

Schedule “B”

Terms and Conditions of Sale

1. A. Farber & Partners Inc. in its capacity as the trustee (the “**Trustee**”) of the estate of Sound City Music Entertainment Inc. (the “**Company**”), a bankrupt, will consider written offers to purchase the Company’s right, title and interest, if any, in the select inventory of vinyl records, compact discs and other items (collectively the “**Inventory**”) of the Company. Such offers must be in a sealed envelope marked “CONFIDENTIAL - OFFER RE: SOUND CITY MUSIC ENTERTAINMENT INC.”.

All offers must be submitted by completing the attached Offer Form and must be received by Peter Crawley, the Trustee’s designated representative at the Trustee’s office, 150 York Street, Suite 1600, Toronto, Ontario, M5H 3S5, by no later than 5:00 PM, Toronto time, June 28, 2019.

2. The Inventory is being offered for sale on an “as is, where is” and “without recourse” basis with no representations or warranties as to title, encumbrances, description, fitness for use, condition (environmental or otherwise), defect (patent or latent), collectability, merchantability, quantity, existence, quality, value or the validity, invalidity, or enforceability of any patent, copyright or trademark right, or any other matter or thing whatsoever, either stated or implied. Each party making an offer (an “**Offeror**”) must rely on its own judgment, inspection and investigation of the Inventory. Further documentation relating to the various parcels is included in paragraph 4 herein and may also be obtained from the Trustee at the above noted address, or by contacting Peter Crawley at 416-496-3507. Such documentation has been prepared or collected solely for the convenience of prospective purchasers on the basis of unverified information obtained by the Trustee from third parties and such information is not warranted or represented by the Trustee to be complete or accurate, nor does it form part of these Terms and Conditions of Sale.
3. All offers must be accompanied by a bank draft or certified cheque payable to “A. Farber & Partners, in Trust” in an amount equal to not less than 10% of the gross purchase price (the “**Purchase Price**”) offered for the Inventory, which deposit will be subject to the terms of paragraphs 8 and 11 herein. An accepted offer will be converted to Bill of Sale between the successful Offeror (a “**Purchaser**”) and by the Trustee, in a form acceptable to the Trustee, on the terms contained herein with respect to the Inventory which the Purchaser offers to purchase (the “**Purchased Property**”). Upon acceptance of any offer, the draft or cheque accompanying the offer shall be deemed a non-refundable cash deposit. If the contemplated sale is completed, the deposit will be applied, without interest, against the Purchase Price. If the contemplated sale is not completed by a Purchaser by reason of a Purchaser’s default, the deposit shall be retained on account of liquidated damages and the Trustee shall be entitled to pursue all of its rights and remedies against a Purchaser.

4. The Inventory is comprised of the select vinyl records, compact discs and other items contained in Schedule "A" accompanying the Offer Form. All prospective purchasers will be taken to have familiarized themselves with this information and to have satisfied themselves through their own due diligence in respect of the Inventory prior to having submitted any offer.
5. Upon receipt by the Trustee of any offer, no person shall be entitled to retract, withdraw, vary or countermand the offer prior to acceptance or rejection thereof.
6. Certified cheques or bank drafts accompanying offers that are not accepted by the Company, as the case may be, shall be returned to the Offeror by prepaid registered mail, addressed to the Offeror at the address set forth in its offer within one week of the closing of a sale transaction with the successful bidder without interest thereon.
7. Acceptance of any Offer for the Inventory or any portion thereof, and the Trustee's agreement to the terms of same, are conditional upon the Trustee obtaining Inspector approval of same and Inspector authorization to complete the contemplated transaction(s).
8. Closing of any sale transaction shall take place as follows:
 - (a) at 11:00 a.m. (the "**Time of Closing**") at the offices of A. Farber & Partners Inc. (the "**Closing Place**");
 - (b) on the first business day following the day on which Inspector approval is obtained (the "**Closing Date**");
9. The Purchaser shall pay to the Trustee, on the Closing Date, at the Time of Closing, the Purchase Price, less the deposit, plus all applicable federal, provincial and municipal taxes, duties and registration fees (the "**Amount Due on Closing**"). The Purchaser acknowledges that it shall be responsible for payment of any and all sales taxes exigible in connection with the Purchase Price and shall pay the same forthwith (including any applicable interest and penalties).
10. The Purchaser shall be required to remove all Inventory from the Trustee's third-party storage facility within 1 week of Closing.
11. Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Inventory and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Company's right, title and interest, if any, in and to the Inventory.
12. Each Offeror acknowledges its understanding that the highest, or any, offer shall not necessarily be accepted and that the Trustee shall take into account all considerations and circumstances deemed relevant by the Trustee prior to the Trustee's acceptance of any Offer.

