imminent d'un avis d'intention par la Débitrice, mais serait disposée à temporairement sursoir à l'exercice de ceux-ci à la condition expresse qu'un séquestre intérimaire soit nommé afin de voir à la conservation des biens de la Débitrice et à la sauvegarde des droits des créanciers pendant la période qui est accordé à la Débitrice pour formuler une proposition à ses créanciers;

12. La Banque a perdu toute confiance dans le management de la Débitrice et procédera à l'exécution de ses sûretés si KPMG inc. n'est pas nommée séquestre intérimaire aux biens de la Débitrice ;
13. La Requérante est d'autre part informée que la Débitrice consent à la nomination du séquestre intérimaire proposé ;
14. La nomination d'un séquestre intérimaire est nécessaire à la protection des droits et recours de la Banque ainsi qu'à la conservation des biens de la Débitrice et à la sauvegarde des droits des créanciers;
15. KPMG inc. a confirmé être en mesure d'agir à titre de séquestre intérimaire si le tribunal décide d'accueillir la présente requête et de nommer un séquestre intérimaire en l'instance;
16. La présente requête est bien fondée en faits et en droit.

POUR CES MOTIFS, PLAISE À LA COUR :

- [1] **ACCUEILLIR** la présente requête ;
- [2] **DISPENSER** la Requérante de l'obligation de signifier la présente requête au préalable;
- [3] **NOMMER** KPMG inc. séquestre intérimaire aux biens de Royal Électrique GC inc.;
- [4] **AUTORISER** KPMG inc., s'il le considère approprié mais sans qu'il n'en ait l'obligation, à prendre possession de tous les biens de la Débitrice, de quelque nature que ce soit, en quelque lieu et en quelques mains qu'ils se trouvent (les « **Biens** ») et à exercer sur ceux-ci les pouvoirs énumérés ci-après en lieu et place de la Débitrice:
 - (a) tous les pouvoirs nécessaires à la conservation et à la protection des Biens de la Débitrice;
 - (b) tous les pouvoirs nécessaires au contrôle des recettes et débours de la Débitrice;
 - (c) tous les pouvoirs nécessaires au contrôle des Biens et de toutes les places d'affaires et tous les lieux occupés par la Débitrice;

- (d) tous les pouvoirs nécessaires lui permettant l'accès, en tout temps, aux places d'affaires et locaux de la Débitrice, et aux Biens, et pour changer les serrures donnant accès auxdits locaux et places d'affaires de la Débitrice;
 - (e) tous les pouvoirs nécessaires lui permettant l'accès à tous les livres comptables de la Débitrice, ainsi qu'à tout document, contrat, registre, de quelque nature que ce soit, liés aux opérations de la Débitrice ou aux Biens, où qu'ils se trouvent et peu importe le support (les « **Registres** »), ainsi que les pouvoirs nécessaires afin de prendre des copies de tous les Registres nécessaires ou utiles à l'exécution de ses fonctions;
 - (f) tous les pouvoirs nécessaires afin de procéder à une analyse des Registres de la Débitrice;
 - (g) tous les pouvoirs nécessaires afin continuer, en tout ou en partie, les opérations de la Débitrice;
 - (h) tous les pouvoirs nécessaires afin de percevoir tous les comptes à recevoir et autres créances de la Débitrice et transiger à leur égard, et pour signer tout document ou tout contrat requis ou utile à ces fins;
 - (i) tous les pouvoirs nécessaires afin de pouvoir procéder à l'ouverture de tout compte bancaire requis, selon les termes et conditions qu'il déterminera, auprès de toute banque à charte canadienne, ou d'autre institution financière, et ce, afin d'encaisser toute somme payable à la Débitrice, et d'émettre tout paiement qui, de l'avis du Séquestre intérimaire, est nécessaire ou utile aux opérations de la Débitrice;
- [5] **CONFÉRER** au Séquestre intérimaire tous les pouvoirs nécessaires afin d'ester en justice et d'intenter les procédures qu'il juge appropriées, incluant aux termes de l'article 34 de la *LFI*, dans le cadre de l'exercice de ses fonctions à l'égard des Biens;
- [6] **AUTORISER** le Séquestre intérimaire à retenir les services de tout avocat, ou de toute personne ou entreprise afin de remplir efficacement ses fonctions;
- [7] **ORDONNER** que la Débitrice, ses administrateurs, dirigeants, employés, mandataires et représentants accordent, sans délai, au Séquestre intérimaire l'accès aux Biens, aux places d'affaires et locaux de la Débitrice, et aux Registres;
- [8] **ORDONNER** à la Débitrice, ses administrateurs, dirigeants, employés, mandataires et représentants, de coopérer avec le Séquestre intérimaire dans l'exercice des pouvoirs qui lui sont conférés aux termes de l'Ordonnance;
- [9] **ORDONNER** à la Débitrice de ne pas disposer, aliéner, grever ou autrement transiger, de quelque façon que ce soit, à l'égard des Biens, et autrement que dans le cours normal de son entreprise et avec le consentement du Séquestre intérimaire;
- [10] **AUTORISER** le séquestre intérimaire à communiquer à la Requérante toute

information relative aux affaires de la Débitrice et à ses Biens;

[11] DÉCLARER que le séquestre intérimaire sera en fonction jusqu'au premier des événements suivants :

- a) la prise de possession par un séquestre au sens du paragraphe 243(2) de la *Loi sur la faillite et l'insolvabilité* des biens de la Débitrice placés sous la responsabilité du séquestre intérimaire ;
- b) la prise de possession par un syndic des biens de la Débitrice placés sous la responsabilité du séquestre intérimaire ;
- c) l'approbation de la proposition par le tribunal ;

[12] AUTORISER le séquestre intérimaire à percevoir hebdomadairement, à même les recettes s'il y a lieu, ses honoraires et déboursés sujets à la taxation de son mémoire de frais conformément aux règles prévues aux termes de la *Loi sur la faillite et l'insolvabilité* ;

[13] RÉSERVER à la Requérante le droit de s'adresser à cette honorable Cour afin d'obtenir la nomination d'un séquestre au sens des articles 243 et suivants de la *Loi sur la faillite et l'insolvabilité* ;

[14] ORDONNER l'exécution provisoire nonobstant appel de l'ordonnance à être rendue.

[15] LE TOUT avec dépens.

