

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 001-13425



Ritchie Bros. Auctioneers Incorporated

(Exact Name of Registrant as Specified in its Charter)

Canada

98-0626225

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

9500 Glenlyon Parkway
Burnaby, British Columbia, Canada

(Address of Principal Executive Offices)

V5J 0C6

(Zip Code)

(778) 331-5500

(Registrant's Telephone Number, including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares	RBA	New York Stock Exchange
Common Share Purchase Rights	N/A	New York Stock Exchange

Indicate by checkmark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date: 110,549,124 common shares, without par value, outstanding as of November 3, 2021.

RITCHIE BROS. AUCTIONEERS INCORPORATED
FORM 10-Q
For the quarter ended September 30, 2021

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PART I – FINANCIAL INFORMATION

ITEM 1: CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Income Statements

(Expressed in thousands of United States dollars, except share and per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue:				
Service revenue	\$ 214,193	\$ 222,679	\$ 672,971	\$ 639,941
Inventory sales revenue	115,489	108,863	384,627	353,906
Total revenue	329,682	331,542	1,057,598	993,847
Operating expenses:				
Costs of services	33,038	39,223	108,107	118,026
Cost of inventory sold	102,993	96,253	344,763	320,972
Selling, general and administrative expenses	108,578	110,186	336,475	309,203
Acquisition-related costs	10,255	—	16,226	—
Depreciation and amortization expenses	21,907	18,436	64,912	55,586
Gain on disposition of property, plant and equipment	(1,068)	(276)	(1,311)	(1,536)
Foreign exchange loss	360	336	788	1,330
Total operating expenses	276,063	264,158	869,960	803,581
Operating income	53,619	67,384	187,638	190,266
Interest expense	(8,807)	(8,737)	(26,620)	(26,801)
Other income, net	602	2,280	2,800	6,714
Income before income taxes	45,414	60,927	163,818	170,179
Income tax expense	13,057	15,437	42,541	48,741
Net income	\$ 32,357	\$ 45,490	\$ 121,277	\$ 121,438
Net income attributable to:				
Stockholders	\$ 32,336	\$ 45,387	\$ 121,273	\$ 121,239
Non-controlling interests	21	103	4	199
Net income	\$ 32,357	\$ 45,490	\$ 121,277	\$ 121,438
Earnings per share attributable to stockholders:				
Basic	\$ 0.29	\$ 0.42	\$ 1.10	\$ 1.11
Diluted	\$ 0.29	\$ 0.41	\$ 1.09	\$ 1.10
Weighted average number of shares outstanding:				
Basic	110,410,172	109,018,469	110,233,851	108,887,026
Diluted	111,391,396	110,369,718	111,333,247	110,060,712

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income

(Expressed in thousands of United States dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income	\$ 32,357	\$ 45,490	\$ 121,277	\$ 121,438
Other comprehensive income (loss), net of income tax:				
Foreign currency translation adjustment	(8,859)	12,549	(17,751)	7,445
Total comprehensive income	<u>\$ 23,498</u>	<u>\$ 58,039</u>	<u>\$ 103,526</u>	<u>\$ 128,883</u>
Total comprehensive income (loss) attributable to:				
Stockholders	\$ 23,487	\$ 57,910	\$ 103,546	\$ 128,654
Non-controlling interests	11	129	(20)	229
	<u>\$ 23,498</u>	<u>\$ 58,039</u>	<u>\$ 103,526</u>	<u>\$ 128,883</u>

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Balance Sheets

(Expressed in thousands of United States dollars, except share data)
(Unaudited)

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 362,612	\$ 278,766
Restricted cash	105,742	28,129
Trade and other receivables	253,715	135,001
Less: allowance for credit losses	(4,138)	(5,467)
Inventory	64,201	86,278
Other current assets	31,796	27,274
Income taxes receivable	11,484	6,797
Total current assets	825,412	556,778
Property, plant and equipment	466,162	492,127
Other non-current assets	149,819	147,608
Intangible assets	285,148	300,948
Goodwill	837,708	840,610
Deferred tax assets	12,100	13,458
Total assets	<u>\$ 2,576,349</u>	<u>\$ 2,351,529</u>
Liabilities and Equity		
Auction proceeds payable	\$ 428,555	\$ 214,254
Trade and other payables	228,939	243,786
Income taxes payable	5,033	17,032
Short-term debt	18,481	29,145
Current portion of long-term debt	1,172	10,360
Total current liabilities	682,180	514,577
Long-term debt	632,520	626,288
Other non-current liabilities	153,560	153,000
Deferred tax liabilities	45,732	45,265
Total liabilities	<u>1,513,992</u>	<u>1,339,130</u>
Commitments and Contingencies (Note 21 and Note 22 respectively)		
Stockholders' equity:		
Share capital:		
Common stock; no par value, unlimited shares authorized, issued and outstanding shares: 110,467,596 (December 31, 2020: 109,876,428)	219,609	200,451
Additional paid-in capital	57,595	49,171
Retained earnings	836,759	791,918
Accumulated other comprehensive loss	(52,022)	(34,295)
Stockholders' equity	1,061,941	1,007,245
Non-controlling interest	416	5,154
Total stockholders' equity	<u>1,062,357</u>	<u>1,012,399</u>
Total liabilities and equity	<u>\$ 2,576,349</u>	<u>\$ 2,351,529</u>

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars, except where noted)
(Unaudited)

	Attributable to stockholders						Non-controlling interest ("NCI")	Total equity
	Common stock		Additional paid-in capital ("APIC")	Retained earnings	Accumulated other comprehensive loss			
	Number of shares	Amount						
Three months ended September 30, 2021								
Balance, June 30, 2021	110,366,808	\$ 215,666	\$ 51,800	\$ 832,037	\$ (43,173)	\$ 5,097	\$ 1,061,427	
Net income	—	—	—	32,336	—	21	32,357	
Other comprehensive loss	—	—	—	—	(8,849)	(10)	(8,859)	
	—	—	—	32,336	(8,849)	11	23,498	
Stock option exercises	100,703	3,942	(725)	—	—	—	3,217	
Issuance of common stock related to vesting of share units	85	1	(7)	—	—	—	(6)	
Acquisition of remaining interest in NCI	—	—	(672)	69	—	(4,692)	(5,295)	
Share-based continuing employment costs related to business combination	—	—	2,707	—	—	—	2,707	
Stock option compensation expense	—	—	2,133	—	—	—	2,133	
Equity-classified share units expense	—	—	2,283	—	—	—	2,283	
Equity-classified share units dividend equivalents	—	—	76	(76)	—	—	—	
Cash dividends paid	—	—	—	(27,607)	—	—	(27,607)	
Balance, September 30, 2021	<u>110,467,596</u>	<u>\$ 219,609</u>	<u>\$ 57,595</u>	<u>\$ 836,759</u>	<u>\$ (52,022)</u>	<u>\$ 416</u>	<u>\$ 1,062,357</u>	
Three months ended September 30, 2020								
Balance, June 30, 2020	108,630,537	\$ 169,255	\$ 47,958	\$ 746,048	\$ (64,207)	\$ 5,254	\$ 904,308	
Net income	—	—	—	45,387	—	103	45,490	
Other comprehensive income	—	—	—	—	12,523	26	12,549	
	—	—	—	45,387	12,523	129	58,039	
Stock option exercises	751,268	26,470	(5,701)	—	—	—	20,769	
Issuance of common stock related to vesting of share units	86	2	(7)	—	—	—	(5)	
Stock option compensation expense	—	—	1,671	—	—	—	1,671	
Equity-classified share units expense	—	—	4,138	—	—	—	4,138	
Equity-classified share units dividend equivalents	—	—	194	(194)	—	—	—	
Cash dividends paid	—	—	—	(24,053)	—	—	(24,053)	
Balance, September 30, 2020	<u>109,381,891</u>	<u>\$ 195,727</u>	<u>\$ 48,253</u>	<u>\$ 767,188</u>	<u>\$ (51,684)</u>	<u>\$ 5,383</u>	<u>\$ 964,867</u>	

Condensed Consolidated Statements of Changes in Equity
(Expressed in thousands of United States dollars, except where noted)
(Unaudited)

	Attributable to stockholders						Non-controlling interest ("NCI")	Total equity
	Common stock		Additional paid-in capital ("APIC")	Retained earnings	Accumulated other comprehensive loss			
	Number of shares	Amount						
Nine months ended September 30, 2021								
Balance, December 31, 2020	109,876,428	\$ 200,451	\$ 49,171	\$ 791,918	\$ (34,295)	\$ 5,154	\$ 1,012,399	
Net income	—	—	—	121,273	—	4	121,277	
Other comprehensive loss	—	—	—	—	(17,727)	(24)	(17,751)	
	—	—	—	121,273	(17,727)	(20)	103,526	
Stock option exercises	411,856	17,099	(3,184)	—	—	—	13,915	
Issuance of common stock related to vesting of share units	234,822	2,059	(11,384)	—	—	—	(9,325)	
Acquisition of remaining interest in NCI	—	—	(672)	70	—	(4,614)	(5,216)	
Share-based continuing employment costs related to business combination	(55,510)	—	7,938	—	—	—	7,938	
Stock option compensation expense	—	—	5,903	—	—	—	5,903	
Equity-classified share units expense	—	—	9,465	—	—	—	9,465	
Equity-classified share units dividend equivalents	—	—	358	(358)	—	—	—	
Cash dividends paid	—	—	—	(76,144)	—	(104)	(76,248)	
Balance, September 30, 2021	110,467,596	\$ 219,609	\$ 57,595	\$ 836,759	\$ (52,022)	\$ 416	\$ 1,062,357	
Nine months ended September 30, 2020								
Balance, December 31, 2019	109,337,781	\$ 194,771	\$ 52,110	\$ 714,051	\$ (59,099)	\$ 5,154	\$ 906,987	
Net income	—	—	—	121,239	—	199	121,438	
Other comprehensive income	—	—	—	—	7,415	30	7,445	
	—	—	—	121,239	7,415	229	128,883	
Stock option exercises	1,430,545	50,611	(10,417)	—	—	—	40,194	
Issuance of common stock related to vesting of share units	138,877	3,515	(7,459)	—	—	—	(3,944)	
Stock option compensation expense	—	—	4,401	—	—	—	4,401	
Equity-classified share units expense	—	—	9,155	—	—	—	9,155	
Equity-classified share units dividend equivalents	—	—	463	(463)	—	—	—	
Cash dividends paid	—	—	—	(67,639)	—	—	(67,639)	
Shares repurchased	(1,525,312)	(53,170)	—	—	—	—	(53,170)	
Balance, September 30, 2020	109,381,891	\$ 195,727	\$ 48,253	\$ 767,188	\$ (51,684)	\$ 5,383	\$ 964,867	

See accompanying notes to the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars)

(Unaudited)

Nine months ended September 30,	2021	2020
Cash provided by (used in):		
Operating activities:		
Net income	\$ 121,277	\$ 121,438
Adjustments for items not affecting cash:		
Depreciation and amortization expenses	64,912	55,586
Share-based payments expense	23,306	13,556
Deferred income tax expense	2,228	8,250
Unrealized foreign exchange (gain) loss	(98)	2,049
Gain on disposition of property, plant and equipment	(1,311)	(1,536)
Amortization of debt issuance costs	2,155	2,375
Amortization of right-of-use assets	9,458	9,194
Gain on contingent consideration from equity investment	—	(1,700)
Other, net	2,253	2,427
Net changes in operating assets and liabilities	79,938	53,912
Net cash provided by operating activities	<u>304,118</u>	<u>265,551</u>
Investing activities:		
Acquisition of Rouse, net of cash acquired	728	—
Property, plant and equipment additions	(6,984)	(9,865)
Proceeds on disposition of property, plant and equipment	1,667	16,277
Intangible asset additions	(25,601)	(19,886)
Issuance of loans receivable	(2,622)	(2,985)
Repayment of loans receivable	436	355
Distribution from equity investment	—	4,212
Proceeds on contingent consideration from equity investment	—	1,700
Net cash used in investing activities	<u>(32,376)</u>	<u>(10,192)</u>
Financing activities:		
Share repurchase	—	(53,170)
Dividends paid to stockholders	(76,144)	(67,639)
Acquisition of remaining interest in NCI	(5,556)	—
Dividends paid to NCI	(104)	—
Proceeds from exercise of options and share option plans	13,915	40,194
Payment of withholding taxes on issuance of shares	(9,160)	(3,870)
Net increase (decrease) in short-term debt	(9,271)	13,442
Repayment of long-term debt	(5,328)	(11,134)
Debt issue costs	(3,163)	(2,038)
Repayment of finance lease obligations	(8,445)	(6,927)
Net cash used in financing activities	<u>(103,256)</u>	<u>(91,142)</u>
Effect of changes in foreign currency rates on cash, cash equivalents, and restricted cash	<u>(7,027)</u>	<u>5,826</u>
Increase	161,459	170,043
Beginning of period	306,895	420,256
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 468,354</u>	<u>\$ 590,299</u>

See accompanying notes to the condensed consolidated financial statements.

1. General information

Ritchie Bros. Auctioneers Incorporated and its subsidiaries (collectively referred to as the “Company”, “Ritchie Bros.”, “we”, “us”, or “our”) provide a marketplace for insights, services and transaction solutions for commercial assets. The Company offers its customers end-to-end transaction solutions for used commercial and other durable assets through its omnichannel platform, which includes auctions, online marketplaces, listing services, and private brokerage services. The Company also offers a wide array of value-added services connected to commercial assets as well as asset management software and data as a service solutions to help customers make more accurate and reliable business decisions. Ritchie Bros. Auctioneers Incorporated is a company incorporated in Canada under the Canada Business Corporations Act, whose shares are publicly traded on the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”).

2. Significant accounting policies

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with United States generally accepted accounting principles (“US GAAP”). They include the accounts of Ritchie Bros. Auctioneers Incorporated and its subsidiaries from their respective dates of formation or acquisition. All significant intercompany balances and transactions have been eliminated.

Certain information and footnote disclosure required by US GAAP for complete annual financial statements have been omitted and, therefore, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020, included in the Company’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”). In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly, in all material respects, the Company’s consolidated financial position, results of operations, cash flows and changes in equity for the interim periods presented. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which quickly spread throughout the world. The extent of the ongoing impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives, will depend on future developments, including the duration and spread of the pandemic in light of new variants, timing of mass vaccine distribution, and any related restrictions implemented by governments in various jurisdictions, as well as supply and demand impacts driven by our consignor and buyer base, all of which are uncertain and cannot be easily predicted. Given the evolving nature of this situation, the Company cannot currently reasonably estimate the impacts of COVID-19 on its business operations, results of operations, cash flows or financial performance.

(b) Revenue recognition

Revenues are comprised of:

- Service revenue, including the following:
 - i. Revenue from auction and marketplace (“A&M”) activities, including commissions earned at our live and online bidding auctions, online marketplaces, and private brokerage services where we act as an agent for consignors of equipment and other assets, and various auction-related fees, including listing and buyer transaction fees; and
 - ii. Other services revenue, including revenue from listing services, refurbishment, logistical services, financing, appraisals, data subscriptions, fees associated with private market transactions and other ancillary service fees; and
- Inventory sales revenue as part of A&M activities

2. Significant accounting policies (continued)

(b) Revenue recognition (continued)

The Company recognizes revenue when control of the promised goods or services is transferred to our customers, or upon completion of the performance obligation, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The transaction price is reduced by estimates of variable consideration such as volume rebates and discounts. All estimates, which are evaluated at each reporting period, are based on the Company's historical experience, anticipated volumes, and best judgment. For auctions, revenue is recognized when the auction sale is complete and the Company has determined that the sale proceeds are collectible. Revenue is measured at the fair value of the consideration received or receivable and is shown net of value-added tax and duties.

Service revenues

Commissions from sales at the Company's auctions represent the percentage earned by the Company on the gross proceeds from equipment and other assets sold at auction. The majority of the Company's commissions are earned as a pre-negotiated fixed rate of the gross selling price. Other commissions from sales at the Company's auctions are earned from underwritten commission contracts, when the Company guarantees a certain level of proceeds to a consignor.

The Company accepts equipment and other assets on consignment and stimulates buyer interest through professional marketing techniques and by matching sellers (also known as consignors) to buyers through the auction or private sale process. Prior to offering an item for sale on its online marketplaces, the Company also performs inspections.

Following the sale of the item, the Company invoices the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer transaction fee, collects payment from the buyer, and remits the proceeds to the seller, net of the seller commissions, applicable taxes, and applicable fees. Commissions are calculated as a percentage of the winning bid price of the property sold at auction. Fees are also charged to sellers for listing and inspecting equipment. Other revenue earned in the process of conducting the Company's auctions include administrative, documentation, and advertising fees.

With the final acceptance of the winning bid, the highest bidder becomes legally obligated to pay the full purchase price, which is the winning bid of the property purchased, and the seller is legally obligated to relinquish the property in exchange for the winning bid price less any seller's commissions. Commission and fee revenue are recognized on the date of the auction sale upon the final acceptance of the winning bid.

Under the standard terms and conditions of its auction sales, the Company is not obligated to pay a consignor for property that has not been paid for by the buyer, provided the property has not been released to the buyer. If the buyer defaults on its payment obligation, also referred to as a collapsed sale, the sale is cancelled in the period in which the determination is made, and the property is returned to the consignor or placed in a later event-based or online auction. Historically, service revenues on cancelled sales have not been material.

Online marketplace commission revenue is reduced by a provision for disputes, which is an estimate of disputed items that are expected to be settled at a cost to the Company, related to settlements of discrepancies under the Company's equipment condition certification program. The equipment condition certification refers to a written inspection report provided to potential buyers that reflects the condition of a specific piece of equipment offered for sale, and includes ratings, comments, and photographs of the equipment following inspection by one of the Company's equipment inspectors.

The equipment condition certification provides that a buyer may file a written dispute claim during an eligible dispute period for consideration and resolution at the sole determination of the Company if the purchased equipment is not substantially in the condition represented in the inspection report. Typically, disputes under the equipment condition certification program are settled with minor repairs or additional services, such as washing or detailing the item; the estimated costs of such items or services are included in the provision for disputes.

Commission revenue is recorded net of commissions owed to third parties, which are principally the result of situations when the commission is shared with a consignor in an auction guarantee risk and reward sharing arrangement.

2. Significant accounting policies (continued)

Service revenues (continued)

Underwritten commission contracts can take the form of guarantee contracts. Guarantee contracts typically include a pre-negotiated percentage of the guaranteed gross proceeds plus a percentage of proceeds in excess of the guaranteed amount. If actual auction proceeds are less than the guaranteed amount, commission is reduced; if proceeds are sufficiently lower, the Company can incur a loss on the sale. Losses, if any, resulting from guarantee contracts are recorded in the period in which the relevant auction is completed. If a loss relating to a guarantee contract held at the period end to be sold after the period end is known or is probable and estimable at the financial statement reporting date, the loss is accrued in the financial statements for that period. The Company's exposure from these guarantee contracts fluctuates over time.

Other services revenue also includes fees for refurbishment, logistical services, financing, appraisals, data subscriptions, fees associated with private market transactions and other ancillary service fees. Fees are recognized in the period in which the service is provided or the product is delivered to the customer.

Inventory sales revenue

Underwritten commission contracts can take the form of inventory contracts. Revenue related to inventory contracts is recognized in the period in which the sale is completed, title to the property passes to the purchaser and the Company has fulfilled any other obligations that may be relevant to the transaction. In its role as auctioneer, the Company auctions its inventory to equipment buyers through the auction process. Following the sale of the item, the Company invoices the buyer for the purchase price of the asset, taxes, and, if applicable, the buyer transaction fee, and collects payment from the buyer.

With the final acceptance of the winning bid, the highest bidder becomes legally obligated to pay the full purchase price, which is the winning bid price of the property purchased. Title to the property is transferred in exchange for the winning bid price, and if applicable, the buyer transaction fee plus applicable taxes.

(c) Costs of services

Costs of services incurred in earning A&M revenues are comprised of expenses incurred in direct relation to conducting auctions ("direct expenses"), earning online marketplace revenue, and earning other fee revenue. Direct expenses include direct labour, buildings and facilities charges, travel, advertising and promotion costs and fees paid to unrelated third parties who introduce the Company to equipment sellers who sell property at the Company's auctions and marketplaces. Costs of services to operate our online marketplace revenue excludes hosting costs where we leverage a shared infrastructure that supports both our internal technology requirements and external sales to our customers.

Costs of services incurred to earn online marketplace revenue in addition to the costs listed above also include inspection costs. Inspections are generally performed at the seller's physical location. The cost of inspections includes payroll costs and related benefits for the Company's employees that perform and manage field inspection services, the related inspection report preparation and quality assurance costs, fees paid to contractors who perform field inspections, related travel and incidental costs for the Company's inspection service organization, and office and occupancy costs for its inspection services personnel. Costs of earning online marketplace revenue also include costs for the Company's customer support, online marketplace operations, logistics, and title and lien investigation functions.

Costs of services incurred in earning other fee revenue include ancillary and logistical service expenses, direct labour (including commissions on sales), cloud infrastructure and hosting costs, software maintenance fees, and materials. Costs of services exclude depreciation and amortization expenses.

(d) Cost of inventory sold

Cost of inventory sold includes the purchase price of assets sold for the Company's own account and is determined using a specific identification basis.

(e) Share-based payments

The Company classifies a share-based payment award as an equity or liability payment based on the substantive terms of the award and any related arrangement.

2. Significant accounting policies (continued)

(e) Share-based payments (continued)

Equity-classified share-based payments

The cost of equity-settled share-based payment arrangements is recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period.

Share unit plans

The Company has a senior executive performance share unit (“PSU”) plan and an employee PSU plan that provides for the award of PSUs to certain senior executives and employees, respectively, of the Company. The Company has the option to settle certain share unit awards in cash or shares and expects to settle them in shares. The cost of PSUs granted is measured at the fair value of the underlying PSUs at the grant date. PSUs vest based on the passage of time and achievement of performance criteria or market conditions. Share-based compensation expense for PSUs with a market condition is recognized regardless of whether the market condition is satisfied subject to continuing service over the requisite service period.

The Company also has a senior executive restricted share unit (“RSU”) plan and an employee RSU plan that provides for the award of RSUs to certain senior executives and employees, respectively, of the Company. The Company has the option to settle certain share unit awards in cash or shares and expects to settle them in shares. The cost of RSUs granted is measured at the fair value of the underlying RSUs based on the fair value of the Company’s common shares at the grant date. RSUs vest based on the passage of time and include restrictions related to employment.

The fair value of awards expected to vest under these plans is expensed over the respective remaining service period of the individual awards, on an accelerated recognition basis, with the corresponding increase to APIC recorded in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings, such that the consolidated expense reflects the revised estimate, with a corresponding adjustment to equity. Dividend equivalents on the equity-classified PSUs and RSUs are recognized as a reduction to retained earnings over the service period.

Stock option plans

The Company has three stock option compensation plans that provide for the award of stock options to selected employees, directors and officers of the Company. The cost of options granted is measured at the fair value of the underlying option at the grant date. The fair value of options expected to vest under these plans is expensed over the respective remaining service period of the individual awards, on an accelerated recognition basis, with the corresponding increase to APIC recorded in equity. Upon exercise, any consideration paid on exercise of the stock options and amounts fully amortized in APIC are credited to the common shares.

Liability-classified share-based payments

The Company maintains other share unit compensation plans that vest over a period of up to three years after grant. Under those plans, the Company is either required or expects to settle vested awards on a cash basis or by providing cash to acquire shares on the open market on the employee’s behalf, where the settlement amount is determined based on the average price of the Company’s common shares prior to the vesting date or, in the case of deferred share unit (“DSU”) recipients, following cessation of service on the Board of Directors.

These awards are classified as liability awards, measured at fair value at the date of grant and re-measured at fair value at each reporting date up to and including the settlement date. The determination of the fair value of the share units under these plans is described in Note 19. The fair value of the awards is expensed over the respective vesting period of the individual awards with recognition of a corresponding liability. Changes in fair value after vesting are recognized through compensation expense. Compensation expense reflects estimates of the number of instruments expected to vest.

The impact of forfeitures and fair value revisions, if any, are recognized in earnings such that the cumulative expense reflects the revisions, with a corresponding adjustment to the settlement liability. Liability-classified share unit liabilities due within 12 months of the reporting date are presented in trade and other payables while settlements due beyond 12 months of the reporting date are presented in other non-current liabilities.

2. Significant accounting policies (continued)

(f) Leases

The Company determines if an arrangement is a lease at inception. The Company may have lease agreements with lease and non-lease components, which are generally accounted for separately. Additionally, for certain vehicle and equipment leases, management applies a portfolio approach to account for the right-of-use ("ROU") assets and liabilities for assets leased with similar lease terms.

Operating leases

Operating leases are included in other non-current assets, trade and other payables, and other non-current liabilities in our consolidated balance sheets if the initial lease term is greater than 12 months. For leases with an initial term of 12 months or less the Company recognizes those lease payments on a straight-line basis over the lease term.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Management uses the implicit rate when readily determinable. The Company includes lease payments for renewal or termination options in its determination of lease term, ROU asset, and lease liability when it is reasonably certain that the Company will exercise these options. Lease expense for lease payments is recognized on a straight-line basis over the lease term and is included in costs of services and selling, general and administrative ("SG&A") expenses.

Finance leases

Finance lease ROU assets and liabilities are included in property, plant and equipment, trade and other payables, and other non-current liabilities in our consolidated balance sheets.

Finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Management uses the implicit rate when readily determinable. The Company includes lease payments for renewal, purchase options, or termination options in its determination of lease term, ROU asset, and lease liability when it is reasonably certain that the Company will exercise these options. Finance lease ROU assets are generally amortized over the lease term and are included in depreciation expense. The interest on the finance lease liabilities is included in interest expense.

(g) Inventories

Inventory consists of equipment and other assets purchased for resale in an upcoming live on site auction or online marketplace event. The Company typically purchases inventory for resale through a competitive process where the consignor or vendor has determined this to be the preferred method of disposition through the auction process. In addition, certain jurisdictions require auctioneers to hold title to assets and facilitate title transfer on sale. Inventory is valued at the lower of cost and net realizable value where net realizable value represents the expected sale price upon disposition less make-ready costs and the costs of disposal and transportation. As part of its government business, the Company purchases inventory for resale as part of its commitment to purchase certain surplus government property (Note 21). The significant elements of cost include the acquisition price, in-bound transportation costs of the inventory, and make-ready costs to prepare the inventory for sale that are not selling expenses. Write-downs to the carrying value of inventory are recorded in cost of inventory sold on the consolidated income statement.

(h) Impairment of long-lived and indefinite-lived assets

Long-lived assets, comprised of property, plant and equipment, ROU assets, and intangible assets subject to amortization, are assessed for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, long-lived assets are grouped and tested for recoverability at the lowest level that generates independent cash flows. An impairment loss is recognized when the carrying value of the assets or asset groups is greater than the future projected undiscounted cash flows. The impairment loss is calculated as the excess of the carrying value over the fair value of the asset or asset group. Fair value is based on valuation techniques or third party appraisals. Significant estimates and judgments are applied in determining these cash flows and fair values.

2. Significant accounting policies (continued)

(h) Impairment of long-lived and indefinite-lived assets (continued)

Indefinite-lived intangible assets are tested annually for impairment as of December 31, and between annual tests if indicators of potential impairment exist. The Company has the option of performing a qualitative assessment to first determine whether the quantitative impairment test is necessary. This involves an assessment of qualitative factors to determine the existence of events or circumstances that would indicate whether it is more likely than not that the carrying amount of the indefinite-lived intangible asset is less than its fair value. If the qualitative assessment indicates it is not more likely than not that the carrying amount is less than its fair value, a quantitative impairment test is not required. Where a quantitative impairment test is required, the procedure is to compare the indefinite-lived intangible asset's fair value with its carrying amount. An impairment loss is recognized as the difference between the indefinite-lived intangible asset's carrying amount and its fair value.

(i) Goodwill

Goodwill represents the excess of the purchase price of an acquired enterprise over the fair value assigned to the assets acquired and liabilities assumed in a business combination.

Goodwill is not amortized, but it is tested annually for impairment at the reporting unit level as of December 31, and between annual tests if indicators of potential impairment exist. The Company has the option of performing a qualitative assessment of a reporting unit to first determine whether the quantitative impairment test is necessary. This involves an assessment of qualitative factors to determine the existence of events or circumstances that would indicate whether it is more likely than not that the carrying amount of the reporting unit to which goodwill belongs is less than its fair value. If the qualitative assessment indicates it is not more likely than not that the reporting unit's carrying amount is less than its fair value, a quantitative impairment test is not required.

If a quantitative impairment test is required, the procedure is to identify potential impairment by comparing the reporting unit's fair value with its carrying amount, including goodwill. The reporting unit's fair value is determined using various valuation approaches and techniques that involve assumptions based on what the Company believes a hypothetical marketplace participant would use in estimating fair value on the measurement date. An impairment loss is recognized as the difference between the reporting unit's carrying amount and its fair value. If the difference between the reporting unit's carrying amount and fair value is greater than the amount of goodwill allocated to the reporting unit, the impairment loss is restricted by the amount of the goodwill allocated to the reporting unit.

(j) Business combinations

Business combinations are accounted for using the acquisition method. The purchase price is determined based on the fair value of the assets transferred, liabilities incurred, and equity interest issued, after considering any transactions that are separate from the business combination. The Company allocates the aggregate of the fair value of the purchase consideration transferred to the tangible and intangible assets acquired and the liabilities assumed on the basis of their fair values at the date of acquisition, with any excess recorded as goodwill. The fair value determinations require judgment and may involve the use of significant estimates and assumptions, especially with respect to intangible assets and contingent liabilities. The purchase price allocation may be provisional during a measurement period of up to one year to provide reasonable time to obtain the information necessary to identify and measure the assets acquired and liabilities assumed. Any such measurement period adjustments are recognized as to the assets and liabilities assumed, with the corresponding offset to goodwill, in the period in which the adjustment amounts are determined. Acquisition-related costs associated with the acquisition are expensed as incurred.

2. Significant accounting policies (continued)

(k) New and amended accounting standards

In March 2020, the FASB issued an update to ASU 2020-04, Reference Rate Reform (Topic 848), *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which addresses the effects of reference rate reform on financial reporting. ASU 2020-04 is effective for all entities as of March 12, 2020 through to December 31, 2022. If elected, and if certain criteria are met, this ASU requires less accounting analysis and recognition for modifications related to reference rate reform. The update issued provides optional expedients and exceptions for applying US GAAP to contract modifications, hedging relationships, derivatives and other transactions affected by the reference rate reform that reference LIBOR or another reference rate expected to be discontinued.

It was announced in March 2021 that LIBOR rates are expected to cease to be published as early as December 31, 2021 and as late as June 30, 2023 depending on the jurisdiction and the term of the rate. Our Credit Agreement (Note 16), which references LIBOR, was modified on September 21, 2021. The modification included an amendment to include customary provisions to provide for the eventual replacement of LIBOR that have been established as the secured overnight financing rate (SOFR), the Sterling Overnight Interbank Average Rate (SONIA), the euro short-term rate (€STR), Euro Interbank Offered rate (EURIBOR) and the Tokyo Interbank Offered Rate (TIBOR). The Company did not apply the optional expedient permitted under the standards as, in addition to the provisions to provide for the eventual replacement of LIBOR, other terms and conditions in the Credit Agreement were also modified and amended. As a result, the adoption of the ASU and the recent updates have not and are not expected to have a material impact on our consolidated financial statements.

3. Significant judgments, estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Future differences arising between actual results and the judgments, estimates and assumptions made by the Company at the reporting date, or future changes to estimates and assumptions, could necessitate adjustments to the underlying reported amounts of assets, liabilities, revenues and expenses in future reporting periods.

Judgments, estimates and underlying assumptions are evaluated on an ongoing basis by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances and such changes are reflected in the assumptions when they occur. Significant items subject to estimates include the recoverable amounts of goodwill and indefinite-lived intangible assets, the useful lives of long-lived assets and finite-lived intangible assets, share-based compensation, share-based continuing employment costs, the determination of lease term and lease liabilities, deferred income taxes, reserves for tax uncertainties, and other contingencies. Accounting for business combinations requires estimates with respect to the fair value of the assets acquired and liabilities assumed. Such estimates of fair value may require valuation methods which use significant estimates and assumptions. At the acquisition of Rouse Services LLC (“Rouse”), we estimated the fair value of the intangible assets acquired, using a valuation method, which required management to make estimates with respect to expected future cash flows and growth rates, gross margins, attrition rates, royalty rates, discount rates, terminal value, and forecast period. The Company based these estimates on historical and anticipated results, industry trends, economic analysis, and various other assumptions that it believes are reasonable, including assumptions as to future events.

As of September 30, 2021, the Company performed a qualitative assessment of the A&M, Rouse, and Mascus reporting units and the Company concluded there were no indicators of impairment.

4. Seasonality

The Company’s operations are both seasonal and event driven. Revenues tend to be the highest during the second and fourth calendar quarters as the Company generally conducts more auctions during these quarters. Volumes tend to also be lower during the third quarter, as supply of used equipment is lower as it is actively being used and not available for sale. Late December through mid-February and mid-July through August are traditionally less active periods.

The restrictions imposed and effects of the overall economic environment as a result of the COVID-19 pandemic have impacted and may continue to impact these trends.

5. Business combinations

(a) Rouse acquisition

On December 8, 2020, the Company acquired all of the issued and outstanding units of Rouse for a total purchase price of \$251,724,000. The Company paid cash consideration of \$250,265,000, of which \$2,169,000 was placed in escrow. In the second quarter of 2021, the Company received a post-closing release from escrow of \$728,000 related to net working capital adjustments, resulting in total net cash consideration paid of \$249,537,000.

Rouse is a leading provider of construction equipment market data intelligence and performance benchmarking solutions. Rouse provides appraisals to asset-backed lenders and market intelligence and software to rental companies, contractors and dealers to optimize the used equipment sales process, and comparisons of rental rates, utilization, and other key performance metrics to industry benchmarks for rental companies and dealers. The combination of Rouse with the Company is expected to enhance the data analytics and service offerings available to customers.

The acquisition was accounted for in accordance with ASC 805, *Business Combinations*. The following table summarizes the fair value of consideration transferred at the date of acquisition, as well as the final purchase price allocation of the fair value of assets acquired and liabilities assumed.

	December 8, 2020
Total cash consideration paid	\$ 249,537
Equity consideration paid for pre-combination services	1,459
Final purchase price	<u>\$ 250,996</u>

Rouse purchase price allocation

	December 8, 2020
Purchase price	<u>\$ 250,996</u>
Assets acquired:	
Cash and cash equivalents	\$ 226
Trade and other receivables	4,601
Other current assets	159
Property, plant and equipment	1,171
Other non-current assets	3,741
Deferred tax assets	7,584
Intangible assets	79,300
Liabilities assumed:	
Trade and other payables	5,630
Other non-current liabilities	3,188
Deferred tax liabilities	936
Fair value of identifiable net assets acquired	87,028
Goodwill acquired on acquisition	<u>\$ 163,968</u>

5. Business combinations (continued)

Rouse purchase price allocation (continued)

The following table summarizes the fair values of the identifiable intangible assets acquired:

<u>Asset</u>	<u>Fair value at acquisition</u>	<u>Weighted average amortization period</u>
Customer relationships	\$ 71,000	15 years
Software and technology assets	7,500	4 years
Trade names and trademarks	800	2 years
Total	<u>\$ 79,300</u>	<u>13.8 years</u>

During the quarter ended March 31, 2021, the Company recorded an adjustment of \$603,000 to increase the liabilities assumed and increase the goodwill acquired on acquisition. During the quarter ended June 30, 2021, the Company finalized the net working capital adjustment under the purchase agreement and reduced the purchase price by \$728,000. The Company also recorded an adjustment of \$1,677,000 to reduce the liabilities assumed on acquisition. These measurement period adjustments, since acquisition, resulted in a total net decrease to goodwill of \$1,802,000.

The purchase price allocation was finalized on June 30, 2021. At September 30, 2021, \$1,169,000 continues to be held in escrow until December 4, 2021 or until such date that a joint decision is made for the funds to be released.

Goodwill

Goodwill has been assigned and allocated to “Other” for segmented information purposes and is based on an analysis of the fair value of net assets acquired. Goodwill relates to benefits expected from the acquisition of Rouse’s business, its assembled workforce and associated technical expertise, as well as anticipated synergies from the Company’s auction expertise and transactional capabilities to Rouse’s existing customer base. The transaction is considered a taxable business combination and all of the goodwill is deductible for tax purposes.

Transactions recognized separately from the acquisition of assets and assumption of liabilities

At the date of acquisition, the Company issued 312,193 common shares to certain previous unitholders of Rouse in return for their continuing employment service. The common shares are expected to vest at various vesting dates over a three-year period from the date of acquisition as continuing employment services are provided to the Company. At the date of acquisition, the Company estimated that it will recognize a total fair value of \$20,735,000 of share-based continuing employment costs in acquisition-related costs over the vesting period, with an increase to additional paid-in capital, subject to continuing employment of those individuals. As and when the common shares vest, the Company will recognize the fair value of the issued common shares from additional paid-in capital to share capital.

During the three month period ended March 31, 2021, one of the previous unitholders of Rouse, who became an employee of the Company after the acquisition, terminated their employment contract, which resulted in the forfeiture of 55,510 shares as no vesting conditions had been achieved and reversal of share based continuing employment costs of \$98,000. As a result, at September 30, 2021, the number of common shares expected to vest is 256,683 and the total unrecognized fair value of the share-based continuing employment costs expected to be recognized is \$9,191,000 (Note 18).

During the quarter ended September 30, 2021, the Company recorded \$3,021,000 in acquisition-related costs for legal, advisory, integration and other professional fees, which included \$2,707,000 of share-based continuing employment costs.

5. Business combinations (continued)

(b) Euro Auctions acquisition

On August 9, 2021, the Company, through its indirect wholly owned subsidiary Ritchie Bros UK. Holdings Ltd, entered into a Sale and Purchase Agreement (“SPA”) pursuant to which it has agreed to purchase Euro Auctions Limited and its subsidiaries, William Keys & Sons Holdings Limited and its subsidiaries, Equipment & Plant Services Ltd, and Equipment Sales Ltd. (collectively, “Euro Auctions”), each being private limited companies incorporated in Northern Ireland (the “Euro Auctions Acquisition”).

Under the terms of the SPA, the Company will acquire all of the outstanding shares of Euro Auctions from their existing shareholders for approximately £775,000,000 (approximately \$1.04 billion) cash consideration, to be paid on closing. The Euro Auctions acquisition is subject to regulatory clearances and the satisfaction of other customary closing conditions, including obtaining of antitrust clearance in the United Kingdom. Euro Auctions are providers of unreserved auction services in the commercial assets space with operations in the United Kingdom, the United Arab Emirates, Australia and the United States.

In connection with the execution of the SPA, the Company also obtained a financing commitment letter (“Commitment Letter”), dated August 8, 2021 from Goldman Sachs Bank USA (“GS Bank”) pursuant to which GS Bank and certain other financial institutions committed to provide a \$530 million senior secured revolving credit facility and a \$100 million senior secured term loan facility (together, the “Bank Commitments”), and a senior unsecured bridge loan facility up to \$1,150 million (the “Bridge Commitment”). On September 21, 2021, the Company amended its existing Credit Agreement (Note 16) and thereby cancelled the Bank Commitments. Further, the Bridge Commitment was reduced by \$200 million. The remaining aggregate principal amount of the total financing commitment from GS Bank was reduced from \$1,150 million to \$950 million.

GS Bank is also acting as the Company’s financial adviser with respect to the Euro Auctions Acquisition. Consideration of \$15,000,000 is payable to GS Bank in respect of such services, contingent on consummation of the acquisition. GS Bank also agrees to credit (or, at GS Bank’s option, refund) \$2,000,000 of the transaction fee, to the extent paid, against any further transaction fee that becomes payable to GS Bank in connection with it acting in connection with a financing transaction as described above. These costs have not been recognized as at September 30, 2021. The fee of \$15,000,000 (or \$13,000,000, net of any amounts credited) will be expensed as acquisition-related costs when it is recognized.

During the quarter ended September 30, 2021, the Company incurred \$6,133,000 in acquisition-related expenses for the acquisition of the Euro Auctions.

(c) SmartEquip acquisition

On September 24, 2021, the Company entered into an Agreement and Plan of Merger (“Merger Agreement”) to acquire SmartEquip, a Delaware, United States corporation. SmartEquip has a multi-manufacturer platform that provides customers with real-time service and diagnostic support, dynamically customized, via serial number, to each asset in their fleet, and enables the electronic procurement of parts from original equipment manufacturers and their dealers.

On November 2, 2021, the Company closed the acquisition of SmartEquip and issued a total of 63,971 common shares to certain of the former shareholders of SmartEquip.

Under the terms of the Merger Agreement, the Company acquired all of the issued and outstanding common shares of SmartEquip for \$175,000,000, subject to certain adjustments, including for working capital, indebtedness, and SmartEquip’s transaction expenses. The purchase price was paid in cash, with the exception of a portion of the consideration payable to certain of SmartEquip’s shareholders who are entering into employment agreements with the Company, which was paid in common shares of the Company.

During the quarter ended September 30, 2021, the Company incurred \$1,101,000 in acquisition-related expenses for the acquisition of SmartEquip.

6. Segmented information

The Company's principal business activity is the management and disposition of used industrial equipment and other durable assets. The Company's operations are comprised of one reportable segment and other business activities that are not reportable as follows:

- Auctions and Marketplaces – This is the Company's only reportable segment, which consists of the Company's live on site auctions, its online auctions and marketplaces, and its brokerage service;
- Other includes the results of Rouse, Ritchie Bros. Financial Services ("RBFS"), Mascus online services, and the results from various value-added services and make-ready activities, including the Company's equipment refurbishment services, Asset Appraisal Services, and Ritchie Bros. Logistical Services ("RB Logistics").

	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	A&M	Other	Consolidated	A&M	Other	Consolidated
Service revenue	\$ 178,344	\$ 35,849	\$ 214,193	\$ 560,573	\$ 112,398	\$ 672,971
Inventory sales revenue	115,489	—	115,489	384,627	—	384,627
Total revenue	\$ 293,833	\$ 35,849	\$ 329,682	\$ 945,200	\$ 112,398	\$ 1,057,598
Costs of services	19,751	13,287	33,038	63,326	44,781	108,107
Cost of inventory sold	102,993	—	102,993	344,763	—	344,763
Selling, general and administrative expenses ("SG&A")	96,194	12,384	108,578	301,956	34,519	336,475
Segment profit	\$ 74,895	\$ 10,178	\$ 85,073	\$ 235,155	\$ 33,098	\$ 268,253
Acquisition-related costs			10,255			16,226
Depreciation and amortization expenses ("D&A")			21,907			64,912
Gain on disposition of property, plant and equipment ("PPE")			(1,068)			(1,311)
Foreign exchange loss			360			788
Operating income			\$ 53,619			\$ 187,638
Interest expense			(8,807)			(26,620)
Other income, net			602			2,800
Income tax expense			(13,057)			(42,541)
Net income			\$ 32,357			\$ 121,277

	Three months ended September 30, 2020			Nine months ended September 30, 2020		
	A&M	Other	Consolidated	A&M	Other	Consolidated
Service revenue	\$ 188,949	\$ 33,730	\$ 222,679	\$ 543,340	\$ 96,601	\$ 639,941
Inventory sales revenue	108,863	—	108,863	353,906	—	353,906
Total revenue	\$ 297,812	\$ 33,730	\$ 331,542	\$ 897,246	\$ 96,601	\$ 993,847
Costs of services	21,733	17,490	39,223	69,018	49,008	118,026
Cost of inventory sold	96,253	—	96,253	320,972	—	320,972
SG&A expenses	103,933	6,253	110,186	290,077	19,126	309,203
Segment profit	\$ 75,893	\$ 9,987	\$ 85,880	\$ 217,179	\$ 28,467	\$ 245,646
D&A expenses			18,436			55,586
Gain on disposition of PPE			(276)			(1,536)
Foreign exchange loss			336			1,330
Operating income			\$ 67,384			\$ 190,266
Interest expense			(8,737)			(26,801)
Other income, net			2,280			6,714
Income tax expense			(15,437)			(48,741)
Net income			\$ 45,490			\$ 121,438

The chief operating decision maker "CODM" does not evaluate the performance of the Company's operating segments or assess allocation of resources based on segment assets and liabilities, nor does the Company classify liabilities on a segmented basis.

6. Segmented information (continued)

The Company's geographic breakdown of total revenue is as follows:

	United States	Canada	Europe	Other	Consolidated
Total revenue for the three months ended:					
September 30, 2021	\$ 173,137	\$ 55,925	\$ 40,620	\$ 60,000	\$ 329,682
September 30, 2020	177,883	58,059	41,891	53,709	331,542
Total revenue for the nine months ended:					
September 30, 2021	\$ 563,941	203,093	\$ 143,263	\$ 147,301	\$ 1,057,598
September 30, 2020	<u>573,001</u>	<u>191,692</u>	<u>115,659</u>	<u>113,495</u>	<u>993,847</u>

7. Revenue

The Company's revenue from the rendering of services is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Service revenue:				
Commissions	\$ 110,275	\$ 112,762	\$ 343,584	\$ 331,711
Fees	103,918	109,917	329,387	308,230
	214,193	222,679	672,971	639,941
Inventory sales revenue	115,489	108,863	384,627	353,906
	<u>\$ 329,682</u>	<u>\$ 331,542</u>	<u>\$ 1,057,598</u>	<u>\$ 993,847</u>

8. Operating expenses

Costs of services

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Ancillary and logistical service expenses	\$ 11,433	\$ 16,550	\$ 38,521	\$ 45,368
Employee compensation expenses	12,182	11,442	37,567	35,057
Buildings, facilities and technology expenses	2,496	1,653	7,501	7,768
Travel, advertising and promotion expenses	3,205	4,782	13,022	17,518
Other costs of services	3,722	4,796	11,496	12,315
	<u>\$ 33,038</u>	<u>\$ 39,223</u>	<u>\$ 108,107</u>	<u>\$ 118,026</u>

SG&A expenses

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Wages, salaries and benefits	\$ 66,880	\$ 69,862	\$ 215,867	\$ 194,403
Share-based compensation expense	5,627	8,568	16,945	17,329
Buildings, facilities and technology expenses	18,213	15,901	53,035	46,108
Travel, advertising and promotion expenses	6,541	5,479	18,527	20,565
Professional fees	6,323	4,546	16,557	13,570
Other SG&A expenses	4,994	5,830	15,544	17,228
	<u>\$ 108,578</u>	<u>\$ 110,186</u>	<u>\$ 336,475</u>	<u>\$ 309,203</u>

8. Operating expenses (continued)

Depreciation and amortization expenses

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Depreciation expense	\$ 8,127	\$ 7,705	\$ 24,309	\$ 23,278
Amortization expense	13,780	10,731	40,603	32,308
	<u>\$ 21,907</u>	<u>\$ 18,436</u>	<u>\$ 64,912</u>	<u>\$ 55,586</u>

9. Income taxes

At the end of each interim period, the Company estimates the effective tax rate expected to be applicable for the full fiscal year. The estimate reflects, among other items, management's best estimate of operating results. It does not include the estimated impact of foreign exchange rates or unusual and/or infrequent items, which may cause significant variations in the customary relationship between income tax expense and income before income taxes.

For the three months ended September 30, 2021, income tax expense was \$13,057,000, compared to an income tax expense of \$15,437,000 for the same period in 2020. The effective tax rate was 29% in the third quarter of 2021, compared to 25% in the third quarter of 2020.

The effective tax rate increased in the three months ended September 30, 2021, compared to the three months ended September 30, 2020 primarily due a decrease in deductible stock options exercised and a greater estimate of non-deductible expenses. Partially offsetting this increase was lower income taxes related to tax uncertainties.

For the nine months ended September 30, 2021, income tax expense was \$42,541,000, compared to an income tax expense of \$48,741,000 for the same period in 2020. The effective tax rate was 26% for the nine months ended September 30, 2021, compared to 29% for the nine months ended September 30, 2020.

The effective tax rate decreased in the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020 primarily due to a decrease in the estimate of non-deductible expenses, a higher tax deduction for share unit expenses in excess of compensation expense and lower income taxes related to tax uncertainties. Partially offsetting this decrease was a higher estimate of income taxed in jurisdictions with higher tax rates and lower deduction for stock options exercised.

On April 8, 2020, the United States Department of Treasury and the Internal Revenue Service ("IRS") clarified income tax benefits related to hybrid financing arrangements would not be deductible ("Hybrid Interest"). The lower estimate of non-deductible expenses is primarily due to the net income tax benefits of approximately \$6,228,000 in the twelve months ended December 31, 2019, which were no longer deductible and accordingly were reversed in the nine months ended September 30, 2020.

The Canada Revenue Agency ("CRA") is currently conducting an audit of the Company's 2014 and 2015 taxation years. Management believes that the Company is in full compliance with Canadian tax laws. However, there can be no assurance that the CRA will not challenge the manner in which the Company has filed its income tax returns and reported its income. In the event that the CRA challenges the manner in which the Company has filed its tax returns and reported its income, the Company will have the option to appeal any such decision. If the Company is not successful, however, the CRA audit could potentially result in additional income taxes, penalties and interest, which could have a material adverse effect on the Company.