13. The Trustee reserves the right to amend or terminate the sale process, or to withdraw or amend the Inventory, at any time, at its sole discretion. With respect to any withdrawal or amendment, the obligations of the Trustee to the Offeror shall be limited to informing the Offeror of the alteration to the Inventory or any amendment to the Inventory and returning to the Offeror the deposit without interest or deduction.
14. The submission of an offer to the Trustee shall constitute an acknowledgment and an acceptance by the Offeror of these “Terms and Conditions of Sale”.
15. The Trustee is acting solely in its capacity as the Trustee of the estate of Sound City Music Entertainment Inc., a bankrupt, and not in its personal or corporate capacity, and its liabilities hereunder, if any, or under any Bill of Sale, or sale contemplated hereby, will be solely in its capacity as Trustee of the estate of Sound City Music Entertainment Inc., a bankrupt, and it shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise.
16. The Purchased Property shall remain at the risk of the Trustee and the Company until the Closing Date. The Purchased Property thereafter shall be at the risk of the Purchaser. Until the Closing Date, the Trustee shall hold all insurance policies or proceeds thereof in trust for the parties as their interests may appear and, in the event of substantial damage to the Purchased Property, the Purchaser may either have the proceeds of the insurance and complete the Bill of Sale or may cancel the Bill of Sale and have all monies theretofore paid returned without interest, cost or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the Bill of Sale and be entitled to the proceeds of insurance referenced to such damage.
17. Without limitation, all of the Purchased Property shall be as it exists on the Closing Date with no adjustments to be allowed to the Purchaser for changes in condition, qualities or quantities from the date hereof to the Closing Date. The Purchaser acknowledges and agrees that the Trustee shall not be required to inspect the Purchased Property or any part thereof and the Purchaser shall be deemed at its own expense to have relied entirely on its own inspection and investigation. The Purchaser acknowledges that no warranties or conditions express or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.
18. The Purchaser represents and warrants that:
 - (a) it is a corporation duly incorporated, organized and subsisting under the laws of Canada, Ontario or another province of Canada;
 - (b) it has the corporate power and authority to enter into and perform its obligations under the Bill of Sale and all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of the offer and resulting Bill of Sale and the offer has been duly executed and delivered by the Purchaser, and the resulting Bill of Sale is enforceable against the Purchaser in accordance with its terms; and

- (c) it is not a non-Canadian for the purpose of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
19. The Purchaser agrees to indemnify and hold harmless the Trustee with respect to any claims, demands, losses, damages, costs, charges and expenses which the Trustee may suffer as a result of any claim made by any third party, including any member of the public, against the Trustee or the Company, based upon any damage suffered by such party and arising out of the sale of Inventory by the Purchaser and the costs (including legal costs on a solicitor client basis) of enforcing the indemnity contained herein. The said indemnity shall remain in existence for a period of two (2) years subsequent to the Closing Date and be unlimited in amount.
 20. The parties shall not publicly announce the existence of this Agreement or disclose any of its contents except in accordance with a written public statement satisfactory to all parties or except as may be required by law or for Inspector approval.
 21. All stipulations as to time are strictly of the essence.
 22. Any tender of documents or money hereunder may be made upon the Purchaser at its respective addresses indicated in the Offer Form, or its respective solicitor.
 23. The Purchaser shall not assign its rights and obligations under the Bill of Sale without the written consent of the Trustee.
 24. The validity and interpretation of the Bill of Sale shall be governed by the laws of Ontario and the laws of Canada applicable in the Province of Ontario, and such Agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or permitted assigns as the case may be.
 25. Unless otherwise specifically stated herein, all obligations, representations and warranties of the parties contained in the Bill of Sale shall survive the completion of the sale.
 26. The Bill of Sale shall constitute the entire agreement between the parties to it pertaining to the subject matter thereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there shall be no agreements or understandings between the parties in connection with the subject matter thereof except as specifically set forth herein. No party hereto has relied on any express or implied representation, written or oral, of any individual, or entity as an inducement to enter into the Bill of Sale.
 27. No supplement, modification, waiver or termination of the Bill of Sale shall be binding unless executed in writing by the parties to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be abridged or extended by written agreement, in letter form or otherwise, executed by the duly authorized solicitors for the parties.

28. The obligation of the Trustee to complete the Bill of Sale is subject to the satisfaction of the following terms and conditions at or prior to the Closing Date, which conditions are for the sole benefit of the Trustee and which may be waived by Trustee:
- (a) the representations and warranties of the Purchaser herein are true and accurate as of the Closing Date;
 - (b) no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, governmental authority, regulatory body or agency to enjoin, restrict or prohibit the purchase and sale of the Purchased Property;
 - (c) the Purchased Property shall not have been removed from the control of the Trustee by any means or process;
 - (d) no party shall have taken any action to redeem any of the Purchased Property; and
 - (e) Inspector approval of the Bill of Sale.

In the event that any of the foregoing conditions is not satisfied as of the Closing Date, the Bill of Sale shall thereupon at the option of the Trustee be rendered null and void and the Purchaser shall be entitled only to the return of the Deposit without interest but without any further cost or consequence.

29. Any notices, requests, demands or other communications to be given under this Agreement (referred to herein as “**Notice**”) shall be in writing and shall be either hand delivered, faxed, sent by registered mail, or delivered via electronic mail as follows:

To the Purchaser: at the address(es) set forth in Offer Form.

To the Trustee at: 150 York Street, Suite 1600, Toronto, Ontario, M5H 3S5, Attention: Peter Crawley, Fax No.: 416-496-3839, email: pcrawley@farbergroup.com.

Notice shall be effective on the business day next following the date of delivery in the case of personal delivery, fax or electronic mail or, if sent by registered mail, the third business day after the date sent.

Dated at Toronto, Ontario, this 12th day of June, 2019.

**A. FARBER & PARTNERS INC.,
in its capacity as the trustee of the estate of
Sound City Music Entertainment Inc.
and not in its personal or corporate capacity**