Montréal, le 26 octobre 2018



KAUFMAN, s.e.n.c.r.l.
Procureurs de la Requérante

AFFIDAVIT

Je, soussignée, **Clifford Linetsky**, Directeur, Groupe de restructuration de la Banque Toronto-Dominion, ayant une place d'affaires au 1350, boulevard René-Lévesque Ouest, 7^e étage, Montréal, province de Québec, H3G 1T4, affirme solennellement ce qui suit:

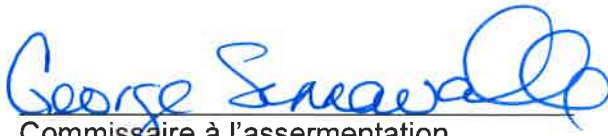
1. Je suis un représentant de la Requérante dûment autorisé aux fins des présentes;
2. Tous les faits allégués à la requête pour nomination d'un séquestre intérimaire sont vrais et exacts.

EN FOI DE QUOI, J'AI SIGNÉ :

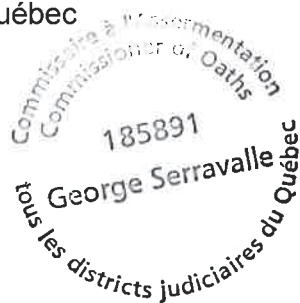


CLIFFORD LINETSKY

AFFIRMÉ solennellement devant moi,
à Montréal, ce 26 octobre 2018



Commissaire à l'assermentation
Pour le Québec





1350, René-Lévesque boulevard West, 7th Floor
Montreal, Quebec H3G 1T4
Tel: (514) 289-8978
Fax: (514) 289-0083

ROYAL ELECTRIQUE GC INC

Balance due as at October 26, 2018

Line of credit	\$	2,327,695.00
Accrued interest	\$	8,437.40
Visa	\$	52,682.20
Discharge fees	\$	2,000.00
Professional fees		TBD

TOTAL AMOUNT OWING \$ 2,390,814.60



Date, heure, minute de certification : 2018-10-02 10:29

Critère de recherche Nom d'organisme : Royal Electrique GC inc.

Critère de sélection Nom d'organisme : ROYAL ELECTRIQUE GC ... Code Postal : H4R1X1

Fiche 004 - Détail de l'inscription 1 (de 6)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
18-0081851-0001	2018-01-29 13:35	2028-01-25

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

THE TORONTO-DOMINION BANK - 42801C
101-433 RUE CHABANEL OUEST, MONTREAL, QC H2N 2J3

Constituant

ROYAL ELECTRIQUE GC INC.
1450 RUE BEGIN, MONTREAL, QC H4R 1X1

BIENS

The universality of all present and future property in stock; All fruits and revenues, present and future, emanating from the above charged property, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the creditor or which has been charged under any other deed.

The universality of all present and future claims, receivables, book debts and other movable property related thereto; All fruits and revenues, present and future, emanating from the above charged property, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the creditor or which has been charged under any other deed.

The universality of all present and future trademarks and intellectual property rights; All fruits and revenues, present and future, emanating from the above charged property, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the creditor or which has been charged under any other deed.

MENTIONS

Somme de l'hypothèque

\$3,600,000.00

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2018-01-25

Lieu : MONTREAL

Autres mentions :

REF: (commkoliva / ONCTD9F995284-1 / 10713194)

REMARQUES

INSCRIPTION

18-0172806-0003

CESSION DE RANG

18-0172806-0004

CESSION DE RANG

18-0172806-0005

CESSION DE RANG

18-0188109-0001

CESSION DE RANG

18-0240510-0002

CESSION DE RANG

DATE-HEURE-MINUTE

2018-02-23 13:14

2018-02-23 13:14

2018-02-23 13:14

2018-02-28 11:34

2018-03-14 10:52

AVIS D'ADRESSE

N° 023594



4283
4280
W-2941124

**TD Canada Trust
Movable Hypothec**

Insert name of Grantor

Granted by _____
ROYAL ELECTRIQUE GC INC. (hereinafter the "Grantor").

Insert name of Borrower even if identical to that of Grantor

In Favour of The Toronto-Dominion Bank (hereinafter the "Creditor") in connection with all liabilities of
ROYAL ELECTRIQUE GC INC. _____
(hereinafter the "Borrower") towards the Creditor.

Complete

1.0 Amount of the Hypothec

The amount for which the Hypothec is granted shall be composed of a sum of _____

THREE MILLION

dollars (\$ 3,000,000.00)

and of an additional sum equivalent to 20% of the aforementioned amount, which shall secure all costs, the whole with interest from the date of this agreement at a rate of 25% per annum.

2.0 Secured Obligations

The Hypothec shall secure payment of all of the Borrower's obligations, direct or indirect, incurred towards the Creditor (whether such obligations result from a loan, line of credit or any other agreement which may result in advances of monies, overdraft facilities or protection, issuance of a guarantee, letters of credit, bills of exchange or any other financial advantage whatsoever which may be procured by the Creditor) as well as the Borrower's obligations resulting from a suretyship, an endorsement, an interest rate or other treasury instrument swap agreement, or any other engagement, as such obligations are, from time to time, modified, extended or renewed. The Hypothec further secures all obligations falling within the above description, which do not yet exist, but which represent future obligations or will result from future agreements with the Creditor.

Any future obligation hereby secured shall be deemed to be one in respect of which the Borrower has once again obligated itself hereunder.

Cross out paragraphs which are not applicable. Customer(s) to initial beside crossed out clauses.

3.0 Hypothec: Description of Charged Property

The Grantor hereby hypothecates in favour of the Creditor the following property (hereinafter the "Charged property") and, with respect to incorporeal or intangible property, property located outside of the Province of Quebec or used in more than one jurisdiction, creates a security interest (the hypothec and the security interest hereinafter collectively referred to as the "Hypothec"):

Complete Schedule "A", if necessary

3.1 The following specific property:

Customer(s) Initials
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

3.1.1 all road vehicles and equipment described in Schedule "A" hereof;

3.1.2 all property described in Schedule "A" hereof under the heading "Other Specific Property";

3.2 The following universality of property, present and future:

Customer(s) Initials
<input type="checkbox"/> <input type="checkbox"/>
<input type="checkbox"/> <input type="checkbox"/>
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

3.2.1 property in stock;

3.2.2 claims, receivables, book debts and other movable property related thereto;

3.2.3 securities and financial assets;

3.2.4 equipment and road vehicles;

3.2.5 trade marks and intellectual property rights;

3.2.6 leasehold improvements;

3.2.7 other property described in Schedule "A" hereof under the heading "Other Universalities".

Each term mentioned in paragraphs 3.1.1 and 3.2.1 to 3.2.6 is defined in Section 4 hereinafter.

3.3 The following universality of property, present and future:

all fruits and revenues emanating from the above Charged property, negotiable instruments, bills, commercial paper, securities, monies, compensation for expropriation given or paid following a sale, repurchase, distribution or any other operation concerning any property hereby charged in favour of the Creditor or which has been charged under any other deed.