10. Earnings per share attributable to stockholders

Basic earnings per share (“EPS”) attributable to stockholders was calculated by dividing the net income attributable to stockholders by the weighted average (“WA”) number of common shares outstanding during the period. Diluted EPS attributable to stockholders was calculated by dividing the net income attributable to stockholders by the weighted average number of shares of common stock outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include unvested PSUs, unvested RSUs, and outstanding stock options. The dilutive effect of potentially dilutive securities is reflected in diluted EPS by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company’s common stock can result in a greater dilutive effect from potentially dilutive securities.

	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	Net income attributable to stockholders	WA number of shares	Per share amount	Net income attributable to stockholders	WA number of shares	Per share amount
Basic	\$ 32,336	110,410,172	\$ 0.29	\$ 121,273	110,233,851	\$ 1.10
Effect of dilutive securities:						
Share units	—	324,218	—	—	408,574	
Stock options	—	657,006	—	—	690,822	(0.01)
Diluted	\$ 32,336	111,391,396	\$ 0.29	\$ 121,273	111,333,247	\$ 1.09

	Three months ended September 30, 2020			Nine months ended September 30, 2020		
	Net income attributable to stockholders	WA number of shares	Per share amount	Net income attributable to stockholders	WA number of shares	Per share amount
Basic	\$ 45,387	109,018,469	\$ 0.42	\$ 121,239	108,887,026	\$ 1.11
Effect of dilutive securities:						
Share units	—	548,859	—	—	519,915	—
Stock options	—	802,390	(0.01)	—	653,771	(0.01)
Diluted	\$ 45,387	110,369,718	\$ 0.41	\$ 121,239	110,060,712	\$ 1.10

11. Supplemental cash flow information

Nine months ended September 30,	2021	2020
Trade and other receivables	\$ (120,160)	\$ (185,899)
Inventory	16,926	3,938
Advances against auction contracts	3,132	6,566
Prepaid expenses and deposits	1,671	2,184
Income taxes receivable	(4,923)	1,191
Auction proceeds payable	217,423	213,596
Trade and other payables	(13,684)	20,675
Income taxes payable	(12,278)	4,179
Operating lease obligation	(9,000)	(8,809)
Other	831	(3,709)
Net changes in operating assets and liabilities	<u>\$ 79,938</u>	<u>\$ 53,912</u>
Nine months ended September 30,	2021	2020
Interest paid, net of interest capitalized	\$ 31,054	\$ 31,173
Interest received	1,010	1,775
Net income taxes paid	56,016	32,750
Non-cash purchase of property, plant and equipment under finance lease	6,173	8,431
Non-cash right of use assets obtained (reassessed) in exchange for new lease obligations	13,545	595
	September 30,	December 31,
	2021	2020
Cash and cash equivalents	\$ 362,612	\$ 278,766
Restricted cash	105,742	28,129
Cash, cash equivalents, and restricted cash	<u>\$ 468,354</u>	<u>\$ 306,895</u>

12. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement or disclosure:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

12. Fair value measurement (continued)

	Category	September 30, 2021		December 31, 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
<i>Fair values disclosed:</i>					
Cash and cash equivalents	Level 1	\$ 362,612	\$ 362,612	\$ 278,766	\$ 278,766
Restricted cash	Level 1	105,742	105,742	28,129	28,129
Loan receivables	Level 2	7,889	8,302	5,798	6,438
Short-term debt	Level 2	18,481	18,481	29,145	29,145
Long-term debt					
Senior unsecured notes	Level 1	494,078	511,875	492,734	514,219
Term loan	Level 2	93,232	93,762	97,812	98,420
Long-term revolver loan	Level 2	46,382	46,442	46,102	46,184

The carrying value of the Company's cash and cash equivalents, restricted cash, trade and other receivables, advances against auction contracts, loan receivables maturing within a year, auction proceeds payable, trade and other payables, and short-term debt approximate their fair values due to their short terms to maturity. The fair value of the loan receivables with a maturity date greater than one year is determined by estimating discounted cash flows using market rates. The carrying value of the term loan and long-term revolver loan, before deduction of deferred debt issue costs, approximate their fair value as the interest rates on the loans are short-term in nature. The fair value of the senior unsecured notes is determined by reference to a quoted market price.

13. Trade receivables

Trade receivables are generally secured by the equipment that they relate to as it is Company policy that equipment is not released until payment has been collected. The following table presents the activity in the allowance for expected credit losses for the period ended September 30, 2021:

Balance, December 31, 2020	\$ (5,467)
Current period provision	(392)
Write-offs charged against the allowance	1,721
Balance, September 30, 2021	<u>\$ (4,138)</u>

14. Other current assets

	September 30, 2021	December 31, 2020
Advances against auction contracts	\$ 3,107	\$ 6,487
Assets held for sale	7,067	—
Prepaid expenses and deposits	21,622	20,787
	<u>\$ 31,796</u>	<u>\$ 27,274</u>

Assets held for sale

Balance, December 31, 2020	\$ —
Reclassified from property, plant and equipment	7,308
Disposal	(241)
Balance, September 30, 2021	<u>\$ 7,067</u>

On August 13, 2021, the Company entered into an agreement to sell a parcel of land including all buildings, in Bolton, Ontario. The selling price for the Bolton property is approximately \$170,000,000 (\$210,000,000 CAD) and is subject to certain closing adjustments. The Company also anticipates that it will incur approximately \$1,500,000 in selling costs. The Company intends to relocate its auction operation from the Bolton property to a replacement property located in Amaranth, Ontario. The closing of the sale of the Bolton property is conditioned upon, among other customary closing conditions, the Company receiving: (i) zoning and other governmental approvals necessary for the construction and development of the replacement property and (ii) confirmation from the vendor of the replacement property that it has satisfied its conditions under a separate agreement of purchase and sale with respect to the replacement property. These conditions must be satisfied or waived by the Company by April 1, 2022 and are subject to an extension that shall not extend past October 1, 2022. In addition, upon closing of the sale of the Bolton property, the Company intends to lease the Bolton property for a period of two years and has an option to renew the lease for two additional one-year periods, until such time as the replacement property is available for relocation of the Company's operations. During such lease period, the Company will continue to conduct normal auction operations at the Bolton property. As at September 30, 2021, the Company has classified the Bolton property, with a net book value of \$7,067,000 as an asset held for sale on the balance sheet.

15. Other non-current assets

	September 30, 2021	December 31, 2020
Right-of-use assets	\$ 118,972	\$ 116,503
Tax receivable	9,830	11,050
Loans receivable	3,907	4,870
Deferred debt issue costs	5,516	2,263
Other	11,594	12,922
	<u>\$ 149,819</u>	<u>\$ 147,608</u>

Loans receivable

As at September 30, 2021, the Company held two non-recourse financing lending arrangements, with a term of one to four years, which are fully collateralized and secured by certain equipment. In the event of default under these agreements, the Company will take possession of the equipment as collateral to recover its loans receivable balance. The loans receivable balance as at September 30, 2021 was \$7,889,000, of which \$3,982,000 is recorded in trade and other receivables (December 31, 2020: \$5,798,000, of which \$927,000 was recorded in trade and other receivables). The expected credit loss allowance is not significant.

16. Debt

	Carrying amount	
	September 30, 2021	December 31, 2020
Short-term debt	\$ 18,481	\$ 29,145
Long-term debt:		
Term loan and long-term revolver loan:		
Term loan denominated in Canadian dollars, secured, bearing interest at a weighted average rate of 2.61%, due in monthly installments of interest only, maturing in September 2026	93,762	98,420
Long-term revolver loan denominated in Canadian dollars, secured, bearing interest at a weighted average rate of 2.61%, due in monthly installments of interest only, maturing in September 2026	46,442	46,184
Less: unamortized debt issue costs	(590)	(690)
Senior unsecured notes:		
Bearing interest at 5.375% due in semi-annual installments, with the full amount of principal due in January 2025	500,000	500,000
Less: unamortized debt issue costs	(5,922)	(7,266)
Total long-term debt	<u>633,692</u>	<u>636,648</u>
Total debt	<u>\$ 652,173</u>	<u>\$ 665,793</u>
Long-term debt:		
Current portion	\$ 1,172	\$ 10,360
Non-current portion	632,520	626,288
Total long-term debt	<u>\$ 633,692</u>	<u>\$ 636,648</u>

As at September 30, 2021, the Company had unused committed revolving credit facilities aggregating \$686,313,000, of which \$676,313,000 is available until September 21, 2026 subject to certain covenant restrictions. The Company was in compliance with all financial and other covenants applicable to the credit facilities at September 30, 2021

Short-term debt

Short-term debt is comprised of drawings in different currencies on the Company's committed revolving credit facilities and has a weighted average interest rate of 1.8% (December 31, 2020: 2.3%).

Long-term debt

a) Term loan and long-term revolver loan

On August 14, 2020, the Company entered into an amendment of the Credit Agreement dated October 27, 2016 with a syndicate of lenders, totaling \$630,000,000 comprised of:

- (1) Multicurrency revolving facilities of up to \$530,000,000 (the "Revolving Facilities"); and
- (2) A delayed-draw term loan facility of up to \$100,000,000 (the Delayed-Draw Term Loan Facility, the "DDTL Facility" and together with the Revolving Facilities, the "Facilities").

On September 21, 2021, the Company entered into another amendment of its Credit Agreement. The amendment, among other things, (i) extended the maturity date of the Facilities from October 27, 2023 to September 21, 2026, (ii) increased the total size of the Facilities provided under the Credit Agreement to up to \$1,045,000,000, including \$295,000,000 of commitments under the DDTL Facility, (iii) reduced the applicable margin for base rate loans and LIBOR loans at each pricing tier level, (iv) reduced the applicable percentage per annum used to calculate the commitment fee in respect of the unused commitments under the Revolving Facilities at each pricing tier level, and (v) included customary provisions to provide for the eventual replacement of LIBOR as a benchmark interest rate.

16. Debt (continued)

a) Term loan and long-term revolver loan (continued)

Immediately prior to the amendment, the aggregate principal amount outstanding under the DDTL Facility was \$90,000,000 (\$118,889,995 CAD). In connection with the amendment, the Company refinanced that amount with the proceeds from a borrowing under the DDTL Facility. There are no mandatory principal repayments of borrowings under the DDTL Facility until the earlier of when the remaining \$205,000,000 is drawn or Q3 2022. Once principal payments become mandatory, they are subject to an annual amortization rate of 5%, payable in quarterly installments, with the balance payable at maturity.

The Company incurred debt issuance costs of \$4,262,000 in connection with the amendment during the three month period ending September 30, 2021. As at September 30, 2021, the Company had unamortized deferred debt issue costs relating to the Credit Agreement of \$6,106,000.

b) Senior unsecured notes

On December 21, 2016, the Company completed the offering of \$500,000,000 aggregate principal amount of 5.375% senior unsecured notes due January 15, 2025 (the "Notes"). Interest on the Notes is payable semi-annually. The Notes are jointly and severally guaranteed on an unsecured basis, subject to certain exceptions, by certain of the Company's subsidiaries. IronPlanet, Rouse, and certain of their respective subsidiaries were added as additional guarantors in connection with the acquisitions of IronPlanet and Rouse, respectively.

17. Other non-current liabilities

	September 30, 2021	December 31, 2020
Operating lease liability	\$ 114,068	\$ 112,818
Tax payable	18,253	19,706
Finance lease liability	14,809	17,109
Other	6,430	3,367
	<u>\$ 153,560</u>	<u>\$ 153,000</u>

18. Equity and dividends

Share capital

Common stock

Unlimited number of common shares, without par value.

Preferred stock

Unlimited number of senior preferred shares, without par value, issuable in series.

Unlimited number of junior preferred shares, without par value, issuable in series.

All issued shares are fully paid. No preferred shares have been issued.

Shares issued for business combination

In connection with the acquisition of Rouse, the Company issued 312,193 common shares on December 8, 2020. These shares were issued to certain previous unitholders and employees of Rouse, and their vesting is subject to continuing employment with the Company over a three year period from the acquisition date. The fair value of these common shares was \$71.09 based on the fair market value of the Company's common shares on the date of acquisition. During the first nine months of 2021, 55,510 common shares were forfeited.

At September 30, 2021, the unrecognized share-based continuing employment costs were \$9,191,000 (September 30, 2020: \$nil), which is expected to be recognized over a weighted average period of 1.5 years. As at September 30, 2021, the number of common shares which had not yet vested was 256,683.

18. Equity and dividends (continued)

Share repurchase

There were no common shares repurchased during the three months ended September 30, 2021 (three months ended September 30, 2020: nil) and during the nine months ended September 30, 2021 (nine months ended September 30, 2020: 1,525,312 common shares repurchased for \$53,170,000).

Change in non-controlling interest

On September 13, 2021, the Company purchased the remaining 25% membership interest in of Xcira, LLC, a Delaware limited liability Company, for a purchase price of \$5,555,555. The transaction increased the Company's ownership interest in Xcira, LLC to 100%.

Dividends

Declared and paid

The Company declared and paid the following dividends during the nine months ended September 30, 2021 and 2020:

	<u>Declaration date</u>	<u>Dividend per share</u>	<u>Record date</u>	<u>Total dividends</u>	<u>Payment date</u>
Nine months ended September 30, 2021:					
Fourth quarter 2020	January 22, 2021	\$ 0.2200	February 12, 2021	\$ 24,181	March 5, 2021
First quarter 2021	May 7, 2021	0.2200	May 26, 2021	24,279	June 16, 2021
Second quarter 2021	August 4, 2021	0.2500	August 25, 2021	27,607	September 15, 2021
Nine months ended September 30, 2020:					
Fourth quarter 2019	January 24, 2020	\$ 0.2000	February 14, 2020	\$ 21,905	March 6, 2020
First quarter 2020	May 6, 2020	0.2000	May 27, 2020	21,681	June 17, 2020
Second quarter 2020	August 5, 2020	0.2200	August 26, 2020	24,053	September 16, 2020

Declared and undistributed

Subsequent to September 30, 2021, the Company's Board of Directors declared a quarterly dividend of \$0.25 cents per common share, payable on December 15, 2021 to stockholders of record on November 24, 2021. This dividend payable has not been recognized as a liability in the financial statements. The payment of this dividend will not have any tax consequences for the Company.

Foreign currency translation reserve

Foreign currency translation adjustments within other comprehensive income include intra-entity foreign currency transactions that are of a long-term investment nature, which generated a net loss of \$3,331,000 and a net loss of \$5,890,000 for the three and nine months ended September 30, 2021 (2020: net gain of \$5,634,000 and \$3,300,000).

19. Share-based payments

Share-based payments consist of the following compensation costs:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
SG&A expenses:				
Stock option compensation expense	\$ 2,133	\$ 1,671	\$ 5,903	\$ 4,401
Equity-classified share units	2,283	4,138	9,840	9,155
Liability-classified share units	527	2,123	(862)	1,938
Employee share purchase plan - employer contributions	684	636	2,064	1,835
	<u>5,627</u>	<u>8,568</u>	<u>16,945</u>	<u>17,329</u>
Acquisition-related costs:				
Share-based continuing employment costs	2,707	—	7,938	—
	<u>2,707</u>	<u>—</u>	<u>7,938</u>	<u>—</u>
	<u>\$ 8,334</u>	<u>\$ 8,568</u>	<u>\$ 24,883</u>	<u>\$ 17,329</u>

Stock option plans

The Company has the following three stock option plans that provide for the award of stock options and premium-priced stock options to selected employees, directors, and officers of the Company: a) Amended and Restated Stock Option Plan, b) IronPlanet 1999 Stock Plan, and c) IronPlanet 2015 Stock Plan.

Stock option activity for the nine months ended September 30, 2021 is presented below:

	Stock options				Premium-priced stock options			
	Common shares under option	WA exercise price	WA remaining contractual life (in years)	Aggregate intrinsic value	Common shares under option	WA exercise price	WA remaining contractual life (in years)	Aggregate intrinsic value
Outstanding, December 31, 2020	1,985,754	\$ 34.95	7.7	\$ 68,717	—	\$ —	—	\$ —
Granted	690,353	54.88			721,980	91.37	5.9	
Exercised	(411,856)	33.79		10,652				
Forfeited	(27,130)	46.69						
Outstanding, September 30, 2021	2,237,121	41.17	7.7	45,878	721,980	91.37	5.9	—
Exercisable, September 30, 2021	929,944	\$ 31.85	6.1	\$ 27,718	—	\$ —	—	\$ —

Stock options

The Company uses the Black Scholes option pricing model to fair value stock options. Significant assumptions used to estimate the fair value of stock options granted during the nine months ended September 30, 2021 and 2020 are presented in the following table on a weighted average basis:

Nine months ended September 30,	2021	2020
Risk free interest rate	0.5 %	0.7 %
Expected dividend yield	1.66 %	1.96 %
Expected lives of the stock options	4 years	5 years
Expected volatility	32.3 %	27.9 %

At September 30, 2021, the unrecognized stock-based compensation cost related to the non-vested stock options was \$7,052,000, which is expected to be recognized over a weighted average period of 2.2 years.

Premium-priced stock options

On August 12, 2021, the Company granted premium-priced stock options to the senior executives with exercise prices above the fair market value of the Company's common shares on grant date. The premium-priced stock options vest and become exercisable upon the third anniversary of the grant date and expire on the sixth anniversary of the grant date. The fair values of the premium-priced stock options were calculated on the grant date using a Monte Carlo simulation model. The weighted average estimated grant date fair value of premium-priced options during the three month period ended September 30, 2021 was \$7.24 per option.

19. Share-based payments (continued)

Premium-priced stock options (continued)

The significant assumptions used to estimate the fair values are presented in the following table:

August 12, 2021	2021
Risk free interest rate	1.0 %
Expected dividend yield	1.66 %
Expected lives of the stock options	5 years
Expected volatility	30.6 %

In addition, the estimated fair value of a premium priced stock option is a function of the expected stock option exercise behaviour assumption. The Company estimated that vested premium priced stock options will be exercised at the midpoint between (i) the later of the date that the premium priced stock options are expected to vest and the date that the exercise price is achieved, and (ii) the end of the premium priced options contractual term.

At September 30, 2021, the unrecognized stock-based compensation cost related to the premium-priced stock options was \$4,988,000, which is expected to be recognized over a weighted average period of 2.9 years.

Share unit plans

During the three month period ended September 30, 2021, the Company granted PSUs with market conditions to senior executives.

Share unit activity for the nine months ended September 30, 2021 is presented below:

	Equity-classified awards						Liability-classified awards	
	PSUs		PSUs with Market Conditions		RSUs		DSUs	
	Number	WA grant date fair value	Number	WA grant date fair value	Number	WA grant date fair value	Number	WA grant date fair value
Outstanding, December 31, 2020	542,676	\$ 38.09	—	\$ —	134,937	\$ 39.14	137,514	\$ 32.06
Granted	142,847	56.55	88,305	65.45	29,805	56.55	14,569	56.42
Vested and settled	(161,248)	31.14	—	—	(88,348)	33.20	—	—
Forfeited	(16,878)	47.36	—	—	(6,347)	58.58	—	—
Outstanding, September 30, 2021	<u>507,397</u>	<u>\$ 45.18</u>	<u>88,305</u>	<u>\$ 65.45</u>	<u>70,047</u>	<u>\$ 52.28</u>	<u>152,083</u>	<u>\$ 34.39</u>

The total market value of liability-classified share units vested and released during the first nine months of 2021 was nil (December 31, 2020: nil).

Senior executive and employee PSU plans

The Company grants PSUs under a senior executive PSU plan and an employee PSU plan (the “PSU Plans”). Under the PSU Plans, the number of PSUs that vest is conditional upon specified market, service, and/or performance vesting conditions being met.

The PSU Plans allow the Company to choose whether to settle the awards in cash or in shares. The Company intends to settle by issuance of shares. With respect to settling in shares, the Company has the option to either (i) arrange for the purchase shares on the open market on the employee’s behalf based on the cash value that otherwise would be delivered, or (ii) issue a number of shares equal to the number of units that vest.

Fair values of PSUs are estimated on grant date using the 20-day volume weighted average price of the Company’s common shares listed on the New York Stock Exchange.

At September 30, 2021, the unrecognized share unit expense related to equity-classified PSU’s was \$12,193,000, which is expected to be recognized over a weighted average period of 1.9 years.

19. Share-based payments (continued)

PSUs with market conditions

On August 12, 2021 the Company granted PSUs to senior executives with a market condition where vesting is conditional upon the total stockholder return performance of the Company's stock relative to the performance of a peer group over a three year performance period from the date of grant. The fair value of \$65.45 per PSU was calculated on the grant date using the Monte Carlo simulation model and taking into consideration a required post-vesting holding period of one year with a discount value of \$5.90 per PSU. The discount was calculated using the Chaffe Protective Put Method and an effective tax rate of 35%.

The significant assumptions used to estimate the fair value are presented in the following table:

<u>August 12, 2021</u>	<u>2021</u>
Risk free interest rate	0.5 %
Expected dividend yield	1.63 %
Expected lives of the PSUs	3 years
Expected volatility	31.0 %
Average expected volatility of comparable companies	38.6 %

At September 30, 2021, the unrecognized share unit expense related to equity-classified PSUs with market conditions was \$5,516,000, which is expected to be recognized over a weighted average period of 2.9 years.

RSUs

The Company has RSU plans that are equity-settled and not subject to market vesting conditions.

Fair values of RSUs are estimated on grant date using the 20-day volume weighted average price of the Company's common shares listed on the New York Stock Exchange.

At September 30, 2021, the unrecognized share unit expense related to equity-classified RSUs was \$1,798,000, which is expected to be recognized over a weighted average period of 1.5 years.

DSUs

The Company has DSU plans that are cash-settled and not subject to market vesting conditions.

Fair values of DSUs are estimated on grant date and at each reporting date. DSUs are granted under the DSU plan to members of the Board of Directors. There is no unrecognized share unit expense related to liability-classified DSUs as they vest immediately and are expensed upon grant.

At September 30, 2021, the Company had a total share unit liability of \$9,501,000 (December 31, 2020: \$9,597,000) in respect of share units under the DSU plans.

Employee share purchase plan

The Company has an employee share purchase plan that allows all employees that have completed two months of service to contribute funds to purchase common shares at the current market value at the time of share purchase. Employees may contribute up to 4% of their salary. The Company will match between 50% and 100% of the employee's contributions, depending on the employee's length of service with the Company.

20. Leases

The Company's breakdown of lease expense is as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Operating lease cost	\$ 4,592	\$ 4,310	\$ 13,584	\$ 12,780
Finance lease cost				
Amortization of leased assets	2,693	2,355	8,096	6,664
Interest on lease liabilities	196	219	622	680
Short-term lease cost	2,845	2,115	7,428	7,146
Sublease income	(15)	(110)	(45)	(406)
	<u>\$ 10,311</u>	<u>\$ 8,889</u>	<u>\$ 29,685</u>	<u>\$ 26,864</u>

Operating leases

The Company has entered into commercial leases for various auction sites and offices located in North America, Europe, the Middle East, Australia and Asia. The majority of these leases are non-cancellable. The Company also has further operating leases for computer equipment, certain motor vehicles and small office equipment where it is not in the best interest of the Company to purchase these assets.

The majority of the Company's operating leases have a fixed term with a remaining life between one month and 20 years, with renewal options included in the contracts. The leases have varying contract terms, escalation clauses and renewal options. Generally, there are no restrictions placed upon the lessee by entering into these leases, other than restrictions on use of property, sub-letting and alterations. At the inception of a lease, the Company determines whether it is reasonably certain to exercise a renewal option and includes the options in the determination of the lease term and the lease liability where it is reasonably certain to exercise the option. If the Company's intention is to exercise an option subsequent to the commencement of the lease, the Company will re-assess the lease term. The Company has included certain renewal options in its operating lease liabilities for key property leases for locations that have strategic importance to the Company, such as its Corporate Head Office. The Company has not included any purchase options available within its operating lease portfolio in its determination of its operating lease liability.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Remainder of 2021	\$ 3,878
2022	16,285
2023	14,499
2024	11,004
2025	10,871
Thereafter	108,595
Total future minimum lease payments	\$ 165,132
less: imputed interest	(38,981)
Total operating lease liability	\$ 126,151
less: operating lease liability - current	(12,083)
Total operating lease liability - non-current	<u>\$ 114,068</u>

At September 30, 2021, the weighted average remaining lease term for operating leases is 14.1 years and the weighted average discount rate is 3.7%.

20. Leases (continued)

Finance leases

The Company has entered into finance lease arrangements for certain vehicles, computer and yard equipment and office furniture. The majority of the leases have a fixed term with a remaining life of one month to six years with renewal options included in the contracts. In certain of these leases, the Company has the option to purchase the leased asset at fair market value or a stated residual value at the end of the lease term. For certain leases such as vehicle leases, the Company has included renewal options in the determination of its lease liabilities.

As at September 30, 2021, the net carrying amount of computer and yard equipment and other assets under capital leases is \$23,531,000 (December 31, 2020: \$25,649,000), and is included in the total property, plant and equipment as disclosed on the consolidated balance sheets.

Assets recorded under finance leases are as follows:

As at September 30, 2021	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 14,558	\$ (7,942)	\$ 6,616
Yard and others	32,314	(15,399)	16,915
	<u>\$ 46,872</u>	<u>\$ (23,341)</u>	<u>\$ 23,531</u>

As at December 31, 2020	Cost	Accumulated depreciation	Net book value
Computer equipment	\$ 16,597	\$ (8,317)	\$ 8,280
Yard and others	28,234	(10,865)	17,369
	<u>\$ 44,831</u>	<u>\$ (19,182)</u>	<u>\$ 25,649</u>

The future aggregate minimum lease payments under non-cancellable finance leases are as follows:

Remainder of 2021	\$ 2,651
2022	9,292
2023	6,988
2024	4,434
2025	1,482
Thereafter	281
Total future minimum lease payments	\$ 25,128
less: imputed interest	(1,163)
Total finance lease liability	\$ 23,965
less: finance lease liability - current	(9,156)
Total finance lease liability - non-current	<u>\$ 14,809</u>

At September 30, 2021, the weighted average remaining lease term for finance leases is 3.0 years and the weighted average discount rate is 3.5%.

21. Commitments

Commitment for inventory purchase

On April 1, 2021, the DLA awarded two new contracts to the Company. The new contracts (one for the Eastern portion of the United States and one for the Western portion of the United States) cover both surplus non-rolling and rolling stock. Both contracts commenced on June 1, 2021 and have a base term of two years with three one-year renewal options. During the first two years of the contracts, the Company is committed to purchase on a combined basis up to either: (i) 600,000 assets, or (ii) assets with an expected minimum value of up to \$77,000,000; whichever is less. As at September 30, 2021, the Company has purchased 94,769 assets with a total value of \$16,941,000 pursuant to the two year period of this contract, which commenced on June 1, 2021.

22. Contingencies

Legal and other claims

The Company is subject to legal and other claims that arise in the ordinary course of its business. Management does not believe that the results of these claims will have a material effect on the Company's consolidated balance sheet or consolidated income statement.

Guarantee contracts

In the normal course of business, the Company will in certain situations guarantee to a consignor a minimum level of proceeds in connection with the sale at auction of that consignor's equipment.

At September 30, 2021, there were \$63,776,000 of assets guaranteed under contract, of which 74% is expected to be sold prior to December 31, 2021, with the remainder to be sold by December 31, 2022 (December 31, 2020: \$22,773,000 of which 23% was expected to be sold prior to the end of March 31, 2021 with the remainder to be sold by December 31, 2021).

The outstanding guarantee amounts are undiscounted and before estimated proceeds from sale at auction.

ITEM 2: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements may appear throughout this Quarterly Report on Form 10-Q, including the following section “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Forward-looking statements are typically identified by such words as “aim”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “intend”, “may”, “ongoing”, “plan”, “potential”, “predict”, “will”, “should”, “would”, “could”, “likely”, “generally”, “future”, “long-term”, or the negative of these terms, and similar expressions intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that may cause actual results to differ materially, and include, among others, statements relating to:

- our future strategy, objectives, targets, projections and performance;
- potential growth and market opportunities;
- potential future mergers and acquisitions, including the planned acquisitions of the Euro Auctions (as hereinafter defined);
- our ability to integrate potential acquisitions;
- the impact of our new initiatives, services, investments, and acquisitions on us and our customers;
- our future capital expenditures and returns on those expenditures; and
- financing available to us pursuant to the Commitment Letter (as hereinafter defined), our credit facilities or other sources, our ability to refinance borrowings, and the sufficiency of our working capital to meet our financial needs.

While we have not described all potential risks related to our business and owning our common shares, the important factors discussed in “Part II, Item 1A: Risk Factors” of this Quarterly Report on Form 10-Q and in “Part I, Item 1A: Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, which is available on our website at www.rbauction.com, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com, are among those that we consider may affect our performance materially or could cause our actual financial and operational results to differ significantly from our expectations. Except as required by applicable securities law and regulations of relevant securities exchanges, we do not intend to update publicly any forward-looking statements, even if our expectations have been affected by new information, future events or other developments.

We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles (“US GAAP”). Except for Gross Transaction Value (“GTV”)¹, which is a measure of operational performance and not a measure of financial performance, liquidity, or revenue, the amounts discussed below are based on our consolidated financial statements. Unless indicated otherwise, all tabular dollar amounts, including related footnotes, presented below are expressed in thousands of United States (“US”) dollars.

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with US GAAP. Certain of these data are considered “non-GAAP financial measures” under the SEC rules. The definitions of and reasons we use these non-GAAP financial measures and the reconciliations to their most directly comparable US GAAP financial measures are included either with the first use thereof or in the Non-GAAP Measures section within the Management’s Discussion and Analysis of Financial Condition and Results of Operations. Non-GAAP financial measures referred to in this Quarterly Report on Form 10-Q are labeled as “non-GAAP measure” or designated as such with an asterisk (*). Please see pages 59-60 for explanations of why we use these non-GAAP measures and the reconciliation to the most comparable GAAP financial measures.

¹ GTV represents total proceeds from all items sold at our auctions and online marketplaces. GTV is not a measure of financial performance, liquidity, or revenue, and is not presented in our consolidated financial statements.

Overview

Ritchie Bros. Auctioneers Incorporated (“Ritchie Bros.,” the “Company,” “we”, or “us”) (NYSE & TSX: RBA) was founded in 1958 in Kelowna, British Columbia, Canada and is a world leader in asset management technologies and disposition of commercial assets, selling \$5.41 billion of used equipment and other assets during 2020. Our expertise, extensive global reach, market insight, and trusted portfolio of brands provide us with a unique position in the used equipment market. We sell used equipment for our customers through our unreserved auctions at over 40 auction sites worldwide, which are also simulcast online to reach a global bidding audience and through our online marketplaces.

Through our unreserved auctions, online marketplaces, and private brokerage services, we sell a broad range of used and unused commercial assets, including earthmoving equipment, truck tractors, truck trailers, government surplus, oil and gas equipment and other industrial assets. Construction and heavy machinery comprise the majority of the equipment sold. Customers selling equipment through our sales channels include end users (such as construction companies), equipment dealers, original equipment manufacturers (“OEMs”) and other equipment owners (such as rental companies). Our customers participate in a variety of sectors, including heavy construction, transportation, agriculture, energy, and mining.

We also provide our customers with a wide array of other services aligned with our growth strategy to create a global marketplace for used equipment services and solutions. Our other services include equipment financing, asset appraisals and inspections, online equipment listing, logistical services, and ancillary services such as equipment refurbishment. Additionally, we offer our customers asset technology solutions to manage the end-to-end disposition process of their assets and provide market data intelligence to make more accurate and reliable business decisions.

We operate globally with locations in more than 12 countries, including the U.S., Canada, Australia, the United Arab Emirates, and the Netherlands, and employ more than 2,600 full time employees worldwide.

Proposed acquisition of Euro Auctions

On August 9, 2021, through our indirect, wholly owned subsidiary Ritchie Bros UK. Holdings Ltd, we entered into a Sale and Purchase Agreement (“SPA”) pursuant to which we have agreed to purchase Euro Auctions Limited and its subsidiaries, William Keys & Sons Holdings Limited and its subsidiaries, Equipment & Plant Services Ltd, and Equipment Sales Ltd. (collectively, “Euro Auctions”), each being private limited companies incorporated in Northern Ireland (the “Euro Auctions Acquisition”).

Under the terms of the SPA, we will acquire all of the outstanding shares of Euro Auctions from their existing shareholders for approximately £775,000,000 (approximately \$1.04 billion) cash consideration, to be paid on closing. The Euro Auctions acquisition is subject to regulatory clearances and the satisfaction of other customary closing conditions, including obtaining of antitrust clearance in the United Kingdom. Euro Auctions are providers of unreserved auction services in the commercial assets space with strong international expertise, presence and brand, with operations in the United Kingdom, the United Arab Emirates, Australia and the United States.

In connection with the execution of the SPA, we also obtained a financing commitment letter (“Commitment Letter”), dated August 8, 2021 from Goldman Sachs Bank USA (“GS Bank”) pursuant to which GS Bank and certain other financial institutions committed to provide a \$530 million senior secured revolving credit facility and a \$100 million senior secured term loan facility (together, the “Bank Commitments”), and a senior unsecured bridge loan facility up to \$1,150 million (the “Bridge Commitment”). On September 21, 2021, we amended our existing Credit Agreement and thereby cancelled the Bank Commitments. Further, the Bridge Commitment was reduced by \$200 million. The remaining aggregate principal amount of the total financing commitment from GS Bank was reduced from \$1,150 million to \$950 million.

GS Bank is also acting as our financial adviser with respect to the Euro Auctions Acquisition. Consideration of \$15,000,000 is payable to GS Bank in respect of such services, contingent on consummation of the acquisition. GS Bank also agrees to credit (or, at GS Bank’s option, refund) \$2,000,000 of the transaction fee, to the extent paid, against any further transaction fee that becomes payable to GS Bank in connection with it acting in connection with a financing transaction as described above. These costs have not been recognized as at September 30, 2021. The fee of \$15,000,000 (or \$13,000,000, net of any amounts credited) will be expensed as acquisition related costs when it is recognized.

The acquisition of Euro Auctions is aligned with our accelerated growth efforts and with our strategy of becoming the trusted global marketplace for insights, services and transaction solutions for commercial assets. Euro Auctions will enhance our international presence and accelerate our international growth by offering diversified choice to customers around the world, facilitate better price

discovery and more equipment selection. In addition, both companies will achieve synergy by unlocking value for Euro Auctions customers post acquisition through adoption of our inventory management system platform.

Acquisition of SmartEquip

On September 24, 2021, we entered into an Agreement and Plan of Merger (“Merger Agreement”) to acquire SmartEquip, a Delaware, United States corporation. SmartEquip has a multi-manufacturer platform that provides customers with real-time service and diagnostic support, dynamically customized, via serial number, to each asset in their fleet, and enables the electronic procurement of parts from original equipment manufacturers and their dealers.

On November 2, 2021, we closed the acquisition of SmartEquip and issued a total of 63,971 common shares to certain of the former shareholders of SmartEquip.

Under the terms of the Merger Agreement, we acquired all of the issued and outstanding common shares of SmartEquip for \$175,000,000, subject to certain adjustments, including for working capital, indebtedness, and SmartEquip’s transaction expenses. The purchase price was paid in cash, with the exception of a portion of the consideration payable to certain of SmartEquip’s shareholders who are entering into employment agreements with the Company, which was paid in common shares of the Company.

The acquisition of SmartEquip will enable and accelerate adoption of parts and service sales on behalf of our dealer and original equipment manufacturer partners by providing a seamless experience for end users, and will deepen our inventory management system connectivity and will further enable digital solutions at scale around inspections and ancillary services, while enabling better optimization of search and advertising revenue streams. The acquisition further aligns to our execution strategy of becoming a trusted global marketplace for insights, services and transaction solutions for commercial assets.

Impact of COVID-19 to our Business

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which quickly spread throughout the world, resulting in significant global economic disruption that materially impacted several countries and regions in which we operate, including the United States, Canada, Europe, the Middle East, Australia and Asia. It has resulted in travel restrictions, economic uncertainty, and business slowdowns or shutdowns in affected areas and has negatively disrupted global manufacturing and workforce participation, including our own.

In Q3 2021, our ability to move equipment to and from our auction sites, and across borders continues to vary regionally with Asia and Australia continuing to be negatively impacted as regional governments continue to enforce heavy travel restrictions and quarantine requirements. In these regions, the restrictions have also resulted in some challenges in customer interactions and challenges for our customers to complete equipment inspections. In our International region, travel and quarantine restrictions are slowly being lifted as people become vaccinated, which is slowly driving up our auction volumes as equipment can be moved between borders more easily. In the United States and Canada, COVID-19 has not materially impacted our ability to operate our businesses and move equipment. Globally, we continued to see surges in shipping and freight costs combined with extended lead times, making transportation of equipment both more costly and more challenging which is negatively impacting the buying and selling behaviours of our customers. Additionally, COVID-19 in combination with various macro economic factors is still impacting the supply chains of new equipment production, which is negatively affecting the supply of used equipment being sold throughout our regions, most predominantly in North America.

Our top priority regarding the COVID-19 pandemic remains the health and welfare of our employees, customers, suppliers and others with whom we partner to run our business activities. We continue to adhere to all local government and jurisdictional safety guidelines, and, in some instances, we are applying additional over-and-above safety measures. Many of our employees continue to work from home on a temporary basis and travel continues to be limited given ongoing travel restrictions.

Since the beginning of the COVID-19 pandemic, we continue to be able to operate and serve our customers’ equipment and immediate liquidity needs through our platform of auction technology solutions and online auction capabilities. In addition to running our IronPlanet weekly featured online auction, our online Marketplace-E solution and our GovPlanet online auctions, we modified our operations in March 2020 to transition all of our traditional live on site industrial auctions and events to online bidding. Buyers are generally still able to visit our auction sites in advance of the auctions to conduct inspections and pick up equipment post auction, but we have not been holding live auction events in our theatres. As restrictions ease in the US and elsewhere, we will be considering a transition back to some measure of in-person attendance at our on site auction events.

Our priority is to continue to support our employees, and we are actively monitoring the situation and changing dynamics in each of our respective regions and adjusting our operations as necessary. As of September 30, 2021, layoffs or furlough activities related to the COVID-19 pandemic have been limited in scope.

The extent of the ongoing impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives, will depend on future developments, including the duration and spread of the pandemic in light of new variants, timing of mass vaccine distribution, and any related restrictions implemented by governments in various jurisdictions, as well as supply and demand impacts driven by our consignor and buyer base, all of which are uncertain and cannot be easily predicted. Although as of September 30, 2021, we continue to operate our auctions in all regions, there is no assurance that our operations could not be impacted in the future.

We continue to actively monitor the evolving impact COVID-19 is having in the world and remain ready to take further actions or adjust our response based on any new governmental guidance or recommendations. It is unknown how long the pandemic will last, or whether we will see a resurgence of cases as new variants develop or spread, how many people are ultimately going to be affected by it, and the long-term implications to local or global economies. Equally, the effects of the COVID-19 pandemic on equipment supply, buyer demand, and potential pricing volatility, or the potential impact on our buyers' ability to pay or secure financing are still not readily discernable. Additionally, there is a level of uncertainty about the long-term impact of the COVID-19 pandemic on our third party vendors, partners and the service providers with whom we currently do business with today. As such, given the ongoing nature of the COVID-19 pandemic, we are not currently able to reasonably estimate the future impacts on our business operations, results of operations, cash flows, financial performance or our ability to pay dividends.

Service Offerings

We offer our equipment seller and buyer customers multiple distinct, complementary, multi-channel brand solutions that address the range of their needs. Our global customer base has a variety of transaction options, breadth of services, and the widest selection of used equipment available to them. For a complete listing of channels and brand solutions available under our Auctions & Marketplace ("A&M") segment, as well as our Other Services segment, please refer to our Annual Report on Form 10-K for the year ended December 31, 2020, which is available on our website at www.rbauction.com, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com.

Contract options

We offer consignors several contract options to meet their individual needs and sale objectives. Through our A&M business, options include:

- Straight commission contracts, where the consignor receives the gross proceeds from the sale less a pre-negotiated commission rate;
- Guarantee contracts, where the consignor receives a guaranteed minimum amount plus an additional amount if proceeds exceed a specified level; and
- Inventory contracts, where we purchase, take custody, and hold used equipment and other assets before they are resold in the ordinary course of business.

We collectively refer to guarantee and inventory contracts as underwritten or "at-risk" contracts.

Value-added services

We also provide a wide array of value-added services to make the process of selling and buying equipment convenient for our customers, including repair and refurbishment services, financial services through Ritchie Bros. Financial Services ("RBFS"), logistical services through RB Logistics, end-to-end asset management and disposition services through RB Asset Solutions, as well as other services such as appraisals, insights, data intelligence and performance benchmarking solutions.

Seasonality

Our GTV and associated A&M segment revenues are affected by the seasonal nature of our business. GTV and A&M segment revenues tend to increase during the second and fourth calendar quarters, during which time we generally conduct more business than in the first and third calendar quarters. Given the operating leverage inherent in our business model, the second and fourth quarter also tend to produce higher operating margins, given the higher volume and revenue generated in those quarters.

The restrictions imposed and effects of the overall economic environment as a result of the COVID-19 pandemic may continue to impact these trends.

Revenue Mix Fluctuations

Our revenue is comprised of service revenue and inventory sales revenue. Service revenue from A&M segment activities include commissions earned at our auctions, online marketplaces, and private brokerage services, and various auction-related fees, including listing and buyer transaction fees. We also recognize revenues from our Other Segment as fees within service revenue. Inventory sales revenue is recognized as part of our A&M activities and relates to revenues earned through our inventory contracts.

Inventory sales revenue can fluctuate significantly, as it changes based on whether our customers sell using a straight or guarantee commission contract, or an inventory contract at time of selling. Straight or guarantee commission contracts will result in the commission being recognized as service revenue, while inventory contracts will result in the gross transaction value of the equipment sold being recorded as inventory sales revenue with the related cost recognized in cost of inventory sold. As a result, a change in the revenue mix between service revenues and revenue from inventory sales can have a significant impact on revenue growth percentages.

Performance Overview

Net income attributable to stockholders decreased 29% to \$32.3 million, compared to \$45.4 million in Q3 2020. Diluted earnings per share (“EPS”) attributable to stockholders decreased 29% to \$0.29 per share in Q3 2021 as compared to \$0.41 per share in Q3 2020. Non-GAAP diluted adjusted EPS attributable to stockholders* decreased 10% to \$0.44 per share in Q3 2021 compared to \$0.49 per share in Q3 2020.

Beginning in the third quarter of 2021, we updated the calculation of our non-GAAP diluted adjusted EPS attributable to stockholders* to add-back share-based payments expense, all acquisition-related costs, amortization of acquired intangible assets, and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

For the third quarter of 2021 as compared to the third quarter of 2020:

Consolidated results:

- Total revenue in Q3 2021 decreased 1% to \$329.7 million
 - Service revenue in Q3 2021 decreased 4% to \$214.2 million
 - Inventory sales revenue in Q3 2021 increased 6% to \$115.5 million
- Total selling, general and administrative expenses (“SG&A”) in Q3 2021 decreased 1% to \$108.6 million
- Operating income in Q3 2021 decreased 20% to \$53.6 million
- Non-GAAP adjusted operating income* in Q3 2021 decreased 11% to \$75.1 million
- Non-GAAP adjusted Earnings Before Interest, Taxes, Depreciation and Amortization* (“EBITDA”) in Q3 2021 decreased 9% to \$90.6 million
- Net income in Q3 2021 decreased 29% to \$32.4 million
- Cash provided by operating activities was \$304.1 million for the first nine months of 2021
- Cash on hand at the end of Q3 2021 was \$468.4 million, of which \$362.6 million was unrestricted

Auctions & Marketplaces segment results:

- GTV in Q3 2021 decreased 4% to \$1.3 billion and decreased 5% when excluding the impact of foreign exchange
- A&M total revenue in Q3 2021 decreased 1% to \$293.8 million
 - Service revenue in Q3 2021 decreased 6% to \$178.3 million
 - Inventory sales revenue in Q3 2021 increased 6% to \$115.5 million

Other Services segment results:

- Other Services total revenue in Q3 2021 increased 6% to \$35.8 million
 - RBFS revenue in Q3 2021 increased 55% to \$11.3 million
 - Rouse revenue of \$6.5 million was recognized in Q3 2021, which was its third full quarter since its acquisition on December 8, 2020

In addition, total number of organizations activated on our Business Inventory Management System (“IMS”), a gateway into our marketplace, increased by 141% as compared to Q2 2021.

Other Company developments:

- On September 8, 2021, the Company appointed its Chief Operating Officer, James Kessler, to the additional role of President of the Company.
- On October 6, 2021, Sharon Driscoll, the Company’s Chief Financial Officer, announced that she intends to retire within two years. As part of an effective succession process, Ms. Driscoll will continue to serve as CFO until her successor has been appointed and will then assume a role as an Executive Vice President serving as an advisor to the Company.

Results of Operations

Financial overview

(in U.S. \$000's, except EPS and percentages)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020	2021	2020	% Change 2021 over 2020
Service revenue:						
Commissions	\$ 110,275	\$ 112,762	(2)%	\$ 343,584	\$ 331,711	4 %
Fees	103,918	109,917	(5)%	329,387	308,230	7 %
Total service revenue	214,193	222,679	(4)%	672,971	639,941	5 %
Inventory sales revenue	115,489	108,863	6 %	384,627	353,906	9 %
Total revenue	329,682	331,542	(1)%	1,057,598	993,847	6 %
Costs of services	33,038	39,223	(16)%	108,107	118,026	(8)%
Cost of inventory sold	102,993	96,253	7 %	344,763	320,972	7 %
Selling, general and administrative expenses	108,578	110,186	(1)%	336,475	309,203	9 %
Operating expenses	276,063	264,158	5 %	869,960	803,581	8 %
Operating income	53,619	67,384	(20)%	187,638	190,266	(1)%
Operating income as a % of total revenue	16.3 %	20.3 %	(400)bps	17.7 %	19.1 %	(140)bps
Non-GAAP adjusted operating income*	75,055	84,588	(11)%	239,563	225,454	6 %
Net income attributable to stockholders	32,336	45,387	(29)%	121,273	121,239	0 %
Non-GAAP adjusted net income attributable to stockholders*	49,276	54,592	(10)%	159,638	148,266	8 %
Diluted earnings per share attributable to stockholders	\$ 0.29	\$ 0.41	(29)%	\$ 1.09	\$ 1.10	(1)%
Non-GAAP diluted adjusted EPS attributable to stockholders*	\$ 0.44	\$ 0.49	(10)%	\$ 1.43	\$ 1.35	6 %
Effective tax rate	28.8 %	25.3 %	350 bps	26.0 %	28.6 %	(260)bps
Total GTV	1,270,258	1,321,379	(4)%	4,072,439	3,962,386	3 %
Service GTV	1,154,769	1,212,516	(5)%	3,687,812	3,608,480	2 %
Service revenue as a % of total GTV	16.9 %	16.9 %	— bps	16.5 %	16.2 %	30 bps
Inventory GTV	115,489	108,863	6 %	384,627	353,906	9 %
Service revenue as a % of total revenue	65.0 %	67.2 %	(220)bps	63.6 %	64.4 %	(80)bps
Inventory sales revenue as a % of total revenue	35.0 %	32.8 %	220 bps	36.4 %	35.6 %	80 bps
Cost of inventory sold as a % of operating expenses	37.3 %	36.4 %	90 bps	39.6 %	39.9 %	(30)bps
Service GTV as a % of total GTV - Mix	90.9 %	91.8 %	(90)bps	90.6 %	91.1 %	(50)bps
Inventory sales revenue as a % of total GTV - Mix	9.1 %	8.2 %	90 bps	9.4 %	8.9 %	50 bps

Total GTV

Total GTV decreased 4% to \$1.3 billion in Q3 2021 and increased 3% to \$4.1 billion in the first nine months of 2021. Total GTV decreased 5% in Q3 2021 and increased 3% in the first nine months of 2021, when excluding the impact of foreign exchange.

In Q3 2021, GTV decreased primarily in International and Canada, and remained relatively flat in the US. GTV volume decreased primarily driven by an unfavourable supply environment across all regions, as well as auction calendar shifts of \$34 million from the impact of the COVID-19 pandemic that were shifted from the first half of 2020 into Q3 2020 that did not repeat in Q3 2021. These decreases were partially offset by the continued strong price performance experienced across all regions due to high demand for used equipment, predominantly in the construction and transportation sectors. In International, the decreased volumes were driven by the auction shifts of (1) Moerdijk, Netherlands, (2) Polotitlan, Mexico and (3) Ocana, Spain auctions in Q3 2020 and lower volumes selling through our online channels driven by an unfavourable supply environment. These decreases were partially offset by positive year-over-year performances in Australia, including a new agricultural event. In Canada, GTV volume decreased due to the tight supply market which led to an unfavourable year-over-year performance mainly in our Western region, partially offset by an increased volume from providing escrow services for private brokered transactions in RBFS. In the US, GTV volumes remained flat despite a large dispersal of \$99 million of pipeline construction equipment in a single-owner auction event in New Mexico and Texas, and higher volumes selling through our GovPlanet business from the new non-rolling and rolling stock contracts effective June 1, 2021. Offsetting these, the US saw lower supply from our US strategic accounts in the rental and finance sectors which had grown significantly in the prior year.