Where, under the terms of any of the above paragraphs, the Hypothec charges a universality of property, all Charged property which shall be acquired, transformed or manufactured after the date of this agreement shall be charged with the Hypothec, whether or not such Charged property has been acquired in replacement of other Charged property which may have been alienated by the Grantor in the ordinary course of business whether or not such property results from a transformation, mixture or combination of any Charged property, and in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Creditor being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

4.0 **Definitions**

The Terms set out below have the following meaning:

4.1 **Property in stock**

Property in stock possessed by the Grantor or held on its behalf, including raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, or property used for packaging, property held by a third party under a lease, a leasing agreement, franchise or license agreement or any other agreement entered into with the Grantor, property evidenced by bill of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof, from the time of their extraction, or any other corporeal or incorporeal property (hereinafter the "Property in stock").

Property having formed part of the Property in stock which has been alienated by the Grantor in favour of a third person but in respect of which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged with the Hypothec until title is transferred; any Property in stock the ownership of which reverts to the Grantor pursuant to a resolution, resiliation or repossession is also subject to the Hypothec.

4.2 **Claims, book debts and other movable property**

4.2.1 **Claims, receivables and book debts**

All of the Grantor's claims, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft; whether litigious or not; whether or not they have been invoiced; whether or not they constitute book debts. Hypothecated claims shall include: i) indemnities payable to the Grantor under any contract of insurance of property, of persons, or of liability insurance, subject to the rights of creditors holding hypothecs on the insured property and ii) the Grantor's rights in the credit balance of accounts held for its benefit either by the Creditor (subject to the Creditor's compensation rights) or by any financial institution or any other person.

4.2.2 **Rights of action**

The Grantor's rights of action against third persons.

4.2.3 **Accessories**

The securities, suretyships and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under a conditional sale, where the claims are the result of such sale).

4.2.4 **Movable Property**

All movable property owned by the Grantor and covered by a conditional sale mentioned in paragraph 4.2.3 hereof.

A right or a claim shall not be excluded from the Charged property by reason of the fact that: (i) the debtor thereof is domiciled outside the Province of Québec or ii) the debtor thereof is an affiliate (as such term is defined in the Canada Business Corporations Act) of the Grantor (regardless of the law of the jurisdiction of its incorporation) or, iii) where the Grantor is not a natural person, such right or claim is not related to the operation of the Grantor.

4.3 Securities and financial assets

All securities and financial assets (including stocks, shares, bonds, obligations, security entitlements, rights, options, warrants, debt securities, investment certificates, units in mutual funds, participations in a person or a trust, credit balance in a securities account) issued or to be issued in favour of the Grantor, whether or not they are held by an intermediary for the Grantor, whether or not they are traded on securities exchanges or financial markets, as well as all those which are delivered by the Grantor to the Creditor from time to time.

4.4 Equipment and road vehicles

The equipment, office furniture, tools, machinery, rolling stock (including road vehicles), spare parts and additions.

4.5 Trade Marks and other Intellectual Property Rights

Rights in any trade mark, copyright, industrial design, patent, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right, including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights.

4.6 Leasehold Improvements

All leasehold improvements (including demolition costs, addition/improvements of walls, ceilings and flooring, windows, design fees, concept technical and coordination, painting, plumbing, sprinkler system, wood finishing, electrical work) in any premises owned, rented or otherwise occupied by the Grantor.

5.0 Additional Provisions to the Hypothec on Claims

5.1 Recovery

The Creditor shall be at liberty to collect and recover all claims and other Charged property referred to in paragraph 3.2.2 (or 3.1.2 as the case may be), in accordance with what is provided for by law; it may further exercise any rights regarding such Charged property, more particularly, it may further grant delays, take or abandon any securities, transact with debtors of the hypothecated claims, make compromises, grant releases and generally deal at its discretion with matters concerning all Charged property without the intervention or consent of the Grantor, it may grant or refuse any consent which may be required from the Grantor in its capacity as owner of such property, and shall not, in the exercise of such right, be required to obtain the consent of the Grantor or serve the Grantor any notice thereof, nor shall it be under any obligation to establish that the Grantor has refused or neglected to exercise such rights.

5.2 Authorization to recover

The Creditor hereby authorizes the Grantor to collect and recover all claims and other Charged property referred to in paragraph 3.2.2 (or 3.1.2, should such be the case). Such authorization may be revoked at any time by the Creditor in accordance with what is provided for by law and the Creditor shall then be at liberty to effect such recovery in accordance with paragraph 5.1. Where in spite of such authorization being revoked, any sums payable under such claims and property is paid to the Grantor, it shall receive same as mandatary of the Creditor and shall return same to the Creditor, upon demand.

6.0 Additional Provisions to the Hypothec on Securities and Financial Assets

6.1 Rights attached

The Creditor may, if it deems it useful to protect its rights in and to the hypothecated securities and financial assets, register itself or a nominee on its behalf in the issuer's or security intermediary's appropriate registers, as the holder of such securities and financial assets, or as the holder of any securities account; in such case:

- a) all voting rights and any other right attached to such securities and financial assets shall be exercised by the Creditor or on its behalf;
- b) the Creditor shall collect revenues, dividends and capital distributions and shall be at liberty either to hold them as Charged property or to apply them in reduction of the secured obligations.

The Creditor shall be at liberty to give the Grantor a proxy, revocable at any time, authorizing it to exercise, in whole or in part, all voting rights and any other rights attached to such securities and financial assets.

6.2 Right to sell

The Creditor may and shall be at liberty to sell the securities and financial assets or otherwise dispose of them, and to give instructions to any issuer, clearing agency or security intermediary to sell them, and shall be at liberty either to hold the proceeds of such sale as Charged property or to apply them in reduction of the secured obligations. The Creditor shall not, in the exercise of such right, be required to obtain the consent of the Grantor or to serve the Grantor any prior notice thereof.

7.0 Representations and Warranties

The Grantor hereby represents and warrants that:

- 7.1 a) it operates an enterprise and all Charged property is part of such enterprise; or
b) it is a corporation;
- 7.2 except where indicated on Schedule "B" hereof, the head office or domicile of the Grantor is located in Quebec;
- 7.3 it has the capacity and the powers necessary to grant the Hypothec and to bind itself as herein provided for; execution of this agreement, compliance with its provisions and performance of its covenants shall not entail or result in any violation or default of any other agreement or document to which the Grantor is bound;
- 7.4 it is the unconditional and absolute owner of the Charged property, except for future property;
- 7.5 where it is a legal person or partnership
 - 7.5.1 it is duly created, established or incorporated, as the case may be, and in good standing under the law of the jurisdiction in which it has been created, established or incorporated;
 - 7.5.2 this agreement has been duly authorized by resolution or by any other necessary action under its constating documents, by-laws or otherwise, in order to give it full effect and to render its obligations fully executory; furthermore;
 - 7.5.3 this agreement has been executed by duly authorized persons;
- 7.6 there exists no shareholder or other agreement in connection with securities which are charged under this agreement other than that which the Creditor has acknowledged receipt of before or on the date hereof. There exists no restriction in the statutes or other constating documents regarding the assignment or transfer of such securities;
- 7.7 except where indicated on Schedule "B" hereof, the Charged property is or will be located at the address shown below the signature of the Grantor;
- 7.8 except for property referred to in paragraph 3.2.1 above, it does not, in the ordinary course of its business, sell property similar to or of the same nature as the Charged property.

Complete Schedule
"A", if necessary

8.0 Covenants

The Grantor hereby covenants:

- 8.1 to maintain the Charged property free and clear of any priority, conventional or legal hypothec, prior claim under Articles 2650 et seq. of the Civil Code of Quebec, charge, security, garnishment, right of resolution or repossession or any other right in favour of a person or persons other than the Creditor (except as otherwise indicated in Schedule "A" hereof);
- 8.2 to inform the Creditor in writing:
 - of any change whatsoever in its name and business name or in the representations and warranties hereinabove mentioned in Section 7;
 - of the name of any surety which may have guaranteed the payment of claims and other Charged property mentioned in paragraph 3.2.2 (or 3.1.2 as the case may be);
 - of the name of the insurers to the insurance contracts referred to herein;
 - of any security, hypothec or priority created, as well as of any property right retained or assigned, for the purpose of securing claims and other Charged property referred to in paragraph 3.2.2 (or 3.1.2 as the case may be) and, in such cases, to provide the Creditor, upon demand, with satisfactory proof that such security or hypothec has been published in accordance with applicable law in order for the rights of the Creditor to be enforceable against third persons;
- 8.3 to provide the Creditor with any information with respect to the Charged property as it may reasonably request in order to determine whether or not the Grantor complies with the provisions hereof. The Grantor shall inform the Creditor of any event, occurrence, or fact which may have an adverse effect on the value of the Charged property or on the Grantor's financial situation;
- 8.4 to keep, with respect to the Charged property, books, vouchers and other documentation, as would a reasonable and diligent administrator, including a list containing the names and addresses of all debtors of the hypothecated claims, and keep them available for the Creditor to examine and obtain copies thereof;
- 8.5 to enable the Creditor to examine, inspect and appraise, at the Grantor's expense, any Charged property, and to grant to the Creditor access to all premises where such Charged property may be located;

- 8.6 to perform all acts and execute all deeds and documents (including notices of renewal) necessary to give full effect to the Hypothec and to ensure that it is at all times fully enforceable against third persons;
- 8.7 if the Grantor is not a natural person, not to effect any substantial changes to its corporate structure or composition, nor to merge with any other person, without the prior written consent of the Creditor;
- 8.8 to give the Creditor, from time to time, upon demand, a statement of the value of its Property in stock (calculated at the lower of its acquisition cost or fair market value) and a list of its book debts shown in the reverse order of their due date;
- 8.9 to pay all costs and expenses related to this agreement and to the exercise of all rights resulting in favour of the Creditor from such agreement as well as all costs and expenses incurred to set up the rights of the Creditor against third persons, and all discharge fees (such costs and expenses shall include all fees and expenses of consultants, mandataries or legal counsel retained for any appraisal required in connection with the sale of an enterprise or in case of default, as well as administrative fees and, in such case, a ten per cent (10%) collection charge in connection with the hypothecated claims); to reimburse the Creditor for all costs and expenses incurred by it for the purpose of carrying out the Grantor's obligations or of exercising its rights, all such costs and expenses bearing interest at an annual rate equal to the prime rate of the Creditor which shall be in force from time to time, plus 3%; the Creditor's prime rate shall be the one advertised as its rate of reference for determining the interest rate on loans in Canadian dollars granted in Canada; the obligations arising from this paragraph shall not exceed 25% of the nominal value of the Hypothec;
- 8.10 to insure and keep insured, for the Creditor's benefit, all Charged property against all loss or damage caused by fire, theft and other perils for which, according to the Creditor, an insurance should be taken and for an amount which the Creditor shall deem acceptable. Co-insurance clauses shall be prohibited and a provision to the effect that the insurance policy shall not be annulled unless the insurer has given the Creditor a 30 day prior written notice thereof shall be included in each policy. The Grantor shall, upon execution hereof, give evidence to the Creditor that such insurance policies are in force and that the insurer has been informed of the Creditor's rights under such policies and, at least 15 days prior to the termination of any such policy, the Grantor shall give the Creditor evidence of its renewal or replacement. All insurance policies must be subscribed in accordance with modalities, and with an insurer, approved by the Creditor. All such policies must stipulate that any indemnity shall be payable to the Creditor as a named insured, but the mere reception by the Creditor of any insurance indemnity shall not have the effect of reducing the amount of the obligations secured by the Hypothec, unless the Creditor expressly applies it towards the payment of a specific amount and then, only to the extent of such imputation. If the Grantor fails to comply with the provisions of this paragraph, the Creditor shall be at liberty to contract any insurance policy it may deem necessary and any cost incurred by reason of doing so shall be paid by the Grantor;
- 8.11 not to lease, sell, assign or otherwise dispose of the Charged property, in whole or in part, without the prior written consent of the Creditor, except for property referred to in paragraph 3.2.1 above which may be leased or sold in the ordinary course of business of the Grantor;
- 8.12 to preserve and maintain at all times all machinery, equipment and vehicles hereby charged in good condition and state of repair, normal wear and tear excepted, and immediately repair or replace such property at its own costs, upon damage or destruction thereof;
- 8.13 to protect, use and keep in good condition all Charged property, and carry on its business, so as to preserve the value thereof; at all times, to comply with laws and regulations applicable to the conduct of its enterprise and to the possession of the Charged property including laws and regulations relating to the environment;
- 8.14 to comply with laws and regulations applicable to the conduct of its enterprise and to the possession of the Charged property including laws and regulations relating to the environment;
- 8.15 not to change the use or destination of the Charged property nor the location of such property unless it obtains the written consent of the Creditor;
- 8.16 to insure that its right of ownership in any Charged property held by any third party remain enforceable against third parties, and, accordingly, that such right has been published, if necessary;
- 8.17 if the Charged property is located in premises leased under a lease agreement entered into prior to January 1st, 1994 or if such property is subsequently moved into such leased premises, the Grantor shall, concurrently with the execution of this Agreement or immediately after the Charged property is moved into such leased premises, give written notice to its lessor of the Hypothec, and shall give the Creditor proof of such notice within three (3) days.