For the first nine months of 2021, total GTV increased 3% due to strong pricing partially offset by an unfavourable tight supply environment impacting all regions. We saw higher volumes in International and Canada, partially offset by relatively flat volumes in the US. In International, GTV increases were driven by the lifting of border restrictions, improved economic climate and higher activity in Australia. We also saw strong performances at our auctions in Europe with the addition of several new auctions and satellite yards as well as positive impact from foreign exchange. In Canada, we primarily benefited from a favourable foreign exchange impact, and also saw increased volumes across a number of our auctions, most notably in Toronto and within the Canadian agricultural market, and a significant increase in volumes in our RBFS business as discussed above, offset by softer performances in Western Canada. In the US, GTV remained flat mainly for the same reasons as discussed above, as well, the Orlando and Las Vegas, US auctions and the non-repeat of a collector car event, contributed to lower volumes, offset by positive online performance.

Total revenue

Total revenue decreased 1% to \$329.7 million in Q3 2021, with total service revenue decreasing by 4%, offset by an increase in inventory sales revenue by 6%. Total revenue increased 6% to \$1.1 billion for the first nine months of 2021.

Foreign currency fluctuation also had a favourable impact on our revenue primarily due to the appreciation of the Canadian dollar, the Australian and the Euro dollar relative to the US dollar.

Service Revenue

Q3 2021

In Q3 2021, total service revenue decreased 4% with fees revenue decreasing 5% and commissions revenue decreasing 2%. Service revenues comprise commissions that are earned on Service GTV, and Fees which are earned on total GTV as well as from our other services such as Ancillary Services, RBFS, Rouse, Mascus, RB Logistics and RB Asset Solutions.

Service GTV decreased 5% to \$1.2 billion primarily due to the unfavourable supply environment which impacted our volumes across all regions despite continued strong pricing. In International, lower year-over-year performances across Europe combined with auction calendar shifts contributed to lower Service GTV, partially offset by higher volumes in Australia combined with a new agricultural event. In Canada, lower Service GTV was primarily due to softer year-over-year performances in Edmonton and Grand Prairie, partially offset by an increase in escrow services provided by RBFS for private brokered transactions through our Marketplace-E platform. In the US, Service GTV remained flat despite a very large dispersal of \$99 million of pipeline construction equipment in a single-owner auction event. In addition, in the prior year, the US benefited from a strong execution by the US strategic accounts and regional sales teams driving growth. Softer performances in our Fort Worth and Houston auctions also contributed to lower volumes.

Fees revenue decreased 5%, primarily due to lower fees on mix of lower proportion of small value lots across all regions, and lower fees from our Ancillary services as some sellers have elected to forgo paint or repair services driven by a strong market demand for used equipment and lower unit of volumes in the construction and transportation end markets. In the US, we also saw lower listing fees in line with lower online volumes, and lower document fees due to a decline in the total number of titled lots sold. These decreases were partially offset by higher fee revenue from the acquisition of Rouse, higher funded volume in RBFS, as well as higher buyer fees from the implementation of the revised global buyer fee structure on May 1, 2021 and from the higher buyer fee structure in Australia. In addition, we also benefited from the re-instatement of fees at the Canadian on-the-farm auctions which were waived in Q3 2020 as part of our COVID-19 pandemic response.

Commissions revenue decreased 2%, partly due to the decrease in Service GTV of 5%, offset by higher rate performance in the US attributable to a lower volume of US strategic accounts, and stronger straight commission rate performance in our GovPlanet business driven by favourable mix of contracts.

First nine months of 2021

For the first nine months of 2021, total service revenue increased 5% with fees revenue increasing 7% and commissions revenue increasing 4%.

Service GTV increased 2% to \$3.7 billion with increases in Canada and International while performances in the US remained relatively flat. In Canada, positive year-over-year performances in Toronto and in our Canadian agricultural market, and an increase in escrow services provided by our RBFS business contributed to higher Service GTV, which was partially offset by softer performances in Grand Prairie and Edmonton. International saw higher service GTV as a result of increased activity in Australia combined with a new agricultural event, and higher activity in Europe as a result of improved market economic conditions and the ease of restrictions from the gradual recovery of the COVID-19 pandemic. Service GTV remained flat in the US as discussed above. In addition, softer

performances at our Orlando, Las Vegas, and regional combined auctions and the non-repeat of a collector car event contributed to lower volume partially offset by higher Service GTV sold through our online platform.

Fees revenue increased 7%, mainly due to fee revenue earned from the acquisition of Rouse, higher fees driven by higher funded volume in RBFS, and higher buyer fees in line with higher GTV of 3%. We also implemented our revised global buyer-fee structure on May 1, 2021, and re-instated fees at the Canadian on-the-farm auctions at the beginning of the year, which contributed to higher buyer fees. In addition, Australia and our GovPlanet business have higher buyer fee structures, which also led to higher buyer fees. These increases were partially offset by lower fees on mix of lower proportion of small value lots across all regions and lower fees from our Ancillary services as discussed above, and lower fees from the non-repeat of a collector car event in the US.

Commissions revenue increased 4%, largely driven by the increase in Service GTV of 2%. The remaining increase in commission revenue was driven by improved rates on straight commission contracts in Canada and within our GovPlanet business.

Inventory Sales Revenue

Inventory sales revenue as a percentage of total GTV increased to 9.1% from 8.2% in Q3 2021 and increased to 9.4% from 8.9% in the first nine months of 2021.

Q3 2021

In Q3 2021, inventory sales revenue increased 6% primarily in International, offset by the US and Canada. The improved year-over-year performance in our International region was driven by an increased activity in Australia combined with a new agricultural event. In the US, an unfavourable supply environment combined with the non-repeat of several inventory contracts led to lower inventory sales revenue. These decreases were primarily offset by increased volumes sold through our GovPlanet business from the new non-rolling and rolling stock contracts effective June 1, 2021 as well as higher activity following the government shut down in response to COVID-19 in prior year. In Canada, the tight supply market contributed to lower volumes across Western Canada.

First nine months of 2021

For the first nine months of 2021, inventory sales revenue increased 9% primarily due to a higher mix of inventory contracts, as well as higher activity in Australia and across various countries in Europe partly due to the overall improved economic conditions from the gradual recovery of the COVID-19 pandemic and the addition of several new auctions. We also saw higher volumes in our GovPlanet business, partially offset by softer performances in both the US and Canada, as discussed above.

Underwritten Contracts

We offer our customers the opportunity to use underwritten commission contracts to serve their disposition strategy needs, entering into such contracts where the risk and reward profile of the terms are agreeable. Our underwritten contracts, which include inventory and guarantee contracts increased to 22.5% in Q3 2021 compared to 15.4% in Q3 2020. For the first nine months of 2021, our underwritten contracts were 18.3% compared to 18.7% in the prior period.

Operating Income

For Q3 2021, operating income decreased 20% or \$13.8 million to \$53.6 million, primarily due to a 4% decrease in service revenues, coupled with a 5% increase in total operating expenses. Operating expenses included \$10.3 million in acquisition-related costs for the proposed acquisitions of Euro Auctions and SmartEquip, and continuing acquisition related costs incurred for the acquisition of Rouse in Q4 2020, as well as incremental depreciation and amortization of the intangible assets acquired in Rouse. In terms of ongoing operations, cost of services and selling and general administrative expenses were lower. For the first nine months of 2021, operating income decreased 1% or \$2.6 million to \$187.6 million primarily due to higher operating expenses due to the same reasons noted above, partially offset by higher service revenues and flow through from inventory sales.

Income tax expense and effective tax rate

At the end of each interim period, we estimate the effective tax rate expected to be applicable for the full fiscal year. The estimate reflects, among other items, management's best estimate of operating results. It does not include the estimated impact of foreign exchange rates or unusual and/or infrequent items, which may cause significant variations in the customary relationship between income tax expense and income before income taxes.

For Q3 2021, income tax expense decreased 15% to \$13.1 million and our effective tax rate increased 350 bps to 29% as compared to Q3 2020. For the nine months ended September 30, 2021, income tax expense decreased 13% to \$42.5 million and our effective tax rate decreased 260 bps to 26%, as compared to the nine months ended September 30, 2020.

Increase in the effective tax rate for Q3 2021 was primarily due a decrease in deductible stock options exercised and a greater estimate of non-deductible expenses. Partially offsetting this increase was lower income taxes related to tax uncertainties.

Decrease in the first nine months of 2021 was primarily due to a decrease in the estimate of non-deductible expenses, higher tax deduction for share unit expenses in excess of compensation expense and lower income taxes related to tax uncertainties. Partially offsetting this decrease was a higher estimate of income taxed in jurisdictions with higher tax rates and lower deduction for stock options exercised.

On April 8, 2020, the United States Department of Treasury and the Internal Revenue Service (“IRS”) clarified income tax benefits related to hybrid financing arrangements would not be deductible (“Hybrid Interest”). The lower estimate of non-deductible expenses is primarily due to the net income tax benefits of approximately \$6.2 million in the twelve months ended December 31, 2019 which were no longer deductible and accordingly were reversed in the nine months ended September 30, 2020.

Net income

In Q3 2021, net income attributable to stockholders decreased 29% to \$32.3 million primarily related to lower operating income. For the first nine months of 2021, net income attributable to stockholders remained flat at \$121.3 million, primarily due to lower operating income, partially offset by lower tax expense.

Diluted EPS

Diluted EPS attributable to stockholders decreased 29% to \$0.29 per share for Q3 2021 and decreased 1% to \$1.09 per share for the first nine months of 2021. This decrease is primarily due to the decrease in net income attributable to stockholders, combined with an increase in the weighted average number of dilutive shares outstanding over the same comparative period.

US dollar exchange rate comparison

We conduct global operations in many different currencies, with our presentation currency being the US dollar. The following table presents the variance in select foreign exchange rates over the comparative reporting periods:

Value of one local currency to U.S dollar	2021	2020	% Change 2021 over 2020
Period-end exchange rate			
Canadian dollar	0.7886	0.7514	5 %
Euro	1.1581	1.1732	(1)%
Australian dollar	0.7231	0.7171	1 %
Average exchange rate -Three months ended September 30,			
Canadian dollar	0.7942	0.7506	6 %
Euro	1.1793	1.1686	1 %
Australian dollar	0.7351	0.7148	3 %
Average exchange rate -Nine months ended September 30,			
Canadian dollar	0.7992	0.7391	8 %
Euro	1.1966	1.1242	6 %
Australian dollar	0.7592	0.6764	12 %

For Q3 2021, foreign exchange had a favourable impact on total revenue and an unfavourable impact on expenses. These impacts were primarily due to the fluctuations in the Canadian dollar, Australian dollar, and the Euro exchange rates relative to the US dollar.

Non-GAAP Measures

As part of management's non-GAAP measures, we may eliminate the financial impact of adjusting items which are after-tax effects of significant recurring and non-recurring items that we do not consider to be part of our normal operating results.

Beginning in Q3 2021, we updated our calculation of non-GAAP measures and included the impact of share-based payments expense, all acquisition-related costs, amortization of acquired intangible assets and gain or loss of disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

Non-GAAP adjusted net income attributed to stockholders decreased 10% to \$49.3 million in Q3 2021 and increased 8% to \$159.6 million for the first nine months of 2021.

Non-GAAP diluted Adjusted EPS attributable to stockholders decreased 10% to \$0.44 per share in Q3 2021 and increased 6% to \$1.43 per share for the first nine months of 2021.

Non-GAAP adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") decreased 9% to \$90.6 million in Q3 2021 and increased 6% to \$286.2 million for the first nine months of 2021.

Debt at the end of Q3 2021 represented 3.8 times net income as at and for the 12 months ended September 30, 2021, consistent with the debt at Q3 2020, which represented 3.8 times net income as at and for the 12 months ended September 30, 2020. The non-GAAP adjusted net debt/non-GAAP adjusted EBITDA was 0.7 times as at and for the 12 months ended September 30, 2021, compared to 0.5 times as at and for the 12 months ended September 30, 2020.

Segment Performance

We provide our customers with a wide array of services. The following table presents a breakdown of our consolidated results between the A&M segment and Other Services segment. A complete listing of channels and brand solutions under the A&M segment, as well as our Other Services segment, is available in our Annual Report on Form 10-K for the year ended December 31, 2020.

(in U.S \$000's)	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	A&M	Other	Consolidated	A&M	Other	Consolidated
Service revenue	\$ 178,344	\$ 35,849	\$ 214,193	\$ 560,573	\$ 112,398	\$ 672,971
Inventory sales revenue	115,489	—	115,489	384,627	—	384,627
Total revenue	293,833	35,849	329,682	945,200	112,398	1,057,598
Ancillary and logistical service expenses	—	11,433	11,433	—	38,521	38,521
Other costs of services	19,751	1,854	21,605	63,326	6,260	69,586
Cost of inventory sold	102,993	—	102,993	344,763	—	344,763
SG&A expenses	96,194	12,384	108,578	301,956	34,519	336,475
Segment profit	\$ 74,895	\$ 10,178	\$ 85,073	\$ 235,155	\$ 33,098	\$ 268,253

(in U.S \$000's)	Three months ended September 30, 2020			Nine months ended September 30, 2020		
	A&M	Other	Consolidated	A&M	Other	Consolidated
Service revenue	\$ 188,949	\$ 33,730	\$ 222,679	\$ 543,340	\$ 96,601	\$ 639,941
Inventory sales revenue	108,863	—	108,863	353,906	—	353,906
Total revenue	297,812	33,730	331,542	897,246	96,601	993,847
Ancillary and logistical service expenses	—	16,550	16,550	—	45,368	45,368
Other costs of services	21,733	940	22,673	69,018	3,640	72,658
Cost of inventory sold	96,253	—	96,253	320,972	—	320,972
SG&A expenses	103,933	6,253	110,186	290,077	19,126	309,203
Segment profit	\$ 75,893	\$ 9,987	\$ 85,880	\$ 217,179	\$ 28,467	\$ 245,646

Auctions and Marketplaces Segment

Results of A&M segment operations are presented below for the comparative reporting periods.

(in U.S. \$000's, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020	2021	2020	% Change 2021 over 2020
Service revenue	\$ 178,344	\$ 188,949	(6)%	\$ 560,573	\$ 543,340	3 %
Inventory sales revenue	115,489	108,863	6 %	384,627	353,906	9 %
Total revenue	293,833	297,812	(1)%	945,200	897,246	5 %
A&M service revenue as a % of total A&M revenue	60.7 %	63.4 %	(270)bps	59.3 %	60.6 %	(130)bps
Inventory sales revenue as a % of total A&M revenue	39.3 %	36.6 %	270 bps	40.7 %	39.4 %	130 bps
Costs of services	19,751	21,733	(9)%	63,326	69,018	(8)%
Cost of inventory sold	102,993	96,253	7 %	344,763	320,972	7 %
SG&A expenses	96,194	103,933	(7)%	301,956	290,077	4 %
A&M segment expenses	\$ 218,938	\$ 221,919	(1)%	\$ 710,045	\$ 680,067	4 %
Cost of inventory sold as a % of A&M expenses	47.0 %	43.4 %	360 bps	48.6 %	47.2 %	140 bps
A&M segment profit	\$ 74,895	\$ 75,893	(1)%	\$ 235,155	\$ 217,179	8 %
Total GTV	1,270,258	1,321,379	(4)%	4,072,439	3,962,386	3 %
A&M service revenue as a % of total GTV- Rate	14.0 %	14.3 %	(30)bps	13.8 %	13.7 %	10 bps

Gross Transaction Value

In response to the COVID-19 pandemic, in March 2020, we transitioned all our traditional live on site auctions to online bidding utilizing our existing online bidding technology and simultaneously ceased almost all public attendance at our live auction theaters. Our core online auction channels (IronPlanet.com, GovPlanet.com, Marketplace-E) continued to operate as usual.

To facilitate the live auction process transition to a virtual platform and under strict safety guidelines, we enabled equipment drop off at our physical yards prior to the online event, with buyers able to conduct inspections pre-auction and collect equipment post auction. In addition, where auctioneers were not able to attend a physical site, we used Time Auctioned Lots (“TAL”) solutions for selected International and on-the-farm agriculture events.

We believe it is meaningful to consider revenue in relation to GTV. Total GTV and Service GTV by geographical regions, as well as GTV by sector, are presented below for the comparative reporting period.

GTV by Geography

(in U.S. \$000's)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020	2021	2020	% Change 2021 over 2020
Total GTV by Geography						
United States	\$ 798,725	\$ 796,111	0 %	\$ 2,421,204	\$ 2,451,003	(1)%
Canada	266,574	281,639	(5)%	1,028,260	960,382	7 %
International	204,959	243,629	(16)%	622,975	551,001	13 %
Total GTV	1,270,258	1,321,379	(4)%	4,072,439	3,962,386	3 %
Service GTV by Geography						
United States	761,483	755,712	1 %	2,263,773	2,281,460	(1)%
Canada	260,788	273,914	(5)%	1,004,831	925,336	9 %
International	132,498	182,890	(28)%	419,208	401,684	4 %
Total Service GTV ¹	1,154,769	1,212,516	(5)%	3,687,812	3,608,480	2 %

¹ Service GTV is calculated as total GTV less inventory sales revenue.

GTV by Sector

The following pie charts illustrate the breakdown of total GTV by sector for Q3 2021 compared to Q3 2020.

The construction sector includes heavy equipment such as trucks, excavators, cranes and dozers. The transportation sector includes vehicles, buses, trailers and trucks that are used for transport. The other sector primarily includes equipment sold in the agricultural, forestry and energy industries.

In Q3 2021, total GTV mix compared to Q3 2020 decreased by 1% in the transportation sector and by 2% in the construction sector.



Total Auction Metrics

We review a number of metrics including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions.

Number of auction sales days. We define auction sales days as the number of auction days per auction event. Each day an auction is held is an auction sales day. An auction can have multiple auction sales days.

Bids per lot sold. Each bid is completed electronically through our real-time online bidding system. A lot is defined as a single asset to be sold, or a group of assets bundled for sale as one unit. This metric calculates the total number of bids received for a lot divided by the total number of lots sold.

Total lots sold. We define a lot as a single asset to be sold, or a group of assets bundled for sale as one unit. Low value assets are sometimes bundled into a single lot, collectively referred to as “small value lots”.

	<u>Three months ended September 30,</u>			<u>Nine months ended September 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>% Change</u> <u>2021 over 2020</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u> <u>2021 over 2020</u>
Number of auction sales days	128	120	7 %	461	433	6 %
Bids per lot sold *	26	25	4 %	27	24	13 %
Total lots sold *	107,825	142,472	(24)%	372,290	392,234	(5)%

* Management reviews industrial equipment auction metrics excluding GovPlanet; as a result, GovPlanet business metrics are excluded from these metrics

The number of auction sales days increased 7% to 128 in Q3 2021. Auction sales days increased despite a decrease in total GTV of 4% mainly due to supply constraints which resulted in less average GTV sold per sale day. For the first nine months of 2021, the number of auction sales days increased 6% to 461; despite the increase in days, GTV only increased 3% reflecting the negative impact of supply constraints.

The total number of bids per lot sold increased 4% to 26 in Q3 2021 and increased 14% to 27 for the first nine months of 2021 driven by higher demand for used equipment from buyers in a tight supply market and partly due to our increased marketing efforts and higher online activity.

The total lots sold decreased by 24% to 107,825 in Q3 2021 mainly due to a tight equipment supply environment. For the first nine months of 2021, the total lots sold decreased 5% to 372,290 primarily impacted by the tight supply market, and the shift to a lower proportion of small value lots sold across all regions, partially offset by higher average selling prices.

Online Bidding

Across all channels, 100% of total GTV was purchased by online buyers in Q3 2021 and Q3 2020 which is a direct impact of the COVID-19 pandemic as we pivoted to 100% online bidding from our traditional live on site auctions where on site attendance was not permitted. The Company had considered returning to in-person attendance at select events at our larger live events in the US in Q3 2021; however, this decision has been postponed given the resurgence of COVID-19. We will continue to monitor the evolving impact of the COVID-19 pandemic going forward and consider when a transition back to some measure of in-person attendance at our on site auction events is safe.

Productivity

The majority of our business continues to be generated by our A&M segment operations. Sales Force Productivity within this segment is an operational statistic that we believe provides a gauge of the effectiveness of our Revenue Producers in increasing GTV. Revenue Producers is a term used to describe our revenue-producing sales personnel. This definition includes Regional Sales Managers and Territory Managers.

Our Sales Force Productivity for the trailing 12-month period ended September 30, 2021 was \$14.3 million per Revenue Producer compared to \$13.0 million per Revenue Producer for the trailing 12-month period ended September 30, 2020.

A&M revenue

Total A&M revenue decreased 1% to \$293.8 million in Q3 2021 and increased 5% to \$945.2 million for the first nine months of 2021.

A&M revenue by geographical region are presented below:

(in U.S. \$000's, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020	2021	2020	% Change 2021 over 2020
A&M Revenue by Geography						
United States						
Service revenue	119,871	121,810	(2)%	\$ 353,828	\$ 357,944	(1)%
Inventory sales revenue	37,242	40,399	(8)%	157,431	169,543	(7)%
A&M revenue- United States	157,113	162,209	(3)%	511,259	527,487	(3)%
Canada						
Service revenue	36,929	40,591	(9)%	140,930	126,508	11 %
Inventory sales revenue	5,786	7,725	(25)%	23,429	35,046	(33)%
A&M revenue- Canada	42,715	48,316	(12)%	164,359	161,554	2 %
International						
Service revenue	21,544	26,548	(19)%	65,815	58,888	12 %
Inventory sales revenue	72,461	60,739	19 %	203,767	149,317	36 %
A&M revenue- International	94,005	87,287	8 %	269,582	208,205	29 %
Total						
Service revenue	178,344	188,949	(6)%	560,573	543,340	3 %
Inventory sales revenue	115,489	108,863	6 %	384,627	353,906	9 %
A&M total revenue	293,833	297,812	(1)%	945,200	897,246	5 %

United States

In Q3 2021, service revenue decreased 2% while service GTV remained relatively flat. The decrease was primarily due to lower fees on a lower proportion of small value lots, lower listing fees driven by lower online volumes and lower document fees driven by a decline in the total number of titled lots sold. These decreases were partially offset by higher buyer fees from the implementation of a revised global buyer-fee structure on May 1, 2021 and positive rate performances in our straight commission contracts driven by a lower proportion of GTV sourced from strategic accounts and from our GovPlanet business due to favourable mix.

For the first nine months of 2021, service revenue decreased 1% in line with a 1% decrease in Service GTV for the same reasons as discussed above, as well as lower fees earned from the non-repeat of a collector car event in Q1 2020, partially offset by improved rates on our guarantee contracts.

In Q3 2021, inventory sales revenue decreased 8% due to lower volumes of inventory contracts sourced at our combined regional events, and at several of our other auctions primarily in Fort Worth driven by a lower mix of and the non-repeat of inventory contracts and the tight supply market environment, despite higher pricing. These decreases were partially offset by higher volumes sold through our GovPlanet business as a result of the new non-rolling and rolling stock contracts effective June 1, 2021 and higher volumes due to the government shutdowns in the prior year in response to COVID-19 pandemic.

For the first nine months of 2021, inventory sales revenue decreased 7% primarily due to the same reasons as discussed above. In addition, we saw lower volumes of inventory contracts at our Orlando auctions, partially offset by positive performance in Houston.

Canada

In Q3 2021, service revenue decreased 9%, partially due to the 5% decrease in Service GTV. The remaining decrease was due to lower fees from a lower proportion of small value lots, partially offset by higher buyer fees from the implementation of the new buyer fee structure in May 1, 2021 and the re-instatement of fees waived at the Canadian on-the-farm auctions in Q3 2020 as part of our COVID-19 pandemic response.

For the first nine months of 2021, service revenue increased 11%, partially due to the 9% increase in Service GTV and higher fees earned for the same reasons as discussed above, as well as improved commission rates on both our guarantee and straight commission contracts.

In Q3 2021, inventory sales revenue decreased 25%, primarily due to equipment supply constraints contributing to lower year-over-year performances in our Western Canada region.

For the first nine months of 2021, inventory sales revenue decreased 33%, primarily due to lower mix of inventory contracts and the equipment supply constraints in the energy sector contributing to lower year-over-year performance at our Edmonton auction, lower rate performances and the non-repeat of several large inventory contracts.

International

In Q3 2021, service revenue decreased 19%, primarily due to the 28% decrease in Service GTV. Offsetting this were higher buyer fees from the higher buyer fee structure in Australia and from the implementation of the revised buyer fees structure on May 1, 2021.

For the first nine months of 2021, service revenue increased 12%, partly due to the 4% increase in Service GTV. The remaining increase was due to the higher buyer fees as discussed above.

In Q3 2021, inventory sales revenue increased 19%, primarily driven by positive year-over-year performance from higher volumes of inventory contracts sourced in Australia combined with a new agricultural event.

For the first nine months of 2021, inventory sales revenue increased 36%, primarily for the same reasons as discussed above, as well as higher private treaty deals in Australia, strong performances at our auctions in Europe with the addition of several new auctions and satellite yards, and higher inventory volumes from the improved economic conditions from the gradual recovery of the COVID-19 pandemic in Australia, Europe and Middle East.

Costs of services

A&M costs of services decreased 9% to \$19.8 million in Q3 2021 compared to Q3 2020. This decrease was primarily driven by lower activity in line with lower GTV contributing to cost reductions in online inspection and advertising expenses, partially offset by higher costs to support our GovPlanet business growth.

For the first nine months of 2021, A&M costs of services decreased 8% to \$63.3 million primarily for the same reasons noted above and cost savings from the implementation of travel restrictions due to the COVID-19 pandemic. The decrease was further driven by cost reductions in building, facilities and technology expenses due to the non-repeat of costs incurred to support our Q1 2020 collector car event. These decreases were partially offset by an unfavourable impact of foreign exchange, and higher employee compensation expenses to support our growth strategy and to support increased activity in our GovPlanet business.

Cost of inventory sold

A&M cost of inventory sold increased 7% to \$103.0 million in Q3 2021 compared to Q3 2020, primarily in line with the 6% increase in inventory sales revenue. Cost of inventory sold increased at a higher rate than the increase in inventory sales revenue, indicating a slight decrease in the revenue rates, primarily in our US region.

For the first nine months of 2021, A&M cost of inventory sold increased 7% to \$344.8 million, primarily in line with the 9% increase in inventory sales revenue. Cost of inventory sold increased at a lower rate than the increase in inventory sales revenue, indicating an increase in the revenue rates, primarily in our GovPlanet business and the US region, partially offset by the International region. The unfavourable impact of foreign exchange also contributed to an increase in cost of inventory sold.

SG&A expenses

A&M SG&A expenses decreased 7% to \$96.2 million in Q3 2021 compared to Q3 2020. The decrease was primarily due to lower short-term and long-term incentive costs driven by our softer performance, the non-repeat of prior year one-time \$4.3 million severance costs related to the realignment of leadership to support the new global operations organization, and lower share-based payment expenses. These decreases were partially offset by higher wages, salaries and benefit expenses driven by higher headcount to support our growth initiatives, higher building, facilities and technology costs primarily in our GovPlanet business as a result of the new non-rolling and rolling stock contracts effective June 1, 2021, an unfavourable foreign exchange impact and higher professional fees related to SOX compliance, consulting and legal costs.

For the first nine months of 2021, A&M segment SG&A expenses increased 4% to \$302.0 million primarily for the same reasons as discussed above and due to an unfavourable impact of foreign exchange. The increases were offset by the non-repeat of a prior year one-time incentive accrual to employees during the COVID-19 pandemic and lower travel, advertising and entertainment expenses, as travel restrictions largely remained in place since the beginning of Q2 2020.

Other Services Segment

Results of Other Services segment operations are presented below for the comparative reporting periods.

(in U.S. \$000's, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020	2021	2020	% Change 2021 over 2020
Service revenue	\$ 35,849	\$ 33,730	6 %	\$ 112,398	\$ 96,601	16 %
Ancillary and logistical service expenses	11,433	16,550	(31)%	38,521	45,368	(15)%
Other costs of services	1,854	940	97 %	6,260	3,640	72 %
SG&A expenses	12,384	6,253	98 %	34,519	19,126	80 %
Other services profit	\$ 10,178	\$ 9,987	2 %	\$ 33,098	\$ 28,467	16 %

In Q3 2021, Other Services revenue increased 6% to \$35.8 million primarily due to the inclusion of Rouse of \$6.5 million and higher RBFS revenues of \$4.0 million, partially offset by lower ancillary revenue of \$7.1 million as some sellers have elected to forgo paint or repair services driven by a strong market demand for used equipment and lower unit of volumes in the construction and transportation end markets.

In the first nine months of 2021, Other Services revenue increased 16% to \$112.4 million due to the increase in revenue from Rouse of \$18.4 million and higher RBFS revenues of \$9.2 million, partially offset by lower ancillary revenue of \$12.0 million for the same reason as noted above and lower revenue of \$2.2 million from our asset appraisal services.

Ancillary and logistical service expenses decreased 31% to \$11.4 million in Q3 2021 and decreased 15% to \$38.5 million in the first nine months of 2021, in line with lower ancillary revenue. Other costs of services increased 97% to \$1.9 million in Q3 2021 and increased 72% to \$6.3 million in the first nine months of 2021 mainly due to the inclusion of Rouse as this is the third full quarter of costs recognized since acquisition. SG&A expense increased 98% to \$12.4 million in Q3 2021 and increased 80% to \$34.5 million, primarily due to growth in our RBFS business and the inclusion of Rouse.

RBFS revenue increased 55% in Q3 2021, and increased 40% in the first nine months of 2021 driven by higher funded volume and improved rate on fees earned from facilitating financing arrangements as well as the growth in our PurchaseSafe service to provide escrow services to private brokered transactions. Some of the positive performance in RBFS also benefited from the favourable impact of foreign exchange fluctuation, as well as from a larger dedicated sales team driving increase volumes compared to the first nine months of 2020. In Q3 2021, our funded volume, which represents the amount of lending brokered by RBFS, increased 51% to \$176.4 million, and increased 42% when excluding the impact of foreign exchange. In the first nine months of 2021, our funded volume increased 39% to \$520.4 million, and increased 28% when excluding the impact of foreign exchange.

In Q3 2021, Other Services profit increased 2% to \$10.2 million driven by our Rouse and RBFS operations, offset by lower margins in ancillary and asset appraisal services. In the first nine months of 2021, Other Services profit increased 16% to \$33.1 million, primarily due to the same reasons.

Additionally, in the first quarter of 2021, we launched a business version of our inventory management system (“IMS”), which offers our customers end-to-end asset management and disposition services, data analytics, dashboards, branded e-commerce sites and multiple external sales channels to help our customers achieve optimal returns. We continue to grow the number of organizations activated on IMS. During the third quarter of 2021, the number of organizations activated on our IMS increased by 141% compared to the second quarter of 2021.

As we evolve to a marketplace, we also facilitate retail and peer-to-peer auction events and equipment sale transactions via our online technology in exchange for hosting fees. During the third quarter of 2021, customers that used this service disposed of \$33.4 million of assets, which is an increase of 43% from Q3 2020. For the first nine months of 2021, this service facilitated transactions of \$112.7 million, an 80% increase as compared to prior year.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash provided by operating activities and borrowings from our revolving credit facilities, which we renewed on September 21, 2021.

In the first nine months of 2021, our operational liquidity was not materially impacted by the COVID-19 pandemic. We believe that our existing working capital and availability under our credit facilities is sufficient to satisfy our present operating requirements and contractual obligations. With future uncertainty due to COVID-19, we will continue to evaluate the nature and extent of any impacts to our liquidity as events unfold. Our future growth strategies continue to include but are not limited to the development of our A&M, RBFS, Rouse, and Mascus operating segments, as well as other growth opportunities like mergers and acquisitions, including the acquisition of the Euro Auctions and SmartEquip. The execution of these growth strategies may affect our financing needs and ability to make payments on our debt, fund our other liquidity needs and make planned capital expenditures. Upon sale of our Bolton, Ontario property the company intends to relocate to a replacement auction site in Amaranth, Ontario; the proceeds of the sale will be used to largely repay debt while the replacement property will be funded from cashflow from ongoing operations.

We assess our liquidity based on our ability to generate cash and secure credit to fund operating, investing, and financing activities. Our liquidity is primarily affected by fluctuations in cash provided by operating activities, significant acquisitions of businesses, payment of dividends, share repurchases, our net capital spending¹, and voluntary repayments of our Delayed-Draw Term Loan Facility (“DDTL Facility”). We believe our principal sources of liquidity, combined with the senior unsecured bridge loan facility provided by GS Bank and other financial institutions, the new upsized DDTL Facility of \$205.0 million, and approximately \$170.0 million (\$210.0 million CAD) of anticipated proceeds on the sale of our Bolton, Ontario, property are sufficient to fund our current operating activities and future growth strategies, including the proposed acquisitions of Euro Auctions and SmartEquip.

Cash provided by operating activities can fluctuate significantly from period to period due to factors such as differences in the timing, size and number of auctions during the period, the volume of our inventory contracts, the timing of the receipt of auction proceeds from buyers and of the payment of net amounts due to consignors, as well as the location of the auction with respect to restrictions on the use of cash generated therein.

As previously discussed, we have agreed pursuant to the SPA (subject to anti-trust and other customary closing conditions) to purchase Euro Auctions for £775.0 million (approximately \$1.04 billion). On September 21, 2021, we amended our existing Credit Agreement, increasing our DDTL Facility to \$295.0 million, of which \$205.0 million remains undrawn at September 30, 2021 and available to fund the acquisition of Euro Auctions. Concurrently, we cancelled the commitment for the senior secured revolving facility and the senior secured term loan facility. Further, the senior unsecured bridge facility commitment was reduced by \$200.0 million. The remaining aggregate principal amount of the total financing commitment from GS Bank was reduced from \$1,150.0 million to \$950.0 million.

Cash flows

(in U.S. \$000's, except percentages)	Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020
Cash provided by (used in):			
Operating activities	\$ 304,118	\$ 265,551	15 %
Investing activities	(32,376)	(10,192)	218 %
Financing activities	(103,256)	(91,142)	13 %
Effect of changes in foreign currency rates	(7,027)	5,826	(221)%
Net increase in cash, cash equivalents, and restricted cash	<u>\$ 161,459</u>	<u>\$ 170,043</u>	<u>(5)%</u>

Net cash provided by operating activities increased \$38.6 million in the first nine months of 2021 mainly due to higher net cash inflow from the change in operating assets and liabilities. This change was primarily due to a net positive movement in our trade receivables related to the timing, size, and number of auctions with lower GTV in the month of September 2021 versus September 2020, as well as net inflows from inventory with lower investments in Australia and higher sales in Europe. These increases were partially offset by negative cash flows driven by larger bonus payments and the timing of payments related to local payroll, consumption and income taxes over the comparative period.

¹ We calculate net capital spending as property, plant and equipment additions plus intangible asset additions less proceeds on disposition of property, plant and equipment.

Net cash used in investing activities increased \$22.2 million in the first nine months of 2021. This change was primarily due to lower cash proceeds from land sales and equity investments in the first nine months of 2021 compared to the first nine months of 2020. In the comparative period, we recognized net proceeds of \$15.5 million on the sale of land in the United States, \$4.2 million of proceeds on the distribution of equity investments, and \$1.7 million of proceeds on contingent consideration from equity investments.

Net cash used in financing activities increased \$12.1 million in the first nine months of 2021. This increase was primarily due to the following changes over the comparative period:

- A \$26.3 million decrease in cash generated from the issuance of share capital on exercise of stock options;
- A net \$16.9 million decrease in borrowings;
- \$8.5 million more dividends paid to shareholders; and
- \$5.6 million paid in Q3 2021 to acquire the remaining 25% membership interest in Xcira, LLC.

Partially offsetting this change was the fact that we did not effect any share repurchases in the first nine months of 2021, whereas we spent \$53.2 million on share repurchases in Q1 2020.

Dividend information

We declared a dividend of \$0.22 per common share for each of the quarters ended September 30, 2020, December 31, 2020, and March 31, 2021. We declared a dividend of \$0.25 per common share for the quarter ended June 30, 2021. We have declared, but not yet paid, a dividend of \$0.25 per common share for the quarter ended September 30, 2021. All dividends that we pay are “eligible dividends” for Canadian income tax purposes unless indicated otherwise.

Return on average invested capital

Our return on average invested capital is calculated as net income attributable to stockholders divided by our average invested capital. We calculate average invested capital over a trailing 12-month period by adding the average long-term debt over that period to the average stockholders’ equity over that period.

Return on average invested capital decreased 80 bps to 10.3% for the 12-month period ending September 30, 2021 from 11.1% for the 12-month period ending September 30, 2020. This change was primarily due to an increase in the average stockholders’ equity over the comparative period, which was driven by net income growth and stock option exercises, partially offset by dividends paid during the 12-month period ending September 30, 2021. Return on invested capital (“ROIC”) (non-GAAP measure) increased 40 bps to 13.4% during the 12 months ended September 30, 2021 compared to 13.0% for the 12 months period ending September 30, 2020.

Credit facilities

On August 14, 2020, we entered into an amendment of the Credit Agreement dated October 27, 2016 totaling US\$630.0 million with a syndicate of lenders comprising:

- (1) Multicurrency revolving facilities of up to US\$530.0 million (the “Revolving Facilities”); and
- (2) A delayed-draw term loan facility of up to US\$100.0 million (the “DDTL Facility” and together with the Revolving Facilities, the “Facilities”).

On September 21, 2021, we entered into another amendment of the Credit Agreement. The amendment, among other things, (i) extended the maturity date of the Facilities from October 27, 2023 to September 21, 2026, (ii) increased the total size of the Facilities provided under the Credit Agreement to up to \$1.045 billion, including \$295.0 million of commitments under the DDTL Facility, (iii) reduced the applicable margin for base rate loans and LIBOR loans at each pricing tier level, (iv) reduced the applicable percentage per annum used to calculate the commitment fee in respect of the unused commitments under the Revolving Facilities at each pricing tier level and (v) included customary provisions to provide for the eventual replacement of LIBOR as a benchmark interest rate.

Immediately prior to the amendment, the aggregate principal amount outstanding under the DDTL Facility was \$90.0 million (\$118.9 million CAD). In connection with the amendment, we refinanced that amount with the proceeds from a borrowing under the DDTL Facility. There are no mandatory principal repayments of borrowings under the DDTL Facility until the remaining \$205.0 million is drawn. Once the DDTL Facility is fully drawn, borrowings are subject to mandatory principal repayments at an annual amortization rate of 5%, payable in quarterly installments, with the balance payable at maturity.

Credit facilities at September 30, 2021 and December 31, 2020 were as follows:

(in U.S. \$000's, except percentages)	September 30, 2021	December 31, 2020	% Change
<i>Committed</i>			
Term loan facility	\$ 298,762	\$ 98,420	204 %
Revolving credit facilities	760,000	540,000	41 %
Total credit facilities	<u>\$ 1,058,762</u>	<u>\$ 638,420</u>	<u>66 %</u>
<i>Unused</i>			
Term loan facility	\$ 205,000	\$ —	0 %
Revolving credit facilities	686,313	455,124	51 %
Total credit facilities unused	<u>\$ 891,313</u>	<u>\$ 455,124</u>	<u>96 %</u>

As previously discussed, pursuant to the Commitment Letter, GS Bank has committed to provide the remaining Bridge Loan Facility to support the Euro Auctions acquisition. Prior to the closing of the Euro Auctions acquisition, the Company will seek to replace all or a portion of the Bridge Loan Facility with senior unsecured debt securities or certain other bank loan facilities.

Debt covenants

We were in compliance with all financial and other covenants applicable to our credit facilities at September 30, 2021. Our debt covenants did not change as a result of amending our Credit Agreement.

Our ability to borrow under our syndicated revolving credit facility is subject to compliance with a consolidated leverage ratio covenant and a consolidated interest coverage ratio covenant. In the event of sustained deterioration of global markets and economies, we expect the covenants pertaining to our leverage ratio would be the most restrictive to our ability to access funding under our credit agreement. We continue to assess the impact of the COVID-19 pandemic on our business and evaluate courses of action to maintain current levels of liquidity and compliance with our debt covenants.

Share repurchase program

On August 5, 2020, our Board of Directors authorized a share repurchase program for the repurchase of up to \$100.0 million worth of our common shares, approved by the Toronto Stock Exchange, over a period of 12 months, ending August 23, 2021. No share repurchases were made during the nine months ended September 30, 2021.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, financial performance, liquidity, capital expenditures or capital resources.

Critical Accounting Policies, Judgments, Estimates and Assumptions

In preparing our consolidated financial statements in conformity with US GAAP, we must make decisions that impact the reported amounts and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances and historical experience, which take into consideration the impact of COVID-19 pandemic and related circumstances. As of September 30, 2021, there were no material changes in our critical accounting policies, judgments, estimates and assumptions from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, or in the notes to our consolidated financial statements included in “Part I, Item 1: Consolidated Financial Statements” in this Quarterly Report on Form 10-Q.

Effective January 1, 2020, we adopted Topic 848, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and in March 2020, the FASB issued an update to the standard. The standard provides relief for companies preparing for the discontinuation of reference rates such as LIBOR. This guidance is effective March 12, 2020 through to December 31, 2022. The adoption of the ASU and the recent updates have not and are not expected to have a material impact on our consolidated financial statements.

For a discussion of our new and amended accounting standards, refer to Note 2 of the Consolidated Financial Statements, Significant Accounting Policies.

Non-GAAP Measures

We reference various non-GAAP measures throughout this Quarterly Report on Form 10-Q. These measures do not have a standardized meaning and are, therefore, unlikely to be comparable to similar measures presented by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with US GAAP. Non-GAAP financial measures included in this Quarterly Report on Form 10-Q are labeled as “non-GAAP measure” or designated as such with an asterisk (*).

Non-GAAP Adjusted Operating Income* Reconciliation

We believe that non-GAAP adjusted operating income* provides useful information about the growth or decline of our operating income for the relevant financial period and eliminates the financial impact of adjusting items we do not consider to be part of our normal operating results.

Adjusting operating income* eliminates the financial impact of adjusting items which are significant recurring and non-recurring items that we do not consider to be part of our normal operating results, such as share-based payments expense, acquisition-related costs, amortization of acquired intangible assets, management reorganization costs, and certain other items, which we refer to as ‘adjusting items’.

Beginning in the third quarter of 2021, we updated the calculation of non-GAAP adjusted operating income* to add-back share-based payments expense, all acquisition-related costs (including any share based continuing employment costs recognized in acquisition-related costs), amortization of acquired intangible assets, and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

The following table reconciles non-GAAP adjusted operating income* to operating income, which is the most directly comparable GAAP measure in our consolidated income statements.

(in U.S. \$000's, except percentages)	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	% Change 2021 over 2020	2021	2020	% Change 2021 over 2020
Operating income	\$ 53,619	\$ 67,384	(20)%	\$ 187,638	\$ 190,266	(1)%
Share-based payments expense	5,627	8,568	(34)%	16,945	17,329	(2)%
Acquisition-related costs	10,255	—	100 %	16,226	—	100 %
Amortization of acquired intangible assets	6,622	4,993	33 %	20,065	15,476	30 %
Gain on disposition of property, plant and equipment	(1,068)	(276)	287 %	(1,311)	(1,536)	(15)%
Severance	—	3,919	(100)%	—	3,919	(100)%
Non-GAAP adjusted operating income*	\$ 75,055	\$ 84,588	(11)%	\$ 239,563	\$ 225,454	6 %

- (1) Please refer to pages 59-60 for a summary of adjusting items during the three and nine months ended September 30, 2021 and September 30, 2020.
- (2) Non-GAAP adjusted operating income* represents operating income excluding the effects of adjusting items.

Non-GAAP Adjusted Net Income Attributable to Stockholders* and Non-GAAP Diluted Adjusted EPS Attributable to Stockholders* Reconciliation

We believe that non-GAAP adjusted net income attributable to stockholders* provides useful information about the growth or decline of our net income attributable to stockholders for the relevant financial period and eliminates the financial impact of adjusting items we do not consider to be part of our normal operating results. Non-GAAP diluted Adjusted EPS attributable to stockholders* eliminates the financial impact of adjusting items which are after-tax effects of significant non-recurring or recurring items that we do not consider to be part of our normal operating results, such as share-based payments expense, acquisition-related costs, amortization of acquired intangible assets, management reorganization costs, and certain other items, which we refer to as 'adjusting items'.

Beginning in the third quarter of 2021, we updated the calculation of non-GAAP diluted adjusted EPS attributable to stockholders* to add-back share-based payments expense and all acquisition-related costs (including any share based continuing employment costs recognized in acquisition-related costs), amortization of acquired intangible assets, and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

The following table reconciles non-GAAP adjusted net income attributable to stockholders* and non-GAAP diluted adjusted EPS attributable to stockholders* to net income attributable to stockholders and diluted EPS attributable to stockholders, which are the most directly comparable GAAP measures in our consolidated income statements.

(in U.S. \$000's, except share and per share data, and percentages)	<u>Three months ended September 30,</u>			<u>Nine months ended September 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>% Change</u>	<u>2021</u>	<u>2020</u>	<u>% Change</u>
Net income attributable to stockholders	\$ 32,336	\$ 45,387	(29)%	\$ 121,273	\$ 121,239	0 %
Share-based payments expense	5,627	8,568	(34)%	16,945	17,329	(2)%
Acquisition-related costs	10,255	—	100 %	16,226	—	100 %
Amortization of acquired intangible assets	6,622	4,993	33 %	20,065	15,476	30 %
Gain on disposition of property, plant and equipment	(1,068)	(276)	287 %	(1,311)	(1,536)	(15)%
Severance	—	3,919	(100)%	—	3,919	(100)%
Related tax effects of the above	(4,496)	(7,999)	(44)%	(13,560)	(14,389)	(6)%
Change in uncertain tax provision - tax effect	—	—	— %	—	6,228	(100)%
Non-GAAP adjusted net income attributable to stockholders*	\$ 49,276	\$ 54,592	(10)%	\$ 159,638	\$ 148,266	8 %
Weighted average number of dilutive shares outstanding	111,391,396	110,369,718	1 %	111,333,247	110,060,712	1 %
Diluted earnings per share attributable to stockholders	\$ 0.29	\$ 0.41	(29)%	\$ 1.09	\$ 1.10	(1)%
Non-GAAP diluted adjusted EPS attributable to Stockholders*	\$ 0.44	\$ 0.49	(10)%	\$ 1.43	\$ 1.35	6 %

- (1) Please refer to pages 59-60 for a summary of adjusting items during the three and nine months ended September 30, 2021 and September 30, 2020.
- (2) Non-GAAP adjusted net income attributable to stockholders* represents net income attributable to stockholders excluding the effects of adjusting items.
- (3) Non-GAAP diluted adjusted EPS attributable to stockholders* is calculated by dividing non-GAAP adjusted net income attributable to stockholders*, net of the effect of dilutive securities, by the weighted average number of dilutive shares outstanding.

Non-GAAP Adjusted EBITDA*

We believe non-GAAP adjusted EBITDA* provides useful information about the growth or decline of our net income when compared between different financial periods. We use non-GAAP adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period.

Beginning in the third quarter of 2021, we updated the calculation of non-GAAP adjusted EBITDA* to add-back share-based payments expense and all acquisition-related costs (including any share based continuing employment costs recognized in acquisition-related costs), and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

The following table reconciles non-GAAP adjusted EBITDA* to net income, which is the most directly comparable GAAP measure in, or calculated from, our consolidated income statements:

(in U.S. \$000's, except percentages)	<u>Three months ended September 30,</u>			<u>Nine months ended September 30,</u>		
	2021	2020	<u>% Change 2021 over 2020</u>	2021	2020	<u>% Change 2021 over 2020</u>
Net income	\$ 32,357	\$ 45,490	(29)%	\$ 121,277	\$ 121,438	(0)%
Add: depreciation and amortization expenses	21,907	18,436	19 %	64,912	55,586	17 %
Add: interest expense	8,807	8,737	1 %	26,620	26,801	(1)%
Less: interest income	(375)	(510)	(26)%	(1,009)	(1,775)	(43)%
Add: income tax expense	13,057	15,437	(15)%	42,541	48,741	(13)%
EBITDA	75,753	87,590	(14)%	254,341	250,791	1 %
Share-based payments expense	5,627	8,568	(34)%	16,945	17,329	(2)%
Acquisition-related costs	10,255	—	100 %	16,226	—	100 %
Gain on disposition of property, plant and equipment	(1,068)	(276)	287 %	(1,311)	(1,536)	(15)%
Severance	—	3,919	(100)%	—	3,919	(100)%
Non-GAAP adjusted EBITDA*	<u>\$ 90,567</u>	<u>\$ 99,801</u>	<u>(9)%</u>	<u>\$ 286,201</u>	<u>\$ 270,503</u>	<u>6 %</u>

- (1) Please refer to pages 59-60 for a summary of adjusting items during the three and nine months ended September 30, 2021 and September 30, 2020.
- (2) Non-GAAP adjusted EBITDA* is calculated by adding back depreciation and amortization expenses, interest expense, income tax expense, and subtracting interest income from net income, as well as adding back share-based payments expense, acquisition-related costs, and excluding the effects of any non-recurring or unusual adjusting items.

Non-GAAP Adjusted Net Debt* and Non-GAAP Adjusted Net Debt/Non-GAAP Adjusted EBITDA* Reconciliation

We believe that comparing non-GAAP adjusted net debt/non-GAAP adjusted EBITDA* on a trailing 12-month basis for different financial periods provides useful information about the performance of our operations as an indicator of the amount of time it would take us to settle both our short and long-term debt. We do not consider this to be a measure of our liquidity, which is our ability to settle only short-term obligations, but rather a measure of how well we fund liquidity. Measures of liquidity are noted under “Liquidity and Capital Resources”.

The following table reconciles non-GAAP adjusted net debt* to debt, non-GAAP adjusted EBITDA* to net income, and non-GAAP adjusted net debt*/ non-GAAP adjusted EBITDA* to debt/ net income, respectively, which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements.

(in U.S. \$millions, except percentages)	As at and for the 12 months ended September 30,		
	2021	2020	% Change 2021 over 2020
Short-term debt	\$ 18.5	\$ 20.3	(9)%
Long-term debt	633.7	632.6	0 %
Debt	652.2	652.9	(0)%
Less: Cash and cash equivalents	(362.6)	(470.3)	(23)%
Non-GAAP adjusted net debt*	289.6	182.6	59 %
Net income	\$ 170.2	\$ 173.0	(2)%
Add: depreciation and amortization expenses	84.3	74.2	14 %
Add: interest expense	35.4	37.1	(5)%
Less: interest income	(1.6)	(3.1)	(48)%
Add: income tax expense	59.3	61.6	(4)%
EBITDA	347.6	342.8	1 %
Share-based payments expense	21.5	17.6	22 %
Acquisition-related costs	22.2	—	100 %
Gain on disposition of property, plant and equipment	(1.3)	(1.6)	(19)%
Severance	—	3.9	(100)%
Non-GAAP adjusted EBITDA*	\$ 390.0	\$ 362.7	8 %
Debt/net income	3.8 x	3.8 x	0 %
Non-GAAP adjusted net debt*/Non-GAAP adjusted EBITDA*	0.7 x	0.5 x	40 %

- (1) Please refer to pages 59-60 for a summary of adjusting items during the trailing 12-months ended September 30, 2021 and September 30, 2020.
- (2) Non-GAAP adjusted EBITDA* is calculated by adding back depreciation and amortization expenses, interest expense, income tax expense, and subtracting interest income from net income, as well as adding back share-based payments expense, acquisition-related costs, gain/ loss on disposition of property, plant and equipment, and excluding the effects of any non-recurring or unusual adjusting items.
- (3) Non-GAAP adjusted net debt* is calculated by subtracting cash and cash equivalents from short and long-term debt.
- (4) Non-GAAP adjusted net debt*/Non-GAAP adjusted EBITDA* is calculated by dividing non-GAAP adjusted net debt* by non-GAAP adjusted EBITDA*.

Operating Free Cash Flow* (“OFCF”) Reconciliation

We believe OFCF*, when compared on a trailing 12-month basis to different financial periods, provides an effective measure of the cash generated by our business and provides useful information regarding cash flows remaining for discretionary return to stockholders, mergers and acquisitions, or debt reduction. Our balance sheet scorecard includes OFCF* as a performance metric. OFCF* is also an element of the performance criteria for certain annual short-term and long-term incentive awards.

The following table reconciles OFCF* to cash provided by operating activities, which is the most directly comparable GAAP measure in, or calculated from, our consolidated statements of cash flows:

(in U.S. \$ millions, except percentages)	12 months ended September 30,		
	2021	2020	% Change 2021 over 2020
Cash provided by operating activities	\$ 296.7	\$ 289.2	3 %
Property, plant and equipment additions	11.4	16.5	(31)%
Intangible asset additions	34.6	28.9	20 %
Proceeds on disposition of property plant and equipment	(1.8)	(16.6)	(89)%
Net capital spending	\$ 44.2	\$ 28.8	53 %
OFCF*	\$ 252.5	\$ 260.4	(3)%

(1) OFCF* is calculated by subtracting net capital spending from cash provided by operating activities.

Non-GAAP Adjusted Net Income Attributable to Stockholders* and ROIC* Reconciliation

We believe that comparing ROIC* on a trailing 12-month basis for different financial periods, provides useful information about the after-tax return generated by our investments.

Beginning in the third quarter of 2021, we updated the calculation of non-GAAP diluted adjusted EPS attributable to stockholders* to add-back share-based payments expense and all acquisition-related costs (including any share based continuing employment costs recognized in acquisition-related costs), amortization of acquired intangible assets, and gain or loss on disposition of property, plant and equipment. These adjustments have been applied retrospectively to all periods presented.

The following table reconciles non-GAAP adjusted net income attributable to stockholders* and ROIC* to net income attributable to stockholders and return on average invested capital which are the most directly comparable GAAP measures in, or calculated from, our consolidated financial statements:

	<u>As at and for the 12 months ended September 30,</u>		
(in U.S. \$millions, except percentages)	2021	2020	<u>% Change</u> 2021 over 2020
Net income attributable to stockholders	\$ 170.1	\$ 172.8	(2)%
Share-based payments expense	21.5	17.6	22 %
Acquisition-related costs	22.2	—	100 %
Amortization of acquired intangible assets	25.7	21.0	22 %
Gain on disposition of property, plant and equipment	(1.3)	(1.6)	(19)%
Severance	—	3.9	(100)%
Related tax effects of the above	(19.7)	(17.2)	15 %
Change in uncertain tax provision - tax effect	1.5	6.2	(76)%
Non-GAAP adjusted net income attributable to stockholders*	\$ 220.0	\$ 202.7	9 %
Opening long-term debt	\$ 632.6	\$ 689.3	(8)%
Ending long-term debt	633.7	632.6	0 %
Average long-term debt	633.2	661.0	(4)%
Opening stockholders' equity	\$ 959.5	\$ 838.2	14 %
Ending stockholders' equity	1,061.9	959.5	11 %
Average stockholders' equity	1,010.7	898.9	12 %
Average invested capital	\$ 1,643.9	\$ 1,559.9	5 %
Return on average invested capital	10.3 %	11.1 %	(80)bps
ROIC*	13.4 %	13.0 %	40 bps

- (1) Please refer to pages 59-60 for a summary of adjusting items during the trailing 12-months ended September 30, 2021 and September 30, 2020.
- (2) Return on average invested capital is calculated as net income attributable to stockholders divided by average invested capital. We calculate average invested capital as the average long-term debt and average stockholders' equity over a trailing 12-month period.
- (3) ROIC* is calculated as non-GAAP adjusted net income attributable to stockholders* divided by average invested capital.
- (4) Leases (Topic 842) requires lessees to recognize almost all leases, including operating leases, on the balance sheet through a right-of-use asset and a corresponding lease liability. The lease liability is not included in the calculation of debt.

Adjusting Items Non-GAAP Measures

Beginning in the third quarter of 2021, we began adjusting for the following items that we do not consider to be part of our normal operating results. These have been applied retrospectively to all periods presented. The following describes the nature of these adjusting items recognized in each period:

- Share-based payments expense - includes stock option compensation expense, and compensation expense for equity classified share units, liability classified share units, and employer contributions related to our employee share purchase plan.
- Amortization of acquired intangible assets – includes amortization of all intangible assets acquired primarily from the acquisitions of IronPlanet, Rouse and Mascus.
- Gain or loss on disposition of property, plant and equipment – includes any gain or loss recognized for the difference between the sales proceeds and the carrying amount of the disposed property, plant and equipment.

The following are additional adjusting items during the trailing 12 month periods which we do not consider to be part of our normal operating results.

Additional adjusting items during the trailing 12-months ended September 30, 2021 were:

Recognized in the third quarter of 2021

- \$10.3 million (\$8.3 million after tax, or \$0.07 per diluted share) of acquisition-related costs related to the acquisitions of Rouse, Euro Auctions and SmartEquip.

Recognized in the second quarter of 2021

- There were no adjusting items recognized in the second quarter of 2021.

Recognized in the first quarter of 2021

- There were no adjusting items recognized in the first quarter of 2021.

Recognized in the fourth quarter of 2020

- \$5.2 million (\$3.9 million after tax, or \$0.04 per diluted share) of acquisition-related costs related to the acquisition of Rouse.
- \$1.5 million (\$0.01 per diluted share) of current income tax expense recognized related to an unfavourable adjustment to reflect final regulations published in Q2 2020 regarding hybrid financing arrangements.

Additional adjusting items during the trailing 12-months ended September 30, 2020 were:

Recognized in the third quarter of 2020

- \$4.3 million (\$3.2 million after tax, or \$0.03 per diluted share) of severance costs related to the realignment of leadership to support the new global operations organization, in line with strategic growth priorities led by the new CEO, of which \$364,000 has been retrospectively recognized within share-based payments expense as an adjusting item.

Recognized in the second quarter of 2020

- \$6.2 million (\$0.06 per diluted share) tax expense related to an unfavourable adjustment to reflect final regulations published regarding hybrid financing arrangements, of which \$0.8 million relates to current income tax expense.

Recognized in the first quarter of 2020

- There were no adjusting items recognized in the first quarter of 2020.

Recognized in the fourth quarter of 2019

- \$4.1 million (\$3.4 million after tax, or \$0.03 per diluted share) in share-based payment expense recovery related to the departure of our former CEO, which has been included in share-based payments expense adjusting item retrospectively.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk during the nine months ended September 30, 2021 from those disclosed in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2020, which is available on our website at www.rbauction.com, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com.

ITEM 4: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), have evaluated the effectiveness of the Company’s disclosure controls and procedures as at September 30, 2021. The term “disclosure controls and procedures” means controls and other procedures established by the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based upon their evaluation of the Company’s disclosure controls and procedures, the CEO and the CFO concluded that, as at September 30, 2021, as a result of the material weaknesses described in Item 9A of the Form 10-K filed with the SEC on February 18, 2021 not having been remediated by the third quarter of 2021, the disclosure controls are not effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and are not effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms.

The Company completed the acquisition of Rouse on December 8, 2020 and Rouse’s total assets and revenues constituted 10.1% and 1.7%, respectively, of the Company’s total assets and revenues as shown in its consolidated financial statements as of and for the nine month period ended September 30, 2021. As the acquisition occurred in the fourth quarter of 2020, the Company excluded Rouse from the scope of its assessment over the effectiveness of its internal control over financial reporting. This exclusion is in accordance with the guidance issued by the Staff of the Securities and Exchange Commission that an assessment of a recently-acquired business may be omitted from its scope in the year of acquisition, if specified conditions are satisfied.

Remediation Plan and Status of Material Weaknesses in Internal Control Over Financial Reporting

As previously disclosed in the Company’s Annual Report on Form 10-K filed with the SEC for the year ending December 31, 2020, the Company identified a material weakness over the review of the recording of manual journal entries in one of its geographies; specifically, controls were not operating effectively to ensure that journal entries were prepared with appropriate supporting documentation. Additionally, the Company identified a material weakness over the completeness and accuracy of key reports used in the performance of controls to address the occurrence and measurement of revenue.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The Company is committed to maintaining a strong internal control environment. In order to address the material weaknesses in internal control over financial reporting noted above, management with oversight and direction from the Audit Committee and the Board of Directors, have implemented remediation steps and initiatives in 2021 to remediate the material weaknesses. These efforts have included the following actions:

- engaged a third-party advisor, hired a Senior Sarbanes-Oxley (SOX) Consultant, and created a SOX program Steering Committee to support management with performing a root-cause analysis and implementing a remediation plan;
- provided training over the execution and review of manual journal entries across all geographies, which included a focus on ensuring that accurate and appropriate documentation is retained to support the journal entry;

- conducted a series of revenue learning sessions to thoroughly review the business processes surrounding the occurrence and measurement of revenue, including the use of key reports, to drive the design and implementation of improved processes and controls;
- implemented a series of new tools, checklists and control owner certifications, and improved our controls documentation, to enhance accountability and execution of controls;
- designed, implemented and are testing improved processes and controls over the recording of manual journal entries, as well as over the completeness and accuracy of key reports used in the performance of controls to address the occurrence and measurement of revenue;
- increased capacity and resources by hiring additional experienced accounting personnel and making changes to certain control owners impacted by the material weaknesses; and
- implemented additional monitoring procedures over the controls impacted

As we continue to develop and implement our remediation plan, additional remediation steps will be identified and adopted. We have also performed additional post-closing procedures and financial statement analysis while our disclosure controls and procedures are not effective.

We will consider the material weaknesses remediated after the applicable controls operate for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively.

As part of our continuous control improvement initiatives, and with the support of our advisors, we are also in the process of re-assessing and re-evaluating the design of our internal controls over financial reporting, which includes identifying ways in which we can automate some of our current manual processes.

The Company, including its CEO and CFO, does not expect that its internal controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Changes in Internal Control over Financial Reporting

Management, with the participation of the CEO and CFO, concluded that there were no changes in our internal control over financial reporting during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

We are continuing to take steps to remediate the material weaknesses in our internal control over financial reporting, as discussed above.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

We have no material legal proceedings pending, other than ordinary routine litigation incidental to the business, and we do not know of any material proceedings contemplated by governmental authorities.

ITEM 1A: RISK FACTORS

Our business is subject to a number of risks and uncertainties, and our past performance is no guarantee of our performance in future periods. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risks and uncertainties discussed in “Part I, Item 1A: Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, which is available on our website at www.rbauction.com, on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com, before purchasing our common shares. Our business could also be affected by additional risks not currently known to us or that we currently deem to be immaterial. If any of the risks actually occur, our business, financial condition and results of operations could materially suffer. As a result, the trading price of our common shares could decline, and you may lose all or part of your investment.

There were no material changes in risk factors during the three months or nine months ended September 30, 2021, except as outlined below.

Significant costs have been incurred and are expected to be incurred in connection with the consummation of the acquisition and integration of acquisition targets, including Euro Auctions, including legal, accounting, financial advisory and other costs.

We expect to incur one-time costs in connection with integrating our operations, products and personnel with those of acquisition targets, including the Euro Auctions, in addition to costs related directly to completing the acquisition. We would expect similar costs to be incurred in connection with any future acquisition. These costs may include expenditures for:

- reorganization or closures of facilities;
- employee redeployment, relocation or severance; and
- integration of operations and information systems.

In addition, we expect to incur a number of non-recurring costs associated with combining our operations with those of acquisition targets. Additional unanticipated costs may be incurred as we integrate our business with acquisition targets. Although we expect the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of our operations with acquisition targets, may offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term.

We may not realize the anticipated benefits of, and synergies from, acquisitions and may become responsible for certain liabilities and integration costs as a result.

Business acquisitions involve the integration of new businesses that have previously operated independently from us. The integration of our operations with those of acquisition targets, including the Euro Auctions, is expected to result in financial and operational benefits, including certain tax and run-rate synergies. There can be no assurance, however, regarding when or the extent to which we will be able to realize these and other benefits. Integration may also be difficult, unpredictable and subject to delay because of possible company culture conflicts and different opinions on future business development. We may be required to integrate or, in some cases, replace, numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance, many of which may be dissimilar. Difficulties associated with the integration of acquired businesses could have a material adverse effect on our business.

In addition, in connection with acquisitions, we have assumed, and may assume in connection with future acquisitions, certain potential liabilities. To the extent such liabilities are not identified by us or to the extent indemnifications obtained from third parties are insufficient to cover such liabilities, these liabilities could have a material adverse effect on our business.

Integrating our business with the Euro Auctions and other acquisition targets may divert our management’s attention away from operations.

Successful integration of the Euro Auctions' and other acquisition targets' operations, products and personnel with ours may place a significant burden on our management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could adversely affect our business, financial condition and operating results.

Acquisitions are subject to a number of conditions and may not be completed on the terms or timeline currently contemplated, or at all.

The completion of the Euro Auctions acquisition is subject to certain conditions, including, among other things: (i) customary conditions relating to the obtaining of antitrust clearance in the United Kingdom, (ii) the vendors providing certain assistance and financial information, including in connection with the Company's financing for the acquisition, and (iii) other customary closing conditions. The terms of the agreement also entitle the purchaser of the Euro Auctions (an indirect, wholly-owned subsidiary of the Company) to terminate the agreement in certain circumstances. The agreement may also terminate automatically if the closing conditions are not satisfied by the longstop date of February 28, 2022. In each such case, the acquisition would not proceed. Other acquisitions are, or may be, subject to similar or different conditions.

We cannot assure you that the Euro Auctions acquisition or any other acquisition will be consummated on the terms or timeline currently contemplated, or at all. Many of the conditions to completion of acquisitions are not within our control, and we cannot predict when or if these conditions will be satisfied. The failure to meet any or all of the required conditions could delay the completion of an acquisition for a significant period of time or prevent it from occurring. Any delay in completing an acquisition could cause Ritchie Bros. not to realize some or all of the benefits that it expects to achieve if the acquisition is successfully completed within its expected timeframe.

We will incur a substantial amount of debt to complete the Euro Auctions acquisition. This indebtedness could have a material adverse effect on our business and financial condition.

We will incur significant debt to complete the Euro Auctions acquisition. Our ability to make payments on our debt, fund our other liquidity needs and make planned capital expenditures will depend on our ability to generate cash in the future. Our historical financial results have been, and we anticipate that our future financial results will be, subject to fluctuations. Our ability to generate cash is subject in part to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot guarantee that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to make payments of our debt, fund other liquidity needs and make planned capital expenditures. If our cash flows and capital resources are insufficient to fund debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness.

We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow us to meet our scheduled debt service obligations.

The degree to which we are currently leveraged and will be leveraged following the completion of the Euro Auctions acquisition could have important consequences for shareholders. For example, it could:

- limit our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, dividends and other corporate purposes;
- increase our vulnerability to general adverse economic or industry conditions;
- expose us to the risk of increased interest rates for any borrowings at variable rates of interest;
- limit our flexibility in planning for and reacting to changes in our industry; and
- place us at a competitive disadvantage compared to businesses in our industry that have less debt.

Additionally, our debt agreements contain a number of covenants that impose operating and financial restrictions on Ritchie Bros. and may limit our ability to engage in acts that may be in our long-term best interests. The debt agreements contain customary restrictions

and limitations on the ability of Ritchie Bros. and its subsidiaries to take certain actions, including incurring additional indebtedness, granting liens, making certain investments and making dividend payments or other distributions, in each case subject to customary carve-outs and exceptions. The debt agreements also includes a requirement that Ritchie Bros. maintain certain leverage and interest coverage ratios. Any failure to comply with covenants in the instruments governing our debt could result in an event of default which, if not cured or waived, would have a material adverse effect on us.

In conjunction with the Euro Auctions acquisition, we may grant security interests in favor of our lenders over a substantial portion of the assets of Ritchie Bros. and certain of our subsidiaries, which may have a material adverse effect on us.

To secure our obligations under our debt agreements, as a result of the Euro Auctions acquisition we may enter into certain security agreements under which we will grant security interests in favor of our lenders over a substantial portion of the assets of Ritchie Bros. and certain of our subsidiaries. An event of default under such debt agreements may allow our lenders to accelerate their debt and terminate all commitments to extend further credit thereunder, including the right to proceed against the collateral securing the indebtedness. In any of these events, we may seek to refinance our indebtedness but be unable to do so on commercially reasonable terms. As a result, such event of default could result in the loss of our interests in the secured assets and have a material adverse effect on us, including by limiting our ability to conduct our business, to raise additional debt or equity financing and to compete effectively or take advantage of new business opportunities.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On August 5, 2020, our Board of Directors authorized a share repurchase program for the repurchase of up to \$100.0 million worth of our common shares, approved by the Toronto Stock Exchange, over a period of 12 months, ending August 23, 2021. No share repurchases were made during the nine months ended September 30, 2021.

As discussed in the Current Report on Form 8-K filed on September 28, 2021 (the “SmartEquip 8-K”), we entered into an agreement to acquire SmartEquip, Inc., a Delaware corporation (“SmartEquip”), on September 24, 2021. A portion of the purchase price was payable in our common shares. At the closing of the acquisition on November 2, 2021, we issued a total of 63,971 common shares to certain of the former shareholders of SmartEquip. For further information, see the SmartEquip 8-K.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibits

The exhibits listed in below are filed as part of this Quarterly Report on Form 10-Q and incorporated herein by reference.

Exhibit Number	Document
2.1	Agreement and Plan of Merger dated September 24, 2021 among Ritchie Bros. Auctioneers Incorporated, Ritchie Bros. Holdings Inc., Lego Merger Sub, Inc., SmartEquip, Inc., the Key Securityholders, the Rollover Members and Fortis Advisors LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on September 28, 2021)
2.2	Share Purchase Agreement, dated August 9, 2021, by and among Ritchie Bros. Auctioneers Incorporated, Ritchie Bros. UK Holdings Ltd, Euro Auctions FZE and the Vendors listed therein (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on August 10, 2021)
10.1	Fourth Amendment to Credit Agreement, dated as of September 21, 2021, among the Company, certain of its subsidiaries, each as a borrower and/or a guarantor, the lenders party thereto, Bank of America, N.A., as administrative agent, U.S. swing line lender and letter of credit issuer and Royal Bank of Canada, as Canadian swing line lender and letter of credit issuer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 22, 2021)
10.2	Fourth Amended and Restated Commitment Letter, dated August 8, 2021, from Goldman Sachs Bank USA
10.3	Agreement of Purchase and Sale, dated August 13, 2021, between Ritchie Bros. Properties Ltd. and 3 Manchester Court Holdings Inc.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T , for the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL: (i) Condensed Consolidated Income Statements; (ii) Condensed Consolidated Balance Sheets; (iii) Condensed Consolidated Statements of Changes in Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to the Condensed Consolidated Financial Statements
104	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL and contained in Exhibit 101

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, thereunto duly authorized.

RITCHIE BROS. AUCTIONEERS INCORPORATED

Dated: November 4, 2021

By: /s/ Ann Fandozzi
Ann Fandozzi
Chief Executive Officer

Dated: November 4, 2021

By: /s/ Sharon R. Driscoll
Sharon R. Driscoll
Chief Financial Officer

GOLDMAN SACHS BANK USA
200 West Street
New York, New York 10282

Exhibit 10.2

CONFIDENTIAL

August 8, 2021

Ritchie Bros. Auctioneers Incorporated
9500 Glenlyon Parkway
Burnaby, British Columbia
Canada V5J 0C6

\$530 MILLION SENIOR SECURED REVOLVING CREDIT FACILITY
\$100 MILLION SENIOR SECURED TERM LOAN FACILITY
\$1,150 MILLION SENIOR UNSECURED BRIDGE LOAN FACILITY
FOURTH AMENDED AND RESTATED COMMITMENT LETTER

Ladies and Gentlemen:

This fourth amended and restated commitment letter amends, restates, and supersedes in its entirety that certain third amended and restated commitment letter (the “*Second Amended and Restated Commitment Letter*”) dated August 2, 2021, among Goldman Sachs Bank USA (acting through such of its affiliates or branches as it deems appropriate, “*Goldman Sachs*” or, as the case may be, the “*Initial Lender*”, the “*Commitment Party*”, “*we*” or “*us*”) and Ritchie Bros. Auctioneers Incorporated, a public company incorporated in Canada (the “*Borrower*” or “*you*”). The Third Amended and Restated Commitment Letter shall be superseded in its entirety upon the effectiveness of this Commitment Letter (as defined below); *provided*, that notwithstanding anything to the contrary herein, the Commitment Party shall be entitled to the benefits of the indemnification and expense reimbursement provisions of this Commitment Letter as if they were in effect on the Original Signing Date.

Reference is also made to that certain commitment letter (the “*Original Commitment Letter*”) dated July 14, 2021 (the “*Original Signing Date*” and the date hereof, the “*Signing Date*”), among Goldman Sachs and the Borrower.

You have advised Goldman Sachs that you, through a newly formed subsidiary (“*Newco*”), intend to acquire (the “*Acquisition*”) all of the capital stock of each of Euro Auctions Limited, a private limited company incorporated in Northern Ireland with company number NI663696, Euro Auctions Holdings Limited, a private limited company incorporated in Northern Ireland with company number NI643796, William Keys & Sons Holdings Limited, a private limited company incorporated in Northern Ireland with company number NI663694, Equipment Sales Ltd, a private limited company incorporated in Northern Ireland with company number NI668774, and Equipment & Plant Services Ltd, a private limited company incorporated in Northern Ireland with company number NI666354 (collectively, the “*Target*” and, including their respective subsidiaries,

the “**Target Group**”). You have further advised us that, in connection with the foregoing, you intend to consummate the Transactions (such term and each other capitalized term used but not defined herein having the meaning assigned to such term in the Summary of Principal Terms and Conditions attached hereto as **Exhibit A** (the “**Bank Term Sheet**”) and in the Summary of Principal Terms and Conditions attached hereto as **Exhibit B** (together with the Bank Term Sheet, the “**Term Sheets**”)).

You have further advised us that, in connection therewith, (a) the Borrower may enter into the Revolving Facility (as defined in **Exhibit A**) in an initial aggregate principal amount of up to \$530 million, and the Term Facility (as defined in **Exhibit A**) in an initial aggregate principal amount of up to \$100 million (in each case, as such amount may be reduced as set forth in Exhibit A) and (b) the Borrower and/or one or more of its Subsidiaries (i) may issue senior unsecured notes in an aggregate principal amount of up to \$1,150 million (the “**Senior Unsecured Notes**”) pursuant to one or more Rule 144A/Regulation S offerings or other private placement transactions or (ii) if all or any portion of the Senior Unsecured Notes are not issued on or prior to the Closing Date (as defined below), the Borrower may incur the Senior Unsecured Bridge Facility (as defined in **Exhibit B**) in an aggregate principal amount of up to \$1,150 million *less* the sum of (x) the net cash proceeds received from Senior Unsecured Notes issued on or prior to the Closing Date (following the application thereof for purposes of (a) the Refinancing or (b) the refinancing of the Borrower’s existing 5.375% senior notes due January 15, 2025 governed by that certain indenture, dated as of December 21, 2016, as amended, among the Borrower, the guarantors party thereto and the trustee party thereto (the “**Existing Note Refinancing**”) and (y) the unspent net cash proceeds from outstanding borrowings by the Borrower or any of its Subsidiaries on the Closing Date under commercial bank or other credit facilities (excluding any working capital and other financings of any foreign subsidiaries and after giving effect to the Refinancing, the Existing Notes Refinancing and any other repayments of indebtedness occurring on the Closing Date) in excess of the sum of \$100 million plus the Closing Date Draw Amount (such borrowings, the “**Replacement Loans**”). The Revolving Facility, together with the Term Facility, are defined as the “**Bank Facilities**”; the Bank Facilities together with the Senior Unsecured Bridge Facility, are defined as the “**Facilities**”.

1. COMMITMENTS.

In connection with the foregoing, Goldman Sachs is pleased to advise you of its commitment to provide 100% of the principal amount of each of the Facilities, upon the terms set forth in this commitment letter (including the Term Sheets and other attachments hereto, this “**Commitment Letter**”); *provided that*, for avoidance of doubt, the Initial Lender's commitment in respect of the Bank Facilities shall be automatically terminated hereunder and reduced to zero upon obtaining the Amendment (as defined in Exhibit A); subject solely to the applicable conditions set forth in Section 6 hereof.

2. TITLES AND ROLES.

It is agreed that Goldman Sachs will act as (a) a bookrunner and lead arranger (in such capacities, as applicable, the “**Lead Arranger**” or the “**Bookrunner**”) for the Facilities, (b) the sole administrative agent for both the Senior Unsecured Bridge Facility (in such capacity, the “**Senior Unsecured Bridge Agent**”) and for the Bank Facilities (in such capacity, the “**Bank Agent**”; together with the Senior Unsecured Bridge Agent, the “**Administrative Agents**”, and each an

“*Administrative Agent*”) and (c) the sole collateral agent for the Bank Facilities (in such capacity, the “*Collateral Agent*”; together with the Administrative Agents, the “*Agents*” and each an “*Agent*”); in each case upon the terms set forth in this Commitment Letter and subject solely to the applicable conditions set forth in Section 6 hereof. We, in such capacities, will perform the duties and exercise the authority customarily performed and exercised by us in such roles. Except as set forth below, you agree that no other titles will be awarded and no compensation (other than that expressly contemplated by this Commitment Letter and the Fee Letters referred to below) will be paid to any Lender (as defined below) in order to obtain its commitment to participate in the Senior Unsecured Bridge Facility, the Revolving Facility or the Term Facility unless you and we shall so agree.

Notwithstanding the foregoing, you may, (a) within 10 business days after the Signing Date, appoint up to 2 other financial institutions as additional lead arrangers, bookrunners, arrangers agents, co-agents or co-managers for the Facilities to provide commitments hereunder in respect of up to 20% each (and 40% in the aggregate) of the aggregate commitments under the Facilities or confer other titles in respect of the Facilities (any such agent, co-agent, lead arranger, bookrunner, manager, arranger or other titled institution, an “*Additional Arranger*” and together with any additional co-manager appointed pursuant to clause (b) below, an “*Additional Agent*”) in a manner and with economics determined by you in consultation with the Lead Arranger (it being understood that (i) the economics (expressed as a percentage of the relevant person’s commitments) granted to any Additional Arranger shall not exceed the economics (expressed as a percentage of the relevant person’s commitments) granted to the Commitment Party, (ii) each such Additional Arranger (or its affiliate) shall assume a proportion of the commitments with respect to each Facility that is equal to the proportion of the economics allocated to such Additional Agent (or its affiliates), (iii) the economics allocated to, and the commitment amount of, the Commitment Party in respect of the Facilities will be reduced pro rata by the amount of the economics allocated to, and the commitment amount of, such Additional Arranger (or its affiliate), in each case, upon the execution and delivery during such 10 business day period referenced above by such Additional Arranger of customary joinder documentation reasonably acceptable to you and us, and (iv) Goldman Sachs shall have not less than (x) 60% of the total economics for the Revolving Facility on the Closing Date, (y) 60% of the total economics for the Term Facility on the Closing Date, and (z) 60% of the total economics for the Senior Unsecured Bridge Facility on the date that is 10 business days after the Signing Date, (b) within 90 days after the Signing Date, appoint other financial institutions as additional co-managers under the Senior Unsecured Bridge Facility (but not, for the avoidance of doubt, the Bank Facilities) in a manner and with economics determined by you in consultation with the Lead Arranger (it being understood that (i) the economics (expressed as a percentage of the relevant person’s commitments) granted to any Additional Agent shall not exceed the economics (expressed as a percentage of the relevant person’s commitments) granted to the Commitment Party, (ii) the economics allocated to, and the commitment amount of, the Commitment Party in respect of the Senior Unsecured Bridge Facility will be reduced pro rata by the amount of the economics allocated to, and the commitment amount of, such Additional Agent (or its affiliate), in each case, upon the execution and delivery during such 90 day period referenced above by such Additional Agent of customary joinder documentation reasonably acceptable to you and us, and (iii) Goldman Sachs shall have not less than 25% of the total economics for the Senior Unsecured Bridge Facility on the Closing Date, and (c) thereafter, each such Additional Agent shall constitute a “Commitment Party”, an “Initial Lender,” and/or a “Lead Arranger”, as applicable, under this Commitment Letter

and under the Fee Letters. In addition, you agree that Goldman Sachs will have “left side” designation and shall appear on the top left of any Information Materials (as defined below) and all other offering or marketing materials in respect of the Senior Unsecured Bridge Facility and the Bank Facilities.

3. SYNDICATION.

The Lead Arranger reserves the right, prior to and/or after the execution of definitive documentation for the Facilities (the “**Facilities Documentation**”) to syndicate all or a portion of the Initial Lender’s commitments with respect to the Facilities to a group of banks, financial institutions and other institutional lenders (together with the Initial Lenders, the “**Lenders**”) identified by us in consultation with you and reasonably acceptable to you with respect to both the identity of such Lender and the amount of such Lender’s commitments (such acceptance not to be unreasonably withheld or delayed); *provided* that (a) we will not syndicate our commitments to (i) certain banks, financial institutions and other institutional lenders that have been specified to us by you in writing by name prior to the Signing Date, (ii) those persons who are competitors of the Borrower and its subsidiaries or of the Target Group that are separately identified in writing by you to us by name (or, after the Closing Date, to the applicable Administrative Agent) from time to time, and (iii) in the case of each of clauses (i) and (ii), any of their affiliates (other than any bona fide debt funds) that are either (x) identified in writing by you from time to time or (y) clearly identifiable on the basis of such affiliates’ names (the persons referred to in clauses (i), (ii) and (iii) above, collectively, “**Disqualified Lenders**”), and (b) notwithstanding the right of the Initial Lender to syndicate the Facilities and receive commitments with respect thereto, except as expressly provided in Section 2 hereof in respect of any Additional Agents and in Section 9 hereof in respect of assignments among Goldman Sachs and Goldman Sachs Lending Partners LLC, (i) the Initial Lender shall not be relieved, released or novated from its obligations hereunder (including the obligation to fund the applicable Facility if all applicable conditions thereto have been satisfied on the date of the consummation of the Acquisition with the proceeds of the initial funding under the Facilities (the date of such funding, the “**Closing Date**”)) in connection with any syndication, assignment or participation of the Facilities, including our commitments in respect thereof, until after the Closing Date has occurred, (ii) no assignment or novation by the Initial Lender shall become effective as between you and the Initial Lender with respect to all or any portion of the Initial Lender’s commitments in respect of the Facilities until the initial funding of the Facilities has occurred and (iii) unless you otherwise agree in writing, the Initial Lender shall retain exclusive control over all rights and obligations with respect to its respective commitments in respect of each of the Facilities, including all rights with respect to satisfaction with closing conditions, consents, modifications, supplements, waivers and amendments, until the Closing Date has occurred.

Without limiting your obligations to assist with syndication efforts as set forth herein, it is understood that the Initial Lender’s commitments hereunder are not conditioned upon the syndication of, or receipt of commitments in respect of, the Facilities and in no event shall successful completion of syndication of the Facilities constitute a condition to the availability of the Facilities on the Closing Date. We intend to commence syndication efforts promptly upon the execution of this Commitment Letter, and you agree to actively assist us in completing a syndication reasonably satisfactory to you and us until the earlier of (x) 45 days after the Closing Date and (y) the date on which the Commitment Party and its affiliates hold no more than \$0 of the Senior Unsecured Bridge Facility and the Term Facility respectively and the Commitment Party

determines that the Revolving Facility has been successfully syndicated (such earlier date, the “**Syndication Date**”). Such assistance shall include (a) your using commercially reasonable efforts to ensure that any syndication efforts benefit from your existing lending and investment banking relationships, (b) direct contact between appropriate members of senior management, representatives and advisors of you (and using your commercially reasonable efforts to arrange direct contact between appropriate members of senior management, representatives and advisors of the Target Group to the extent not in violation of the Purchase Agreement) and the proposed Lenders, in all such cases at times and locations mutually agreed upon, (c) assistance by you (and using your commercially reasonable efforts to arrange direct contact between appropriate members of senior management, representatives and advisors of the Target Group to the extent not in violation of the Purchase Agreement) in the preparation of a customary confidential information memorandum and a customary lender presentation for each of the Facilities and other customary marketing materials and presentations reasonably requested by us in connection with the syndication (the “**Information Materials**”), (d) your providing or causing to be provided customary financial information and projections (the “**Projections**”) for you and your subsidiaries (and using commercially reasonable efforts to cause the Target to provide such financial information and projections for the Target Group to the extent not in violation of the Purchase Agreement), (e) your preparing and providing (and using commercially reasonable efforts to cause the Target to provide to the extent not in violation of the Purchase Agreement) to the Commitment Party all other customary and reasonably available information reasonably requested and deemed necessary by the Lead Arranger to complete such syndication with respect to you and the Target and each of your and its respective subsidiaries and the Transactions, (f) using your commercially reasonable efforts to procure at your expense, prior to the launch of syndication, a public corporate credit rating from Standard & Poor’s Ratings Service (“**S&P**”) and a public corporate family rating from Moody’s Investors Service, Inc. (“**Moody’s**”), in each case with respect to the Borrower after giving effect to the Transactions and public ratings for the Senior Unsecured Notes from each of S&P and Moody’s (it being understood that, in each case, no specific ratings need to be obtained), (g) the hosting, with the Lead Arranger, of a reasonable number of general meetings of prospective Lenders at mutually agreed times and venues (and any additional meetings which may be held by one or more conference calls with prospective Lenders to the extent necessary) and (h) (i) until the Syndication Date, ensuring that you and your subsidiaries will not have (and using commercially reasonable efforts to ensure that the Target Group, to the extent not in violation of the Purchase Agreement, will not have) any new issues of debt securities or new commercial bank or other new credit facilities (other than (1) the Senior Unsecured Notes, (2) the Facilities, (3) intracompany indebtedness of you and your subsidiaries and the Target and its subsidiaries, (4) other indebtedness that is reasonably agreed to by you and the Commitment Party to remain outstanding following the Closing Date, (5) the Amendment, and (6) indebtedness incurred in the ordinary course of business, including any extensions of credit under the Existing Debt (as defined in **Exhibit A**)), being announced, offered, placed or arranged without the consent of the Commitment Party (not to be unreasonably withheld), if such issuance, offering, placement or arrangement could reasonably be expected to impair the primary syndication of the Facilities (it being understood that deferred purchase price obligations and ordinary course capital lease, purchase money and equipment financings shall be permitted). Notwithstanding anything to the contrary contained in this Commitment Letter or the Joint Fee Letter or any other letter agreement or undertaking concerning the financing of the Transactions to the contrary, none of (x) your or the Target’s obligation to assist with the syndication efforts as provided herein, (y) the receipt of ratings referred to in clause

(f) above, nor (z) the commencement, conduct or completion of such syndication shall constitute a condition to the commitments hereunder or the availability or funding of the Facilities on the Closing Date. For the avoidance of doubt, you will not be required to provide any information to the extent that the provision thereof would violate any law, rule or regulation, or any obligation of confidentiality binding upon (so long as such obligations are not entered into in contemplation of this Commitment Letter), or waive any privilege that may be asserted by, you, the Target or any of your or their respective subsidiaries or affiliates (in which case you agree to use commercially reasonable efforts to have any such confidentiality obligation waived, and otherwise in all instances, to the extent practicable and not prohibited by applicable law, rule or regulation, promptly notify us that information is being withheld pursuant to this sentence). Notwithstanding anything herein to the contrary, the only financial statements that shall be required to be provided to the Commitment Party in connection with the syndication of the Facilities shall be those required to be delivered pursuant to paragraphs 5 and 6 of *Exhibit C*.

You agree, at the request of the Commitment Party, to assist in the preparation of a version of the Information Materials to be used in connection with the syndication of the Facilities, consisting exclusively of information and documentation that is (i) of a type that would be publicly available if the Borrower (after giving effect to the Acquisition) and the Target Group were public reporting companies (as reasonably determined by you), (ii) publicly available or (iii) not material with respect to the Borrower, the Target Group or its or their respective subsidiaries or any of their respective securities for purposes of foreign, United States Federal and state securities laws (all such Information Materials being “*Public Lender Information*”, and Lenders that do not wish to receive information other than Public Lender Information, each, a “*Public Lender*”). Any information and documentation that is not Public Lender Information is referred to herein as “*Private Lender Information*” and any Lender that is not a Public Lender is each referred to herein as a “*Private Lender*”. The information (to the extent customarily included in a confidential information memorandum for credit facilities substantially similar to the Bank Facilities) to be included in the additional version of the Information Materials for Public Lenders will be substantially consistent with the information included in any offering memorandum for the offering for the Senior Unsecured Notes, subject to any differences that may occur as a result of such information being presented at or as at differing dates. Before distribution of any Information Materials to prospective Lenders (other than the Initial Lender), you agree to execute and deliver to the Commitment Party, (i) to the extent reasonably requested by the Commitment Party, a customary letter in which you authorize distribution of the Information Materials to Lenders willing to receive Private Lender Information and (ii) a separate customary letter in which you authorize distribution of Information Materials containing solely Public Lender Information and represent that such Information Materials do not contain any Private Lender Information, which letter shall in each case include a customary “10b-5” representation substantially identical to the representations in Section 4 below (which representations shall not be qualified by knowledge). Each version of the Information Materials shall (i) exculpate you, the Target and your and its respective affiliates with respect to any liability related to the misuse of such Information Materials or any related marketing materials by the recipients thereof and (ii) exculpate us and our respective affiliates with respect to any liability related to the use or misuse of such Information Materials or any related marketing materials by the recipients thereof.

You further agree, (a) at the request of the Commitment Party, to use your commercially reasonable efforts to identify Public Lender Information by clearly and conspicuously designating the same as “PUBLIC” and (b) the Commitment Party shall be entitled to treat any Information Materials that are not specifically identified as “PUBLIC” as being Private Lender Information. You acknowledge that the following documents contain solely Public Lender Information (unless you notify us prior to their intended distribution that any such document contains Private Lender Information) (provided, that such documents have been provided to you and your counsel for review a reasonable period of time prior thereto): (i) drafts and final copies of the Facilities Documentation, including term sheets; (ii) administrative materials prepared by the Commitment Party for prospective Lenders (such as a lender meeting invitation, bank allocation, if any, and funding and closing memoranda); and (iii) notification of changes in the terms of the Facilities. If you advise us in writing (including by e-mail) that any of the foregoing items should be distributed only to Private Lenders, then the Lead Arranger will not distribute such materials to Public Lenders without your consent. We shall be entitled to treat any Information Materials that are not specifically identified as “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Lenders” to which Public Lenders do not have access.

The Lead Arranger will manage all aspects of any syndication in consultation with you, including decisions as to the selection of institutions to be approached (excluding Disqualified Lenders) and when they will be approached, when their commitments will be accepted, which institutions will participate (excluding Disqualified Lenders), the allocation of the commitments among the Lenders, any naming rights and the amount and distribution of fees among the Lenders.

4. INFORMATION.

You hereby represent and warrant that (in the case of information regarding the Target and their respective subsidiaries prior to the Closing Date, to your knowledge), (a) all written information (other than the Projections and other than information of a general economic, forward-looking or industry-specific nature) (the “**Information**”) that has been or will be made available to the Initial Lender by or on behalf of you, the Target Group or any of your or its respective representatives, when taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto) and (b) the Projections that have been or will be prepared by or on behalf of you and made available to the Initial Lender by or on behalf of you or any of your representatives have been or will be prepared in good faith based upon assumptions that are believed by you to be reasonable at the time made and at the time the related Projections are made available to the Initial Lender (it being understood that the Projections (i) are as to future events and are not to be viewed as facts and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results, and (ii) are subject to significant uncertainties and contingencies, many of which are beyond your control, and that no assurance can be given that any particular Projections will be realized and variances from the Projections may be material). In arranging and syndicating the Facilities, we will be entitled to use and rely on the Information and the Projections without responsibility for independent verification thereof.

5. FEES.

As consideration for the Initial Lender's commitments hereunder, and our agreements to perform the services described herein, you agree to pay to the Agents, the Lead Arranger and the Initial Lender the fees set forth in this Commitment Letter (including the Term Sheets), in that certain fourth amended and restated joint fee letter dated the date hereof and delivered herewith with respect to the Facilities (the "**Joint Fee Letter**"), and in that certain fourth amended and restated agency fee letter dated the date hereof and delivered herewith with respect to the Facilities (the "**Agency Fee Letter**", and together with the Joint Fee Letter, the "**Fee Letters**").

6. CONDITIONS PRECEDENT.

The Initial Lender's commitments hereunder to fund the Facilities on the Closing Date, and the Commitment Party's and each Agent's agreement to perform the services described herein, are subject solely to the applicable conditions set forth in **Exhibit C** hereto, and upon satisfaction (or waiver by the Commitment Party) of such conditions, the initial funding of the Facilities shall occur (except to the extent the amount of the net proceeds of Senior Unsecured Notes or Takeout Securities or Replacement Loans (following the application thereof for purposes of the Refinancing or the Existing Notes Refinancing), to the extent Senior Unsecured Notes or Takeout Securities are issued or any Replacement Loans are incurred in lieu of the Senior Unsecured Bridge Facility or a portion thereof); it being understood that there are no conditions (implied or otherwise) to the commitments hereunder, including compliance with the terms of this Commitment Letter, the Fee Letters and the Facilities Documentation, other than those that are expressly stated in **Exhibit C** hereto.

Notwithstanding anything in this Commitment Letter (including each of the exhibits hereto), the Fee Letters or the Facilities Documentation or any other agreement or undertaking related to the Facilities to the contrary, (a) the only representations and warranties, the accuracy of which shall be a condition to the availability of the Facilities on the Closing Date, shall be (i) such of the representations and warranties made by the Target Group in the Purchase Agreement as are material to the interests of the Lenders, but only to the extent that you have (or an affiliate of yours has) the right (taking into account any applicable cure provisions) to terminate, your (or its) obligations under the Purchase Agreement as a result of the failure of such representations and warranties to be accurate or the right to decline to consummate the Acquisition (in each case, in accordance with the terms thereof) due to the failure of such representations and warranties (the "**Purchase Agreement Representations**") to be accurate and (ii) the Specified Representations (as defined below) and (b) the terms of the Facilities Documentation shall be in a form such that they do not impair the availability of the Facilities on the Closing Date if the applicable conditions set forth in **Exhibit C** to this Commitment Letter are satisfied or waived by the Initial Lender (it being understood that (A) other than with respect to any UCC Filing Collateral or Stock Certificates (each as defined below), to the extent any Collateral (as defined in **Exhibit A**) is not or cannot be delivered, or a security interest in any Collateral cannot be perfected, on the Closing Date after your use of commercially reasonable efforts to do so, the delivery of, or perfection of a security interest in, such Collateral shall not constitute a condition precedent to the availability of the Bank Facilities on the Closing Date, but such Collateral shall instead be required to be delivered, or a security interest in such Collateral perfected, within 90 days after the Closing Date (or such later date as mutually agreed by you and the Commitment Party) (subject to extensions reasonably agreed to by

the Bank Agent) (other than, in the case of the Target Group, with respect to any such certificate in which a security interest may be perfected by delivery thereof that has not been made available to you at least two (2) business days prior to the Closing Date, to the extent you have used commercially reasonable efforts to procure delivery thereof to the extent not in violation of the Purchase Agreement, in which case, such stock or equivalent certificate may instead be delivered within five (5) business days after the Closing Date), (B) with respect to perfection of security interests in UCC Filing Collateral, your sole obligation shall be to deliver, or cause to be delivered, necessary Uniform Commercial Code (“*UCC*”) or Personal Property Security Act of the applicable provinces of Canada (“*PPSA*”) financing statements to the Bank Agent in proper form for filing in the relevant US state or commonwealth UCC filing office(s) or other similar Canadian filing office and to authorize and to cause the applicable grantor to authorize the Bank Agent to file such UCC or PPSA financing statements and (C) with respect to perfection of security interests in Stock Certificates, your sole obligation shall be, subject to clause (A) of this parenthetical, to deliver to the Bank Agent or its legal counsel Stock Certificates together with undated stock powers executed in blank). For purposes hereof, (1) “*UCC Filing Collateral*” means Collateral consisting of assets of the Borrower, the Target and its and their respective applicable subsidiaries for which a security interest can be perfected by filing a UCC or PPSA financing statement, (2) “*Stock Certificates*” means Collateral consisting of stock certificates representing capital stock or other equity interests of the Target and its material, wholly-owned subsidiaries and the other material, wholly-owned Restricted Subsidiaries of the Borrower organized under the laws of any state, province or other political subdivision of the United States of America or Canada that is required as Collateral pursuant to the Bank Term Sheet and delivery of which is sufficient to perfect a security interest therein and, in the case of Stock Certificates of the Target Group, which have been delivered to you under the Purchase Agreement, and (3) “*Specified Representations*” means the representations and warranties of the Borrower to be set forth in the applicable Facilities Documentation relating to corporate or other organizational existence, organizational power and authority, due authorization, execution and delivery, in each case only as they relate to the entering into and performance of the applicable Facilities Documentation; the enforceability of the applicable Facilities Documentation; Federal Reserve margin regulations; use of proceeds not in violation of the PATRIOT Act (as defined below), the U.S. Treasury’s Office of Foreign Assets Control (“*OFAC*”) regulations and the U.S. Foreign Corrupt Practices Act (the “*FCPA*”); use of proceeds not in violation of the United Nations Act (Canada) (“*UNA*”), the Corruption of Foreign Public Officials Act (Canada) (“*CFPOA*”), Part II.1 of the Criminal Code (Canada) (“*Criminal Code*”) and the Special Economic Measures Act (Canada) (“*SEMA*”) and other applicable anti-terrorism, anti-money laundering and anti-corruption laws; the Investment Company Act; no conflicts between the applicable Facilities Documentation and (i) the organizational documents of the Borrower and each of their respective applicable subsidiaries (in each case, only as they relate to the entering into and performance of the applicable Facilities Documentation) and (ii) the Existing Debt (to the extent such debt remains outstanding after the Closing Date); solvency of Borrower and its subsidiaries on a consolidated basis as of the Closing Date (defined in a manner consistent with the form of solvency certificate attached hereto as *Exhibit D*); and, solely in the case of the Bank Facilities and subject to permitted liens and the limitations set forth in the prior sentence and under the heading “Security” in Exhibit A attached hereto, creation, validity and perfection of security interests. This paragraph, and the provisions herein, shall be referred to as the “*Certain Funds Provision*”. Without limiting the conditions precedent provided herein to funding the consummation of the Acquisition with the proceeds of the Facilities, the Commitment Party will cooperate with you as reasonably requested

in coordinating the timing and procedures for the funding of the Facilities in a manner consistent with the Purchase Agreement.