9.0 Events of Default

- 9.1 The Grantor shall be in default hereunder upon the occurrence, without notice or other formality, of any of the following events:
- a) the Grantor fails to perform any obligation secured hereunder at the time when such performance is

- due;
- b) any of the representations or warranties made under Section 7 hereof is false in some material respect;
 - c) the Grantor fails to perform any covenant hereunder;
 - d) the Grantor is in default under any contract or agreement with the Creditor;
 - e) the Grantor destroys, deteriorates or substantially reduces the value of any Charged property or securities, normal wear and tear excepted;
 - f) the Grantor or the Borrower ceases to carry on its enterprise or an important part thereof, becomes insolvent or becomes subject to any law relating to insolvency, bankruptcy, reorganization or to arrangements with creditors or any petition in bankruptcy is taken against the Grantor or the Borrower;
 - g) any of the Charged property is subject to any proceeding of seizure or enforcement, or to the exercise of a hypothecary right, by a creditor, sequestrator or any person performing similar functions;
 - h) the Grantor or the Borrower loses its legal existence;
 - i) an order is issued or a resolution is adopted for its winding-up or liquidation.

9.2 Upon the occurrence of any event of default, the Creditor may, in connection with all or part of the obligations secured hereunder, declare that the Borrower has lost the benefit of any applicable term. It may further cease to make advances, terminate the right of the Borrower to use the credit facilities, the repayment of which is secured by the Hypothec, or terminate the right of the Borrower to make certain forms of utilization of such credits; the Creditor may request immediate payment of all obligations, and may exercise all its recourses against the Grantor to which it may be entitled in case of default under law or hereunder.

10.0 Lender's Recourses in Case of Default

10.1 In case of default, whichever hypothecary rights the Creditor may decide to exercise, the following provisions shall apply:

10.1.1 in order to protect or to realize the value of the Charged property, the Creditor shall be at liberty, at the Grantor's expense, to:

- a) alienate or dispose of any Charged property which may be obsolete, may perish or is likely to depreciate rapidly;
- b) use for its benefit all information obtained while exercising its rights;
- c) perform any of the Grantor's obligations;
- d) exercise any right attached to the Charged property;
- e) for the exercise any of its rights, use the premises in which the Grantor's property is located;

10.1.2 the Creditor may, directly or indirectly, acquire the Charged property;

10.1.3 the Creditor, when exercising its rights, may waive any right of the Grantor, with or without consideration therefor;

10.1.4 the Creditor shall not be bound to make an inventory, to take out insurance or to furnish any other security;

10.1.5 the Creditor may, but shall not be bound to, continue to carry on the Grantor's enterprise or to make the Charged property productive, or to maintain such property in operating condition.

10.2 If the Creditor elects to exercise its rights to take in payment and the Grantor or the Borrower requires that the Creditor instead sell the Charged property on which such right is exercised, the Grantor hereby acknowledges that the Creditor shall not be bound to abandon its recourse of taking in payment unless, prior to the expiry of the time period allotted for surrender, the Creditor i) has been granted a security which it considers satisfactory, guaranteeing that said Charged property will be sold at a sufficiently high price to enable its claim to be paid in full; ii) has been reimbursed of all costs and expenses incurred therefor, including all fees of consultants and legal counsel, iii) has been advanced the necessary sums for the sale of said Charged property; the Borrower further acknowledges that the Creditor shall have the right to choose the type of sale it may carry out.

10.3 The Grantor will be deemed to have surrendered the Charged property held by the Creditor or on its behalf if the Creditor has not, within the delays permitted by law or by a tribunal to surrender, received written notice from the Grantor to the effect that it is opposed to the exercise of the hypothecary recourse set forth in the prior notice.

10.4 Where the Creditor sells the Charged property itself, it shall not be required to obtain any prior assessment or valuation of the Charged property by a third party.

- 10.5 The Creditor may choose to sell the Charged property with legal warranty given by the Grantor or with complete or partial exclusion of such warranty.

11.0 General Provisions


- 11.1 The Hypothec is hereby created in addition to and not in substitution or replacement for any other hypothec or security held by the Creditor; it does not affect the Creditor's right of set-off.
- 11.2 The Creditor shall be at liberty to invest any monies or instruments received or held by it in pursuance of this agreement or deposit them in a non-interest bearing account without having to comply with any legal provisions concerning the investment of property of others;
- 11.3 The Creditor shall be at liberty to impute any amounts collected in the exercise of its rights or received by it prior to or after any event of default as it may choose, without having to comply with legal provisions concerning the imputation of payment;
- 11.4 The Hypothec shall be a continuing security which shall remain in full force and effect despite the repayment from time to time, of the whole or of any part of the obligations secured hereunder; it shall remain in full force until the execution of a final release by the Creditor.
- 11.5 The mere lapse of time provided for the Grantor to perform its obligations or the arrival of the term shall automatically create a default, without any obligation for the Creditor to serve any notice or prior notice to the Grantor.
- 11.6 The exercise by the Creditor of any of its rights shall not preclude it from exercising any other right under this agreement or the law; the rights of the Creditor shall be cumulative and not alternative. The non-exercise by the Creditor of one of its rights shall not constitute a waiver of any subsequent exercise of such right. The Creditor shall be at liberty to exercise its rights under this agreement without any obligation to exercise any right against any other person liable for payment of the obligations secured hereunder and without having to realize any other security which secures such obligations.
- 11.7 The Creditor is hereby designated as the irrevocable mandatary of the Grantor with full powers of substitution for the purpose of paragraph 11.8 or for the purpose of carrying out any and all acts and execute any and all deeds, proxies or other documents which it may deem useful in order to exercise its rights or which the Grantor neglects or refuses to execute or to carry out.
- 11.8 The Creditor shall be at liberty to perform any of the Grantor's liabilities under this agreement. It may then immediately request payment of any expense incurred in doing so, including interest at the rate provided for in paragraph 8.9 above.
- 11.9 The Creditor shall be at liberty to appoint any person or persons for the purpose of the exercising of its rights, actions or the performance of any covenant resulting from this agreement or law; in such case, the Creditor shall supply such person with any information relating to the Grantor or the Charged property.
- 11.10 The Creditor shall not be liable for material injuries or damages resulting from its fault, unless such fault is gross or intentional;
- 11.11 The rights hereby conferred upon the Creditor shall benefit all its successors and assigns, including any entity resulting from the merger of the Creditor with any other person or persons.
- 11.12 Any notice to the Grantor shall be delivered to its address mentioned hereunder or to any other address of which the Creditor has been given written notice; any notice to the Creditor shall be delivered to its branch office, the address of which is set out below, or to any other address of which the Grantor has been given written notice.
- 11.13 This agreement shall be governed by the laws of the Province of Québec.