7. INDEMNIFICATION; EXPENSES.

You agree:

(a) to indemnify and hold harmless the Commitment Party and its affiliates and its and its affiliates' respective officers, directors, employees, agents, advisors, representatives, controlling persons and members, partners and successors and permitted assigns (other than any Excluded Affiliate) (each a "**Representative**") of each of the foregoing (each, an "**Indemnified Person**"), from and against any and all losses, claims, damages, liabilities and expenses, joint or several, to which any such Indemnified Person may become subject arising out of or in connection with this Commitment Letter, the Fee Letters, the Purchase Agreement, the Transactions, the Facilities or any other transactions related to the foregoing or any claim, litigation, investigation or proceeding (each, an "**Action**") relating to any of the foregoing, regardless of whether any such Indemnified Person is a party to such Action (and regardless of whether such Action is initiated by a third party, the Borrower, the Target or any of its respective affiliates or equity holders), and to reimburse each such Indemnified Person, promptly upon receipt of a written request therefor together with customary backup documentation in reasonable detail, for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating or defending any such Action (limited to one counsel for all Indemnified Persons taken as a whole and, if reasonably necessary, a single local counsel for all Indemnified Persons taken as a whole in each relevant material jurisdiction (which may be a single local counsel acting in multiple material jurisdictions) and, solely in the case of an actual or perceived conflict of interest between Indemnified Persons where the Indemnified Persons affected by such conflict inform you of such conflict, one additional counsel in each relevant material jurisdiction to each group of affected Indemnified Persons similarly situated, taken as a whole); *provided* that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted from (i) the willful misconduct, bad faith or gross negligence of such Indemnified Person or any Representative of such Indemnified Person, (ii) a material breach of the obligations of such Indemnified Person or any such Indemnified Person's affiliates under this Commitment Letter, the Fee Letters or the Facilities Documentation or (iii) any Action that is brought by an Indemnified Person against any other Indemnified Person (other than any Action against an arranger, bookrunner or agent under the Facilities acting in its capacity as such or any claims arising out of an act or omission on the part of you or any of your respective affiliates) (*provided*, that each Indemnified Person agrees (by accepting the benefits hereof) to refund and return any and all amounts paid by you to such Indemnified Person to the extent such Indemnified Person is found by a court of competent jurisdiction in a final and non-appealable judgment not to have been entitled to payment of such amounts in accordance with any of the foregoing items described in clauses (i), (ii), (iii) or (iv) occurs).

(b) whether or not the Transactions are consummated or the Closing Date occurs, to reimburse the Commitment Party after receipt of a written request together with customary backup documentation in reasonable detail, for all reasonable out-of-pocket expenses (including, but not limited to, (i) expenses of the Commitment Party's due diligence investigation, (ii) syndication

expenses, (iii) travel expenses and (iv) fees, disbursements and other charges of one counsel to the Commitment Party identified in the Term Sheets, and, if necessary, of a single local counsel in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions)) for all Indemnified Persons, taken as a whole, incurred solely in connection with the Facilities and the preparation and negotiation of this Commitment Letter, the Fee Letters, the Facilities Documentation and any related definitive documentation (collectively, the “*Expenses*”); *provided* that, without limiting clause (a) above, if the Closing Date (as defined in the Joint Fee Letter) does not occur, you shall not be obligated to reimburse the Commitment Party in respect of legal fees and expenses pursuant to this clause (b) in excess of \$500,000.

You shall not be liable for any settlement of any Action effected without your prior written consent (such consent not to be unreasonably withheld or delayed), but, if settled with your prior written consent or if there is a final judgment in any such Action, you agree to indemnify and hold harmless each Indemnified Person from and against any and all losses, claims, damages, liabilities and expenses by reason of such settlement or final judgment in accordance with this Section 7. You shall not, without the prior written consent of an Indemnified Person (which consent shall not be unreasonably withheld or delayed in the case of any third-party Action), effect any settlement of any Action in respect of which indemnity could have been sought hereunder by such Indemnified Person unless such settlement (x) includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such Actions and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of such Indemnified Person. Notwithstanding the foregoing, each Indemnified Person shall be obligated to refund or return any and all amounts paid by you under this Section 7 to such Indemnified Person for any losses, claims, damages, liabilities and expenses to the extent such Indemnified Person is found by a court of competent jurisdiction in a final and non-appealable judgment not to have been entitled to payment of such amounts in accordance with the terms hereof.

You agree that, notwithstanding any other provision of this Commitment Letter, none of we or you or any Indemnified Person, the Target, or any of its respective subsidiaries, shall have any liability for any special, indirect, consequential or punitive damages (including, without limitation any loss of profits, business or anticipated savings) in connection with this Commitment Letter, the Fee Letters, the Transactions (including the Facilities and the use of proceeds thereunder), or with respect to any activities related to the Facilities, including the preparation of this Commitment Letter, the Fee Letters and the Facilities Documentation; *provided* that nothing contained in this paragraph shall limit your indemnity and reimbursement obligations to the extent such indirect, special, punitive or consequential damages are included in any third-party claim with respect to which the applicable Indemnified Person is entitled to indemnification under the first paragraph of this Section 7.

You acknowledge that we may receive a future benefit on matters unrelated to this matter, including, without limitation, discount, credit or other accommodation, from any of such counsel based on the fees such counsel may receive on account of their relationship with us, including without limitation fees paid pursuant hereto (it being understood and agreed that, in no event, shall the Expenses include items in respect of any unrelated matter or otherwise be increased as a result of such counsel’s representation of us on another matter or on account of our relationship with such counsel).

8. SHARING INFORMATION; ABSENCE OF FIDUCIARY RELATIONSHIP; AFFILIATE ACTIVITIES.

Consistent with the Commitment Party's policies to hold in confidence the affairs of their customers, the Commitment Party will not furnish confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or their other relationships with you to other companies. You acknowledge that we do not have any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to you, confidential information obtained by us or any of our respective affiliates from other companies. The Commitment Party may have economic interests that conflict with yours or those of your equity holders or affiliates. You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and the Commitment Party or their respective affiliates is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter (or the Fee Letters, including the exercise of rights and remedies hereunder or thereunder), irrespective of whether the Commitment Party or its respective affiliates have advised or are advising you on other matters, (b) the transactions contemplated by this Commitment Letter and the Fee Letters (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Commitment Party and its respective affiliates, on the one hand, and you, on the other hand, that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on the part of the Commitment Party or its respective affiliates, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that the Commitment Party and its respective affiliates are engaged in a broad range of transactions that may involve interests that differ from your interests and that the Commitment Party and its respective affiliates have no obligation to disclose such interests and transactions to you by virtue of any fiduciary, advisory or agency relationship and (e) you waive, to the fullest extent permitted by law, any claims you may have against the Commitment Party or its respective affiliates for breach of fiduciary duty or alleged breach of fiduciary duty and agree that the Commitment Party and its respective affiliates shall have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of you, including your stockholders, employees or creditors, in each case in connection with the Transactions. Additionally, you acknowledge and agree that the Commitment Party is not advising you as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction (including, without limitation, with respect to any consents needed in connection with the transactions contemplated hereby other than as Financial Advisor). You shall consult with your own advisors concerning such matters to the extent you deem appropriate and shall be responsible for making your own independent investigation and appraisal of the transactions contemplated hereby (including, without limitation, with respect to any consents needed in connection therewith), and the Commitment Party and its respective affiliates shall have no responsibility or liability to you with respect thereto. Any review by the Commitment Party or its respective affiliates of the Borrower or any of its subsidiaries, the Target Group, the Transactions, the other transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Commitment Party and its respective affiliates and shall not be on behalf of you or any of your affiliates.

You further acknowledge that the Commitment Party and its respective affiliates are full-service securities firms engaged in securities trading and brokerage activities as well as providing investment banking and other financial services, including to other companies in respect of which you may have conflicting interests. In the ordinary course of business, the Commitment Party and its respective affiliates may provide investment banking and other financial services to, and/or acquire, hold or sell, for their own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of you, the Borrower, the Target Group and other companies with which you, the Borrower, or the Target Group may have commercial or other relationships. Although the Commitment Party in the course of such other activities and relationships may acquire information about the transactions contemplated by this Commitment Letter or other entities and persons that may be the subject of the financing contemplated by this Commitment Letter, the Commitment Party shall have no obligation to disclose such information, or the fact that such Commitment Party is in possession of such information, to you or any of your affiliates or to use such information on your or your affiliates' behalf. With respect to any securities and/or financial instruments so held by the Commitment Party and its respective affiliates or any of their customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

As you know, Goldman Sachs has been retained by the Borrower (or one of its affiliates) as financial advisor (in such capacity, the "*Financial Advisor*") in connection with the Acquisition and the Transactions. You have agreed to such retention, and further agree not to assert any claim you might allege based on any actual or potential conflicts of interest that might be asserted to arise or result from the engagement of the Financial Advisor, on the one hand, and our and our affiliates' relationships with you as described and referred to herein, on the other. Each other Commitment Party hereto acknowledges (i) the retention of Goldman Sachs as the Financial Advisor and (ii) that such relationship does not create any fiduciary duties or fiduciary responsibilities to such Commitment Party on the part of Goldman Sachs or its affiliates.

9. ASSIGNMENTS; AMENDMENTS; GOVERNING LAW, ETC.

This Commitment Letter and the commitments hereunder shall not be assignable by any party hereto (other than, subject to the provisions of Section 2 hereof, by the Initial Lender to any Additional Agent or its affiliates) without the prior written consent of the other parties hereto (and any attempted assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto (and Indemnified Persons), and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto (and Indemnified Persons). Any and all obligations of, and services to be provided by, us hereunder (including, without limitation, the Initial Lender's commitments) may be performed and any and all of our rights hereunder may be exercised by or through any of our respective affiliates or branches and, in connection with such performance or exercise, we may exchange with such affiliates or branches information concerning you and your affiliates that may be the subject of the transactions contemplated hereby and, to the extent so employed, such affiliates and branches shall be entitled to the benefits afforded to us hereunder; *provided* that nothing in this Commitment Letter shall relieve us of any of our obligations hereunder except as expressly provided in Section 2 or 3 above and (y) notwithstanding anything to the contrary set forth herein, we may assign our commitment and agreements hereunder, in whole or in part, to Goldman Sachs Lending Partners

LLC and our commitments and agreements hereunder may be performed by or through Goldman Sachs Lending Partners LLC. This Commitment Letter may not be amended or any provision hereof waived or modified except by an instrument in writing signed by us and you.

This Commitment Letter may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. For purposes hereof, the words “execution,” “execute,” “executed,” “signed,” “signature” and words of like import shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formulations on electronic platforms, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Section headings used herein are for convenience of reference only, are not part of this Commitment Letter and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter.

You acknowledge that information and documents relating to the Facilities may be transmitted through SyndTrak, Intralinks, the Internet, e-mail or similar electronic transmission systems, and that the Commitment Party shall not be liable for any damages arising from the unauthorized use by others of information or documents transmitted in such manner except to the extent such damages are found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct, bad faith or gross negligence of the Commitment Party. This Commitment Letter and the Fee Letters supersede all prior understandings, whether written or oral, between you and us with respect to the Facilities.

Each of the parties hereto agrees that (i) this Commitment Letter is a binding and enforceable agreement (subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors’ rights generally and general principles of equity (whether considered in a proceeding in equity or law)) with respect to the subject matter contained herein, including an agreement to negotiate in good faith the Facilities Documentation by the parties hereto in a manner consistent with this Commitment Letter, it being acknowledged and agreed that the funding of the Facilities is subject only to the applicable conditions precedent set forth in *Exhibit C* hereto and (ii) the Fee Letters is a binding and enforceable agreement (subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors’ rights generally and general principles of equity (whether considered in a proceeding in equity or law)) of the parties thereto with respect to the subject matter set forth therein.

THIS COMMITMENT LETTER AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS COMMITMENT LETTER OR THE FEE LETTERS (INCLUDING, WITHOUT LIMITATION, ANY CLAIMS SOUNDING IN CONTRACT LAW OR TORT LAW ARISING OUT OF THE SUBJECT MATTER HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK; provided, however, that (a) the interpretation of the

definition of Material Adverse Change (as defined in *Exhibit C* hereto) (and whether or not a Material Adverse Change has occurred), (b) the determination of the accuracy of any Purchase Agreement Representations and whether as a result of any inaccuracy of any Purchase Agreement Representations you have (or an affiliate of yours has) the right (taking into account any applicable cure provisions) to terminate your (or its) obligations under the Purchase Agreement as a result of the failure of such representations to be accurate or the right to decline to consummate the Acquisition due to the failure of such representations to be accurate and (c) the determination of (i) whether the Acquisition has been consummated in accordance with the terms of the Purchase Agreement and (ii) the determination of the accuracy of any Purchase Agreement Representation and whether as a result of any inaccuracy thereof, a condition to your (or your affiliates') obligations to close under the Purchase Agreement has not been met or you (or your affiliates) have the right (without regard to any notice requirement but giving effect to any applicable cure provisions) to terminate your (or your affiliates') obligations under the Purchase Agreement, in each case without regard to its rules of conflicts of law) shall, in each case, be governed by, and construed and interpreted in accordance with, the internal laws of England and Wales, without giving effect to any choice or conflict of law provision or rule (whether of the England and Wales or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the England and Wales.

10. JURISDICTION.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letters or the transactions contemplated hereby or thereby, and agrees that all claims in respect of any such suit, action or proceeding may be heard and determined only in such New York State court or, to the extent permitted by law, in such Federal court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letters or the transactions contemplated hereby or thereby in any such New York State court or in any such Federal court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court and (d) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Borrower shall provide evidence that it has appointed Corporation Service Company at 80 State Street, Albany, NY, 12207-2543 as its agent for service of process for the purpose of the submission to jurisdiction as set forth above. Service of any process, summons, notice or document by registered mail addressed to you at the address above shall be effective service of process against you for any suit, action or proceeding brought in any such court. **To the extent that the Borrower has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Borrower irrevocably waives (to the extent permitted by applicable law) such immunity in respect of its obligations hereunder.**

11. WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER, THE FEE LETTERS OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

12. CONFIDENTIALITY.

This Commitment Letter is delivered to you on the understanding that none of this Commitment Letter, the Fee Letters or any of their terms or substance, nor the activities of the Commitment Party pursuant hereto, shall be disclosed, directly or indirectly, to any other person except (a) your affiliates and the officers, directors, employees, attorneys, accountants or advisors of you or any such affiliate on a confidential basis, (b) pursuant to the order of any court or administrative agency in any pending legal or administrative proceeding, or otherwise as required by applicable law or stock exchange requirement or compulsory legal process (in which case you agree to inform us promptly thereof to the extent lawfully permitted to do so), (c) if the Commitment Party consents in writing to such proposed disclosure, which consent shall not be unreasonably withheld, conditioned or delayed, (d) the Term Sheets and the existence of this Commitment Letter (but not this Commitment Letter or the Fee Letters) may be disclosed to any rating agency in connection with the Transactions, or (e) in connection with the enforcement of your rights hereunder; *provided* that you may disclose (i) this Commitment Letter and the contents hereof to the Target and each of its officers, directors, employees, attorneys, accountants, agents and advisors involved in the consideration of the Transactions on a confidential basis and to equity investors involved in the consideration of the Transactions on a confidential basis; (ii) the Fee Letters, to the extent the Fee Letters has been redacted with respect to the fee amounts and the pricing and other economic terms of the “Market Flex” provisions to the Target and its officers, directors, employees, attorneys, accountants, agents and advisors involved in the consideration of the Transactions, on a confidential basis; (iii) the aggregate fee amounts contained in the Fee Letters as part of Projections, *pro forma* information or a generic disclosure of aggregate sources and uses related to fee amounts related to the Transactions to the Target and its respective officers, directors, employees, attorneys, accountants and advisors involved in the consideration of the Transactions, on a confidential basis, or to the extent customary or required in offering and marketing materials for the Facilities or the Senior Unsecured Notes or Takeout Securities or in any public filing relating to the Transactions; (iv) the Term Sheets and the other exhibits and annexes to this Commitment Letter in any syndication of the Facilities or other marketing efforts for debt to be used to finance the Transactions; (v) this Commitment Letter and the Fee Letters and the contents hereof and thereof to any Additional Agent in either case to the extent in contemplation of appointing such person pursuant to Section 2 of this Commitment Letter and to any such person’s affiliates and its and their respective officers, directors, employees, agents, attorneys, accountants and other advisors, on a confidential need-to-know basis; and (vi) you may disclose this Commitment Letter (but not the Fee Letters) and its contents in any proxy statement or other public filing relating to the Acquisition. We agree that we will permit you to review and approve (such approval not to be unreasonably withheld or delayed) any reference to you or any of your respective affiliates in connection with the Facilities or the transactions contemplated hereby contained in any press release or similar written disclosure prior to public release. The obligations under this paragraph with respect to this Commitment Letter shall terminate automatically after the Facilities Documentation has been

executed and delivered by the parties thereto to the extent superseded thereby. To the extent not earlier terminated, the provisions of this paragraph with respect to this Commitment Letter shall automatically terminate on the second anniversary of the date hereof. Notwithstanding the foregoing, the Agency Fee Letter may not be disclosed to any Additional Agent without the prior consent of Goldman Sachs.

We and our affiliates will use all confidential information provided to us or such affiliates by or on behalf of you hereunder (including any information obtained by us or our affiliates based on a review of the books and records relating to you or the Target or any of your or its respective subsidiaries or affiliates) or in connection with the Acquisition and the related Transactions solely for the purpose of providing the services which are the subject of this Commitment Letter and shall treat confidentially all such information and shall not publish, disclose or otherwise divulge, such information; *provided* that nothing herein shall prevent us and our affiliates from disclosing any such information (a) pursuant to the order of any court or administrative agency or in any pending legal, judicial or administrative proceeding, or otherwise as required by applicable law or compulsory legal process based on the advice of counsel (in which case we agree (except with respect to any audit or examination conducted by bank accountants or any governmental or bank regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to disclosure), (b) upon the request or demand of any regulatory authority (including any self-regulatory authority) having jurisdiction over us or any of our affiliates (in which case we agree (except with respect to any audit or examination conducted by bank accountants or any governmental or bank regulatory authority exercising examination or regulatory authority), to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to disclosure), (c) to the extent that such information becomes publicly available other than by reason of improper disclosure by us or any of our affiliates or Representatives in violation of any confidentiality obligations owing to you, the Target or any of your or its respective affiliates (including those set forth in this paragraph), (d) to the extent that such information is received by us from a third party that is not, to our knowledge, subject to contractual or fiduciary confidentiality obligations owing to you or any of your or its respective affiliates or related parties, (e) to the extent that such information is independently developed by us, (f) to our affiliates and to our and its respective employees, legal counsel, independent auditors, professionals and other experts or agents who need to know such information in connection with the Transactions and who are informed of the confidential nature of such information and have been advised of their obligation to keep information of this type confidential, (g) in the case of the Term Sheets, or marketing term sheets based substantially on the Term Sheets, to ratings agencies in connection with obtaining ratings for the Borrower and its Subsidiaries and the Senior Unsecured Bridge Facility or the Senior Unsecured Notes or to potential or prospective Lenders (other than any Disqualified Lenders), participants or assignees and to any direct or indirect contractual counterparty to any swap or derivative transaction relating to the Borrower or any of its subsidiaries or their respective obligations, in each case who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph); (h) to the extent you have consented to such disclosure, (i) for purposes of establishing a “due diligence” defense or in connection with any remedy or enforcement of any right hereunder or under the Fee Letters, or (j) to the extent necessary or customary for inclusion in league table measurement; *provided, further*, that the disclosure of any such information to any Lenders or prospective Lenders or participants or prospective participants referred to above shall be made subject to the acknowledgment and

acceptance by such Lender or prospective Lender or participant or prospective participant that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you and us, including, without limitation, as agreed in any Information Materials or other marketing materials) in accordance with customary syndication processes and customary market standards for dissemination of such type of information. In addition, each Commitment Party may disclose the existence of the Facilities and the information about the Facilities contained in the Term Sheets in customary fashion to market data collectors, similar services providers to the lending industry, and service providers to any other Commitment Party in connection with the administration and management of the Facilities. Our and our affiliates' obligations under this paragraph shall terminate automatically and be superseded by the confidentiality provisions in the Facilities Documentation upon the Closing Date; *provided, further*, that if the Closing Date does not occur, this paragraph shall automatically terminate on the second anniversary hereof. Neither the Commitment Party nor any of its affiliates will use confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or their other relationships with you in connection with the performance by it of services for other persons.

Notwithstanding anything herein to the contrary, you (and any of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Commitment Letter and the Fee Letters and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except that (i) tax treatment and tax structure shall not include the identity of any existing or future party (or any affiliate of such party) to this Commitment Letter or the Fee Letters and (ii) no party shall disclose any information relating to such tax treatment and tax structure to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws. For this purpose, the tax treatment of the transactions contemplated by this Commitment Letter and the Fee Letters is the purported or claimed U.S. Federal income tax treatment of such transactions and the tax structure of such transactions is any fact that may be relevant to understanding the purported or claimed U.S. Federal income tax treatment of such transactions.

13. SURVIVING PROVISIONS.

The reimbursement, indemnification, confidentiality (to the extent provided above), syndication, information, jurisdiction, governing law, venue and waiver of jury trial provisions contained herein, in the Fee Letters and the provisions of Section 8 of this Commitment Letter shall remain in full force and effect regardless of whether the Facilities Documentation shall be executed and delivered and (other than in the case of the syndication provisions) notwithstanding the termination of this Commitment Letter or the Initial Lender's commitments hereunder and our agreements to perform the services described herein; *provided* that your obligations under this Commitment Letter, other than those relating to confidentiality and to the syndication of the Facilities, shall automatically terminate and be superseded by the corresponding provisions of the Facilities Documentation (with respect to indemnification, reimbursement and confidentiality, to the extent covered thereby) upon the initial funding under the Facilities and the payment of all amounts owing at such time hereunder and under the Fee Letters, and you shall be released from all liability in connection therewith at such time. You may terminate this Commitment Letter and concurrently terminate each Commitment Party's commitments hereunder in full (but not in part) at any time subject to the

provisions of the preceding sentence; provided that a termination of the commitments under the Bank Facilities in full upon your obtaining the Amendment (as defined in Exhibit A) shall in any case, be permitted in accordance with the terms set forth herein.

14. PATRIOT ACT NOTIFICATION.

We hereby notify you that, pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the “*PATRIOT Act*”) and the requirements of 31 C.F.R. § 1010.230 (the “*Beneficial Ownership Regulation*”), each of us and each Lender is required to obtain, verify and record information that identifies the borrower and each guarantor of the Facilities, which information includes the name, address, tax identification number and other information regarding the borrower and each guarantor of the Facilities that will allow us or such Lender to identify each borrower and each guarantor of the Facilities in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective as to each of us and each Lender. You hereby acknowledge and agree that we shall be permitted to share any or all such information with the Lenders.

15. ACCEPTANCE AND TERMINATION.

If the foregoing correctly sets forth our agreement with you, please indicate your acceptance of the terms of this Commitment Letter and of the Fee Letters (such date of acceptance, the “*Acceptance Date*”) by returning to Goldman Sachs executed counterparts hereof and of the Fee Letters not later than 11:59 p.m., New York City time, on August 8, 2021. The Initial Lender’s commitments hereunder, and the Commitment Party’s agreements to perform the services described herein, will expire automatically and without further action or notice and without further obligation to you at such time in the event Goldman Sachs has not received such executed counterparts in accordance with the immediately preceding sentence. This Commitment Letter will become a binding commitment on the Commitment Party only after it has been duly executed and delivered by you in accordance with the first sentence of this Section 15. In the event that the Closing Date does not occur on or prior to the earliest to occur of (w) the date that is five business days following February 28, 2022 (or, if the Longstop Date (as defined in the Purchase Agreement) has been extended pursuant to Section 3.5.3 of the Purchase Agreement, the date that is 80 Business Days after February 28, 2022), (x) the termination of the Purchase Agreement in accordance with its terms in the event the Acquisition is not consummated and (y) the consummation of the Acquisition (with or without the funding of the Facilities), then this Commitment Letter and the commitments of the Initial Lender hereunder, and the Commitment Party’s agreements to perform the services described herein, shall automatically terminate without further action or notice and without further obligation to you unless the Commitment Party shall, in its discretion, agree to an extension in writing. You shall have the right to terminate this Commitment Letter and the commitments of the Lenders hereunder (in whole or in part) at any time upon written notice to them from you, subject to your surviving obligations as set forth in Section 13 of this Commitment Letter and in the Fee Letters. Notwithstanding anything in this Section 15 to the contrary, the termination of any commitment pursuant to this Section 15 does not prejudice your or our rights and remedies in respect of any breach of this Commitment Letter that occurred prior to such termination.

[Signature page follows.]

We are pleased to have been given the opportunity to assist you in connection with the financing for the Acquisition.

Very truly yours,

GOLDMAN SACHS BANK USA

By: /s/ Rob EHUDIN_____

Name: Rob EHUDIN

Title: Authorized Signatory

Accepted and agreed to as of
the date first above written:

**RITCHIE BROS. AUCTIONEERS
INCORPORATED**

By: /s/ Sharon Driscoll

Name: Sharon Driscoll

Title: Chief Financial Officer

\$530 MILLION SENIOR SECURED REVOLVING CREDIT FACILITY
\$100 MILLION SENIOR SECURED TERM LOAN FACILITY
SUMMARY OF PRINCIPAL TERMS AND CONDITIONS¹

BORROWER: Ritchie Bros. Auctioneers Incorporated, a public company incorporated in Canada (the “*Borrower*”).

TRANSACTIONS: The Borrower, through one of its direct or indirect subsidiaries, intends to acquire (the “*Acquisition*”) the Target pursuant a Share Purchase Agreement (together with all exhibits, schedules and annexes thereto, the “*Purchase Agreement*”) to be entered into among the Borrower, the Target Group and the vendors party thereto.

In connection with the Acquisition:

(a) on or before the Closing Date, the Borrower shall (and the Borrower shall use commercially reasonable efforts to cause Bank of America, N.A. as the administrative agent to) seek to obtain a consent or an amendment in respect of the Borrower’s existing Amended and Restated Credit Agreement, dated as of August 14, 2020, as amended (the “*Existing Credit Agreement*”), among Bank of America, N.A. as the administrative agent, the additional revolving borrowers party thereto, and the other lenders and parties thereto in order to permit and provide financing for the Transactions and such Existing Credit Agreement to remain outstanding in connection with (and after) the consummation of the Transactions (such amendment, the “*Amendment*”); on the date on which the Borrower obtains the required consents from the lenders under the Existing Credit Agreement in respect of the Amendment, the Bank Facilities and the amount of the Initial Lender’s commitments in respect thereof, shall be automatically and immediately reduced to zero and terminated in full, without the funding of loans thereunder (and the Bank Facilities shall not be entered into);

(b) on or before the Closing Date, if the Amendment is not obtained, the Borrower’s Existing Credit Agreement will be repaid in full, and all commitments thereunder will be terminated and all security interests (if any) relating thereto shall be released, (the “*Refinancing*”, and all indebtedness referred to in this clause (b) and all existing third party debt of the Target, the “*Existing Debt*”);

(c) the Borrower may obtain (x) the senior secured revolving credit facility described below under the caption “Revolving Facility”, and (y) the senior

¹ All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this term sheet (the “*Bank Term Sheet*”) is attached, *Exhibit B*, the annexes to *Exhibit A* or *Exhibit B* or the other exhibits thereto. In the event any such capitalized term is subject to multiple and differing definitions, the appropriate meaning thereof for purposes of this *Exhibit A* shall be determined by reference to the context in which it is used.

secured term loan "A" facility described below under the caption "Term Facility";

(d) either (i) the Borrower and/or one or more of its Subsidiaries will issue the Senior Unsecured Notes in one or more Rule 144A / Regulation S offering or other private placement transactions or issue Takeout Securities or incur Replacement Loans in an aggregate principal amount of \$1,150 million or (ii) if all or any portion of the Senior Unsecured Notes or Takeout Securities are not issued or Replacement Loans are not incurred, the Borrower will obtain the senior unsecured bridge loan facility (the "**Senior Unsecured Bridge Facility**") described under the caption "Senior Unsecured Bridge Facility" in **Exhibit B** to the Commitment Letter to which this Term Sheet is attached, provided that, no issuance, sale or financing described in clause (i) of this clause (c) is a condition to funding the Senior Unsecured Bridge Facility on the Closing Date by the Commitment Party;

(d) the Acquisition will be consummated on the Closing Date and each entity in the Target Group will become a subsidiary of the Borrower; and

(e) fees and expenses incurred in connection with the foregoing (the "**Transaction Costs**") will be paid. The Acquisition, the Refinancing, the Facilities, the offering of the Senior Unsecured Notes and the other transactions described in this paragraph are collectively referred to herein as the "**Transactions**".

**ADMINISTRATIVE
AGENT:**

Goldman Sachs, acting through one or more of its branches or affiliates, will act as sole administrative agent (in such capacity, the "**Bank Agent**") for a syndicate of banks, financial institutions and other institutional lenders reasonably acceptable to the Borrower (together with the Initial Lender, the "**Lenders**") and will perform the duties customarily associated with such role; *provided* that, if the Amendment is obtained, Bank of America may continue as the administrative agent under the Existing Credit Agreement.

COLLATERAL AGENT:

Goldman Sachs, acting through one or more of its branches or affiliates, will act as the collateral agent (in such capacity, the "**Collateral Agent**") for the Lenders and will perform the duties customarily associated with such role.

**LEAD ARRANGER AND
BOOKRUNNER:**

The Lead Arranger and Bookrunner (each as defined in the Commitment Letter and together with any Additional Agents as provided in the Commitment Letter) will act as a lead arranger and bookrunner, respectively, for the Bank Facilities and will perform the duties customarily associated with such roles.

TERM FACILITY: A senior secured term loan facility (the “*Term Facility*”); the commitments to fund the loans (the “*Term Loans*”) thereunder, the “*Term Commitments*”) made available to the Borrower in an aggregate principal amount of \$100 million.

REVOLVING FACILITY: A senior secured revolving credit facility (the “*Revolving Facility*”); the commitments to fund the loans thereunder, the “*Revolving Commitments*”; the Revolving Facility, together with the Term Facility, the “*Bank Facilities*”) made available to the Borrower in an aggregate principal amount of \$530 million under which Borrower may borrow loans from time to time (the loans thereunder, together with Swingline Loans referred to below, the “*Revolving Loans*”), and an amount not less than \$75 million of which will be available through a sub-facility of the Revolving Facility (as further increased from time to time as provided under the section titled “Commitment Increase” below, the “*Letter of Credit Cap*”) in the form of Letters of Credit (as defined below) for the account of Borrower or any of its Restricted Subsidiaries subject to availability as described under the heading “Availability and Amounts” below; *provided* that the Revolving Commitments under the Revolving Facility on the Closing Date shall be reduced by any commitments made available under the Revolving Facility entered into upon a Demand (as defined in the Joint Fee Letter) prior to the Closing Date; *provided further* that a portion of the Revolving Facility to be mutually agreed may be made available in Canadian Dollars, British Pounds Sterling, Japanese Yen, Euros and Australian Dollars, in each case, subject to sublimits to be mutually agreed (each a “*Permitted Foreign Currency*”).

SWINGLINE LOANS: In connection with the Revolving Facility, the Bank Agent (in such capacity, the “*Swingline Lender*”) will make available to the Borrower, upon same-day notice, a swingline facility under which the Borrower may make short-term borrowings in U.S. dollars or Canadian dollars only of up to an aggregate amount to be mutually agreed upon. Except for purposes of calculating the commitment fee described in Annex I hereto, such swingline borrowings will reduce availability under the Revolving Facility on a dollar-for-dollar basis.

Defaulting Lender provisions will be consistent with the Bank Documentation (as defined below).

COMMITMENT INCREASE: The Borrower shall have the right to solicit existing Revolving Lenders or prospective lenders who are eligible assignees reasonably acceptable to the Bank Agent and the Issuing Banks (as defined below) to provide additional revolving loan commitments under the Revolving Facility (a “*Commitment Increase*”) in an aggregate amount not to exceed an amount to be agreed and on such other terms and conditions to be mutually agreed.

PURPOSE:

(a) The proceeds of Term Loans will be used by the Borrower on the Closing Date to repay the delayed draw term loans outstanding under the Existing Credit Agreement and to pay transaction costs and expenses incurred in connection therewith and to the extent of any remaining balance, for the Transactions. The Term Loans will be made in a single drawing on the Closing Date. Amounts repaid under the Term Facility may not be reborrowed.

(b) The proceeds of Revolving Loans will be used by the Borrower to repay Existing Debt and from time to time for general corporate purposes after the Closing Date; *provided* that the amount of Revolving Loans permitted to be incurred on the Closing Date shall be subject to the restrictions set forth in the “Availability and Amounts” section below.

AVAILABILITY AND AMOUNTS:

From and after the Closing Date, Revolving Loans under the Revolving Facility (exclusive of Letter of Credit usage) will be available at any time prior to the final maturity of the Revolving Facility, in minimum principal amounts and upon notice to be mutually agreed upon; *provided* that Revolving Loans made on the Closing Date will be limited to an amount sufficient to, at the option of the Borrower, (i) pay consideration under the Purchase Agreement, (ii) pay other amounts payable in connection with the Transactions, including repayment of Existing Debt, (iii) pay Transaction Costs and/or (iii) backstop, replace or cash collateralize letters of credit outstanding on the Closing Date; *provided* that the aggregate amount of Revolving Loans drawn under the Revolving Facility on the Closing Date shall not exceed an amount to be agreed (the “**Closing Date Draw Amount**”); *provided further* that the Commitment Party’s commitments to provide Revolving Commitments under the Revolving Facility on the Closing Date shall be reduced by any commitments made under the Revolving Facility entered into pursuant to a Demand prior to the Closing Date.

Subject to customary terms and conditions to be mutually agreed, the Borrower and/or a Local Borrowing Subsidiary (to be defined in a manner mutually agreed) may borrow Revolving Loans (or, in the sole discretion of the relevant Local Lender (as defined below), bankers’ acceptances) in U.S. dollars or a Permitted Foreign Currency from affiliates of the Bank Agent (or, if such affiliates of the Bank Agent decline to act as a Local Lender, such other financial institutions reasonably acceptable to the Bank Agent) (each, a “**Local Lender**”), with each Revolving Lender taking a U.S. dollar-denominated irrevocable and unconditional participating interest therein (amounts available under this facility, the “**Local Loan Subfacility**”; and the loans thereunder, the “**Local Loans**”).

The Local Loan Subfacility shall include terms no less favorable to the Borrower than such corresponding terms under the Existing Revolving Facility and shall address the structure and operating requirements of the Borrower and its subsidiaries after giving effect to the Acquisition.

INTEREST RATES AND FEES:

As set forth on *Annex I* hereto.

DEFAULT RATE:

The applicable interest rate plus 2.0% per annum payable on overdue amounts only.

FINAL MATURITY AND AMORTIZATION:

(a) The Term Facility will mature on the date that 5 years after the Closing Date (the “**Term Maturity Date**”); *provided* that the Bank Documentation shall provide the right for individual Term Lenders to agree to extend the

maturity date of all or a portion of the outstanding Term Loans upon the request of the Borrower and without the consent of any other Term Lender; it being understood that each Term Lender shall have the opportunity to participate in such extension on the same terms and conditions as each other Term Lender (it being understood that no existing Term Lender will have any obligation to commit to any such extension); *provided, further*, that any such extension, without limitation, may, subject to the Borrower's consent, contain an increase in the interest rate payable with respect to such extended loans and commitments, with such extensions not subject to any "default stoppers", financial tests or "most favored nation" pricing provisions.

The principal amount of the Term Loans will amortize in equal quarterly installments in aggregate annual amounts equal to 2.50% per annum of the original principal amount of the Term Facility, commencing with the first full fiscal quarter ending after the Closing Date, with the balance payable on the Term Maturity Date.

(b) The Revolving Facility will mature and the Revolving Commitments thereunder will terminate on the date that is 5 years after the Closing Date; *provided* that the Bank Documentation shall provide the right for individual Revolving Lenders to agree to extend the maturity date of all or a portion of the commitments and outstanding loans under the Revolving Facility upon the request of the Borrower and without the consent of any other Revolving Lender; it being understood that each Revolving Lender shall have the opportunity to participate in such extension on the same terms and conditions as each other Revolving Lender (it being understood that no existing Revolving Lender will have any obligation to commit to any such extension); *provided, further*, that any such extension, without limitation, may, subject to the Borrower's consent, contain an increase in the interest rate payable with respect to such extended loans and commitments, with such extensions not subject to any "default stoppers", financial tests or "most favored nation" pricing provisions.

LETTERS OF CREDIT:

Letters of credit under the Revolving Facility ("*Letters of Credit*") will be issued by the Bank Agent and other Revolving Lenders acceptable to the Borrower and the Bank Agent that shall have consented to such role (each, an "*Issuing Bank*"); *provided* that, no Revolving Lender as of the Closing Date shall be required to issue Letters of Credit in excess of its ratable share of the Letters of Credit sublimit (determined based on its ratable share of the Revolving Commitments as of the Closing Date); *provided further*, that Goldman Sachs (or its affiliates) shall only be required to issue standby Letters of Credit denominated in U.S. dollars or a Permitted Foreign Currency and shall not be required to issue any documentary, commercial or trade Letters of Credit. Letters of Credit

will be denominated in U.S. Dollars or a Permitted Foreign Currency. Each Letter of Credit shall expire not later than the earlier of (a) 12 months after its date of issuance and (b) unless arrangements reasonably satisfactory to the applicable Issuing Bank and the Bank Agent have been entered into, the fifth business day prior to the final maturity of the Revolving Facility; *provided, however*, that any Letter of Credit may provide for renewal thereof for additional periods of up to 12 months or such longer period as may be agreed by the applicable Issuing Bank pursuant to arrangements reasonably satisfactory to it (which in no event shall extend beyond the date referred to in clause (b) above, unless cash collateralized or backstopped in a manner reasonably satisfactory to such Issuing Bank).

Drawings under any Letter of Credit shall be reimbursed by the Borrower within one business day after notice of such drawing is received by the Borrower from the applicable Issuing Bank. To the extent that the Borrower does not reimburse such Issuing Bank on such day, the Revolving Lenders under the Revolving Facility shall be irrevocably obligated to reimburse such Issuing Bank *pro rata* based upon their respective Revolving Commitments in the currency in which the applicable Letter of Credit is denominated.

The issuance of all Letters of Credit shall be subject to the customary procedures of the applicable Issuing Bank.

GUARANTEES:

All obligations of the Borrower under the Bank Facilities (collectively, the “**Obligations**”) (including, at the option of the Borrower, all obligations of any Loan Party (as defined below) under any currency, interest rate protection or other hedging arrangements (the “**Secured Hedging Obligations**”) and any cash management arrangements (the “**Secured Cash Management Obligations**”), in each case entered into with the Bank Agent, the Lead Arranger, a Lender or an affiliate of any of the foregoing at the time such transaction is entered into) (other than any obligation of any Loan Party to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act (a “**Swap**”) will be unconditionally guaranteed (the “**Guarantees**”) by (x) the Borrower (other than with respect to its own obligations) and (y) each of the Borrower’s existing and subsequently acquired or organized direct or indirect wholly-owned Restricted Subsidiaries (as defined below), other than any Excluded Subsidiaries (the entities described in the foregoing clauses (x) and (y), the “**Guarantors**” and, together with the Borrower, the “**Loan Parties**”); *provided* that Guarantors shall not include (unless at the option of the Borrower, such subsidiary is designated as a Guarantor by the Borrower) (a) Unrestricted Subsidiaries, (b) immaterial subsidiaries (to be defined in a manner to be mutually agreed), (c) any

subsidiary that is prohibited by applicable law, rule or regulation or by any contractual obligation existing on the Closing Date (or, if later, the date it becomes a Restricted Subsidiary), and not created in contemplation hereof or of such subsidiary becoming a Restricted Subsidiary, from guaranteeing the Bank Facilities or which would require governmental (including regulatory) consent, approval, license or authorization to provide a Guarantee unless such consent, approval, license or authorization has been received, (d) subsidiaries that are not wholly owned, (e) not-for-profit subsidiaries, (f) captive insurance subsidiaries, (g) special purpose entities in connection with permitted receivables securitizations or (h) any subsidiaries organized outside the United States or Canada (the “*Excluded Subsidiaries*”).

The Borrower may, at its option, cause any subsidiary that is not otherwise required to become a Guarantor to become a Guarantor.

Notwithstanding the foregoing, (A) subsidiaries may be excluded from the guarantee requirements in circumstances where the Borrower and the Bank Agent reasonably agree that the cost or material tax consequences of providing such a guarantee is excessive in relation to the value afforded thereby and (B) the Guarantees shall be subject to general statutory and common law limitations, including, in the case of Guarantors organized under the laws of the United States or a jurisdiction thereof, fraudulent transfer restrictions (it being understood that such restrictions shall be addressed only by customary savings clauses).

For purposes of the Bank Documentation, “*Restricted Subsidiary*” means any existing and future direct or indirect subsidiary of the Borrower other than any Unrestricted Subsidiary (as defined below).

SECURITY:

Subject in all respects to the Certain Funds Provision, the Obligations (including, at the option of the Borrower, the Secured Hedging Obligations and Secured Cash Management Obligations) will be secured by perfected first-priority security interests in substantially (i) all personal property of the respective Loan Party to the extent consisting of accounts receivable, credit card receivables, loans receivable, other receivables, tax refunds, inventory, cash, cash equivalents, securities and deposit accounts (subject to exceptions for Excluded Accounts (as defined below)), and other assets in such accounts, commercial tort claims, general intangibles related to the foregoing (including rights under customer lease agreements and other customer contracts, but excluding capital stock and intellectual property), payment intangibles, rights to business interruption insurance, intellectual property to the extent attached to or necessary to sell the foregoing, insurance policies related to the foregoing, chattel paper, documents and supporting obligations, and books and records to the extent related to the foregoing, in each case, whether owned on the Closing Date or thereafter acquired (and any proceeds and products thereof in whatever

form received), and (ii) all now owned or hereafter acquired personal property and real property of the respective Loan Party, including without limitation, with respect to obligations of the Loan Parties, a pledge of the capital stock of each Restricted Subsidiary directly held by each Loan Party (clauses (i) and (ii) together, the “*Collateral*”), in each case other than Excluded Assets (as defined below).

All the above-described pledges, security interests and mortgages shall be created on terms consistent with the Bank Documentation Principles, and none of the Collateral shall be subject to any other liens (except for permitted liens).

Notwithstanding anything to the contrary, the Collateral shall exclude the following: (i) (x) any fee-owned real property located outside of the United States or Canada, (y) any fee-owned real property with a fair market value less than an amount to be agreed (with all required mortgages being permitted to be delivered after the Closing Date) and (z) all real property leasehold interests (and there will be no requirements to deliver landlord lien waivers, bailee letters, estoppels or collateral access letters), (ii) motor vehicles and other assets subject to certificates of title, (iii) letter of credit rights (other than to the extent such rights can be perfected by filing a UCC or a PPSA financing statement) and commercial tort claims below a threshold to be mutually agreed, (iv) “margin stock” (within the meaning of Regulation U) and pledges and security interests prohibited by applicable law, rule or regulation or agreements with any governmental authority or which would require governmental (including regulatory) consent, approval, license or authorization to provide such security interest unless such consent, approval, license or authorization has been received, in each case, after giving effect to the applicable anti-assignment provisions of the UCC or PPSA or other applicable law, (v) equity interests in any entities other than wholly-owned subsidiaries to the extent not permitted by the terms of such entity’s organizational or joint venture documents, (vi) deposit accounts, securities accounts, commodities accounts, and other similar accounts (A) for the sole purpose of funding payroll obligations, employee benefit or health benefit obligations, tax obligations, escrow arrangements or holding funds owned by persons other than a Loan Party, (B) that are zero-balance accounts, (C) that are accounts in jurisdictions other than in the jurisdiction of organization of the applicable granting Loan Party, the United States or any state thereof or Canada or any province or territory thereof, (D) qualifying under exceptions consistent with the Bank Documentation Principles, or (E) that are accounts other than those described in the preceding clauses (A) through (D) with respect to which the average daily balance of the funds maintained on deposit therein does not exceed an amount consistent with the Bank Documentation Principles (“*Excluded Accounts*”) (vii) any lease, license or other agreement or any property

subject to a purchase money security interest, capital lease obligation, or other arrangement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement, purchase money, capital lease obligation, or other arrangement or create a right of termination in favor of any other party thereto (other than a Loan Party) after giving effect to the applicable anti-assignment provisions of the UCC, PPSA or other applicable law, other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC, the PPSA or other applicable law notwithstanding such prohibition, (viii) those assets as to which the Bank Agent and the Borrower reasonably agree that the cost or material tax consequences of providing or obtaining such a security interest or perfection thereof are excessive in relation to the benefit to the Lenders of the security to be afforded thereby, (ix) receivables and related assets sold to any receivables subsidiary or otherwise pledged in connection with any permitted receivables securitizations, (x) equity interests in immaterial subsidiaries (or any person that is not a subsidiary which, if a subsidiary would constitute an immaterial subsidiary), captive insurance subsidiaries, not-for-profit subsidiaries, special purpose entities in connection with permitted receivables securitizations and Unrestricted Subsidiaries, (xi) intellectual property requiring filing in a jurisdiction outside of the United States or Canada, (xii) any intent-to-use trademark application prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable U.S. federal law, and (xiii) other exceptions to be mutually agreed upon (the foregoing described in clauses (i) through (xiii) are, collectively, the “*Excluded Assets*”).

Notwithstanding anything to the contrary, no Loan Party shall be required, nor shall the Bank Agent be authorized, to (i) perfect the above-described pledges, security interests and mortgages by any means other than by (A)(1) filings pursuant to the UCC or the PPSA in the office of the secretary of state (or similar central filing office) of the relevant State(s) or provinces or territories and (2) filings in the applicable real estate records with respect to real properties included in the Collateral or any fixtures relating to such properties, (B) filings in the USPTO and/or USCO and/or comparable Canadian filing office, as applicable, with respect to intellectual property as expressly required in the Bank Documentation, and (C) delivery to the Bank Agent of all Stock Certificates, intercompany notes and other instruments and tangible chattel paper (in the case of instruments and tangible chattel paper, to the extent such intercompany note or other instrument or tangible chattel paper is in an amount in excess of an amount consistent with the Bank Documentation Principles) to be held in its possession, in each case as

expressly required in the Bank Documentation, (ii) enter into any control agreement with respect to any Excluded Account or any other deposit account, securities account or commodities account, (iii) take any action (other than the actions listed in clause (A)(1), (B), and (C) above) with respect to any assets located outside of the United States or Canada, or (iv) to take any actions in any jurisdiction other than the United States or Canada (or any political subdivision thereof) or enter into any collateral documents governed by the laws of any jurisdiction (other than the United States or Canada or any political subdivision thereof) (the foregoing described in clauses (i) through (iv) are, collectively, the “***Excluded Perfection Requirements***”).

Notwithstanding anything to the contrary contained herein, the above requirements under “Security” shall be, as of the Closing Date, subject to the Certain Funds Provision set forth in the Commitment Letter.

Notwithstanding the foregoing, the Collateral shall be subject to, in the case of Loan Parties organized under the laws of the United States or a jurisdiction thereof, fraudulent transfer restrictions (it being understood that such restrictions shall be addressed only by customary savings clauses).

**MANDATORY
PREPAYMENTS:**

The Borrower will be required to make mandatory prepayments of the Term Facility as follows: (a) promptly upon receipt thereof in the amount of 100% of the net proceeds of: (i) any non-ordinary course sale or other disposition of any assets of the Borrower or its Restricted Subsidiaries in excess of an amount to be set forth in the Bank Documentation, subject to exceptions as set forth in the Bank Documentation, (ii) any sales or issuances or incurrences of debt securities of the Borrower or any of its Restricted Subsidiaries and/or any other indebtedness incurred by the Borrower or any of its restricted subsidiaries after the Closing Date (other than permitted indebtedness but including the proceeds of permitted refinancing indebtedness), net of any costs and expenses associated with the sale or issuance or incurrence of such indebtedness and (iii) casualty insurance proceeds (excluding business interruption insurance) and condemnation awards in excess of an amount to be set forth in the Bank Documentation; and (b) annually from Excess Cash Flow (to be defined in a manner consistent with the Bank Documentation Principles) for the preceding fiscal year based upon a percentage of Excess Cash Flow to be agreed less the amount of voluntary prepayments of the Term Loans and permanent commitment reductions of the Revolving Credit Facility to the extent repayments of Revolving Loans are made during such period (including in connection with loan buy-backs permitted under “Assignments and Participations” below and in the case of loans prepaid at a discount to par, with such reduction of the amount of Excess Cash Flow prepayments being equal to the cash spent to make such

prepayment); subject to step downs to be agreed in the Bank Documentation. The first payment in respect of Excess Cash Flow shall be for the first full fiscal year after the Closing Date and shall be payable in the year following such fiscal year.

Mandatory prepayments shall be applied ratably between the Term Loan Facility and each Incremental Term Facility (if any) and shall apply to reduce future schedule amortization payments of the respective loans being repaid (i) first, to the next eight scheduled amortization payments of the Term Loan Facility, (ii) second, pro rata to the remaining scheduled amortization payments of the Term Loan Facility (other than the final installment at maturity), (iii) third, to the final installment of scheduled amortization payments of the Term Loan Facility and (v) fourth, the remainder to the Borrower.

Any Lender may elect not to accept any mandatory prepayment (each a “Declining Lender”). Any prepayment amount declined by a Declining Lender may be retained by the Borrower and its restricted subsidiaries.

Mandatory prepayments with respect to the Revolving Facility shall be limited to the following: If the sum of (x) the aggregate principal amount of Revolving Loans outstanding at such time and (y) the aggregate Letter of Credit exposure of the Revolving Lender at such time shall exceed the aggregate Revolving Commitments at such time (after giving effect to any concurrent termination or reduction thereof), the Borrower will promptly after receiving written notice from the Bank Agent of such excess, at the Borrower’s option: (i) prepay Revolving Loans (without premium or penalty) and/or (ii) cash collateralize the Letter of Credit exposure, in the aggregate amount of such excess.

**VOLUNTARY
COMMITMENT
REDUCTIONS AND
PREPAYMENTS:**

Voluntary reductions of the unutilized portion of the Revolving Commitments and prepayments of the Term Loans and borrowings under the Revolving Facility will be permitted at any time, in minimum principal amounts to be mutually agreed, subject to customary notice requirements and without premium or penalty (subject to customary reimbursement of the Lender’s redeployment costs (other than lost profits) in the case of a prepayment of Adjusted LIBOR borrowings other than on the last day of the relevant interest period).

**UNRESTRICTED
SUBSIDIARIES:**

The Bank Documentation will contain provisions pursuant to which, subject to limitations on loans, advances, guarantees and other investments in Unrestricted Subsidiaries (but no other limitations), the Borrower will be permitted to designate any existing or subsequently acquired or organized subsidiary as an “Unrestricted Subsidiary” and subsequently re-designate any such Unrestricted Subsidiary as a Restricted Subsidiary so long as, after giving effect to any such designation or re-designation, (a) any such designation as a “Restricted

Subsidiary” shall constitute the incurrence at the time of designation of any indebtedness or liens of such subsidiary existing at such time, (b) the fair market value of such subsidiary at the time it is designated as an “Unrestricted Subsidiary” shall be treated as an investment by the Borrower at such time, which is permitted under the Bank Documentation, (c) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if it was previously designated as an Unrestricted Subsidiary, (d) giving effect to any such designation as an Unrestricted Subsidiary (but not in connection with any re-designation as a Restricted Subsidiary), the resultant investment is otherwise permitted by the investment covenant described under “Negative Covenants” below, and (e) each subsidiary that is a Restricted Subsidiary under the Senior Unsecured Notes or Senior Unsecured Bridge Facility (if applicable) shall not be designated as an “Unrestricted Subsidiary” under the Bank Facilities (if applicable) unless it is designated as an Unrestricted Subsidiary under the Senior Unsecured Notes or Senior Unsecured Bridge Facility substantially contemporaneously therewith. Unrestricted Subsidiaries will not be subject to the guarantee requirements, representations and warranties, affirmative or negative covenants, events of default or other provisions of the Bank Documentation and the results of operations and indebtedness of Unrestricted Subsidiaries will not be taken into account for purposes of determining compliance with the financial ratio tests except to the extent of distributions received therefrom.

DOCUMENTATION:

The definitive documentation for the Bank Facilities (the “*Bank Documentation*”) will be documented under a single credit agreement, will contain the terms set forth in this *Exhibit A* and *Exhibit C*, and to the extent not covered by this *Exhibit A* and *Exhibit C*, will be substantially consistent with a precedent to be mutually agreed (the “*Bank Precedent*”), with changes and modifications that give due regard to (a) the operational and strategic requirements of the Borrower and its subsidiaries in light of their size, capital structure, industries, businesses, business practices, jurisdiction of incorporation and related currency and other provisions and (b) qualifications, thresholds, exceptions, “baskets” and grace and cure periods shall be as mutually agreed; provided that the Bank Documentation shall contain only those conditions to borrowing, mandatory prepayments, representations and warranties, covenants (affirmative, negative and financial) and events of default expressly set forth in this Bank Term Sheet, in each case, applicable to the Borrower and its Restricted Subsidiaries (collectively, for purposes of this *Exhibit A*, the “*Bank Documentation Principles*”). The Bank Documentation will be negotiated in good faith within a reasonable time period to be determined based on the expected Closing Date and shall be subject in all respects to the Certain Funds Provision.

For purposes of calculating Consolidated EBITDA (as defined below), the First Lien Net Leverage Ratio, and the Total Net Leverage Ratio (each of the foregoing to be defined in a manner to be mutually agreed, but in any event the First Lien Net Leverage Ratio and the Total Net Leverage Ratio (i) shall include netting of all cash and cash equivalents and (ii) will only include debt for borrowed money and capital lease obligations and all amounts drawn (and unreimbursed) under outstanding Letters of Credit in the numerator), *pro forma* effect will be given to acquisitions and other investments, material dispositions and certain other specified transactions.

“**Consolidated EBITDA**” to be defined in a manner to be mutually agreed, with adjustments to include, without limitation and without duplication, the following:

- (i) expected cost savings, operating expense reductions, restructuring charges and expenses and synergies related to the Transactions projected by the Borrower in good faith to result from actions with respect to which substantial steps have been, will be, or are expected to be, realizable (in the good faith determination of the Borrower) within 24 months after the Closing Date, which are reasonably identifiable and factually supportable; *provided* that amounts added-back for any period pursuant to this clause (i), together with amounts added back pursuant to clause (ii), shall not exceed 20% of EBITDA for such period (calculated prior to giving effect to such adjustments);
- (ii) expected cost savings, operating expense reductions, restructuring charges and expenses and synergies related to mergers and other business combinations, acquisitions, divestitures, restructuring, cost savings initiatives which are reasonably identifiable and factually supportable and other similar initiatives and projected by the Borrower in good faith to result from actions with respect to which substantial steps have been, will be, or are expected to be, realizable (in the good faith determination of the Borrower) within 24 months after such transaction or initiative is consummated; *provided* that amounts added-back for any period pursuant to this clause (ii), together with amounts added back pursuant to clause (i), shall not exceed 20% of EBITDA for such period (calculated prior to giving effect to such adjustments);
- (iii) non-cash losses, charges and expenses (including non-cash compensation charges);

- (iv) extraordinary, unusual or non-recurring losses, charges and expenses;
- (v) cash restructuring and related charges and business optimization expenses;
- (vi) unrealized gains and losses due to foreign exchange adjustments (including, without limitation, losses and expenses in connection with currency and exchange rate fluctuations);
- (vii) costs and expenses in connection with the Transactions;
- (viii) expenses or charges related to any equity offering, permitted investment, acquisition, disposition, recapitalization or incurrence of permitted indebtedness (whether or not consummated), including non-operating or non-recurring professional fees, costs and expenses related thereto;
- (ix) interest, taxes, amortization, depreciation and other add-backs consistent with the Bank Documentation Principles; and
- (x) losses from discontinued operations and non-ordinary course asset sales.

The Bank Documentation will contain language to address the European Union bail-in rules in customary form.

The Bank Documentation will include customary provisions that permit the implementation of a replacement for the LIBOR Rate (as defined below) based on the ARRC Approach (as defined below).

Reference is made to the guidance and instructions from the various federal and state regulatory agencies having oversight over the Lead Arranger and its affiliates (collectively, the “*Agencies*”) and the ARRC (as defined below) with respect to the LIBOR Rate. The Agencies issued a joint statement encouraging banks to cease entering into new contracts that use the LIBOR Rate as soon as practicable and in any event by December 31, 2021. If the Closing Date occurs after December 31, 2021, the Benchmark Replacement (as defined below) will replace the LIBOR Rate for all purposes under this Commitment Letter, the Fee Letters and the Bank Documentation as of December 31, 2021, with such modifications to be agreed between the Borrower and the Lead Arranger,

to cause the Benchmark Replacement to be the economic equivalent of the LIBOR Rate.

“**ARRC Approach**” shall mean the Alternative Reference Rates Committee’s (“**ARRC**”) “hard-wired” approach as issued on March 25, 2021 (with any modifications thereto issued after the date of execution of the Commitment Letter determined by the applicable Administrative Agent in consultation with the Borrower).

“**Benchmark Replacement**” has the definition assigned thereto in the ARRC Approach.

“**Benchmark Replacement Adjustment**” has the definition assigned thereto in the ARRC Approach.

**REPRESENTATIONS
AND WARRANTIES:**

Applicable to the Borrower and its Restricted Subsidiaries and limited to the following with respect to the Bank Documentation: corporate or other organizational status and power; authorization and non-contravention with respect to the execution, delivery and performance of the Bank Documentation, legal, valid and binding documentation and no consents or governmental authorizations with respect to the execution, delivery and performance of the Bank Documentation; accuracy of financial statements and disclosures, confidential information memorandum and other information and good faith financial forecasts; no Material Adverse Effect (as defined below); absence of material litigation; with respect to the execution, delivery and performance of the Bank Documentation, no material violation of, or conflicts with, law or material agreements; compliance with laws (including ERISA and Canadian pension standards legislation, margin regulations, laws applicable to sanctioned persons, OFAC, SEMA, the FCPA, CFPOA, the Criminal Code and other anti-corruption, anti-terrorism and anti-money laundering laws); payment of taxes; ownership of properties; Intellectual Property; inapplicability of the Investment Company Act; solvency as of the Closing Date of the Borrower and its Subsidiaries on a consolidated basis defined in a manner consistent with *Exhibit D* to the Commitment Letter; labor matters (including pensions); environmental laws and other regulatory matters; validity and perfection of security interests in the Collateral; insurance; use of proceeds; it being understood that representations and warranties shall in no event be a condition to the availability of any Facility on the Closing Date in a manner that is inconsistent with the Certain Funds Provision.

“Material Adverse Effect” means (a) a material adverse effect on the business, assets, financial condition or results of operations of the Borrower and its Restricted Subsidiaries, taken as a whole, (b) a material and adverse effect on the rights and remedies of the Bank Agent and the Lenders, taken as a whole, under the Bank Documentation or (c) a material and adverse effect on the ability of the Loan Parties, taken as a whole, to perform their payment obligations under the Bank Documentation.

**CONDITIONS
PRECEDENT TO INITIAL
BORROWING:**

The initial borrowing under the Bank Facilities on the Closing Date will be subject solely to the applicable conditions precedent set forth in *Exhibit C* to the Commitment Letter.

**CONDITIONS
PRECEDENT TO
BORROWINGS AFTER
THE CLOSING DATE:**

All of the representations and warranties in the Bank Documentation shall be true and correct in all material respects (but in all respects if such representation or warranty is qualified by “material” or “Material Adverse Effect”); no default or event of default shall be continuing; and delivery of any relevant customary borrowing notices or Letter of Credit requests (other than with respect to any amendment, modification, renewal or extension of a Letter of Credit which does not increase the face amount of such Letter of Credit).

**AFFIRMATIVE
COVENANTS:**

Limited to the following (to be applicable to the Borrower and its Restricted Subsidiaries): maintenance of corporate or other organizational existence and rights; payment of taxes; delivery of consolidated financial statements (together with accompanying management discussion and analysis and budgets in the case of annual financial statements) (with (x) 90 days for delivery of annual financial statements and (y) 45 days for delivery of quarterly financial statements for the first three fiscal quarters of a fiscal year), and with annual financial statements to be accompanied by an audit opinion from nationally recognized auditors that is not subject to qualification as to “going concern” or the scope of such audit (other than any exception, qualification or explanatory paragraph with respect to, or resulting from (i) an upcoming maturity date under any indebtedness or (ii) any potential inability to satisfy any financial maintenance covenant on a future date or in a future period), delivery of customary certificates and other information (other than information subject to attorney/client privilege or confidentiality provisions), including information required under the PATRIOT Act; delivery of notices of default, material litigation, material ERISA events and material events relating to Canadian pension matters and Material Adverse Effect; maintenance of properties in good working order; maintenance of insurance; maintenance of books and records; material compliance with laws and regulations (including FCPA, CFPOA, OFAC, SEMA, the PATRIOT Act, UNA, ERISA, Canadian pension standards legislation and environmental laws); use of proceeds; inspection of books and properties; annual lender calls; covenant to

guarantee obligations and give security and further assurances, subject, in the case of each of the foregoing covenants, to exceptions and qualifications consistent with the Bank Documentation Principles; *provided* that, compliance with affirmative covenants shall in no event be a condition to the availability of any Facility on the Closing Date in a manner that is inconsistent with the Certain Funds Provision.

**NEGATIVE
COVENANTS:**

Consistent with the Bank Documentation Principles, subject to baskets and exceptions to be mutually agreed and limited solely to the following (to be applicable to the Borrower and its Restricted Subsidiaries) limitations on: liens; investments; indebtedness; fundamental changes; non-ordinary course dispositions of assets; restricted payments (including dividends, and voluntary prepayments of subordinated or junior lien indebtedness), provided that (in addition to other baskets and exceptions to be mutually agreed), so long as no default or event of default shall have occurred and be continuing or would result therefrom, restricted payments shall be permitted (i) in an unlimited amount, if the Total Net Leverage Ratio at the time of such restricted payment is no greater than 3.50:1.00 (or, if the Senior Unsecured Bridge Facility is funded, the level that is the lesser of (x) 3.50x Total Net Leverage Ratio, and (y) 0.50x inside the Total Net Leverage Ratio as of the Closing Date), and (ii) in an amount not to exceed \$350 million (or, if the Senior Unsecured Bridge Facility is funded, \$125 million) in any fiscal year if the Total Net Leverage Ratio at the time of such restricted payment is greater than or equal to 3.50:1.00 (or, if the Senior Unsecured Bridge Facility is funded, the level that is the lesser of (x) 3.50x Total Net Leverage Ratio, and (y) 0.50x inside the Total Net Leverage Ratio as of the Closing Date); material change in nature of business; transactions with affiliates; Canadian pension matters, restrictions on negative pledge clauses; changes in fiscal year without the Bank Agent's consent; and amendments to subordinated or junior lien and organizational documents, in each case, to the extent such amendments are materially adverse to the Lenders.

FINANCIAL COVENANT: Consistent with the Bank Documentation Principles, the definitive documentation will contain only a maximum First Lien Net Leverage Ratio covenant (to be defined in a manner to be mutually agreed, but in any event the First Lien Net Leverage Ratio (i) shall include netting of all cash and cash equivalents and (ii) will only include debt for borrowed money and capital lease obligations and all amounts drawn (and unreimbursed) under outstanding Letters of Credit in the numerator) to be set at levels to be agreed (the "*Financial Covenant*") with cushion to be agreed to the financial model as of the Closing Date respect to the Borrower and its Restricted Subsidiaries on a consolidated basis. The Financial Covenant will be tested as of the last day of every fiscal quarter (commencing with the first full fiscal quarter of the Borrower ending after the Closing Date).

EVENTS OF DEFAULT: Consistent with the Bank Documentation Principles and limited to the following (to be applicable to the Borrower and its respective Restricted Subsidiaries and subject, to thresholds and grace periods consistent with the Bank Documentation Principles): nonpayment of principal, interest or other amounts (with grace periods for interest and other amounts); violation of negative covenants and affirmative covenants to maintain legal existence (with respect to the Borrower only), to provide notice of default (*provided*, that the delivery of such notice at any time will cure any such event of default arising from the failure to timely deliver such notice of default) or with respect to use of proceeds provisions; violation of other covenants (subject to a 30-day cure period after the date on which notice of default from the Bank Agent is received by the Borrower); incorrectness of representations and warranties in any material respect; cross default to material indebtedness in excess of an amount to be agreed; bankruptcy; monetary judgments in excess of an amount to be mutually agreed (subject to customary qualifications for appeals and stays of such judgment); ERISA events and events relating to Canadian pension matters that would reasonably be expected to have a Material Adverse Effect; invalidity (actual or asserted (in writing) by any Loan Party) of guarantees or security documents representing a material portion of the Guarantees or Collateral; and Change of Control (to be defined in a manner to be mutually agreed).

VOTING: Amendments and waivers of the Bank Documentation will require the approval of Lenders (other than Defaulting Lenders (as defined below)) holding more than 50% of the aggregate amount of the loans and commitments under the Bank Facilities (the “**Required Lenders**”), except that (a) the consent of each Lender directly affected thereby (but not the Required Lenders, other than in the case of clause (a)(ii), which shall require the consent of each Lender increasing its commitments as well as the consent of the Required Lenders if such increase is effectuated other than pursuant to provisions in the Bank Documentation specifically permitting increases of commitments without the further approval of Required Lenders, including as described under “Commitment Increases” in this **Exhibit A**) shall be required with respect to: (i) modifications to any provision requiring *pro rata* treatment of the Lenders (other than for purposes of any amendment that would extend the final maturity date of any Term Loans or Revolving Loans (as applicable) on terms consistent with the Bank Documentation Principles), (ii) increases in the commitment of such Lender, (iii) reductions or forgiveness of principal, interest, fees or reimbursement obligations payable to such Lender and (iv) extensions of final maturity of the loans or commitments of such Lender or of the date for payment to such Lender of any interest, fees, or any reimbursement obligation and (b) the consent of each Lender shall be required with respect to, among other things: (i) modifications to voting

requirements or percentages, (ii) releases of all or substantially all of the value of the Guarantees, or all or substantially all of the Collateral and (iii) changes that impose any additional restriction on a Lender's ability to assign any of its rights or obligations under the Bank Facilities.

The Borrower or (in the case of (b) or (c) only) the Bank Agent shall, subject to usual and customary conditions, have the right to replace a Lender or terminate the commitment of a Lender on a non-*pro rata* basis (a) in connection with amendments and waivers requiring the consent of all Lenders or of all Lenders directly affected thereby so long as the consent of the Required Lenders has been obtained, (b) if such Lender asserts a claim for any funding protection, whether for increased costs, taxes, required indemnity payments or otherwise or (c) if such Lender is a Defaulting Lender.

Participants shall have the same benefits as the Lenders with respect to yield protection and increased cost provisions, subject to customary limitations and restrictions. Voting rights of participants shall be limited solely to those matters set forth in clause (a)(ii) under the first paragraph under the heading "Voting" with respect to which the affirmative vote of the Lender from which it purchased its participation would be required. Pledges of loans in accordance with applicable law shall be permitted without restriction. The Bank Agent shall have no responsibility to ensure that the foregoing limitations as to participations are observed by the Lenders.

In addition, if the Bank Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical nature in the Bank Documentation, then the Bank Agent and the Borrower shall be permitted to amend such provision without further action or consent by any other party, provided that the Required Lenders shall not have objected to such amendment within 5 business days after receiving a copy thereof.

DEFAULTING LENDERS: The Bank Documentation shall contain customary provisions relating to "defaulting" Lenders ("***Defaulting Lenders***") (including provisions relating to reallocation of participations in, or the Revolving Lenders providing reasonable cash collateral to support, Letters of Credit, to the suspension of voting rights and rights to receive certain fees, and to termination or assignment of the Revolving Commitments or Revolving Loans of such Defaulting Lenders).

COST AND YIELD PROTECTION: Usual and customary for facilities and transactions of this type, including (a) provisions protecting the Lenders against increased costs or loss of yield resulting from changes in reserve, capital adequacy, liquidity and other requirements of law, in each case, occurring after the Closing Date (including but not limited to provisions relating to Dodd-Frank and

Basel III (regardless of the date arising), (b) provisions indemnifying the Lenders for “breakage costs” actually incurred in connection with, among other things, any prepayment of Adjusted LIBOR borrowings on a day prior to the last day of an interest period with respect thereto, and (c) customary tax gross-up provisions; *provided* there will be customary exceptions to the tax gross-up obligations, including for, but not limited to, withholding taxes imposed as a result of the failure of a Lender to comply with the requirements of current Sections 1471 through 1474 of the US Internal Code as in effect on the date the Bank Documentation is entered into (or any amended or successor version that is substantively comparable and not materially more onerous to comply with).

ASSIGNMENTS AND PARTICIPATIONS:

The Lenders will be permitted to assign commitments and loans under the Bank Facilities (other than to a Disqualified Lender) with the consent of the Borrower and Bank Agent, not to be unreasonably withheld or delayed (it being understood that the withholding of consent by the Borrower to any assignment to a Disqualified Lender shall be deemed reasonable); *provided* that such consent of the Borrower (x) shall not be required (i) if such assignment of any Revolving Loans or Revolving Commitment is made to another Revolving Lender or an affiliate or approved fund of any such Revolving Lender, (ii) during the primary syndication of the Bank Facilities to persons identified to the Borrower and approved by the Borrower prior to the Syndication Date or (iii) after the occurrence and during the continuance of a payment or bankruptcy event of default and (y) in each case, shall be deemed to have been given (other than with respect to a Disqualified Lender) if the Borrower has not responded within 10 business days of a written request for such consent. All assignments will also require the consent of the Bank Agent and each Issuing Bank, in each case not to be unreasonably withheld or delayed. Each assignment will be in an amount of an integral multiple of \$5.0 million or, if less, all of such Lender’s remaining loans and commitments of the applicable class; *provided* that such assignments made to Lenders and affiliates of Lenders will not be subject to the above described minimum assignment amounts. The Lenders will also have the right to sell participations in their loans and commitments under the Bank Facilities on customary terms, subject to limitations on voting rights set forth above and provided that no participation shall be sold to any Disqualified Lender.

The Bank Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce compliance with the provisions hereof relating to Disqualified Lenders.

Any assignment or participation by a Lender without the Borrower’s consent (such consent not to be unreasonably withheld, delayed or conditioned) to a Disqualified Lender (or any affiliate thereof) or, to the extent the Borrower’s consent is required under the terms of the Bank

Documentation, to any other person, shall be null and void, and the Borrower shall be entitled to (a) seek specific performance to unwind any such assignment or participation and/or (b) exercise any other remedy set forth in the Bank Documentation available to the Borrower in addition to any other remedy available to the Borrower at law or at equity; *provided* that the list of Disqualified Lenders is made available to any Lender which specifically requests a copy thereof.

**EXPENSES AND
INDEMNIFICATION:**

The Borrower will indemnify the Lead Arranger, the Bank Agent, the Collateral Agent, the Issuing Banks, the Lenders, their respective affiliates, successors and assigns and the officers, directors, employees, agents, advisors, controlling persons, members and representatives of each of the foregoing (each, an “*Indemnified Person*”) and will hold them harmless from and against any and all reasonable and documented (in reasonable detail) out-of-pocket costs, expenses (limited to the reasonable and documented fees, disbursements and other charges one counsel for all Indemnified Persons taken as a whole and, if reasonably necessary, a single local counsel for all Indemnified Persons taken as a whole in each relevant material jurisdiction (which may be a single local counsel acting in multiple jurisdictions)), damages, losses and liabilities of such Indemnified Person arising out of or relating to any claim, any litigation, any investigation or other proceeding (regardless of whether such Indemnified Person is a party thereto and regardless of whether such matter is initiated by a third party or by the Borrower or any of its respective affiliates or equity holders) that relates to the Transactions, including the financing contemplated hereby, the Acquisition or any transactions in connection therewith; *provided* that no Indemnified Person will be indemnified for any cost, expense or liability from (i) its willful misconduct, bad faith or gross negligence (as determined by a court of competent jurisdiction in a final and non-appealable decision), (ii) a material breach of the obligations of such Indemnified Person under the Bank Documentation (as determined by a court of competent jurisdiction in a final and non-appealable decision), or (iii) any proceeding that is brought by an Indemnified Person against any other Indemnified Person (other than an agent or arranger under the definitive documentation acting in its capacity as such or any claims arising out of an act or omission on the part of the Borrower or any of their affiliates, to all of which this indemnity shall be applicable). In addition, if the Closing Date occurs, the Borrower shall pay (a) all reasonable and documented out-of-pocket expenses (limited to the reasonable and documented fees, disbursements and other charges one counsel for all Indemnified Persons taken as a whole and, if reasonably necessary, a single local counsel for all Indemnified Persons taken as a whole in each relevant material jurisdiction (which may be a single special counsel acting in multiple material jurisdictions)) for all Indemnified Persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where the

Indemnified Person affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel, of another firm of counsel for such affected Indemnified Person) of the Lead Arranger, the Bank Agent, the Collateral Agent and the Issuing Banks in connection with the syndication of the Bank Facilities, the preparation and administration of the Commitment Letter, the Fee Letters and the Bank Documentation, and amendments, modifications and waivers thereto, and (b) all reasonable and documented out-of-pocket expenses (limited to the reasonable and documented fees, disbursements and other charges of a single special counsel to the Commitment Party in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions)) of the Lead Arranger, the Bank Agent, the Collateral Agent, the Issuing Banks and the Lenders for enforcement costs and documentary taxes associated with the Bank Facilities.

CONFIDENTIALITY: The Bank Documentation will contain customary confidentiality provisions with respect to information regarding the Borrower, its subsidiaries, their business, operations, assets and related matters, which shall in any event prohibit disclosure of any confidential information to competitors.

GOVERNING LAW AND FORUM: New York.

COUNSEL TO BANK AGENT: Latham & Watkins LLP

INTEREST RATES:

The interest rates under the Bank Facilities will be, at the option of the Borrower, Adjusted LIBOR *plus* 3.00% or ABR *plus* 2.00% (with five 25 bps step-downs at levels consistent with the Existing Credit Agreement). The Borrower may elect interest periods of one, three or six months (or 12 months or any shorter period if available to all applicable Lenders) for Adjusted LIBOR borrowings.

Calculation of interest shall be on the basis of the actual number of days elapsed over a 360-day year (or 365- or 366-day year, as the case may be, in the case of ABR loans based on the Prime Rate) and interest shall be payable at the end of each interest period and, in any event, at least every three months.

“**ABR**” is the Alternate Base Rate, which is the highest of (i) the rate of interest quoted in the Wall Street Journal as the “prime rate” in the United States, (ii) the Federal Funds Effective Rate *plus* 0.50% *per annum* and (iii) one-month Adjusted LIBOR (as defined below) *plus* 1.00% *per annum*.

“**Adjusted LIBOR**” or “**LIBOR Rate**” is the London interbank offered rate for U.S. dollars or the applicable currency, for the relevant interest period, adjusted for statutory reserve requirements; provided, that Adjusted LIBOR shall not, in each case, be less than 0% *per annum*.

LETTER OF CREDIT FEES:

A *per annum* fee equal to the spread over the LIBOR Rate under the Revolving Facility multiplied by the average daily maximum aggregate amount available to be drawn under all Letters of Credit, payable in US dollars in arrears at the end of each quarter and upon the termination of the Revolving Facility, in each case for the actual number of days elapsed over a 360-day year. Such fees shall be distributed with respect to Letters of Credit, to the Revolving Lenders participating in the Revolving Facility *pro rata* in accordance with the amount of each such Revolving Lender’s Revolving Commitment (other than Defaulting Lenders). In addition, the Borrower shall pay to the applicable Issuing Bank, for its own account, (a) a fronting fee in US dollars in an amount to be agreed, payable in arrears at the end of each quarter and upon the termination of the Revolving Facility, calculated based upon the actual number of days elapsed over a 360-day year, and (b) customary issuance and administration fees.

COMMITMENT FEES: Commitment fees equal to 0.250% *per annum* times the daily average undrawn portion of the Revolving Facility of each Revolving Lender (other than any Defaulting Lender) (reduced by the amount of Letters of Credit issued and outstanding) will accrue from the Closing Date and will be payable quarterly in arrears.

**\$1,150 MILLION SENIOR UNSECURED BRIDGE LOAN FACILITY
SUMMARY OF PRINCIPAL TERMS AND CONDITIONS²**

BORROWER:	The Borrower under the Bank Facilities or a subsidiary of the Borrower (the “ <i>Borrower</i> ”).
TRANSACTIONS:	As set forth in <i>Exhibit A</i> to the Commitment Letter.
AGENT:	Goldman Sachs Bank USA, acting through one or more of its branches or affiliates, will act as sole administrative agent (in such capacity, the “ <i>Senior Unsecured Bridge Agent</i> ”) for a syndicate of banks, financial institutions and other institutional lenders (together with the Initial Lender, the “ <i>Senior Unsecured Bridge Lenders</i> ”; the Senior Unsecured Bridge Lenders, together with the Term Lenders and Revolving Lenders, collectively, the “ <i>Lenders</i> ”), and will perform the duties customarily associated with such roles.
LEAD ARRANGER AND BOOKRUNNER:	The Lead Arranger and Bookrunner (each as defined in the Commitment Letter) will act as a bookrunner and a lead arranger, respectively, for the Senior Unsecured Bridge Facility, and will perform the duties customarily associated with such roles.
SENIOR UNSECURED BRIDGE FACILITY:	The senior unsecured bridge loan facility will consist of an aggregate principal amount of \$1,150 million of senior unsecured bridge loans and will be made available to the Borrower in US dollars (the “ <i>Senior Unsecured Bridge Loans</i> ”); <i>provided</i> that, the net cash proceeds, including any OID or other discount to market, from the issuance of any Senior Unsecured Notes on or prior to the Closing Date (including into escrow) or the incurrence of any Replacement Loans that are outstanding on the Closing Date, shall reduce the Senior Unsecured Bridge Loans on a dollar for dollar basis (following the application thereof for purposes of the Refinancing or the Existing Note Refinancing) (the “ <i>Senior Unsecured Bridge Facility</i> ”).
PURPOSE:	The proceeds of the Senior Unsecured Bridge Facility will be used by the Borrower, on the Closing Date, together with any Closing Date Draw Amount, any Replacement Loans, any Senior Unsecured Notes and any Takeout Securities issued on or prior to the Closing Date, (a) to finance the Acquisition, and (b) to pay the Transaction Costs.
AVAILABILITY:	The amount to be drawn under the Senior Unsecured Bridge Facility must be drawn in a single drawing on the Closing Date in U.S. Dollars,

² All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this term sheet is attached, including the Bank Term Sheet and *Annex I* thereto or the other exhibits thereto. In the event any such capitalized term is subject to multiple and differing definitions, the appropriate meaning thereof for purposes of this *Exhibit B* shall be determined by reference to the context in which it is used.

Canadian Dollars or British Pounds Sterling. Amounts borrowed under the Senior Unsecured Bridge Facility that are repaid or prepaid may not be reborrowed. The Senior Unsecured Bridge Loans will be funded at par.

INTEREST RATES AND FEES:

As set forth on *Annex I* hereto.

DEFAULT RATE:

The applicable interest rate plus 2.00% per annum payable on overdue amounts only.

FINAL MATURITY AND AMORTIZATION OF SENIOR UNSECURED BRIDGE LOANS:

The Senior Unsecured Bridge Facility will mature on the date that is one year after the Closing Date (the “*Senior Unsecured Bridge Loans Maturity Date*”).

The Senior Unsecured Bridge Facility will not be subject to interim amortization.

CONVERSION OF THE SENIOR UNSECURED BRIDGE LOANS; EXCHANGE OF SENIOR UNSECURED EXTENDED TERM LOANS:

If any Senior Unsecured Bridge Loan has not been previously repaid in full on or prior to the Senior Unsecured Bridge Loans Maturity Date, such Senior Unsecured Bridge Loan shall, automatically be converted into a senior unsecured term loan (the “*Senior Unsecured Extended Term Loans*”) having an equal principal amount and due on the date that is 8 years following the Closing Date. Except as provided herein, the Senior Unsecured Extended Term Loans shall have the same terms and conditions as the Senior Unsecured Bridge Loans, and applicable references in the Commitment Letter to the Senior Unsecured Bridge Loans and the Senior Unsecured Bridge Facility shall include the Senior Unsecured Extended Term Loans.

The date on which the Senior Unsecured Bridge Loans are converted into Senior Unsecured Extended Term Loans is referred to as the “*Conversion Date*”.

On the Conversion Date, and on the 15th calendar day of each month thereafter (or the immediately succeeding business day if such calendar day is not a business day), at the option of the applicable Senior Unsecured Bridge Lender, Senior Unsecured Extended Term Loans may be exchanged for senior unsecured exchange notes (the “*Senior Unsecured Exchange Securities*”) having an equal principal amount. Notwithstanding the foregoing, the Borrower shall not be required to exchange Senior Unsecured Extended Term Loans for Senior Unsecured Exchange Securities unless at least \$100 million in aggregate principal amount of Senior Unsecured Exchange Securities would be outstanding immediately after such exchange.

The Senior Unsecured Bridge Loans and the Senior Unsecured Extended Term Loans will be governed by the provisions of the Senior Unsecured Bridge Facility Documentation. When issued, the Senior Unsecured Exchange Securities will be governed by an indenture to be entered into between the Borrower and a trustee reasonably acceptable to the Senior Unsecured Bridge Lenders and the Borrower, which indenture shall be, except as otherwise provided herein, consistent with the Senior Unsecured Bridge Documentation Principles (as defined below). The Senior Unsecured Extended Term Loans and the Senior Unsecured Exchange Securities shall rank equal in right of payment for all purposes. The obligations in respect of the Senior Unsecured Bridge Loans, the Senior Unsecured Extended Term Loans, the Senior Unsecured Exchange Securities and the Senior Unsecured Notes are referred to herein as the “*Senior Unsecured Obligations*”.

**MATURITY OF SENIOR
UNSECURED EXCHANGE
SECURITIES:**

8 years from the Closing Date.

**AVAILABILITY OF THE
SENIOR UNSECURED
EXCHANGE SECURITIES:**

The Senior Unsecured Exchange Securities will be available in exchange for the Senior Unsecured Extended Term Loans on the terms and conditions set forth herein. The principal amount of any Senior Unsecured Exchange Security will equal 100% of the aggregate principal amount of the Senior Unsecured Extended Term Loans for which it is exchanged.

GUARANTEES:

All obligations of the Borrower under the Senior Unsecured Bridge Facility will be unconditionally guaranteed by each Guarantor (as defined in *Exhibit A*) of the Bank Facilities (such guarantees, the “*Senior Unsecured Bridge Guarantees*”). The Senior Unsecured Bridge Guarantees will rank *pari passu* in right of payment with the guarantees of the Bank Facilities.

SECURITY:

None.

**MANDATORY
PREPAYMENTS:**

Prior to the Senior Unsecured Bridge Loans Maturity Date and consistent with the Senior Unsecured Bridge Documentation Principles and subject to the last paragraph of this section titled “Mandatory Prepayments”, the Borrower will be required to prepay the Senior Unsecured Bridge Loans at 100% of the outstanding principal amount thereof plus accrued and unpaid interest with (i) the net cash proceeds from the issuance of the Takeout Securities (as defined in the Joint Fee Letter); *provided* that in the event any Senior Unsecured Bridge Lender or affiliate of a Senior Unsecured Bridge Lender purchases Takeout Securities from the Borrower at a price above the level at which such

Senior Unsecured Bridge Lender or affiliate has reasonably determined such Takeout Security can be resold by such Senior Unsecured Bridge Lender or affiliate to a bona fide third party at the time of such purchase (and notifies the Borrower thereof), without regard to such difference being required or applied by such Senior Unsecured Bridge Lender or affiliate as an additional fee, the net cash proceeds received by the Borrower in respect of such debt security may, at the option of such Senior Unsecured Bridge Lender or affiliate, be applied first to prepay the Senior Unsecured Bridge Loans of such Senior Unsecured Bridge Lender or affiliate (provided that if there is more than one such Senior Unsecured Bridge Lender or affiliate then such net cash proceeds will be applied pro rata to prepay the Senior Unsecured Bridge Loans of all such Senior Unsecured Bridge Lenders or affiliates in proportion to such Senior Unsecured Bridge Lenders' or affiliates' principal amount of Takeout Securities purchased from the Borrower) prior to being applied to prepay the Senior Unsecured Bridge Loans held by other Senior Unsecured Bridge Lenders; (ii) 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the Borrower and its Restricted Subsidiaries (with exceptions for sales of inventory, ordinary course dispositions, dispositions of obsolete or worn-out property and property no longer useful in the business, amounts required to be applied to any secured indebtedness of the Borrower and other exceptions to be set forth in the Senior Unsecured Bridge Facility Documentation) (subject to the right of the Borrower and its Restricted Subsidiaries to reinvest 100% of such net proceeds if such proceeds are reinvested (or committed to be reinvested) within 365 days and, if so committed to be reinvested, so long as such reinvestment is actually completed within six months thereafter, and other exceptions to be set forth in the Senior Unsecured Bridge Documentation); (iii) 100% of the net cash proceeds received from the sale of the Senior Unsecured Notes or any other debt financing other than the Bank Facilities subject to other exceptions to be mutually agreed (collectively, the "**Bridge Facility Permanent Debt**"); and (iv) the net cash proceeds received from public issuances of equity of the Borrower after the Closing Date (subject to exceptions to be mutually agreed, including pursuant to employee stock and compensation plans), in the case of any such prepayments pursuant to the foregoing clauses (i), (ii), (iii) and (iv) above, with exceptions and baskets as are consistent with the Senior Unsecured Bridge Documentation Principles.

Following the occurrence of a Change of Control (to be defined in a manner to be mutually agreed), the Borrower will also be required to offer to prepay (a) the Senior Unsecured Bridge Loans at 100% of the outstanding principal amount thereof and (b) the Senior Unsecured Extended Term Loans and Senior Unsecured Exchange Securities at

101% of the outstanding principal amount thereof, in each case plus accrued and unpaid interest to the date of prepayment. Any proceeds from the sale of any Bridge Facility Permanent Debt issued to a Senior Unsecured Bridge Lender or one of its affiliates (other than bona fide investment funds and entities that manage assets on behalf of unaffiliated third-parties (the “*Asset Management Affiliates*”)) will be applied to refinance the Senior Unsecured Bridge Loans held by such Senior Unsecured Bridge Lender or its affiliates, without premium or penalty, notwithstanding the *pro rata* provisions otherwise applicable to redemptions and prepayments.

The Borrower will also be required to offer to prepay the Senior Unsecured Exchange Securities at 100% of the outstanding principal amount thereof plus accrued and unpaid interest with 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by the Borrower and its Restricted Subsidiaries (subject to the right of the Borrower and its Restricted Subsidiaries to reinvest 100% of such net proceeds if such proceeds are reinvested (or committed to be reinvested) within 365 days and, if so committed to be reinvested, so long as such reinvestment is actually completed within twelve months thereafter, and other exceptions to be set forth in the applicable definitive documentation).

The Senior Unsecured Extended Term Loans will have the mandatory prepayment and repurchase offer provisions applicable to the Senior Unsecured Exchange Securities (rather than the mandatory prepayment provisions applicable to the Senior Unsecured Bridge Loans).

**VOLUNTARY
PREPAYMENTS:**

Voluntary prepayments of Senior Unsecured Bridge Loans and the Senior Unsecured Extended Term Loans will be permitted at any time, in minimum principal amounts to be mutually agreed upon, subject to customary notice requirements and without premium or penalty.

The Senior Unsecured Exchange Securities will be non-callable for 3 years from the Closing Date (subject to customary 40% clawback provisions with the proceeds of equity offerings at par plus accrued interest plus a premium equal to the coupon) and will be callable (i) during the fourth year after the Closing Date, at par plus accrued interest plus a premium equal to three-quarters of the coupon, (ii) during the fifth year after the Closing Date, at par plus accrued interest plus a premium equal to one-half the coupon, (iii) during the sixth year after the Closing Date, at par plus accrued interest plus a premium equal to one-quarter the coupon and (iv) from and after the sixth anniversary of the Closing Date, at par plus accrued interest (without premium); *provided, however*, that any Senior Unsecured Exchange Securities will be callable prior to the third anniversary of the Closing Date at a redemption price equal to par plus accrued interest plus a make whole premium calculated on the

basis of a discount rate equal to the then applicable U.S. Treasury Rate plus one-half of one percent (0.50%). In addition, so long as any such Senior Unsecured Exchange Securities are held by the Commitment Party or its affiliates (other than Asset Management Affiliates), such Senior Unsecured Exchange Securities will be callable at par plus accrued and unpaid interest on a non-*pro rata* basis.

**UNRESTRICTED
SUBSIDIARIES:**

Consistent with the Bank Facilities.

DOCUMENTATION:

The definitive documentation for the Senior Unsecured Bridge Facility (the “*Senior Unsecured Bridge Facility Documentation*”) (including the Senior Unsecured Exchange Securities) will contain the terms and conditions set forth in this Exhibit B and to the extent not covered by this Exhibit B, will be based on a specified precedent to be mutually agreed (the “*Senior Unsecured Bridge Documentation Precedent*”) with changes and modifications that give due regard to (a) the operational and strategic requirements of the Borrower and its subsidiaries in light of their size, capital structure, industries, businesses, business practices, jurisdiction of incorporation and related currency and other provisions and (b) qualifications, thresholds, exceptions, “baskets” and grace and cure periods that shall be as mutually agreed (including a provision that permits restricted payments in an unlimited amount if the Total Net Leverage Ratio is the lesser of (x) 3.50x Total Net Leverage Ratio, and (y) 0.50x inside the Total Net Leverage Ratio as of the Closing Date, and (ii) in an amount not to exceed \$125 million in any fiscal year if the Total Net Leverage Ratio at the time of such restricted payment is greater than the level that is the lesser of (x) 3.50x Total Net Leverage Ratio, and (y) 0.50x inside the Total Net Leverage Ratio as of the Closing Date) (collectively for purposes of this Exhibit B, the “*Senior Unsecured Bridge Documentation Principles*” and together with the Bank Documentation Principles, the “*Documentation Principles*”); provided that the Senior Unsecured Bridge Facility Documentation shall contain only those conditions to borrowing, mandatory prepayments, representations and warranties, covenants and events of default expressly set forth in this Term Sheet, in each case, applicable to the Borrower and its Restricted Subsidiaries. The Senior Unsecured Bridge Facility Documentation will be negotiated in good faith within a reasonable time period to be determined based on the expected Closing Date.

The Senior Unsecured Bridge Facility Documentation will contain language to address the European Union bail-in rules in customary form.

The Senior Unsecured Bridge Facility Documentation will include customary provisions that permit the implementation of a replacement

for the LIBOR Rate (as defined in Exhibit A) based on the ARRC Approach (as defined in Exhibit A).

Reference is made to the guidance and instructions from the Agencies (as defined in Exhibit A) and the ARRC (as defined in Exhibit A) with respect to the LIBOR Rate. The Agencies issued a joint statement encouraging banks to cease entering into new contracts that use the LIBOR Rate as soon as practicable and in any event by December 31, 2021. If the Closing Date occurs after December 31, 2021, the Benchmark Replacement (as defined in Exhibit A) will replace the LIBOR Rate for all purposes under this Commitment Letter, the Fee Letters and the Senior Unsecured Bridge Facility Documentation as of December 31, 2021, with such modifications to be agreed between the Borrower and the Lead Arranger, to cause the Benchmark Replacement to be the economic equivalent of the LIBOR Rate.

REPRESENTATIONS AND WARRANTIES:

Substantially similar to those for the Bank Facilities, with modifications consistent with the Senior Unsecured Bridge Documentation Principles to the extent necessary to reflect differences in documentation, but in any event no less favorable to the Borrower than those in the Bank Documentation; it being understood that representations and warranties shall be subject to the Certain Funds Provision.

CONDITIONS PRECEDENT TO SENIOR UNSECURED BRIDGE LOANS:

The borrowing under the Senior Unsecured Bridge Facility on the Closing Date will be subject solely to the applicable conditions precedent set forth in *Exhibit C* to the Commitment Letter.

COVENANTS:

The Senior Unsecured Bridge Facility Documentation will contain such affirmative and incurrence-based (but not financial maintenance) negative covenants with respect to the Borrower and its Restricted Subsidiaries applicable to the Senior Unsecured Bridge Loans and the Senior Unsecured Extended Term Loans as are consistent with the Senior Unsecured Bridge Documentation Principles, including an affirmative covenant with respect to marketing efforts and securities demand, and will not include any covenants not included in the Bank Facilities except an affirmative covenant with respect to marketing efforts and securities demand, a covenant to use commercially reasonable efforts to refinance the Senior Unsecured Bridge Loans as promptly as practicable following the Closing Date, to use commercially reasonable efforts to maintain corporate level and facility level ratings (but not any minimum rating) and to conduct calls with the Senior unsecured Bridge Lenders on no less than a quarterly basis. Prior to the Senior Unsecured Bridge Loans Maturity Date, the restricted payments, liens and debt incurrence covenants of the Senior Unsecured Bridge Facility may be more restrictive than those applicable to the Senior Unsecured Extended Term Loans and the Senior Unsecured Exchange Securities, as reasonably agreed by the Senior Unsecured Bridge Agent and the Borrower. It is

understood that compliance with covenants shall in no event be a condition to the availability of the Senior Unsecured Bridge Facility on the Closing Date in a manner that is inconsistent with the Certain Funds Provision.

Upon and after the earlier of the Senior Unsecured Bridge Loans Maturity Date and the occurrence of a Takeout Demand Failure (as defined in the Joint Fee Letter), the covenants which would be applicable to the Senior Unsecured Exchange Securities, if issued, will also be applicable to the Senior Unsecured Extended Term Loans in lieu of the corresponding provisions of the documentation governing the Senior Unsecured Bridge Loans. The indenture governing the Senior Unsecured Exchange Securities will contain such covenants with respect to the Borrower and its Restricted Subsidiaries as are consistent with the Senior Unsecured Bridge Documentation Principles (but, in any event, no more restrictive than those for the Senior Unsecured Bridge Facility), including a provision that permits restricted payments in an unlimited amount if the Total Net Leverage Ratio at the time of such restricted payment is no greater than the level that is the lesser of (x) 3.50x Total Net Leverage Ratio, and (y) 0.50x inside the Total Net Leverage Ratio as of the Closing Date and (ii) in an amount not to exceed \$125 million in any fiscal year if the Total Net Leverage Ratio at the time of such restricted payment is greater than or equal to the lesser of (x) 3.50x Total Net Leverage Ratio, and (y) 0.50x inside the Total Net Leverage Ratio as of the Closing Date.

FINANCIAL COVENANT: None.

EVENTS OF DEFAULT: The events of default applicable to the Senior Unsecured Bridge Loans will be consistent with the Senior Unsecured Bridge Documentation Principles; *provided* that, a default or event of default (other than a payment default) with respect to the Bank Facilities shall not give rise to a default or event of default under the Senior Unsecured Bridge Facility unless and until the Lenders under the Bank Facilities accelerate the Loans and other obligations under the Bank Facilities as a result of such default.

The indenture governing the Senior Unsecured Exchange Securities will contain such events of default (including grace periods and threshold amounts) as are consistent with the Senior Unsecured Bridge Documentation Principles (but, in any event, no more restrictive than those for the Senior Unsecured Bridge Facility) but not including a cross default (and, in lieu thereof, a cross-acceleration and cross-payment default at maturity to material debt). Upon and after the Senior Unsecured Bridge Loans Maturity Date, the events of default which would be applicable to the Senior Unsecured Exchange Securities, if issued, will also be applicable to the Senior Unsecured Extended Term

Loans in lieu of the corresponding provisions of the Senior Unsecured Bridge Facility Documentation.

REGISTRATION RIGHTS: No registration rights. The Senior Unsecured Exchange Securities will be “private for life”.

TRUST INDENTURE ACT: The Indenture governing the Senior Unsecured Exchange Securities shall not be subject to the Trust Indenture Act, as amended (the “**TIA**”), including the provisions of Section 316 thereof and shall not contain any provision substantially similar to Section 316(b) of the TIA (other than similar provisions that relate solely to the amendment of payment terms).

DEFEASANCE AND DISCHARGE: The indenture governing the Senior Unsecured Exchange Securities will contain such defeasance and discharge provisions as are consistent with the Senior Unsecured Bridge Documentation Principles.

VOTING: Amendments and waivers of the Senior Unsecured Bridge Facility Documentation applicable to the Senior Unsecured Bridge Loans and the Senior Unsecured Extended Term Loans will require the approval of Senior Unsecured Bridge Lenders holding more than 50% of the aggregate amount of the outstanding Senior Unsecured Bridge Loans or Senior Unsecured Extended Term Loans, as applicable (the “**Required Lenders**”), except that (a) the consent of each Senior Unsecured Bridge Lender directly affected thereby (rather than Required Lenders) shall be required with respect to: (i) modifications to any provision requiring *pro rata* treatment of the Lenders, (ii) increases in the commitment of such Senior Unsecured Bridge Lender, (iii) reductions or forgiveness of principal, interest, fees payable to such Senior Unsecured Bridge Lender, (iv) extensions of final maturity of the loans of such Senior Unsecured Bridge Lender or of the date for payment to such Senior Unsecured Bridge Lender of any interest or fees, and (v) additional restrictions on the right to exchange Senior Unsecured Extended Term Loans for Senior Unsecured Exchange Securities and (b) the consent of each Senior Unsecured Bridge Lender shall be required with respect to: (i) modifications to voting requirements or percentages and (ii) releases of all or substantially all of the value of the Guarantees.

The indenture governing the Senior Unsecured Exchange Securities will contain such modification provisions as are consistent with the Senior Unsecured Bridge Documentation Principles.

COST AND YIELD PROTECTION: Substantially similar to the tax gross up, cost and yield provisions contained in the Bank Facilities, with appropriate modifications for a bridge facility.

ASSIGNMENTS AND PARTICIPATIONS OF The Senior Unsecured Bridge Lenders will be permitted to assign Senior Unsecured Bridge Loans without the consent of (but with notice to) the

**SENIOR UNSECURED
BRIDGE LOANS AND
SENIOR UNSECURED
EXTENDED TERM LOANS:**

Borrower (except that no such assignments to Disqualified Lenders will be permitted); *provided* that, prior to the Senior Unsecured Bridge Loans Maturity Date, unless a Demand Failure (as defined in the Joint Fee Letter) or a payment or bankruptcy event of default has occurred and is at such time continuing, the consent of the Borrower shall be required with respect to any assignment if, subsequent thereto, the Initial Lender would hold, in the aggregate, less than 50.1% of the outstanding Senior Unsecured Bridge Loans.