12.0 English Language

The parties hereto confirm that the present agreement has been drawn up in the English language at their request.
Les parties aux présentes confirment que la présente convention a été rédigée en langue anglaise à leur demande.

SIGNED this 25 day of JANUARY 20 18.

GRANTOR: ROYAL ELECTRIQUE GC INC.

per:	Signature	
	Print Name:	CLAUDIO GRILLO
per:	Signature	_____
	Print Name:	_____
per:	Signature	_____
	Print Name:	_____


Grantor's Address:

1450 RUE BEGIN

MONTREAL, QC

Postal Code: H4R 1X1

Date of Birth, in case of natural person:

THE TORONTO-DOMINION BANK	
per:	
	Signature of Bank Representative
	Affix stamp identifying the address of the branch office:

"Schedule A"

Insert Here
Description

A.1 Equipment and Road Vehicles (par. 3.1.1)

Insert Here
Description

A.2 Other specific property (par. 3.1.2)

Insert Here
Description

A.3 Other universalities (par. 3.2.7)

Complete

A.4 Existing Charges (par. 8.1)

Customer(s) Initials

LSZ

ADDENDUM

The Grantor ROYAL ELECTRIQUE GC INC. acknowledges that, notwithstanding the authorized signing officers of the company having opposed her initials beside paragraph(s) 3.2.5, of the Movable Hypothec executed in favour of The Toronto-Dominion Bank on January 25 2018 in the amount of \$3,000,000.00, it was the Grantor's intention to hypothecate in favour of The Toronto-Dominion Bank that specific property or the universality, present and future of that property described in the paragraph(s) hereinabove mentioned.

SIGNED AT _____ ON THE _____ DAY OF _____, 2018

ROYAL ELECTRIQUE GC INC.

Per: _____
Duly authorized

Per: _____
Duly authorized

ACCEPTED ON THE _____ DAY OF _____, 20____:

THE TORONTO-DOMINION BANK

Per: _____

This fax Page 5 of 6 was received on 1/30/2018 5:17:28 PM [Eastern Standard Time]

BRANCH 42801-004

NOTICE OF INTENTION TO GIVE SECURITY UNDER SECTION 427 OF THE BANK ACT

TO

THE TORONTO-DOMINION BANK

TO WHOM IT MAY CONCERN:

ROYAL ELECTRIQUE GC INC.
(Name of Person, Firm or Company)

1450 RUE BEGIN, MONTREAL, QC H4R 1X1
(P.O. Address)

01316015

Hereby gives Notice that it is their intention to give Security under the authority of
(His or their)

Section 427 of the Bank Act, to THE TORONTO-DOMINION BANK

Dated at MONTREAL, this 25 day of JANUARY 20 18

ROYAL ELECTRIQUE GC INC.

Dated JAN 25 20 18

ROYAL ELECTRIQUE GC INC.

TO
THE TORONTO-DOMINION BANK

NOTICE OF INTENTION TO GIVE SECURITY
UNDER SECTION 427 OF THE BANK ACT

NOTICE RECEIVED / PRÉAVIS REÇU

01/30/2018 01:49 PM
mm dd yyyy time PST

D+H COLLATERAL MANAGEMENT CORPORATION

Authorized Section 427 Bank Act
Registrar for Bank of Canada

Bureau d'enregistrement autorisé de la
Banque du Canada conformément à
l'article 427 de la loi sur les banques

PROVINCE OF QC

Pour / For Registrar

Confidential

(DUPLICATE)

BRANCH 42801-004

NOTICE OF INTENTION TO GIVE SECURITY UNDER SECTION 427 OF THE BANK ACT

TO

THE TORONTO-DOMINION BANK

TO WHOM IT MAY CONCERN:

ROYAL ELECTRIQUE GC INC.
(Name of Person, Firm or Company)


1450 RUE BEGIN, MONTREAL, QC H4R 1X1
(P.O. Address)

Hereby gives Notice that it is their intention to give Security under the authority of
(His or their)

Section 427 of the Bank Act, to THE TORONTO-DOMINION BANK

Dated at MONTREAL, this 25 day of JANUARY 20 18

ROYAL ELECTRIQUE GC INC.



Dated JAN 25 20 18

ROYAL ELECTRIQUE GC INC.

TO

THE TORONTO-DOMINION BANK

NOTICE OF INTENTION TO GIVE SECURITY
UNDER SECTION 427 OF THE BANK ACT

Confidential

Branch Transit No. 42801-004

Date Jan 31 2018

Address

Customer Information

Customer name ROYAL ELECTRIQUE GC INC. Customer name

1450 RUE BEGIN, MONTREAL, QC H4R 1X1 Address

Address

Customer name Customer name

Address Address

In this agreement the words *you* and *your* mean each customer named above. *We, our, ours* and *us* mean The Toronto-Dominion Bank. This security is given under the provisions of Section 427 of the Bank Act.

Security

For good and valuable consideration, you hereby assign over to us as continuing security for the payment of all loans and advances that have been or that may be made by us to you or renewals of such loans and advances, or substitution therefore and interest on such loans and advances and on any such renewals or substitutions, the following property of which you are now or may hereinafter become the owner (describe kind of property): *(if more space is required, complete Schedule A on page 4).*

refer to Schedule A and which is now or may hereafter be located at (describe location of property): *(if more space is required, complete Schedule A)*
1450 RUE BEGIN, MONTREAL, QC H4R 1X1

refer to Schedule A or wherever such property may be. The property now owned by you and hereby assigned is free from any mortgage, lien or charge thereon, other than previous assignments, if any, to us or to such other party as you have previously advised us. You warrant that the property which may be acquired by you and is hereby assigned shall be free from any mortgage, lien or charge thereon other than previous assignments, if any, to us or to such other party as you have previously advised us.

Signatures

Each person who signs this agreement is jointly and severally liable under this agreement. Your signature below means:

- the information provided in this agreement is complete and accurate;
- you understand and agree to the following terms and conditions of this agreement; and
- you have received a completed copy of this agreement.