The Senior Unsecured Bridge Lenders will be permitted to participate their Senior Unsecured Bridge Loans to other financial institutions without restrictions, other than customary voting limitations. Participants will have the same benefits as the selling Lenders would have (and will be limited to the amount of such benefits) with regard to yield protection and increased costs, subject to customary limitations and restrictions.

**RIGHT TO TRANSFER
SENIOR UNSECURED
EXCHANGE SECURITIES:**

The holders of the Senior Unsecured Exchange Securities shall have the absolute and unconditional right to transfer such Senior Unsecured Exchange Securities in compliance with applicable law to any third parties.

**EXPENSES AND
INDEMNIFICATION:**

Substantially similar to the expenses and indemnification provisions contained in the Bank Facilities, with modifications consistent with the Senior Unsecured Bridge Documentation Principles to the extent necessary to reflect differences in documentation, but in any event not applicable to the Senior Unsecured Exchange Securities.

**GOVERNING LAW AND
FORUM:**

New York.

**COUNSEL TO SENIOR
UNSECURED BRIDGE
AGENT:**

Latham & Watkins LLP.

PRICING APPLICABLE TO SENIOR UNSECURED BRIDGE LOANS

INTEREST RATES: The Senior Unsecured Bridge Loans shall accrue interest at a rate per annum equal to the LIBOR Rate (as defined in *Exhibit A*), plus 425 basis points (the “*Senior Unsecured Bridge Initial Margin*”), with a LIBOR Rate floor of 0.00%. The Senior Unsecured Bridge Initial Margin will increase by an additional 50 basis points on the date that is three months after the Closing Date and an additional 50 basis points for each additional three-month period thereafter; *provided* that, at no time shall the interest rate in effect on the Senior Unsecured Bridge Loans exceed the Total Interest Cap (as defined in the Joint Fee Letter) (excluding interest at the default rate as described above).

The Borrower may elect interest periods of one, three, or six months (or 12 months or shorter period if available to all Senior Unsecured Bridge Lenders) for Adjusted LIBOR borrowings.

Any Senior Unsecured Bridge Loans converted into Senior Unsecured Extended Term Loans will accrue interest at the fixed rate equal to the Total Interest Cap (as defined in the Joint Fee Letter).

Calculation of interest shall be on the basis of the actual number of days elapsed over a 360-day year and interest shall be payable quarterly in arrears.

PRICING APPLICABLE TO SENIOR UNSECURED EXCHANGE SECURITIES

INTEREST RATES: The Senior Unsecured Exchange Securities will bear interest at a fixed rate equal to the Total Interest Cap and interest will be payable semiannually in arrears.

Calculation of interest shall be on the basis of a year of 12 months of 30 days each.

\$530 MILLION SENIOR SECURED REVOLVING CREDIT FACILITY
\$100 MILLION SENIOR SECURED TERM LOAN FACILITY
\$1,150 MILLION SENIOR UNSECURED BRIDGE LOAN FACILITY
SUMMARY OF CONDITIONS PRECEDENT³

This Summary of Conditions Precedent outlines certain of the conditions precedent to the Facilities referred to in the Commitment Letter, of which this Exhibit C is a part. Certain capitalized terms used herein are defined in the Commitment Letter.

The initial borrowings under the Facilities shall be subject to the following applicable conditions (subject in all respects to the Certain Funds Provision):

1. **Purchase Agreement.** The Acquisition shall have been consummated or shall be consummated substantially simultaneously with the initial borrowings under the Facilities in accordance in all material respects with the terms of the Purchase Agreement (without any amendment, modification or waiver thereof or any consent thereunder that is materially adverse to the Initial Lender for the applicable Facility (in its capacity as such) without the prior written consent of the Commitment Party (such consent not to be unreasonably withheld, delayed or conditioned); *provided* that (i) a reduction in the consideration payable under the Purchase Agreement of less than 10% shall not be deemed to be materially adverse to the interests of the Initial Lender; *provided further* that such reduction is applied 100% to reduce the Senior Unsecured Bridge Facility, and (ii) an increase in such purchase price amount shall not be deemed to be materially adverse to the Initial Lender if such increase is not funded with indebtedness for borrowed money; *provided* that no purchase price or similar adjustment provisions set forth in the Purchase Agreement shall constitute a reduction or increase in the purchase price).
2. **Refinancing.** (i) To the extent the Amendment has not been obtained, the Refinancing shall have occurred, or shall occur substantially concurrently with the initial borrowings under the Facilities, and (ii) the applicable Agent shall have received evidence that all guarantees of, and security granted by, the Target and its subsidiaries with respect to that certain multi-currency overdraft facility (with a maximum limit of £43,000,000 or equivalent thereof in one of the optional currencies) between Gardrum Holdings Limited (as borrower) and Northern Bank Limited trading as Danske Bank (as lender) pursuant to an offer letter dated 10 February, 2021, have been discharged and released or shall be discharged and released substantially concurrently with the initial borrowings under the applicable Facility (or customary arrangements for such discharge and release shall have been agreed upon with the applicable Agent).
3. **Bank Facilities Documentation.** Subject to the Certain Funds Provision and solely as a condition to the availability of the Bank Facilities, the execution and delivery of (i) the Bank Documentation by each Loan Party thereto, (ii) customary legal opinions with respect to the Bank Facilities, certified organizational documents of each Loan Party, customary evidence of authorization with respect to each Loan Party, customary officer's certificates of each Loan Party (provided that such certificate shall not include any representations or statement as to the absence (or existence) of any default or event of default under the Bank Documentation or a bring-down of representations and warranties) and good standing certificates with respect to each Loan Party (to the extent such concept exists in the applicable jurisdiction) in the

³ All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this *Exhibit C* is attached, including *Exhibits A* and *B* thereto. In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this *Exhibit C* shall be determined by reference to the context in which it is used.

jurisdiction of organization of such Loan Party, (iii) a solvency certificate substantially in the form of *Exhibit D* to the Commitment Letter, (iv) all documents and instruments required to create and perfect the Collateral Agent's security interests in the Collateral under the Bank Facilities, which shall be, if applicable, in proper form for filing, in each case, subject to the Certain Funds Provision and consistent with the provisions of the Bank Term Sheet, and (v) a customary borrowing notice (provided that such notice shall not include any representations or statement as to the absence (or existence) of any default or event of default under the Bank Documentation or a bring-down of representations and warranties) with respect to the initial borrowings under the Bank Facilities.

4. **Senior Unsecured Bridge Facility Documentation.** Subject to the Certain Funds Provision and solely as a condition to the availability of the Senior Unsecured Bridge Facility, the execution and delivery of (i) the Senior Unsecured Bridge Facility Documentation by each Loan Party thereto, (ii) customary legal opinions with respect to the Senior Unsecured Bridge Facility, certified organizational documents of each Loan Party, customary evidence of authorization with respect to each Loan Party, customary officer's certificates of each Loan Party (provided that such certificate shall not include any representations or statement as to the absence (or existence) of any default or event of default under the Senior Unsecured Bridge Facility Documentation or a bring-down of representations and warranties) and good standing certificates with respect to each Loan Party (to the extent such concept exists in the applicable jurisdiction) in the jurisdiction of organization of such Loan Party, (iii) a solvency certificate substantially in the form of *Exhibit D* to the Commitment Letter, and (iv) a customary borrowing notice (provided that such notice shall not include any representations or statement as to the absence (or existence) of any default or event of default under the Senior Unsecured Bridge Facility Documentation or a bring-down of representations and warranties) with respect to the initial borrowings under each such Facility.

5. **Financial Statements.** The Commitment Party shall have received (a) generally accepted accounting principles and practices in the United States ("*US GAAP*") audited consolidated balance sheets of the Borrower for the two most recently completed fiscal years, and related statements of comprehensive income and cash flows of the Borrower for the three most recently completed fiscal years, ended at least 90 days prior to the Closing Date (and the related audit reports), (b) US GAAP unaudited consolidated balance sheets and related statements comprehensive income and cash flows of the Borrower for each subsequent fiscal quarter (other than the fourth quarter of any fiscal year) subsequent to the last fiscal year for which financial statements were prepared pursuant to the preceding clause (a) and ended at least 45 days prior to the Closing Date (and the corresponding period of the preceding fiscal year), (c) audited balance sheets, statements of comprehensive income and cash flows for the business being acquired by Borrower and its subsidiaries in the Acquisition (as determined pursuant to Rule 3-05 and Article 11-01(d) of Regulation S-X ("*Regulation S-X*") under the Securities Act of 1933, as amended) (the "*Acquired Business*") for the most recent fiscal year ended at least 90 days prior to the Closing Date (and the related audit reports), including the notes thereto, prepared in accordance with US GAAP it being agreed that multiple consolidated or combined audited financial statements covering such acquired business may be used, and (d) US GAAP unaudited consolidated or combined balance sheets and related statements of comprehensive income and cash flows of the Acquired Business for the subsequent interim period ended with the most recent fiscal quarter (other than the fourth quarter of any fiscal year) subsequent to the last fiscal year for which financial statements were prepared pursuant to the preceding clause (a) and ended at least 45 days prior to the Closing Date (and the corresponding period of the preceding fiscal year), including the notes thereto, it being agreed that multiple consolidated or combined unaudited financial statements covering such acquired business may be used; *provided* that, for the avoidance of doubt, the Commitment

Party acknowledges that it has received the information and documents required by clauses (a) of this Section 5 for the fiscal years ended December 31, 2018, 2019 and 2020 and clause (b) of this Section 5 for the fiscal quarters ended March 31, 2020 and 2021.

6. **Pro Forma Financial Statements.** The Commitment Party shall have received a *pro forma* condensed balance sheet as of the end of the most recently ended income statement of the Borrower for which financial statements have been provided pursuant to the preceding Section 5 and related *pro forma* condensed statements of income of the Borrower (i) for the most recently ended fiscal year for which audited financial statements have been provided pursuant to the preceding Section 5, (ii) to the extent not provided pursuant to clause (i), a *pro forma* statement of income of the Borrower for the trailing 12-month period ended the date of the latest interim unaudited quarterly financial statements, if any, provided pursuant to the preceding Section 5 and, (iii) for the subsequent interim periods for which unaudited financial statements have been provided pursuant to the preceding Section 5, prepared after giving effect to the acquisition of the Acquired Business and the other Transactions (and any other acquisitions of businesses for which financials statements are being provided) as if they had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other financial statements).

7. **KYC Information.** The applicable Agent shall have received, at least three business days prior to the Closing Date, all documentation and other information about the Loan Parties required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, (a) the PATRIOT Act, and (b) to the extent a Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, a customary FinCEN beneficial ownership certificate, in each case, that has been reasonably requested in writing by the Commitment Parties at least 10 business days prior to the Closing Date.

8. **Senior Unsecured Notes Offering Document.** The Borrower and/or one or more of its Subsidiaries shall have engaged one or more investment banks reasonably satisfactory to the Lead Arranger and the Bookrunner (collectively, the “*Investment Bank*”) to sell to or place the Senior Unsecured Notes and shall ensure that (a) the Investment Bank shall have received a customary preliminary offering memorandum or preliminary private placement memorandum containing all customary information (other than the “description of the notes” and any information customarily provided by the Investment Bank or its counsel) for use in a customary high-yield road show relating to the issuance of the Senior Unsecured Notes, including the audited and unaudited financial statements described in Section 5 above and all appropriate pro forma financial statements of the Borrower described in Section 6 above, in each case, prepared in accordance with the principles of Regulation S-X, but, in each case, no more than the financial statements referred to under the preceding Sections 5 or 6 above or derived therefrom, and all other data that would be necessary for the Investment Bank to receive customary “comfort” (including “negative assurance” comfort) consistent with what was provided to the initial purchasers of the Borrower’s 5.375% senior notes due 2025 in connection with the issuance of such notes from independent accountants to the Borrower and the Target Group or Acquired Business, as applicable, in connection with such offering (subject in each case to exceptions customary for Rule 144A offerings involving high-yield unsecured “private-for-life” debt securities, including exceptions for consolidating financial statements, separate subsidiary financial statements and other financial statements required by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X (provided that customary data as to the total assets, revenue, EBITDA and adjusted EBITDA or comparable metrics (including on a pro forma basis giving effect to the Transactions) shall be included) or “segment reporting”, Item 302 of Regulation S-K and Compensation Discussion and Analysis or other

information required by Item 402 of Regulation S-K under the Securities Act and the executive compensation and related person disclosure rules related to SEC Release No. 33-8732A, 34-54302A and IC-2744A and other information not customarily provided in an offering memorandum for a Rule 144A offering) (the “**Required Bond Information**”), and (b) the Investment Bank shall be afforded a marketing period following the receipt of the Required Bond Information to seek to offer and sell or privately place the Senior Unsecured Notes of 15 consecutive business days (the “**Senior Unsecured Notes Marketing Period**”); *provided* that (i) that the Marketing Period shall not commence earlier than September 7, 2021, (ii) November 25, 2021 and November 26, 2021 shall not be considered business days for the purposes of the Senior Unsecured Notes Marketing Period and (iii) if the Senior Unsecured Notes Marketing Period has not ended prior to December 18, 2021, then such period shall not commence until on or after January 3, 2022.

If Borrower shall in good faith reasonably believe that the Borrower has delivered the Required Bond Information, the Borrower may (but shall not be obligated to) deliver to the Investment Bank written notice to that effect (stating when the Borrower believes that the Borrower completed such delivery), in which case the Borrower shall be deemed to have delivered the Required Bond Information on the date of such notice and the Senior Unsecured Notes Marketing Period shall be deemed to have commenced on the date of such notice, in each case, unless the Investment Bank in good faith reasonably believes that the Borrower has not completed delivery of the Required Bond Information and, within two business days after its receipt of such notice from the Borrower, the Investment Bank delivers a written notice to the Borrower to that effect (stating with specificity which information has not delivered).

9. **Payment of Fees and Expenses.** All fees required to be paid by the Borrower on the Closing Date pursuant to the Fee Letters and the Commitment Letter (including the Term Sheets) and reasonable out-of-pocket expenses (including legal fees and expenses) required to be paid by the Borrower on the Closing Date pursuant to the Commitment Letter, to the extent invoiced at least two business days prior to the Closing Date, shall, upon the initial borrowing of the applicable Facilities, have been paid, or will be substantially simultaneously, paid (which amounts may be offset against the proceeds of the Facilities).

10. **Accuracy of Representations.** (i) The Specified Representations shall be true and correct in all material respects (without duplication of any materiality qualifier set forth therein) to the extent required by the Certain Funds Provision; and (ii) the Purchase Agreement Representations shall be true and correct in all material respects to the extent required by the Certain Funds Provision; *provided* that, for the avoidance of doubt, this clause (ii) shall only be a condition to the extent that you have (or an affiliate of yours has) the right (taking into account any applicable cure provisions) to terminate your (or its) obligations under the Purchase Agreement or the right to decline to consummate the Acquisition (in each case, in accordance with the terms of the Purchase Agreement) as a result of the failure of such representations and warranties to be accurate.

FORM OF SOLVENCY CERTIFICATE

[____][____], 202[____]

This Solvency Certificate is being executed and delivered pursuant to Section [____] of that certain [•]⁴ (the “*Credit Agreement*”); the terms defined therein being used herein as therein defined).

I, [____], a [____] of the Borrower (after giving effect to the Transactions), in such capacity only and not in an individual capacity (and without personal liability), hereby certify on behalf of the Borrower as follows, in each case as of the date hereof:

1. The sum of the debt and liabilities (subordinated, contingent or otherwise) of the Borrower and its Subsidiaries, on a consolidated basis, does not exceed the fair value of the present assets of the Borrower and its Subsidiaries, on a consolidated basis.

2. The capital of the Borrower and its Subsidiaries, on a consolidated basis, is not unreasonably small in relation to their business as conducted or contemplated to be conducted on the date hereof.

3. The present fair saleable value of the assets of the Borrower and its Subsidiaries, on a consolidated basis and as a going concern, is greater than the total amount that will be required to pay the probable liabilities of the Borrower and its Subsidiaries, on a consolidated basis, as applicable, as they become absolute and matured.

4. The Borrower and its Subsidiaries, on a consolidated basis, have not, incurred and do not intend to incur, or believe that they will incur, debts or other liabilities, including current obligations, beyond their ability to pay such debts or other liabilities as they become due (whether at maturity or otherwise).

5. For purposes of this Solvency Certificate, the amount of any contingent liability has been computed as the amount that, in light of all of the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability.

6. In reaching the conclusions set forth in this Solvency Certificate, the undersigned has made such investigations and inquiries as the undersigned has deemed appropriate to provide this Solvency Certificate. The undersigned is familiar with the finances and assets of the Borrower and its Subsidiaries.

7. The undersigned acknowledges that the Agent and the Lenders are relying on the truth and accuracy of this Solvency Certificate in connection with the Commitments and Loans under the Credit Agreement.

⁴ Describe the credit agreement to govern the Bank Facilities.

IN WITNESS WHEREOF, the undersigned has executed this Solvency Certificate in such undersigned's capacity as an officer of the Borrower, on behalf of the Borrower, and not individually, on the date first written above.

**RITCHIE BROS. AUCTIONEERS
INCORPORATED**

By: _____

Name:

Title: [Financial Officer]

The Commitment Parties
(as defined in the Commitment Letter)

CONFIDENTIAL

September 21, 2021

RE: Notice of Commitment Reduction

Ladies and Gentlemen:

Reference is hereby made to that certain Fourth Amended and Restated Commitment Letter, dated as of August 8, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Commitment Letter”), among Ritchie Bros. Auctioneers Incorporated, a public company incorporated in Canada (the “Borrower”), and the Commitment Parties party thereto. Capitalized terms used herein without definition shall have the meanings given such terms in the Commitment Letter.

In connection with the Borrower obtaining the Amendment, the Borrower hereby gives you notice that, effective on the date hereof, and substantially simultaneously with and contingent upon the effectiveness of the Amendment, each of the Term Commitments and the Revolving Commitments shall be terminated and the aggregate amount of commitments under the Senior Unsecured Bridge Facility shall be permanently reduced by \$200,000,000 to \$950,000,000.

Each Commitment Party hereby acknowledges and agrees that the Term Arrangement Fee (as defined in in the Joint Fee Letter) with respect to the Term Commitments and Revolving Facility Arrangement Fee (as defined in in the Joint Fee Letter) with respect to the Revolving Commitments are each reduced to 0.50% in accordance with clause (i) of the provisos in Sections 1(a) and 1(c), respectively, of the Joint Fee Letter.

[Remainder of this page intentionally left blank]

Very truly yours,

RITCHIE BROS. AUCTIONEERS
INCORPORATED

By: /s/ Sharon Driscoll

Name: Sharon Driscoll

Title: Chief Financial Officer

Agreed to and accepted as of the date first written above:

GOLDMAN SACHS BANK USA

By

/s/ Rob Ehudin _____

Name: Rob Ehudin

Title: Authorized Signatory

Agreed to and accepted as of the date first written above:

BANK OF AMERICA, N.A.

By

/s/ Daryl K. Hogge

Name: Daryl K. Hogge

Title: Senior Vice President

BOFA SECURITIES, INC.

By

/s/ Mark Post

Name: Mark Post

Title: Managing Director

Agreed to and accepted as of the date first written above:

ROYAL BANK OF CANADA

By

/s/ Charles D. Smith

Name: Charles D. Smith

Title: Managing Director

RBC CAPITAL MARKETS LLC

By

/s/ Charles D. Smith

Name: Charles D. Smith

Title: Managing Director

AGREEMENT OF PURCHASE AND SALE

Exhibit 10.3

THIS AGREEMENT is made the 13th day of August, 2021.

BETWEEN:

RITCHIE BROS. PROPERTIES LTD.

(the “**Vendor**”)

-and-

3 MANCHESTER COURT HOLDINGS INC.

(the “**Purchaser**”)

WHEREAS:

- A. The Vendor has agreed to sell the Purchased Assets to the Purchaser and the Purchaser has agreed to purchase the Purchased Assets from the Vendor, on the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set out in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the parties covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

Capitalized terms not otherwise defined in this Agreement shall have the following meanings, unless the context expressly or by necessary implication otherwise requires:

“**Adjustments**” means the adjustments to the Purchase Price for the Purchased Assets provided for and determined pursuant to Sections 2.5 and 2.6.

“**Affiliate**” means, with respect to any Person (in this definition, such Person being referred to herein as the “**Subject Person**”), any other Person which, directly or indirectly, is Controlled by the Subject Person, or Controls the Subject Person, or is Controlled by a Person which also Controls the Subject Person.

“**Agreement**” means this agreement of purchase and sale and the attached Schedules, as amended from time to time, and “**Article**”, “**Section**” and “**Schedule**” mean the specified article, section or schedule, as the case may be, of this Agreement.

“**AML Legislation**” means anti-money laundering-related and anti-terrorism financing laws, regulations, and codes of practice applicable to the Purchaser, its Affiliates, and their operations

from time to time, including, without limitation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction, and “know your client” Applicable Laws, whether within Canada or elsewhere, including any regulations, guidelines or orders thereunder.

“**Anti-Corruption Laws**” means anti-bribery and/or anti-corruption laws, regulations, and/or ordinances applicable to the Purchaser, its Affiliates, and their operations from time to time, including, without limitation the *Corruption of Foreign Public Officials Act* (Canada) and the *Criminal Code* (Canada), and in the case of Quebec, the Unité Permanent Anti-Corruption (UPAC) pursuant to its *Anti-Corruption Act* (Quebec), and any other applicable anti-corruption, anti-bribery laws or Applicable Laws, whether within Canada or elsewhere, including any regulations, guidelines or orders thereunder.

“**Applicable Laws**” means any applicable federal, provincial, and municipal statutes, laws, regulations, orders, by-laws, standards, directions, policies, interpretations, rules, codes, orders, guidelines, permits or other requirements of any Governmental Authority having jurisdiction, and in each case, only to the extent that it has the force of law.

“**Assignment and Assumption of Permitted Encumbrances**” means an assignment by the Vendor, and an assumption by the Purchaser, from and after the Closing Date, of the Vendor’s right, title, interest, obligations, duties and liabilities in and under the Permitted Encumbrances, including a covenant by the Purchaser to assume all obligations of the Vendor under the Permitted Encumbrances from and including the Closing Date and to indemnify the Vendor in respect thereof and a covenant by the Vendor to indemnify the Purchaser for any matters relating to the Permitted Encumbrances during the period prior to the Closing Date, subject to the limitations in Section 4.5.

“**Buildings**” means all buildings, structures, erections, improvements and appurtenances located on, in or under the Lands, and “**Building**” means any one of the Buildings.

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

“**Closing**” means the closing of the transaction of purchase and sale of the Purchased Assets contemplated by this Agreement, including the payment of the Purchase Price and the delivery of the Closing Documents, on the Closing Date.

“**Closing Date**” means the date which is twenty (20) days following the satisfaction or waiver of the last of the Vendor’s Conditions and the Purchaser’s Condition.

“**Closing Documents**” means the agreements, instruments and other documents to be delivered by the Vendor pursuant to Section 6.1 and the agreements, instruments and other documents to be delivered by the Purchaser pursuant to Section 6.2.

“**Contracts**” means all service, maintenance, management, employment and other contracts in place in respect of the Property but excluding the Ritchie Lease, the Permitted Encumbrances.

“**Control**” of a Person means the possession, directly or indirectly, of more than fifty percent (50%) of the economic interests in such Person or the power to direct the management and policies

of such Person through the ownership of voting securities or otherwise; and “**Controlled**” and “**Controls**” shall have corresponding meanings.

“**Deposit**” has the meaning given to that term in Section 2.3.2.

“**Due Diligence Documents**” means the documents and information relating to the Purchased Assets that are described in Schedule “B” hereto, to the extent in existence and within the Vendor’s possession or control.

“**Due Diligence Reports**” means the following reports: (i) the Property Condition Assessment prepared for the Vendor by Pinchin Ltd. and issued on June 21, 2021 following a visual assessment dated May 31, 2021; and (ii) the Phase I Environmental Site Assessment prepared for the Vendor by Pinchin Ltd. and issued on June 14, 2021 following a visual assessment dated May 31, 2021.

“**Encumbrance**” means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claims, restrictive covenants, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property, and any agreements, options, easements, rights of way, restrictions, executions or other encumbrances (including notices or other registrations in respect of any of the foregoing), whether registered or unregistered, affecting title to the Lands or any part thereof or interest therein.

“**Environmental Baseline Report**” means the Environmental Baseline Report contemplated by the Ritchie Lease.

“**Environmental Laws**” means all Applicable Laws governing or regulating the use, generation, storage, removal, recovery, treatment, handling, transport, disposal, control or discharge of, or exposure to, Hazardous Substances or intended to protect the environment or health and safety (including occupational health and safety).

“**Execution Date**” means the date on which the last of the Vendor and the Purchaser has executed this Agreement and delivered it to the other.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, board, tribunal or court or other law, rule or regulation-making entity having jurisdiction on behalf of, or as so enabled by, any of them.

“**Hazardous Substances**” means any contaminant, substance or material that is: (i) deemed hazardous or toxic under Environmental Laws; or (ii) prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws, and is present to a degree or in an amount in excess of thresholds regulated under Environmental Laws.

“**HST**” means the goods and services tax and harmonized sales tax payable pursuant to the *Excise Tax Act* (Canada).

“**Interim Period**” means the period between the Execution Date and the Closing Date.

“**Lands**” means the lands and premises legally described in Schedule “A”, together with and subject to all easements, rights-of-way and other rights appurtenant thereto.

“Leases” means all executed offers to lease, agreements to lease, leases, renewals of leases, tenancy agreements, rights of occupation, licenses or other occupancy agreements granted by or on behalf of the Vendor, or its predecessors in title, to possess or occupy space within the Property or any part thereof in existence as of the date of this Agreement, together with all security, guarantees and indemnities of any Tenant’s obligations thereunder.

“Listed Designated Person” means a Person mentioned on lists of names subject to the Regulations Establishing Lists of Entities made under subsection 83.05(1) of the *Criminal Code* (Canada) and/or the *United Nations Suppression of Terrorism Regulations* and/or a listing which is currently published under the internet website addresses <http://www.publicsafety.gc.ca/cnt/ntnl-scr/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-eng.aspx> or www.osfi-bsif.gc.ca and/or includes a Person that is the subject of economic sanctions laws, regulations, embargoes, or restrictive measures administered, enacted or enforced by Governmental Authorities in the United States of America, the United Nations, the European Union, Canada and other similar governmental bodies with regulatory authority over this Agreement or the Purchaser or its Affiliates, issuing, administering, enacting or enforcing economic sanctions laws, regulations, embargoes or restrictive measures from time to time.

“Notice” has the meaning given to that term in Section 8.12.

“Off-Title Compliance Matters” means: (i) the existence of work orders, open building permits, notices of violation, deficiency notices and other matters of non-compliance with the zoning of the Lands and other requirements of Governmental Authorities with respect to the Property or with the terms and conditions of any Permitted Encumbrances; and (ii) the existence of registrations against the Vendor or a predecessor name of the Vendor under the *Personal Property Security Act* (Ontario) that apply to or potentially apply (by reason of the general collateral description field in a financing statement not having been completed) to the Purchased Assets.

“OMERS” means OMERS Administration Corporation, a non-share capital corporation continued pursuant to the *Ontario Municipal Employees Retirement Systems Act, 2006* (Ontario), as administrator of the OMERS pension plans and as trustee of the pension funds.

“Permitted Encumbrances” means those encumbrances and other matters affecting title to the Property as set out in Schedule “B”, and any other encumbrance which has been consented to or accepted by the Purchaser in writing.

“Person” includes an individual, a corporation, a partnership, a limited partnership, a trust, an unincorporated organization, and the executors, administrators or other legal representatives of an individual in such capacity.

“Project” means the Property but excluding all personal property and chattels, if any, owned by the Vendor or any Affiliate of the Vendor situate in any Buildings and used in the operation, administration and management of any Building or any business conducted by the Vendor or any Affiliate of the Vendor, including, without limitation, all computers, accounting systems and software, wherever located, that belong to the Vendor or an Affiliate of the Vendor that are used in connection with the Purchased Assets.

“Property” means the Vendor’s fee simple interest in the Lands and the Buildings, known municipally as 3 Manchester Court, Caledon, Ontario.

“Purchase Price” means the purchase price for the Purchased Assets as set out in Section 2.2.

“Purchased Assets” means, collectively, all of the right, title and interest of the Vendor in the Project.

“Purchaser’s Condition Date” means that date being four (4) Business Days following the Execution Date.

“Purchaser’s Solicitors” means Blake, Cassels & Graydon LLP, Attention: Daniel Kofman and/or such other solicitors as are retained by the Purchaser from time to time and Notice of which is provided to the Vendor.

“Purchaser’s Waiver” has the meaning given to that term in Section 3.3.

“Ritchie Lease” means the lease dated as of the Closing Date to be entered into between the Purchaser, as landlord, and the Vendor, by its Affiliate Ritchie Bros. Auctioneers (Canada) Ltd. (the **“Ritchie Lease Tenant”**), as tenant, in respect of the entire Property, substantially in the form settled by the Purchaser and Vendor on or prior to the Execution Date.

“Surviving Covenants” means those covenants of the parties including, without limitation, indemnities, which, in accordance with the express provisions of this Agreement, shall survive the Closing.

“Tenants” means all Persons having a right to use or occupy any part of the Property pursuant to a Lease and **“Tenant”** means any one of the Tenants.

“Vendor’s Broker” means Avison Young Commercial Real Estate (Ontario) Inc.

“Vendor’s Solicitors” means Minden Gross LLP, and/or such other solicitors as are retained by the Vendor from time to time and Notice of which is provided to the Purchaser.

1.2 Business Days

Where anything is required to be done under this Agreement on a day that is not a Business Day, then the day for such thing to be done shall be the next following Business Day.

1.3 Schedules

The following Schedules are attached to and form part of this Agreement:

- Schedule A - Legal Description of Lands
- Schedule B - Due Diligence Documents
- Schedule C - Permitted Encumbrances
- Schedule D - Form of Reliance Letters
- Schedule E - Form of Zoning By-Law Amendment

1.4 Interpretation

1.4.1 Headings and Table of Contents. The division of this Agreement into Articles and Sections, the insertion of headings, and the provision of any table of contents are for

convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4.2 Number and Gender. Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.4.3 Entire Agreement. This Agreement and all of the Schedules to this Agreement, together with any other agreements, instruments, certificates and other documents contemplated to be executed and delivered pursuant to this Agreement, constitute the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and any of the Schedules to this Agreement and the other agreements, instruments, certificates and other documents to be executed and delivered pursuant to this Agreement, contain all of the representations, undertakings and agreements of the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or verbal, with respect to the subject matter of this Agreement. In particular, the Vendor and the Purchaser acknowledge and agree that the letter of intent between the parties dated July 14, 2021 is superseded by this Agreement.

1.4.4 Currency. All references to money shall refer to Canadian funds. All certified cheques or bank drafts to be tendered pursuant to this Agreement shall be drawn on one of the five largest Schedule I Canadian chartered banks.

1.4.5 Severability. If any provision contained in this Agreement or its application to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected, and each provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

1.4.6 Time. Time shall be of the essence of this Agreement. The time limited for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties or by their respective solicitors.

1.4.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.

1.4.8 Liability of Officer. If any statement is made in this Agreement or in any document or instrument contemplated to be delivered in this Agreement by any individual who is an officer of any party hereto, such statement shall be deemed to have been made in his or her capacity as an officer of such party and shall be made without personal liability to that individual.

ARTICLE 2 AGREEMENT OF PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

The Vendor hereby agrees to sell, transfer, assign, set over and convey the Purchased Assets to the Purchaser, and the Purchaser hereby agrees to purchase, acquire and assume the

Purchased Assets from the Vendor for the Purchase Price, on and subject to the terms and conditions of this Agreement.

2.2 Purchase Price

The purchase price for the Purchased Assets (the “**Purchase Price**”) shall be **Two Hundred and Ten Million Dollars (\$210,000,000.00)**, plus applicable HST.

2.3 Payment of Purchase Price

The Purchase Price payable by the Purchaser for the Purchased Assets, subject to the Adjustments, shall be paid and satisfied as follows:

2.3.1 within two (2) Business Days after the Execution Date, by payment to the Vendor’s Solicitors (the “**Deposit Holder**”), by wire transfer, the sum of **One Million Dollars (\$1,000,000.00)** as a deposit (the “**Initial Deposit**”) to be held in trust by the Deposit Holder pending completion or other termination of this Agreement and to be credited on account of the Purchase Price on Closing;

2.3.2 within two (2) Business Days after the delivery by the Purchaser or the Purchaser’s Solicitors to the Vendor or the Vendor’s Solicitors of the Purchaser’s Waiver, by payment to the Deposit Holder, by wire transfer, the sum of **Twenty Four Million Dollars (\$24,000,000.00)** as a further deposit (the “**Second Deposit**”) to be held in trust by the Deposit Holder pending completion or other termination of this Agreement and to be credited on account of the Purchase Price on Closing. For the purposes of this Agreement, the expression “**Deposit**” means the Initial Deposit together with the Second Deposit if such Second Deposit has been paid; and

2.3.3 by payment on Closing of the balance of the Purchase Price, subject to the Adjustments, by wire transfer to the Vendor’s Solicitors’ trust account, or as the Vendor may direct in writing.

2.4 Interest on Deposit

The Deposit Holder shall hold and invest the Deposit in accordance with the terms of this Section 2.4. The Deposit Holder is hereby irrevocably authorized and directed by the parties hereto to invest the Deposit in an interest-bearing term certificate or trust account pending the Closing Date or sooner termination of this Agreement and the interest will accrue to the Purchaser’s benefit up to and including Closing and thereupon be paid over to it within five (5) Business Days following Closing, unless the Purchaser forfeits the Deposit pursuant to the terms of this Agreement, in which event the Vendor will be entitled to the interest. If the transaction contemplated by this Agreement is not completed for any reason other than as a result of the breach or default of the Purchaser pursuant to this Agreement, the Deposit, including interest thereon, shall be forthwith returned to the Purchaser without deduction. If the transaction contemplated by this Agreement is not completed as a result of the default or breach of the Purchaser pursuant to this Agreement, the Deposit, including all interest thereon, shall be forfeited to the Vendor as liquidated damages in full satisfaction of any other rights or remedies available to the Vendor under this Agreement or under Applicable Laws as a result of the Purchaser’s default, and, subject to the provisions of this Section 2.4, the Purchaser hereby irrevocably directs the Deposit Holder

to immediately forward the Deposit (together with all interest thereon) to the Vendor, or as otherwise directed by it, in such circumstances, provided that in the event of a dispute arising between the Vendor and the Purchaser as to the manner in which the Deposit is to be disbursed, the Deposit will only be disbursed by the Deposit Holder in accordance with a written direction of both of the parties hereto or in accordance with an Order of the Superior Court of Ontario and the Deposit Holder shall be entitled to bring an application to such Court to pay the Deposit into Court pursuant to Section 8.15.

2.5 Adjustments

2.5.1 Adjustment Date. Adjustments for the Purchased Assets shall be made as of the Closing Date. Except as otherwise provided in this Agreement, the Vendor shall be responsible for all expenses and shall be entitled to all revenues accrued with respect to the Purchased Assets for the period ending on the day before the Closing Date. Except as otherwise provided in this Agreement, the Purchaser shall be responsible for all expenses and shall be entitled to all revenues accruing with respect to the Purchased Assets for the period from and including the Closing Date. The Closing Date shall be for the account of the Purchaser.

2.5.2 Adjustment Items. The Adjustments for the Purchased Assets shall include realty taxes, local improvement rates and charges, water and assessment rates, operating costs, utilities, utility deposits, fuel, and all other items normally adjusted between a vendor and purchaser in respect of the sale of a property similar to the Property. In addition, the Adjustments for the Purchased Assets shall include the other matters referred to in this Agreement or the Ritchie Lease stated to be the subject of adjustment and, notwithstanding the foregoing, shall exclude the other matters referred to in this Agreement stated not to be the subject of adjustment.

2.5.3 Statement of Adjustments. A statement of Adjustments shall be delivered to the Purchaser by the Vendor at least ten (10) Business Days prior to the Closing Date and shall have annexed to it details of the calculations used to arrive at all debits and credits on the statement of Adjustments. The Vendor shall give the Purchaser's representatives reasonable access to all working papers and back-up materials in order to verify the statement of Adjustments.

2.5.4 Readjustment. If the final cost or amount of an item which is to be adjusted has not been determined at Closing, then an initial calculation or adjustment for such item shall be made at Closing, such amount to be estimated by the Vendor, acting reasonably, as of the Closing Date on the basis of the best evidence available at Closing as to what the final cost or amount of such item will be. In each case, when such cost or amount is determined (such determination to be made as soon as possible and in any event prior to the first anniversary of Closing), including where such item was omitted from the statement of adjustments through inadvertence or otherwise, the Vendor or the Purchaser, as the case may be, shall, within thirty (30) days of determination, provide a complete statement thereof to the other and, within thirty (30) days thereafter, the Vendor and the Purchaser shall make a final adjustment as of the Closing Date for the item in question. Notwithstanding the foregoing, there shall be no re-adjustments beyond twelve (12) months following Closing, except in connection with real property taxes.

2.6 Specific Adjustment Items

2.6.1 Tax Appeals and Refunds. To the extent the Purchaser receives payment of any refund or reassessment of realty or business taxes for any period up to but not including the Closing Date, the Purchaser shall hold such refund or reassessment payment in trust for the Vendor and shall deliver to the Vendor any such payment cheque, or a cheque in full payment of such refund or reassessment, forthwith upon receipt. Similarly, to the extent the Purchaser is reassessed and is required to pay an increase in taxes for any period up to but not including the Closing Date, the Vendor shall be responsible for and shall pay such tax increase.

2.7 Allocation of Purchase Price

The parties agree that they shall allocate the Purchase Price as between the Buildings and the Lands as follows:

Buildings: Four Million, Two Hundred Thousand Dollars (\$4,200,000.00)

Lands: Balance of Purchase Price

The parties covenant and agree, as, of and from the Closing Date, to cause their books and records of account and all governmental returns, representations and any other submissions to any Governmental Authority to represent and reflect the fact and accuracy of the aforesaid allocation.

ARTICLE 3 DUE DILIGENCE AND INSPECTIONS

3.1 Access to Information

On the Execution Date, to the extent not already delivered or made available by the Vendor to the Purchaser, the Vendor shall deliver or make available in electronic form to the Purchaser, the Due Diligence Documents, to the extent in the Vendor's possession or control. Notwithstanding the foregoing, the Purchaser hereby acknowledges receipt of all Due Diligence Documents, subject to Section 8 of Schedule "B" attached hereto.

3.2 Acknowledgement

The Purchaser hereby acknowledges and confirms that it has completed its due diligence investigations in respect of the Property prior to executing this Agreement and that it hereby agrees to purchase the Property on Closing on an "as is, where is" basis, subject to the Vendor's representations and warranties contained herein and otherwise on the terms and conditions of this Agreement.

3.3 Purchaser's Condition

The Purchaser shall have a period (the "**Purchaser's Conditional Period**") commencing on the Execution Date and expiring at 5:00 p.m. (Toronto time) on the Purchaser's Condition Date to satisfy itself, in its sole discretion, that (the "**Purchaser's Condition**"):

- (i) the Purchaser has received from the Vendor all information required by the Purchaser in order to complete its “Know Your Client” and anti-money laundering investigations in respect of the Vendor and its shareholders and Affiliates in accordance with OMERS’ internal policies and Applicable Laws, including, without limitation, a certificate of an officer of the Vendor, satisfactory to the Purchaser and its Affiliates, including, for certainty, OMERS, which discloses:
 - (A) the full names, addresses and occupations of each of the directors of the Vendor; and
 - (B) a structure chart and other information satisfactory to the Purchaser and its Affiliates, including, for certainty, OMERS, regarding the identity of the Vendor and the owners/shareholders thereof (including the full names, addresses and occupations of the individuals who own or control, directly or indirectly, twenty percent (20%) or more of the Vendor’s equity and, if the interest of any such Person is held indirectly (through a corporation, partnership or trust), the names and ownership of all intervening entities and the full names, addresses and occupations of all of the directors of such entities);
- (ii) the Purchaser has received, to the Purchaser’s and its Affiliates’ (including, for certainty, OMERS) satisfaction, that no Person disclosed pursuant to this Section 3.3 is a Person with whom the Purchaser or its Affiliates are prohibited from transacting under Applicable Laws or their internal policies; and
- (iii) the Purchaser has received such information from the Vendor and its Affiliate as Tenant under the Ritchie Lease as is required by the Purchaser to enable it to complete the checks the Purchaser requires in order to comply with its anti-money laundering and anti-terrorist financing policy and confirm to the Purchaser’s satisfaction that such checks have not identified any Person with whom the Purchaser is prohibited from transacting under Applicable Laws or their internal policies.

If the Purchaser has satisfied itself, in its sole and absolute discretion, with respect to the Purchaser’s Condition, then the Purchaser may elect to deliver a Notice indicating that the Purchaser’s Condition has been satisfied (the “**Purchaser’s Waiver**”). If the Purchaser’s Waiver is not delivered to the Vendor or the Vendor’s Solicitors before the expiry of the Purchaser’s Conditional Period, this Agreement will be null and void, save and except for the obligations contained in Section 3.8, and the Deposit, together with interest earned thereon, if any, will be returned to the Purchaser without deduction.

3.4 Access to Property

Following the satisfaction or waiver of the Purchaser’s Condition, the Vendor will allow the Purchaser and the Purchaser’s authorized representatives access to the Property from time to time at mutually agreed upon times during normal business hours upon twenty four (24) hours’

prior written notice to carry out such reasonable inspections, investigations and tests as the Purchaser or its authorized representatives may deem necessary, at the Purchaser's sole risk and expense, provided that the Vendor or its representative shall be entitled to be present during such inspections, investigations or tests. All such inspections, investigations and tests shall be conducted in such a manner so as not to unreasonably interfere with the occupants' peaceful enjoyment of their premises. The Purchaser shall repair any damage to the Property caused by such inspections, investigations and tests at the Purchaser's expense and the Purchaser will indemnify and hold harmless the Vendor for any costs, losses, damages or liability which the Vendor may suffer or incur as a result of such damage. This indemnity shall survive termination of this Agreement regardless of the cause of such termination and notwithstanding anything else contained in this Agreement.

The Vendor will forthwith provide to the Purchaser upon request authorizations prepared by the Purchaser's Solicitors authorizing Governmental Authorities to release any requested information about the Property to the Purchaser and the Purchaser's Solicitors provided that such authorizations shall state that no inspection of the Property is authorized or requested thereby.

3.5 Development Applications

The Vendor hereby authorizes the Purchaser and its representatives, consultants and agents to meet with or correspond with federal, provincial and municipal Governmental Authorities for the purposes of evaluating the potential redevelopment of the Property. From and after the date upon which the Purchaser delivers the Purchaser's Waiver to the Vendor or the Vendor's Solicitors, the Vendor shall, at the Purchaser's request, promptly execute and deliver any authorizations, applications or other consents or approvals that may be required by the Purchaser in order to submit and advance development applications in respect of the Property, including without limitation one or more applications for rezoning, a development permit or a building permit. The Purchaser agrees that it shall be responsible for all costs and expenses with respect to such development applications and agrees that it shall not cause a rezoning of the Property to occur, or cause a development permit or building permit in respect of the Property to be issued, prior to the Closing Date. Notwithstanding the foregoing, the Purchaser shall not submit any development application or apply for any development or building permit in connection with the Purchaser's proposed redevelopment of the Property ("**Development Applications**") prior to the Closing Date, without the Vendor's prior consent, which consent may be unreasonably withheld or delayed, provided that the Purchaser may submit any Development Application, without the Vendor's consent, from and after the original Replacement Property Approvals Condition Date in the event that the Replacement Property Approvals Condition Date in respect of either one or both of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition is extended by the Vendor in accordance with Section 3.9. Prior to submitting any Development Applications after the original Replacement Property Approvals Date, the Purchaser shall provide copies of such Development Applications to the Vendor for its information on the understanding that the Vendor shall not be entitled to comment or require any changes thereto. The Purchaser shall withdraw any Development Applications that it has submitted after the original Replacement Property Approvals Condition Date at the Purchaser's sole cost and expense if this Agreement is terminated as a result of one or both of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition not being satisfied or waived by the Vendor.

3.6 Reliance Letters

The Vendor shall use reasonable commercial efforts to, at its sole cost and expense, provide a letter from each of the respective authors of the Due Diligence Reports, which letters shall be delivered to the Purchaser in executed form on or prior to fifteen (15) days following the Execution Date, shall be addressed to the Purchaser and its Affiliates and, if applicable, the Purchaser's lender, or as otherwise directed by the Purchaser, and which letters shall be in the form attached hereto as Schedule "D" (the "**Reliance Letters**"). If requested by the Purchaser, the Vendor shall arrange updated Reliance Letters addressed to the Purchaser's lender, if any, prior to Closing.

3.7 Title Examination

The Purchaser hereby acknowledges and confirms that it has completed its title and off-title searches in respect of the Property prior to executing this Agreement and that it hereby agrees to accept, on Closing, the Vendor's title to the Property as of the Execution Date subject to the Permitted Encumbrances. The Vendor covenants and agrees with the Purchaser to discharge at its expense, prior to Closing, any Encumbrances registered against title to the Property following the Execution Date which are not Permitted Encumbrances. Save for any requisitions made after the Execution Date relating solely to registrations made after the Execution Date, or Off-Title Compliance Matters arising after the Execution Date, the Purchaser shall be deemed to have accepted the state of the Vendor's title to the Property as at the Execution Date. Any writ of execution filed against the Vendor in the Land Titles Office in which the Property is registered, which is filed after the Execution Date and before the Closing Date, shall not be a Permitted Encumbrance and shall be discharged by the Vendor prior to Closing, notwithstanding any case law or Applicable Laws stating that such writ of execution may not attach to the Purchaser's title to the Property.

3.8 Confidentiality

The Purchaser shall keep confidential all information and documentation, including, without limitation, the Due Diligence Documents, (collectively, the "**Information**") obtained by the Purchaser pursuant to or in connection with this Agreement other than: (i) Information or documentation in the public domain at the time of receipt by the Purchaser; (ii) Information or documentation which thereafter becomes public through no fault or act of the Purchaser or its consultants, agents, advisors and solicitors; and (iii) Information required to be disclosed by law. The Purchaser shall not use any of the Information for any purposes not related to the transaction contemplated by this Agreement. The Purchaser may disclose the Information to its financial institutions, lenders or professional advisors, provided that the Purchaser advises them of the provisions of this Section 3.8 and the Purchaser's obligations hereunder. If this Agreement is terminated for any reason, the Purchaser shall promptly return to the Vendor all Information (other than the Purchaser's notes and due diligence materials) and similar material, including all copies, or shall destroy all of the Purchaser's notes and due diligence materials containing Information, save and except for Information required by law to be kept by the Purchaser's Solicitors for its file records or by the Purchaser for its internal record keeping requirements. The provisions of this Section 3.8 shall survive the termination of this Agreement.

3.9 Vendor's Purchase of Replacement Property

The parties acknowledge that the Vendor intends to relocate its business operations from the Property to a replacement property municipally known as 205399 and 205455 County Road 109, Township of Amaranth, County of Dufferin, Province of Ontario (the "**Replacement Property**") and, as purchaser, has entered into an agreement of purchase and sale (the "**Replacement Property APS**") in respect of the Replacement Property, which transaction is subject to certain conditions.

The Vendor will have until 5:00 p.m. Toronto time on April 1, 2022 (the "**Replacement Property Approvals Condition Date**") to:

(i) receive from the vendor under the Replacement Property APS (the "**Replacement Property Vendor**") the zoning by-law amendment in full force and effect, substantially in the form attached hereto as Schedule "E" or as may otherwise be agreed upon by the Replacement Property Vendor and the Vendor (the "**Replacement Property Zoning Condition**"); and

(ii) receive notice from the Replacement Property Vendor that the Replacement Property Vendor has satisfied its conditions in Section 4.1(b) of the Replacement Property APS (as disclosed by the Vendor to the Purchaser prior to the Execution Date) (the "**Replacement Property Approvals Condition**").

The Vendor shall extend the Replacement Property Approvals Condition Date in respect of either one or both of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition and provide Notice thereof to the Purchaser, in each case on one (1) or more occasions, provided that: (i) the Replacement Property Vendor and the Vendor have agreed to extend the relevant condition in the Replacement Property APS for an equivalent period of time beyond April 1, 2022; and (ii) the extensions of the Replacement Property Approvals Condition Date, whether in respect of either one or both of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition, shall not extend beyond October 1, 2022 in the aggregate without the prior written consent of the Purchaser.

In the event that the Replacement Property Approvals Condition Date in respect of either one or both of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition has been extended as aforesaid beyond April 1, 2022: (i) the initial two (2) year term of the Ritchie Lease; and (ii) the period during which the Annual Rent contained in Section 1.01(c) of the Ritchie Lease is Zero Dollars (\$0.00), shall each be reduced by that number of days between April 1, 2022 and the date that the last of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition have been satisfied or waived.