ROYAL ELECTRIQUE GC INC



Customer

Witness sign

Print name

Witness Address

(if not a TD employee)

Witness sign

Print name

Witness Address

(if not a TD employee)

Witness sign

Print name

Witness Address

(if not a TD employee)

Witness sign

Print name

Witness Address

(if not a TD employee)

Customer

Customer

Customer

Terms and Conditions - Bank Act Security

The information specified on the front of this agreement, along with the following terms and conditions, form the agreement governing your Bank Act Security to The Toronto-Dominion Bank. In return for our making loans and advances to you, you agree with us as follows:

1 Evidence of debit

We may from time to time take from you promissory notes or other evidence of indebtedness for the loans and advances or any part thereof. Any notes or other evidence so taken will not extinguish or pay the indebtedness created by such loans and advances but will represent the debt.

2 Default

If you:

- default in payment of all or part of any debt or liability to us, or
- fail to care for, maintain, protect or preserve the property covered by any security held by us, or
- if you cease or threaten to cease to carry on business, become insolvent or the subject of bankruptcy or insolvent proceedings, or
- if any indebtedness you owe to any other person becomes due and payable or is capable of being declared due and payable before the maturity thereof or any such indebtedness is not paid at its maturity or upon the expiry of any stated grace period, or
- default in any other manner contemplated under the Bank Act, we will have the following rights:
 - to sell all or any of the property covered by such security;
 - authority to sell all or any of your securities and all or part of the property thereby charged; and
 - authority to sell all products of the property or any part thereof.

We may sell any such property if, as, and when, and where we, in our absolute discretion think proper. We are not required to give you or any other person notice of the sale. We may sell any such property without advertisement and without selling at public auction. We may apply the proceeds to reduce the liabilities as we from time to time see fit. These rights are without prejudice to our claim for any deficiency and are free from any right of redemption on your part which is hereby waived and released. You expressly waive all and every formality prescribed by custom or by law in relation to any such sale.

3 Sale of property

If you sell all or part of the property, the proceeds of any such sale including cash, bills, notes, evidences of title, and securities, and the indebtedness of any purchaser in connection with such sale will be our property. The property will be payable or transferable to us. Until so paid or transferred to us, the property will be held by you on our behalf of and in trust for us. Execution by you and acceptance by us of an assignment of book debts will be considered to be in furtherance of this declaration and not an acknowledgment by us of any right or title of yours to such book debts.

4 Bailee

If we surrender to you any of the securities from time to time, for the purpose of enabling you to obtain possession of the property, you will receive possession of the securities and the property as bailee. You will hold the property for and on behalf of us and deal with it as we may direct from time to time. You will give to us securities under the Bank Act covering said property when required by us.

5 Insurance

You will keep the property insured against damage by fire and, if demanded by us, against any other loss or damage to its full insurable value, with companies approved by us. We will be entitled to the benefit of all such insurance. You will assign to us all policies evidencing the same or have the loss made payable to, and deliver the policies to us. On default, we will be entitled but not bound to effect insurance on the property to such extent as we see fit and you will pay on demand the premiums and interest at our prevailing rate on your loan.

6 Wages

You will at all times duly and seasonably pay and discharge the wages, salaries, and other remuneration of all persons employed by you in connection with your business. You will from time to time, if so requested by us, obtain such waivers of prior liens for salaries, wages, or other remunerations as may be necessary to secure to us a first lien on your property.

7 Notes

Any promissory note or other evidence of indebtedness received by us together with any security and/or documents attached thereto or received therewith will be subject to the terms of this agreement. We and/or holders for the time being of such promissory note or other evidence of indebtedness may at any time before or after the maturity thereof and whether or not the same has been dishonoured, accept payment and deliver the security or documents or accept partial payment from time to time and thereupon release a proportionate part of the security or the property covered.

8 Enter property

We may directly or through our agent, from time to time and without any demand, take the following actions. We may break open, enter upon or into and occupy (with or without force) and use free of charge and to the exclusion of all others including you, the premises and property. These include all real and personal, immovable and moveable property and whether or not covered or charged by the securities, of or used by you in

connection with the property (not being the premises of a warehouseman or carrier). We may continue our use until the property is fully realized upon. We may from time to time appoint a receiver or agent to act for you who alone will be responsible for his acts. You do not have any power to revoke such an appointment. Such agent or receiver will have the powers hereby granted to us (including entry and use as above provided). In addition, the agent or receiver will have the right from time to time and in your name to exercise all your rights, powers, and privileges of every kind and to do all acts and things that you could do if acting, for the purpose of completing, selling, shipping, or otherwise dealing with the property, in such manner as we may think proper to enable the property to be realized upon.

9 Settlement

We may release, compromise, settle, and adjust any claim, dispute, or difference which may arise in respect of the securities, the property and proceeds thereof and any collateral security. We may use any clearing houses established by the Canadian Payments Association. In all dealings with your accounts and with bills of exchange and presentment for payment thereof may act under and in accordance with the rules and regulations under which such clearing houses are operated and will not be responsible for any loss occasioned by action hereunder, nor for any neglect, failure, or delay in exercising or enforcing any of our powers or rights nor for any act, default, or misconduct of any agent, broker, officer, employee, or servant of ours. We will be accountable only for such moneys as we actually receive. It will not be necessary for us to give notice of this agreement or of the securities taken hereunder to any person. We will not be responsible for any failure to give notice, nor for granting any extension of time or indulgence.

10 Additional Agreements/Attorney

You will from time to time execute, draw, endorse, and deliver, the securities and the promissory notes for such advances and all promissory notes, bills of exchange, agreements, contracts, leases, assignments, or other documents which may from time to time in our opinion be necessary or expedient for the purpose of:

- carrying into effect any of the provisions hereof, and
- of perfecting our title to the securities the property and proceeds thereof, and
- of securing the payment to us of the said liabilities.

You hereby appoint us and any of our managers or acting managers the Attorney and Attorneys of you, with full power of substitution from time to time for and in your name to do any and all of the aforesaid acts. This appointment is being made in consideration of such advances and is irrevocable so long as any part of the liabilities remains unpaid or any loan or credit facility is made available to you by us and notwithstanding your death. Every power, right, and discretion conferred upon us by this agreement or by the Bank Act may be exercised on our part by any of our managers.

11 No Limitation

The provisions hereof are in addition and without limitation to all our other legal remedies and to all other rights under all other agreements you have entered into with us.

12 Notice

Any notice given to us hereunder will be sufficiently given if delivered, or mailed, postage prepaid, addressed to us at the above Branch. Notice will be considered to have been given four days following the day of mailing or on the date of delivery if actually delivered or faxed to us. Any notice given by us to you will be sufficiently given if mailed, postage prepaid, addressed to you at your last address known to us in connection with your accounts and such notice will be deemed to have been given four days following the day of mailing.

13 Assigns

The agreement shall govern your heirs, executors, administrators, successors, and assigns.

14 Headings

Headings are provided as a reference for your convenience. They are not part of the terms and conditions of this agreement.

<p>The Toronto-Dominion Bank Bank Act Security Schedule A</p> <p>Security</p>	<p>Date <u>Jan 31 2018</u></p>
<p>Description of property</p>	<p>Place(s) where Located</p>
<p>ALL PRESENT AND FUTURE GOODS PRODUCTS IN PROCESS STOCK IN TRADE AND ON HAND AS WELL AS MATERIALS RELATED TO THE FABRICATION AND EXPEDITING OF SAME AND ALL ITEMS MERCHANDISE AND ACCESSORIES ACQUIRED BY THE UNDERSIGNED IN THE COURSE OF BUSINESS NOW OR IN THE FUTURE</p>	

KAUFMAN

ATTORNEYS

STEVEN M. SHEIN

Direct Line: (514) 871-5303
E-Mail: sshein@klcanada.com



STRICTLY WITHOUT PREJUDICE

DELIVERED BY MESSENGER

October 9, 2018

ROYAL ELECTRIQUE GC INC.

1450 rue Begin
Montreal (Quebec) H4R 1X1

Attention of Claudio Grillo

MR. CLAUDIO GRILLO

c/o 1450 rue Begin
Montreal (Quebec) H4R 1X1

MS. ADELE GAMMIERO

c/o 1450 rue Begin
Montreal (Quebec) H4R 1X1

Re: **The Toronto-Dominion Bank and Royal Electricque GC Inc.**

Our File : 57999/ Data : 14070-340

Dear Sirs:

We refer to the credit facilities made available by The Toronto-Dominion Bank (the "**Bank**") in favor of **Royal Electricque GC Inc.** (the "**Borrower**") pursuant to a Letter Agreement dated January 18, 2018 (the "**Letter Agreement**").

We refer as well, to the limited Suretyship and Subordination Agreement executed by each of Claudio Grillo and Adele Gammiero pursuant to which they guaranteed the obligations of the Borrower towards the Bank (the "**Guarantor**") as follows, namely:

Facility #1 (the "Operating Loan")

- (i) Suretyship and Subordination Limited CAD \$1,250,000 executed by both Claudio Grillo and Adele Gammiero dated July 22, 2018.

The advances made under the Letter Agreement are due and exigible. For and on behalf of the Bank, we hereby demand the reimbursement of all advances made by the Bank to the Borrower under the Letter Agreement by not later than October 22, 2018.

The outstanding balance due under the Letter Agreement, as of October 4, 2018, is CAD\$2,510,655.53 including accrued interest, the whole subject to adjustment with respect to return items, additional debits, changes in foreign exchange rates if applicable, any contingent liabilities for outstanding Letters of Credit(s), interest accrued and costs incurred or to be incurred by the Bank. Advances in Canadian Dollars under the Letter Agreement bear interest at the Bank's Prime Rate + 1.50% per annum for the Operating Loan. All interest is calculated daily on the principal balance outstanding.

For and on behalf of the Bank we hereby demand to the Guarantor to honor his obligations towards the Bank and to pay the outstanding balance due by the Borrower, in principal, interest and costs. All sums due by the Guarantor bear interest from the date of the present demand calculated at the rates payable by the Borrower.

Notice under section 244 BIA

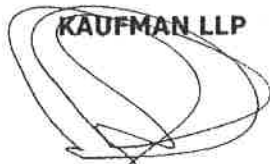
To the extent necessary the Bank hereby gives the present notice under Section 244 of the *Bankruptcy and Insolvency Act*. In this respect, the Bank shall be designated as the "**Secured Party**" and the Borrower shall be designated as the "**Insolvent Person**".

1. The Secured Party, a secured creditor, intends to enforce its security on all moveable and personal property and assets of the Insolvent Person, corporeal and incorporeal, tangible and intangible, present and future, wherever situated;
2. The security that is to be enforced is in the form of:
 - i. a hypothec without delivery in the amount of CAD\$3,000,000.00 executed by the Insolvent Person in favor of the Secured Party executed on January 25, 2018, duly registered at the Register of Personal and Movable Real Rights of the Province of Quebec ("**RPMRR**") on January 29, 2018 under number 18-0081851-00001;
 - ii. a Notice of Intention to give security under Section 427 of the *Bank Act* (Canada) executed by the Insolvent Person in favor of the Secured Party on January 25, 2018, which was registered at the Canadian Securities Registration Systems (Section 427 of the *Bank Act* (Canada)) for the Province of Quebec on January 30, 2018 under number 01316015 (the "**Notice of Intention**"); a Bank Act Security & Warehouse Liens / Bills of Lading Application for Credit and a Bank Act Security Agreement, each executed by the Insolvent Person in favor of the Secured Party;(collectively, the "**Security**").

3. The outstanding balance due under the Letter Agreement, as of October 4, 2018, is CAD\$2,510,655.53 including accrued interest, the whole subject to adjustment with respect to return items, additional debits, changes in foreign exchange rates if applicable, any contingent liabilities for outstanding Letters of Credit(s), interest accrued and costs incurred or to be incurred by the Bank. Advances in Canadian Dollars under the Letter Agreement bear interest at the Bank's Prime Rate +1.50% per annum for the Operating Loan. All interest is calculated daily on the principal balance outstanding.
4. The Secured Party will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the Insolvent Person consents to an earlier enforcement.
5. The present Notice is given under reserve of all the rights of the Secured Party, which shall not be or deemed to be, affected or diminished in any way, notwithstanding anything herein contained.

The present letter is addressed to you under reserve of all other rights and recourses of the Bank against any of you.

DO GOVERN YOURSELVES ACCORDINGLY.


KAUFMAN LLP
SMS/sg

c.c. **The Toronto-Dominion Bank,**
Attention of **Vincent Santillo** and **Clifford Linetsky**

No

**COUR SUPÉRIEURE
DISTRICT DE MONTRÉAL
PROVINCE DE QUÉBEC**

**DANS L'AFFAIRE DE LA NOMINATION D'UNE
SÉQUESTRE INTÉRIMAIRE AUX BIENS :**

ROYAL ELECTRIQUE GC INC.

Débitrice

-et-

LA BANQUE TORONTO-DOMINION

Requérante

-et-

KPMG INC.

Séquestre intermédiaire

**REQUÊTE POUR NOMINATION
D'UN SÉQUESTRE INTÉRIMAIRE
(Article 47.1 (1) de la Loi sur la faillite et l'insolvabilité
et article 6(4) des Règles générales sur la faillite et
l'insolvabilité)**

ORIGINAL

MARTIN P. JUTRAS

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1 514 871 5320

Notre dossier : 14070-340

KAUFMAN
A V O C A T S

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(BK0111)