If the Vendor has satisfied itself, in its sole and absolute discretion, with respect to the Replacement Property Zoning Condition, then the Vendor may elect to deliver a Notice indicating that the Replacement Property Zoning Condition has been satisfied (the "**Replacement Property Zoning Waiver**"). If the Replacement Property Zoning Waiver is not delivered to the Purchaser or the Purchaser's Solicitors before 5:00 p.m. Toronto time on the Replacement Property Approvals Condition Date (as such date may be extended hereby), this Agreement will be null and void, save and except for the obligations contained in Sections 3.4 and 3.8, and the Deposit, together with interest earned thereon, will be returned to the Purchaser without deduction.

In addition, if the Vendor has satisfied itself, in its sole and absolute discretion, with respect to the Replacement Property Approvals Condition, then the Vendor shall deliver a Notice indicating that the Replacement Property Approvals Condition has been satisfied (the “**Replacement Property Approvals Waiver**”). If the Replacement Property Approvals Waiver is not delivered to the Purchaser or the Purchaser’s Solicitors before 5:00 p.m. Toronto time on the Replacement Property Approvals Condition Date (as such date may be extended hereby), this Agreement will be null and void, save and except for the obligations contained in Sections 3.4 and 3.8, and the Deposit, together with interest earned thereon, will be returned to the Purchaser without deduction.

The Vendor shall keep the Purchaser reasonably informed, upon request, in regards to the status of the Replacement Property Zoning Condition and the Replacement Property Approvals Condition and, in the event that one or both of the foregoing conditions has not been satisfied, waived or extended based on the time periods for so doing in the Replacement Property APS, the Vendor shall promptly notify the Purchaser that such conditions have not been satisfied or waived for the purposes of this Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor

The Vendor represents and warrants to and in favour of the Purchaser that, as of the Execution Date and (except as otherwise provided in this Section 4.1) as of the Closing Date:

4.1.1 Corporate Status. The Vendor is a corporation duly incorporated and subsisting under the laws of Canada and has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements contemplated by this Agreement and to perform its obligations under this Agreement and all other agreements contemplated by this Agreement;

4.1.2 Authorization. The execution and delivery of this Agreement and all other agreements contemplated by this Agreement by the Vendor, and the consummation of the transactions contemplated by this Agreement by the Vendor, have been or on Closing will be duly authorized by all necessary action;

4.1.3 No Breach of Instruments or Laws. Neither the entering into nor the delivery of this Agreement nor the completion by the Vendor of the transactions contemplated hereby will conflict with, or constitute a default under, or result in a violation of any of the provisions of the constating documents or by-laws of the Vendor or any applicable laws;

4.1.4 Ownership. The Vendor is the sole legal and beneficial owner of the Property and other Purchased Assets;

4.1.5 Residence. The Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);

4.1.6 No Bankruptcy. The Vendor (i) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act*

(Canada), (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, or (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;

4.1.7 Leases. As of the Closing Date only (but not at any other date or time), there will be no Leases affecting the Property except for the Ritchie Lease and there will be no other parties who have any rights under leases, licenses or other rights of occupancy in respect of the Property;

4.1.8 No Litigation. As of the Execution Date only (but not at any other date or time), there is no claim, litigation or proceeding outstanding of which the Vendor has received notice, or, to the best of the Vendor's knowledge, is threatened against the Vendor with respect to, or involving, the Purchased Assets. As of the Closing Date only (but not at any other date or time), there will not be outstanding against the Vendor any judgment, decree or injunction of a court of competent jurisdiction which affects the Purchased Assets;

4.1.9 Options to Purchase. There are no options to purchase or lease or rights of first refusal to purchase or lease or any similar rights or options with respect to the Property;

4.1.10 No Expropriation. Except as may have been disclosed in the Due Diligence Documents, the Vendor has not received any written notice of the intention of any Governmental Authority to expropriate all or any part of the Property;

4.1.11 No Unpaid Work. The Vendor has paid, or will have paid prior to Closing, all amounts in respect of all work done or materials furnished to the Property or any part thereof that might give rise to any liens or privileges under the *Construction Act* (Ontario) against the Vendor's interest in the Property;

4.1.12 Unregistered Agreements. To the best of the Vendor's knowledge and except as may have been disclosed in the Due Diligence Documents, there are no unregistered agreements in respect of the Property other than the Permitted Encumbrances;

4.1.13 Employees. There are no employees employed by the Vendor or by any Person on its behalf for whom the Purchaser will incur any liabilities whatsoever as a result of the purchase of the Purchased Assets;

4.1.14 Permitted Encumbrances. To the best of the Vendor's knowledge, there is no default nor is there any event that, with the passage of time or the giving of notice, would constitute a default existing in the performance or observance of the terms and provisions of any of the Permitted Encumbrances;

4.1.15 Environmental Matters.

4.1.15.1 The Vendor has not received any notice from any Governmental Authority of any material non-compliance with any Environmental Laws with respect to the Property and the Vendor has not been prosecuted for an offence

alleging non-compliance with any Environmental Laws with respect to the Property or been fined or otherwise sentenced or settled such prosecution short of conviction;

4.1.15.2 To the best of the Vendor's knowledge, there are no violations of, or liability or potential liability with respect to the Property under, any Environmental Laws;

4.1.15.3 As of the Execution Date only (but not at any other date or time), the Vendor has not received any claim or demand from any Person or Governmental Authority regarding a breach or alleged breach of any Environmental Laws with respect to the Property or the costs of clean-up of any Hazardous Substances therefrom, or notice of any such claim or demand. As of the Closing Date only (but not at any other date or time): (i) the Vendor has not received any claim or demand from any Governmental Authority regarding a breach of any Environmental Laws with respect to the Property or the costs of clean-up of any Hazardous Substances therefrom, or notice of any such claim or demand; and (ii) there is not outstanding against the Vendor any judgment, decree or injunction of any Governmental Authority regarding a breach of any Environmental Laws with respect to the Property or the costs of clean-up of any Hazardous Substances therefrom; and

4.1.15.4 Save and except as disclosed in the Due Diligence Reports, the Vendor does not have any knowledge of the release, in any manner whatsoever, of any Hazardous Substances on, to or from the Property.

If any changes occur between the Execution Date and the Closing Date necessitating a qualification to the Vendor's representations and warranties set forth in this Section 4.1.15, then the Vendor shall deliver prompt Notice to the Purchaser of the details thereof and shall have a reasonable opportunity to address, remedy or cure any such matter that has arisen on or prior to Closing at its sole cost and expense. To the extent that the Vendor is unable to address, remedy or cure such matter prior to Closing, it, together with the Ritchie Lease Tenant, shall deliver an undertaking to the Purchaser to do so on a joint and several basis promptly following Closing at their sole cost and expense. Notwithstanding any other provision of this Agreement (save and except for in this paragraph, Section 7.2 or any other express obligation in this Agreement), provided that the Vendor and the Ritchie Lease Tenant complies with its obligations contained in this paragraph in respect of any such qualification to the Vendor's representations and warranties set forth in this Section 4.1.15, the Purchaser shall not be permitted to terminate this Agreement in respect of any such inaccuracy in any such representation or warranty, the Purchaser shall be deemed to have waived any and all claims for damages, reimbursement for money expended or any other recourse or remedy relating to any such inaccuracy in any such representation or warranty, the Purchaser shall accept, as its sole remedy in respect of any such inaccuracy in any such representation or warranty, the obligations of the Vendor and the Ritchie Lease Tenant set out in this paragraph, Section 7.2 or any other express obligation in this Agreement.

4.1.16 HST. The Vendor is an HST registrant under the *Excise Tax Act* (Canada) and its registration number is 87754 7075 RT0001;

4.1.17 AML. Neither the Vendor nor any Affiliate of the Vendor nor, to the best of Vendor's knowledge, any of its representatives, is in violation of any AML Legislation or Anti-Corruption Legislation, is a Listed Designated Person or is acting, directly or indirectly, on behalf of terrorists, terrorist organizations, narcotics traffickers or Listed Designated Persons, and the monies used in connection with this Agreement and amounts committed with respect thereto, were not and are not derived from any activities that contravene any applicable AML Legislation or Anti-Corruption Legislation;

4.1.18 No Dealings With Designated Persons. Neither the Vendor nor any Affiliate of the Vendor, in any capacity:

4.1.18.1 to the best of the Vendor's knowledge, conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Listed Designated Person;

4.1.18.2 to the best of the Vendor's knowledge, deals in, or otherwise engages in any transaction relating to, the Property or interests in Property blocked pursuant to the order of a Governmental Authority; or

4.1.18.3 engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any AML Legislation or Anti-Corruption Legislation.

4.1.19 Competition Act. For the purposes of establishing the pre-merger notification obligations of the parties under the *Competition Act* (Canada): (a) the aggregate book value of the assets of the Property, determined in accordance with the requirements of the *Competition Act* and *associated notifiable transaction regulations* does not exceed the sum of \$93,000,000; and (b) the aggregate gross revenue from sales generated from the Property by the Vendor, determined in accordance with the requirements of the *Competition Act and associated notifiable transaction regulations*, does not exceed the sum of \$93,000,000;

4.1.20 Disclosure. The Vendor has not intentionally withheld from the Purchaser any material information in connection with the Purchased Assets which could have a material adverse effect on the value of the Property or any redevelopment thereof by the Purchaser; and

4.1.21 Tax Appeals. As of the Execution Date only (but not at any other date or time), there are no tax appeals in respect of realty or business taxes outstanding in respect of the Property.

4.2 Representations and Warranties of Purchaser

The Purchaser represents and warrants to and in favour of the Vendor that, as of the date of this Agreement or such other date as set out below:

4.2.1 Corporate Status. The Purchaser is a corporation duly formed and subsisting under the laws of the jurisdiction under which it was formed and has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements contemplated by this Agreement and to perform its obligations under this Agreement and all other agreements contemplated by this Agreement;

4.2.2 Authorization. On the Closing Date, the execution and delivery of this Agreement and all other agreements contemplated by this Agreement by the Purchaser and the consummation of the transactions contemplated by this Agreement by the Purchaser have been duly authorized by all necessary action on the part of the Purchaser;

4.2.3 No Breach of Instruments or Laws. Neither the entering into nor the delivery of this Agreement nor the completion by the Purchaser of the transactions contemplated hereby will conflict with, or constitute a default under, or result in a violation of (i) its formation documents, or any applicable laws;

4.2.4 No Bankruptcy. The Purchaser (i) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act* (Canada), (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, (iii) has not had any petition for a receiving order presented in respect of it, and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution; and

4.2.5 HST. The Purchaser or its permitted assignee will on Closing be an HST registrant under the *Excise Tax Act* (Canada).

4.3 Non-Waiver

No investigations made by or on behalf of the Vendor or the Purchaser at any time shall have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made by the other party pursuant to this Agreement. Prior to Closing, each party covenants to give Notice to the other party if it becomes aware of any breach of any representation or warranty given by the other party contained in this Agreement, and if the party giving such Notice completes the transaction contemplated by this Agreement and if the party receiving such Notice completes the transaction contemplated by this Agreement, then the party giving such Notice shall be deemed to have waived its rights in respect of any such breach. Whether or not either party elects to terminate this Agreement as a result of a breach of any representation or warranty given by the other party, such party shall be deemed to have waived any and all claims for damages, reimbursement for money expended or any other recourse or remedy relating to any such inaccuracy in any representation or warranty, save and except where any such inaccuracy in any representation or warranty was as a result of or contributed to by a breach by the party giving such representation or warranty (as opposed to a third party for which a party exerts no influence or control). No waiver of any condition or other provision contained in this Agreement, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

For the purposes of this Agreement, any Assignee pursuant to Section 8.8 shall be deemed to have the same knowledge and information as the Purchaser, and *vice versa*.

4.4 Acknowledgements of the Purchaser

The Purchaser acknowledges and agrees that, save as otherwise expressly provided in this Agreement and subject to the Closing Documents to be delivered by the Vendor to the Purchaser pursuant to Section 6.1, the representations and warranties of the Vendor contained in Section 4.1 and the terms of the Ritchie Lease:

4.4.1 on Closing, title to the Property shall be subject to the Permitted Encumbrances;

4.4.2 in entering into this Agreement, the Purchaser has relied and will continue to rely entirely and solely upon its own inspections and investigations with respect to the Purchased Assets, including, without limitation, the physical and environmental condition of the Property and a review of the documentation delivered or made available to the Purchaser pursuant to this Agreement, and the Purchaser acknowledges it is not relying on any information furnished by the Vendor or any other person or entities on behalf of or at the direction of the Vendor in connection therewith;

4.4.3 the Property is being purchased and assumed by the Purchaser on an “as is, where is” basis as of the Closing Date and without any express or implied agreement, representation or warranty of any kind whatsoever as to the title, condition, area, suitability for development, physical characteristics, profitability, use or zoning, the existence of latent defects, any environmental matter, the quality thereof or as to the accuracy, currency or completeness of any information or documentation supplied or to be supplied in connection with the Property and, without limiting the foregoing, any and all conditions or warranties expressed or implied pursuant to the *Sale of Goods Act* (Ontario) will not apply and are waived by the Purchaser; and

4.4.4 on Closing, the Purchaser shall fully and irrevocably release the Vendor from any and all claims that the Purchaser may now have or hereafter acquire against the Vendor for any cost, loss, liability, damage, expense, demand, action or cause of action arising from any information or documentation in respect of the Lands. Without limiting the foregoing but except as expressly provided herein, the Vendor is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, furnished by any real estate broker, agent, employee, servant or other person.

The Vendor shall have no obligations or responsibility to the Purchaser after Closing with respect to any matter relating to the Purchased Assets or the condition thereof save as otherwise expressly provided in this Agreement or as provided in any of the Closing Documents or the Ritchie Lease. The provisions of this Section 4.4 shall not merge on, but shall survive, Closing.

4.5 Survival

The representations, warranties, and certifications contained in this Agreement or in any Closing Documents and the Surviving Covenants shall not merge on Closing but shall continue in full force and effect for the benefit of the party entitled thereto for a period of twelve (12) months following the Closing Date (the “**Survival Period**”). The Vendor or the Purchaser, as the case may be, shall give Notice to the other of a breach of such other party’s representations and warranties, together with details thereof, promptly after becoming aware of each such breach and

no later than expiry of the Survival Period. Notwithstanding any other provision of this Agreement or of any Closing Document, no claim may be asserted or pursued against a party, or any action, suit or other proceedings commenced or pursued, for or in respect of any breach of any representation and warranty made by a party in this Agreement or in any Closing Document unless Notice of such claim is received by the party who made the representation or warranty on or prior to the last day of the Survival Period; and, upon the expiry of the Survival Period, all such representations and warranties shall cease to have any effect except to the extent Notice of such claim with sufficient detail of the claim has been previously given in respect thereof in accordance with this Section 4.5, save and except only that the Surviving Covenants regarding adjustments of real property taxes as set out in Sections 2.5.4 and 2.6.1 and the representations and warranties set out in Sections 4.1.1, 4.1.2, 4.1.5 and 4.1.17 shall survive indefinitely.

ARTICLE 5 CONDITIONS

5.1 Conditions of the Purchaser

The obligation of the Purchaser to complete the transactions contemplated by this Agreement on Closing shall be subject to the following conditions (individually a “**Purchaser’s Condition**”):

5.1.1 Purchaser’s Condition. The Purchaser shall have delivered the Purchaser’s Waiver on or before 5:00 p.m. (Toronto time) on the Purchaser’s Condition Date.

5.1.2 Performance of Vendor Obligations. On the Closing Date, all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor shall have been complied with or performed in all material respects.

5.1.3 Representations and Warranties. On the Closing Date, the representations and warranties of the Vendor set out in Section 4.1 which are to apply as of the Closing Date shall be true and accurate in all material respects and the Vendor shall have delivered to the Purchaser a certificate of a senior officer of the Vendor, dated the Closing Date, to this effect.

The Purchaser’s Conditions are for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser, in its sole discretion, by Notice to the Vendor prior to the applicable date for the satisfaction of each of them.

5.2 Conditions of the Vendor

The obligation of the Vendor to complete the transactions contemplated by this Agreement on Closing shall be subject to the following conditions (individually a “**Vendor’s Condition**”):

5.2.1 Board Approval. Intentionally Deleted.

5.2.2 Replacement Property Zoning Condition. The Vendor shall have delivered the Replacement Property Zoning Waiver on or before 5:00 p.m. (Toronto time) on the Replacement Property Approvals Condition Date (as such date may be extended hereby).

5.2.3 Replacement Property Approvals Condition. The Vendor shall have delivered the Replacement Property Approvals Waiver on or before 5:00 p.m. (Toronto time) on the Replacement Property Approvals Condition Date (as such date may be extended hereby).

5.2.4 Performance of Purchaser Obligations. On the Closing Date, all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser shall have been complied with or performed in all material respects.

5.2.5 Payment of Purchase Price. The balance of the Purchase Price as shown on the Statement of Adjustments shall have been wired to the trust account of the Vendor's Solicitors.

5.2.6 Representations and Warranties. On the Closing Date, the representations and warranties of the Purchaser set out in Section 4.2 which are to apply as of the Closing Date shall be true and accurate in all material respects and the Purchaser shall have delivered to the Vendor a certificate of a senior officer of the Purchaser, dated the Closing Date, to this effect.

The Vendor's Conditions are for the sole benefit of the Vendor and may be waived in whole or in part by the Vendor, in its sole discretion, by Notice to the Purchaser prior to the applicable date for the satisfaction of each of them.

5.3 Not Conditions Precedent

The Purchaser's Conditions and the Vendor's Conditions are conditions to the obligations of the parties to this Agreement and are not conditions precedent to the existence or enforceability of this Agreement.

5.4 Non-Satisfaction of Conditions

5.4.1 In the event the Purchaser's Condition set forth in Section 5.1.1 is not satisfied or waived as evidenced by a written confirmation from the Purchaser to the Vendor to such effect given on or prior to the applicable date for its satisfaction, then such Purchaser's Condition shall be deemed not to have been satisfied whereupon this Agreement shall terminate without any further action of any party; and upon such termination, the Vendor and the Purchaser shall be released from all of their liabilities and obligations under this Agreement (except those expressly stated to survive such termination) and the Deposit (and any interest accrued thereon) shall be released to the Purchaser. The Purchaser's Conditions set forth in Sections 5.1.2 and 5.1.3 shall be deemed to be satisfied unless, prior to the applicable date for their respective satisfaction, the Purchaser confirms in writing the termination of this Agreement due to the applicable Purchaser's Condition not being satisfied and the Purchaser not waiving same whereupon this Agreement shall terminate without any further actions of any party; and upon such termination, the Vendor and the Purchaser shall be released from all of their liabilities and obligations under this Agreement (except those expressly stated to survive such termination) and the Deposit (and any interest accrued thereon) shall be released to the Purchaser. Notwithstanding the foregoing, to the extent a Purchaser's Condition in Section 5.1.2 or 5.1.3 has not been satisfied due to the default of the Vendor, any such termination shall not release the Vendor from its liabilities as a result

of any such breach and the Purchaser shall be entitled to all rights and remedies available at law or in equity resulting therefrom.

5.4.2 In the event the Vendor's Conditions set forth in Sections 5.2.1, 5.2.2 and 5.2.3 are not satisfied or waived as evidenced by a written confirmation from the Vendor to the Purchaser to such effect given on or prior to the applicable date for their respective satisfaction, then such Vendor's Conditions shall be deemed not to have been satisfied whereupon this Agreement shall terminate without any further action of any party; and upon such termination, the Vendor and the Purchaser shall be released from all of their liabilities and obligations under this Agreement (except those expressly stated to survive such termination) and the Deposit (and any interest accrued thereon) shall be released to the Purchaser. The Vendor's Conditions set forth in Sections 5.2.4, 5.2.5 and 5.2.6 shall be deemed to be satisfied unless, prior to the applicable date for their respective satisfaction, the Vendor confirms in writing the termination of this Agreement due to the applicable Vendor's Condition not being satisfied and the Vendor not waiving same whereupon this Agreement shall terminate without any further actions of any party; and upon such termination, the Vendor and the Purchaser shall be released from all of their liabilities and obligations under this Agreement (except those expressly stated to survive such termination) and the Deposit (and any interest accrued thereon) shall be released to the Purchaser. Notwithstanding the foregoing, to the extent a Vendor's Condition in Section 5.2.4, 5.2.5 and 5.2.6 has not been satisfied due to the default of the Purchaser, any such termination shall not release the Purchaser from its liabilities as a result of any such breach and the Vendor shall be entitled to the rights and remedies set out in Section 2.4.

5.4.3 Each party agrees to proceed in good faith and with promptness and reasonable diligence to attempt to satisfy those conditions contained in Sections 5.1 and 5.2 that are within its respective control, acting reasonably. Without limiting the foregoing, upon the written request of the Purchaser, the Vendor covenants to provide updates as reasonably requested by the Purchaser in respect of the status of the satisfaction of the Vendor's Replacement Property Zoning Condition and Replacement Property Approvals Condition.

5.4.4 All Vendor's Conditions and Purchaser's Conditions shall be deemed to be satisfied if Closing occurs.

ARTICLE 6 PREPARATION OF CLOSING DOCUMENTS

6.1 Vendor's Closing Documents

On Closing, subject to the provisions of this Agreement, the Vendor shall cause to be prepared and the Vendor shall execute, or cause to be executed, and shall deliver, or cause to be delivered, to the Purchaser the following items:

6.1.1 a Transfer/Deed of Land for the Property to the Purchaser, or as it may direct in accordance with this Agreement, which shall have been released for registration by the Vendor's Solicitor to the Purchaser's Solicitor pursuant to the DRA as set forth in Section 6.5, with the *Planning Act* (Ontario) statements completed;

6.1.2 the Assignment and Assumption of Permitted Encumbrances;

6.1.3 a certificate of the Vendor executed by a senior officer of the Vendor certifying (in such capacity, not in such senior officer's personal capacity and without personal liability) that:

- (a) the Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada); and
- (b) the representations and warranties of the Vendor set out in Section 4.1 which are to apply as of the Closing Date are true and accurate in all material respects as of the Closing Date;

6.1.4 an undertaking by the Vendor to readjust the Adjustments in accordance with the terms of this Agreement;

6.1.5 the Ritchie Lease;

6.1.6 an officer's certificate of the Vendor certifying that the information disclosed pursuant to Section 3.3 has not changed or, if such information has changed, an officer's certificate of the Purchaser updating such information as of the Closing Date;

6.1.7 a no-interest letter from each of the secured parties in respect of: (A) the registrations (together the "**PPSA Registrations**") made under: (i) the *Personal Property Security Act* (Ontario) under File No. 727868241 in favour of Bank of America, N.A., as Administrative Agent, as secured party; (ii) the Personal Property Registry System (British Columbia) under Base Reg. No. 021839K/Control No. D4530634 in favour of Bank of America, N.A., as Administrative Agent, and Bank of America, N.A., as secured parties; and (B) any other registrations against the Vendor or a predecessor name of the Vendor under the *Personal Property Security Act* (Ontario) that apply to or potentially apply (by reason of the general collateral description field in a financing statement not having been completed) to the Purchased Assets; and

6.1.8 such other documentation required by this Agreement or relating to the completion of the transactions contemplated by this Agreement as the Purchaser may reasonably require (including, without limitation, any certificate of an officer, without personal liability, as may reasonably and customarily requested by a title insurer);

all in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of the Closing Documents shall contain covenants, representations or warranties that are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement, including this Section 6.1.

6.2 Purchaser's Closing Documents

On Closing, subject to the provisions of this Agreement, the Purchaser shall pay to the Vendor, or as it may otherwise direct in writing, the balance due on closing in accordance with the Statement of Adjustments and shall execute, or cause to be executed, and shall deliver, or cause to be delivered, to the Vendor the following items:

- 6.2.1 the Assignment and Assumption of Permitted Encumbrances;
- 6.2.2 the HST Certificate and Indemnity;
- 6.2.3 a certificate of the Purchaser executed by a senior officer of the Purchaser certifying (in such capacity, not in such senior officer's personal capacity and without personal liability) that the representations and warranties of the Purchaser set out in Section 4.2 which are to apply as of the Closing Date are true and accurate in all material respects as of the Closing Date;
- 6.2.4 an undertaking by the Purchaser to readjust the Adjustments in accordance with the terms of this Agreement;
- 6.2.5 the Ritchie Lease;
- 6.2.6 a non-disturbance agreement (the "NDA") in respect of the Ritchie Lease from the Purchaser's mortgagee, duly executed by the Purchaser's mortgagee, unless the Purchaser's mortgagee consents to the registration by the Vendor on Closing of a short form of the Ritchie Lease on title to the Property in priority to the Purchaser's mortgage, in which case the execution and delivery of the NDA by the Purchaser will not be required. The NDA will be prepared using the mortgagee's standard form of non-disturbance agreement, subject to such revisions as may be agreed upon by the Vendor and the mortgagee and their respective solicitors, each acting reasonably, and shall, in any event, provide that: (i) so long as the Ritchie Lease Tenant is not in default under the Ritchie Lease beyond any applicable cure period, such mortgagee will recognize the Ritchie Lease Tenant's rights in respect of the Ritchie Lease and the Ritchie Lease Tenant will be permitted to remain in occupation of the Property, without disturbance, notwithstanding that the landlord may be in default under such mortgagee's security; and (ii) such mortgagee shall, so long as it remains in possession of the Property or is the successor of landlord or is enforcing its rights and remedies under its security, perform and observe all of landlord's covenants and obligations under the Ritchie Lease;
- 6.2.7 the Environmental Baseline Report; and
- 6.2.8 such other documentation required by this Agreement or relating to the completion of the transactions contemplated by this Agreement as the Vendor may reasonably require;

all in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of the Closing Documents shall contain covenants, representations or warranties that are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement, including this Section 6.2.

6.3 **HST**

- 6.3.1 The Purchaser shall not be required to pay harmonized sales tax ("HST") to the Vendor on Closing if it delivers an undertaking to self-assess and to remit HST in accordance with applicable legislation, confirmation that it is a "**registrant**" for the purposes of collecting and remitting HST under the *Excise Tax Act* (Canada) and its agreement to indemnify and save harmless the Vendor from all claims, liabilities, penalties, interest, costs

and legal and other expenses incurred, directly or indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated under this Agreement and any failure by the Purchaser to self-assess and remit such HST as aforesaid (the "**HST Certificate and Indemnity**").

6.3.2 If the Purchaser is purchasing any interest in the Property as agent for or in trust for another person, then the HST Certificate and Indemnity shall confirm that the other person for whom the Purchaser is purchasing the Property is the beneficial owner of such interest and such person is a "**registrant**" for the purposes of collecting and remitting HST under the *Excise Tax Act* (Canada).

6.4 Registration and Other Costs

The Vendor shall be responsible for the costs of the Vendor's Solicitors in respect of this transaction. The Purchaser shall be responsible for the costs of the Purchaser's Solicitors in respect of this transaction. The Purchaser shall be responsible for and pay any land transfer taxes payable on the transfer of the Purchased Assets, all registration fees payable in respect of registration by it of any documents on Closing (other than discharges of Encumbrances which are not Permitted Encumbrances and required to be made by the Vendor, which shall be the responsibility of the Vendor) and all federal and provincial sales and other taxes payable by a purchaser upon or in connection with the conveyance or transfer of the Purchased Assets. If the Purchaser does not or cannot execute and deliver the HST Certificate and Indemnity, it shall pay to the Vendor all HST applicable to the Purchase Price.

The Purchaser shall indemnify and save harmless the Vendor and its shareholders, directors, officers, employees, advisors and agents from all claims, actions, causes of action, proceedings, losses, damages, costs, liabilities and expenses incurred, suffered or sustained as a result of a failure by the Purchaser:

- (a) to pay any federal, provincial or other taxes payable by the Purchaser in connection with the conveyance or transfer of the Purchased Assets, whether arising from a reassessment or otherwise, including provincial retail sales tax and harmonized sales tax, if applicable; and/or
- (b) to file any returns, certificates, filings, elections, notices or other documents required to be filed by the Purchaser with any federal, provincial or other taxing authorities in connection with the conveyance or transfer of the Purchased Assets.

This Section shall survive and not merge on Closing.

6.5 Escrow Closing and Registration

The Vendor and the Purchaser covenant and agree to cause their respective solicitors to enter into a document registration agreement (the "**DRA**") in the form recommended by the Law Society of Ontario to govern the electronic submission of the Transfer/Deed of Land for the Property to the applicable Land Registry Office. The DRA shall outline or establish the procedures and timing for completing all registrations electronically and provide for all Closing Documents and closing funds to be held in escrow pending the submission of the transfer/deeds to the Land Registry Office and their acceptance by virtue of each registration document being assigned a

registration number. The DRA shall also provide that if there is a problem with the Teraview electronic registration system that does not allow the parties to electronically register all registration documents on Closing, the Closing Date shall be deemed to be extended until the next day when the system is accessible and operating for the Land Registry Office applicable to the Property.

6.6 Closing Arrangements

This Agreement shall be completed by 5:00 p.m. Toronto time on the Closing Date at the offices of the Vendor's Solicitors or as otherwise agreed upon by the Vendor's Solicitors and the Purchaser's Solicitors, subject to real property registrations being electronically effected at the applicable Land Registry Office, at which time vacant possession of the Property shall be given by the Vendor to the Purchaser subject to the Ritchie Lease.

ARTICLE 7 OPERATION UNTIL CLOSING AND SPECIAL PROVISIONS

7.1 Operation Until Closing

7.1.1 Continued Management. During the Interim Period, the Vendor shall cause the Project to be operated, managed and maintained in the ordinary course of business consistent with its past practice and as would a reasonable and prudent owner of properties similar to the Project in the Greater Toronto Area. During the Interim Period, the Vendor shall continue in force all policies of insurance currently maintained with respect to the Project in such amounts and on such terms as would a prudent owner of a comparable property and shall give all notices and present claims under all insurance policies in a timely fashion.

7.1.2 Work Orders. In the event that any work order or notice of violation by any Government Authority or any other Off-Title Compliance Matter is issued against the Lands during the period commencing from and after the Execution Date to and including the Closing Date and which, for clarity, was not in existence as of the Execution Date, the Vendor hereby covenants to remedy and/or comply with such work order, notice of violation or Off-Title Compliance Matter at its sole cost and expense prior to Closing, failing which, the Vendor will provide its undertaking to the Purchaser to comply with such work order, notice of violation or Off-Title Compliance Matter within thirty (30) days after the Closing Date or such longer period of time as may be reasonably required to achieve such compliance, provided the Vendor diligently proceeds to comply with same.

7.1.3 Leases. Following the Execution Date, the Vendor shall not enter into any lease or agreement to lease with respect to, or enter into any other agreement creating or granting any rights of occupancy in respect of, any space elsewhere at the Property, save and except for the Ritchie Lease. Any Leases in respect of the Property (other than the Ritchie Lease) shall be terminated by the Vendor on or prior to Closing (but effective no later than Closing such that the Vendor delivers vacant possession of the Property subject only to the Ritchie Lease) at the sole cost and expense of the Vendor and the Vendor shall indemnify and save harmless the Purchaser from any and all losses, damages or claims in respect of such Leases. This Section 7.1.3 shall survive and not merge on Closing.

7.1.4 Contracts. The Vendor represents and warrants that there are no Contracts in place in respect of the Property, other than those contracts which the Vendor elects to keep in place in order to discharge its obligations (or those of the Ritchie Lease Tenant under the Ritchie Lease) (the "**Tenant Contracts**"). From and after the Execution Date, the Vendor shall not enter into any new Contracts (other than Tenant Contracts), without the prior consent of the Purchaser. The Vendor shall indemnify and save harmless the Purchaser from any and all losses, damages or claims in respect of such Tenant Contracts. This Section 7.1.4 shall survive and not merge on Closing.

7.1.5 Proposed Agreements. The Vendor covenants and agrees with the Purchaser that, from and after the Execution Date, the Vendor shall not enter into any agreement with a Governmental Authority or any other Person in respect of any potential or threatened expropriation, conveyance in lieu of expropriation or any other conveyance in respect of the Property (each, a "**Proposed Agreement**"). The Vendor shall give Notice to the Purchaser of any Proposed Agreement, together with a copy of the Proposed Agreement and all information that would be reasonably required for the Purchaser to be able to decide whether to grant its approval thereof and the Purchaser shall have a period of fifteen (15) Business Days following receipt of such Notice from the Vendor within which to determine whether to grant its approval, which approval may be arbitrarily or unreasonably withheld. If the Purchaser fails to give Notice to the Vendor of its approval or disapproval within such fifteen (15) Business Day period, the Purchaser shall be deemed to have not approved such Proposed Agreement.

7.2 Risk

The Project shall be at the risk of the Vendor until completion of the transactions contemplated by this Agreement. If any loss or damage (including, without limitation, any environmental loss or damage, whether resulting from the discharge of any Hazardous Substances on the Lands or otherwise, howsoever caused) occurs to the Buildings or the Lands on or before the Closing Date, then neither party shall have any right to terminate this Agreement by virtue thereof, the parties shall complete the transactions contemplated hereby without further delay or extension of the Closing Date and the Vendor and the Ritchie Lease Tenant, on a joint and several basis, shall assume sole responsibility for the remediation of such loss or damage at its sole cost and expense and deliver an undertaking to the Vendor on Closing to do so. The provisions of this Section 7.2 shall not merge on, but shall survive, Closing.

ARTICLE 8 GENERAL

8.1 Obligations as Covenants

Each agreement and obligation of the parties contained in this Agreement, even though not expressed as a covenant, shall be considered for all purposes to be a covenant.

8.2 Amendment of Agreement

Subject to Section 8.5, no modification or amendment of this Agreement shall be binding unless executed in writing by the parties in the same manner as the execution of this Agreement.

8.3 Further Assurances

Each of the parties shall from time to time hereafter and upon any reasonable request of the other party, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

8.4 Waiver

The waiver by a party of any default, breach or non-compliance under this Agreement shall 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).

8.5 Solicitors as Agents and Tender

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated by this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors on behalf of the Purchaser and by the Vendor's Solicitors on behalf of the Vendor and any tender of Closing Documents and the balance of the Purchase Price may be made upon the Purchaser's Solicitors and the Vendor's Solicitors, as the case may be. The Vendor and the Purchaser acknowledge and agree that insofar as the tender of any documents to be electronically registered is concerned, the tender of same will be deemed to be effective and proper when the solicitor for the party tendering has completed all steps required by Teraview in order to complete this transaction that can be performed or undertaken by the tendering party's solicitor without the cooperation or participation of the other party's solicitor, and specifically when the tendering party's solicitor has electronically "signed" the Transfer/Deed and any other Closing Document, if any, to be electronically registered for completeness and granted access to the other party's solicitor to same, but without the necessity of the tendering party's solicitor actually releasing such documents to the other party's solicitor for registration.

8.6 Merger

Except as otherwise expressly set out herein, this Agreement shall merge with the closing of the transaction contemplated herein. Except as otherwise provided in this Agreement, no representations, warranties, covenants or agreements of either the Vendor or the Purchaser shall survive Closing. This Section 8.6 shall survive Closing.

8.7 Expenses

Each party shall be responsible for its own legal and other expenses incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement.

8.8 Assignment

The Purchaser shall have the right to assign this Agreement after the Purchaser's Condition Date to an Affiliate of the Purchaser (the "**Assignee**") without the consent of the Vendor provided that: (i) such assignment shall not release the Purchaser from its obligations and liabilities under this Agreement until Closing; (ii) evidence satisfactory to the Vendor, acting reasonably, is

provided to substantiate that the Purchaser and the Assignee are Affiliates; and (iii) prior to such assignment taking effect, the Assignee enters into the Vendor's form of assignment and assumption agreement pursuant to which the Assignee assumes all of the Purchaser's obligations under this Agreement and the Purchaser acknowledges its continued liability under this Agreement notwithstanding such assignment until the purchase and sale transaction contemplated in this Agreement is fully completed, and thereafter the original Purchaser shall be released from such obligations. In addition, the Vendor acknowledges that the Purchaser may direct that title to the Project be taken in the name of an Affiliate of the Purchaser, in which case such Affiliate will take the benefit of all covenants herein contained as they relate to the Project.

8.9 Planning Act of Ontario

This Agreement and the transactions reflected herein are subject to compliance with Section 50 of the *Planning Act* of Ontario.

8.10 Institutional Mortgages

In the event that a discharge of any Charge/Mortgage or collateral security thereto (including PPSA registrations related thereto), held by a chartered bank, trust company or insurance company is not available on Closing, the Purchaser shall accept the Vendor's Solicitor's personal undertaking addressed to the Purchaser, the Purchaser's Solicitor and the Purchaser's lender's solicitor to obtain, out of the closing funds, a discharge and to register or cause to be registered same within sixty (60) days following Closing and to provide registration particulars to the Purchaser's Solicitors; provided that on or before Closing, the Vendor shall provide to the Purchaser a mortgage discharge statement from the mortgagee that sets out the balance required to obtain the discharge, together with the Vendor's direction to pay to the mortgagee out of the closing funds the amount required to obtain the discharge.

8.11 Successors and Assigns

All of the covenants and agreements contained in this Agreement shall be binding upon the parties and their respective successors and permitted assigns and shall enure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns pursuant to the terms and conditions of this Agreement.

8.12 Notices

8.12.1 Addresses for Notice. Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement (the "**Notice**") shall be in writing and shall be given by personal delivery or by courier during regular business hours on any Business Day or by email or other electronic communication, in each case to the applicable address set out below:

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

Ritchie Bros. Properties Ltd.
9500 Glenlyon Parkway
Burnaby, British Columbia
V5J 0C6

Attention: Andy Renton, Manager, Property Portfolio
 Email: arenton@rbauktion.com

with a copy to the Vendor's Solicitors at:

Minden Gross LLP
 145 King Street West, Suite 2200
 Toronto, Ontario
 M5H 4G2
 Attention: Boris W. Zayachkowski
 Email: bzayachkowski@mindengross.com

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

c/o Blake, Cassels & Graydon LLP
 Commerce Court West, 199 Bay Street, Suite 4000
 Toronto, Ontario
 M5L 1A9
 Attention: Daniel Kofman
 Email: daniel.kofman@blakes.com

8.12.2 Receipt of Notice. Any Notice, if personally delivered or delivered by courier, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by email or other electronic communication, shall be deemed to have been validly and effectively given and received on the Business Day it was sent provided that it is prior to 5:00 p.m. on such Business Day, and otherwise on the next following Business Day if sent after 5:00 p.m.

8.12.3 Change of Address. Any party may, from time to time, change its address under this Section by Notice to the other party given in the manner provided by this Section.

8.13 Commissions

The Vendor's Broker represents the Vendor in the within transaction and the Vendor has agreed to pay a commission to the Vendor's Broker pursuant to a separate commission agreement entered into between the Vendor and the Vendor's Broker. The Purchaser represents and warrants that no broker was involved in this Agreement or the transaction contemplated hereby on behalf of the Purchaser. This Section shall survive the Closing.

8.14 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed by portable document format (PDF) and the parties adopt any signatures received by portable document format (PDF) as original signatures of the parties; provided, however, that if requested, any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so transmitted by portable document format (PDF).

8.15 Joint Direction

In holding and dealing with the Deposit and any interest earned thereon pursuant to this Agreement, the Deposit Holder shall continue to represent the Vendor and is not bound in any way by any agreement (other than this Agreement), and the Deposit Holder shall not be considered to assume any duty, liability or responsibility other than to hold the Deposit and any interest earned thereon in accordance with the provisions of this Agreement and to pay the Deposit and any interest earned thereon to the party becoming entitled thereto in accordance with the terms of this Agreement except in the event of a dispute between the parties as to the entitlement to the Deposit and any interest earned thereon, in which event the Deposit Holder may, in its sole, unfettered and unreviewable discretion, pay the Deposit and any interest earned thereon into the Superior Court of Justice (Ontario), whereupon the Deposit Holder shall have no further obligations relating to the Deposit and any interest earned thereon. The Deposit Holder will not, under any circumstances, be required to verify or determine the validity of any joint direction of the parties as to the disposition of the Deposit and the Deposit Holder is hereby relieved of any liability or responsibility for any loss or damage which may arise as the result of the acceptance by the Deposit Holder of a joint direction in good faith so long as the Deposit Holder has no written notice to the contrary.

8.16 Agreement Confidentiality

The Vendor and the Purchaser agree that all negotiations regarding the Project shall be confidential and will not be disclosed to anyone other than each party's respective legal counsel, accountants, lenders, internal staff, consultants, municipal officials, agents and equity partners. Furthermore, the Vendor and the Purchaser agree that no press or other publicity release or communication to the general public concerning the proposed transaction will be issued without the other party's prior approval, unless such disclosure is required as part of the zoning by-law amendment process, namely public notices and/or public meetings, or by law. In the event that a press release or any other disclosure/filing in respect of the transaction is required by law, the party issuing the release or other disclosure/filing will provide the other party with an opportunity to review and comment on such release or other disclosure/filing prior to it being issued or filed. Otherwise any press releases in respect of the transaction shall require the prior written approval of the Purchaser, not to be unreasonably withheld or delayed.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Purchaser has executed this Agreement this 13th day of August, 2021.

3 MANCHESTER COURT HOLDINGS INC.

Per: /s/ Randy Hoffman

Name: Randy Hoffman

Title: Senior Vice President

I have the authority to bind the corporation

Per: /s/ Andrea L. Fellows-Paparizos

Name: Andrea L. Fellows-Paparizos

Title: Vice President

I have the authority to bind the corporation

IN WITNESS WHEREOF the Vendor hereby acknowledges and confirms its acceptance of this Agreement this 13th day of August, 2021.

RITCHIE BROS. PROPERTIES LTD.

Per: /s/ Darren Watt

Name: Darren Watt

Title: Director

I have the authority to bind the corporation

SCHEDULE A

LEGAL DESCRIPTION OF LANDS

Part of Lot 7, Concession 5 Albion described as Part 1, Plan 43R-22652, except Part 18, Plan 43R-30466 and Parts 1, 2 and 8, Plan 43R-37526, and Part of Lot 8, Concession 5 Albion described as Part 1, Plan 43R-20624, except Part 3, Plan 43R-22652, Part 22, Plan 43R-30466 and Parts 3, 4, 5, 6 and 7, Plan 43R-37526; t/w RO1119972; together with an easement over Part of Lot 7, Concession 5 Albion described as Parts 4, 5, 6 and 7, Plan 43R-35854 as in PR2540111, Town of Caledon.

(being all of PIN 14326-1847 (LT))

SCHEDULE B

DUE DILIGENCE DOCUMENTS

1. Any existing surveys of the Property.
2. Copies of all environmental, building condition, heating, ventilation, air conditioning and roof reports relating to the Property.
3. All plans and specifications for the Property.
4. Copies of realty tax bills and assessment notices relating to the Property for the last three (3) calendar years, together with copies of notices of outstanding realty tax appeals, if any.
5. Minutes of Meeting dated June 25, 2020 circulated by CIMA Canada Inc. regarding the Region of Peel Class Environmental Assessment Study for Coleraine Drive Grade Separation (South Of Old Ellwood Drive), Town of Caledon and the response in respect thereof from the Vendor dated July 27, 2020, being all of the documentation or information in the Vendor's possession regarding the same.
6. Stormwater Management Due Diligence Brief prepared by Ware Malcolm dated July 8, 2021.
7. Copies of any agreements that are not registered on title which are Permitted Encumbrances.
8. Such other information and documentation as the Purchaser may reasonably request in the possession or control of the Vendor to be delivered within two (2) Business Days of written request therefor.

SCHEDULE C

PERMITTED ENCUMBRANCES

"Permitted Encumbrances" means:

- 1.1 Reservations, easements, rights of way, restrictive covenants, building schemes, licenses, servitudes, watercourses, rights of water, rights of access or user airport zoning regulations or other similar rights in land (including, without restriction, rights of way and servitudes for railways, light rail transit systems, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other persons and rights reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant, agreement or permit, including the right to terminate same or to require annual payments as a condition to the continuance thereof.
- 1.2 Security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the development, management, ownership and operation of the Property.
- 1.3 The reservations, limitations, exceptions, provisos and conditions, if any, expressed in the original grant from the Crown, including, without limitation, the reservation of any mines and minerals in the Crown or in any other person.
- 1.4 Subdivision agreements, site plan control agreements, servicing agreements, encroachment agreements, development agreements, tunnel agreements and other similar agreements with government authorities affecting the development or use of the Property and security given therefor.
- 1.5 Encumbrances respecting encroachments by improvements on the Property over neighbouring lands and/or permitted under agreements with the owners of such neighbouring lands and encroachments over the Property by improvements of neighbouring land owners, and any matters disclosed in any survey of the Property delivered on behalf of the Vendor to the Purchaser.
- 1.6 Encumbrances for real property taxes (which term includes charges, rates and assessments, and other governmental charges or levies) or charges for electricity, power, gas, water and other services and utilities in connection with the Property that have accrued but are not yet due and owing or, if due and owing, are adjusted for pursuant to the Purchase Agreement.
- 1.7 Existing municipal restrictions, by-laws, regulations, ordinances and similar instruments related to development and zoning.
- 1.8 The exceptions and qualifications contained in Section 44 of the *Land Titles Act* (Ontario), save and except Paragraph 11 thereof respecting the *Planning Act* (Ontario) and Paragraph 14 thereof respecting dower rights.

- 1.9 Any rights of expropriation, access or use or any other similar rights conferred or reserved by or in any statutes of Canada or the Province of Ontario (but not any actual claims pursuant thereto).
- 1.10 Registered restrictive covenants, private deed restrictions and other similar registered land use controls or agreements.
- 1.11 Title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use or marketability of the Property for the purposes for which it is presently held.
- 1.12 Instrument Nos. RO1177934, PR1079855, PR3098401 and PR3120500.
- 1.13 Easement in favour of Hydro One Networks Inc. registered as Instrument No. PR1079856.
- 1.14 Reference Plans 43R-16543, 43R-19666, 43R-20624, 43R-22652, 43R-30466 and 43R-37526.
- 1.15 The Ritchie Lease.

SCHEDULE D
FORM OF RELIANCE LETTERS



August 3, 2021

Attention:

Letter of Reliance: 3 – 5 Manchester Court, Bolton, Ontario

Re: Pinchin File: 282931

With respect to the above-noted property (Site), Pinchin Ltd. (Pinchin) hereby refers to the following documents (Reports) prepared by Pinchin solely and exclusively for Ritchie Bros. Properties Ltd. (Client) under contracts dated May 6 and 18, 2021:

- *“Phase I Environmental Site Assessment, 3 – 5 Manchester Court, Bolton, Ontario”*, Pinchin File: 292931, dated June 14, 2021; and
- *“Baseline Property Condition Assessment, 3 Manchester Court, Bolton, Ontario”*, Pinchin File: 292931.001, dated June 21, 2021.

As requested by Client, Pinchin hereby confirms that _____
(Parties) shall be entitled to rely on the Reports as if the Reports were originally commissioned by them.

This reliance agreement and Parties' reliance on the Reports are conditional upon Parties agreeing to:

1. The terms, conditions and limitations stipulated in Pinchin's contracts/agreements with Client and those stipulated in the Reports;
2. Rely on the Reports for the express and sole purpose of purchase involving the Site;
3. Have no greater rights than those of Client as contained in the contracts/agreements with Client and those in the Reports;
4. Rely on the Reports in their entirety; and
5. Acknowledge that the accuracy of information was current as of the reporting dates, or as otherwise specified in the Reports. No warranty is being made or implied regarding changes to Site conditions following the release of the Reports.

Parties agree not to disclose or distribute this agreement or Reports to any third party without prior written authorization from Client and Pinchin. This reliance agreement is not assignable and does not confer any right or benefit upon any third party unless advance written agreement is made between Pinchin and the third party.



Letter of Reliance

3 – 5 Manchester Court, Bolton, Ontario

August 3, 2021
Pinchin File: 282931

Should Parties not agree with all of the above-noted conditions, then reliance is not granted and this letter should be returned to Pinchin immediately.

Sincerely,

Pinchin Ltd.

Prepared by:

A handwritten signature in blue ink, appearing to read "RDaciw", written over a light blue horizontal line.

Robert Daciw, B.Sc., P.Geo.

Director, Real Estate Due Diligence

416.333.7339

rdaciw@pinchin.com

292931 Reliance Oxford 3 – 5 Manchester Court Bolton ON August 3 2021.docx

Template: Master Template for Letter of Reliance, July 14, 2019© 2021 Pinchin Ltd.

SCHEDULE E

FORM OF ZONING BY-LAW AMENDMENT FOR REPLACEMENT PROPERTY

Buildings, structures or lands used for the specific purpose of the outdoor display and storage of new and/or used equipment and vehicles used for auction, sale, rental and repair and may include buildings and/or accessory buildings for auction and sales, offices and for repairs and the storage of materials associated with the principle Auctioneer's Facility use. Notwithstanding the above, the outdoor display and storage of equipment and vehicles shall be permitted to face and be visible from a public road.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

I, Ann Fandozzi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ritchie Bros. Auctioneers Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021

/s/ Ann Fandozzi

Ann Fandozzi
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934**

I, Sharon R. Driscoll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ritchie Bros. Auctioneers Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021

/s/ Sharon R. Driscoll

Sharon R. Driscoll
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Ritchie Bros. Auctioneers Incorporated (the "Company") on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann Fandozzi, Chief Executive Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2021

/s/ Ann Fandozzi

Ann Fandozzi
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Ritchie Bros. Auctioneers Incorporated (the "Company") on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sharon R. Driscoll, Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2021

/s/ Sharon R. Driscoll

Sharon R. Driscoll
Chief Financial Officer