

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

B E T W E E N:

KINGSETT MORTGAGE CORPORATION

Applicant

- and -

GENERX (BYWARD HALL) INC.

Respondent

**AFFIDAVIT OF JUSTIN WALTON
(Sworn June 9, 2017)**

I, **JUSTIN WALTON**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am Director, Mortgage Investments, of KingSett Mortgage Corporation (“**KingSett Mortgage**”). I have responsibility for matters pertaining to the borrowings of Generx (Byward Hall) Inc. (formerly, Textbook (256 Rideau Street) Inc., which shall be referred to in this affidavit as “**Rideau**”) from KingSett Mortgage and as such have personal knowledge of the matters to which I depose herein.

2. I am making this affidavit in support of an application by KingSett Mortgage for the appointment of a receiver over the real property known as 256 Rideau Street, Ottawa, Ontario, and 211 Besserer Street, Ottawa, Ontario, the legal description of which is further set out in the title searches attached hereto as **Exhibit “A”** (the “**Real Property**”) and all other property, assets and undertakings of Rideau related thereto (collectively hereinafter known as the “**Property**”).

Where this affidavit is based upon information received from others, I have identified the source and verily believe that information to be true.

DESCRIPTION OF THE PARTIES

3. KingSett Mortgage is incorporated pursuant to the laws of Canada, and is a subsidiary of KingSett Capital Inc. (“**KingSett Capital**”), a private equity real estate investment firm with interests totalling over \$9 billion of Canadian assets. KingSett Mortgage is the entity through which KingSett Capital provides mortgage strategies to its clients. KingSett Mortgage is headquartered in Toronto, Ontario.

4. Rideau is a corporation incorporated under the laws of Ontario with a registered office at 2355 Skymark Avenue, Suite 300, Mississauga, Ontario. Attached hereto as **Exhibit “B”** is a corporation profile report which indicates that the officers and directors of Rideau are John Davies and Walter Thompson.

5. Rideau changed its name to Generx (Byward Hall) Inc. on December 19, 2016. This change only became known to me on June 1, 2017 when our counsel retrieved the above referenced corporate profile report.

6. Rideau is the registered owner of the Real Property. Although the Real Property has two separate addresses with separate street names, the addresses in effect comprise one development property. The Real Property is located in the Byward market area of downtown Ottawa and is within walking distance of the campus of the University of Ottawa. It is vacant unimproved land.

THE LOAN FACILITY AND SECURITY

7. KingSett Mortgage entered into a Commitment Letter with Rideau on October 22, 2015 under which it agreed to provide, among other things, \$2.75 million in purchase financing to allow Rideau to buy the Real Property (the “**Commitment Letter**”). A copy of the Commitment Letter is attached hereto as **Exhibit “C”**.

8. On or about November 6, 2015, Rideau purchased the Real Property from Phoenix Properties Inc. (“**Phoenix**”) for a purchase price of \$11,000,000.00 (the “**Purchase Price**”).

9. Rideau satisfied the purchase price in part with the funds provided by KingSett Mortgage under the Commitment Letter. A further portion of the Purchase Price was satisfied by giving a vendor take-back mortgage to Phoenix in the principal amount of \$5,500,000.00 (the “**First Mortgage**”). The Property was transferred by Phoenix to Rideau on November 6, 2015. Attached hereto as **Exhibit “D”** is a copy of the First Mortgage registered on November 6, 2015 as Instrument No. OC1738362.

THE FIRST MORTGAGE

10. Phoenix assigned the First Mortgage to KingSett Mortgage pursuant to a Transfer of Charge registered on November 6, 2015 as Instrument No. OC1738365. Attached hereto as **Exhibit “E”** is a copy of the Transfer of Charge.

11. The initial term of the First Mortgage was 120 days, with the principal amount and accrued interest due and payable on March 5, 2016.

12. On March 5, 2016, the First Mortgage was amended to extend the maturity date to August 1, 2016. Rideau also agreed, among other things, to pay interest accruing under the First Mortgage from March 5, 2016, on a monthly basis, until the maturity date. Thereafter, the First Mortgage was amended from time to time to further extend the maturity date. Attached hereto as **Exhibit “F”** is a copy of the Agreement Amending Charge dated March 5, 2016.

13. The funding provided by KingSett Mortgage under the Commitment Letter was secured by a second mortgage registered against title to the Real Property (the “**Second Mortgage**”). The Second Mortgage had an original maturity date of August 1, 2016. Thereafter, the Second Mortgage was amended from time to time to further extend the maturity date. Attached hereto as **Exhibit “G”** is a copy of the Second Mortgage registered on November 6, 2015 as Instrument No. OC1738363.

14. KingSett Mortgage holds the First Mortgage and the Second Mortgage on the Real Property. There are no other mortgages registered against title.

15. As a condition of, and in consideration for, KingSett Mortgage providing financing to Rideau, John Davies and Walter Thompson (hereinafter, the “**Guarantors**”) agreed to unconditionally and irrevocably guarantee all of the debts and liabilities of Rideau to KingSett Mortgage on a joint and several basis. Attached hereto as **Exhibit “H”** is a copy of the Guarantee and Postponement of Claim executed by the Guarantors in favour of KingSett Mortgage on November 5, 2015.

16. On November 5, 2015, Rideau also gave the following additional security to KingSett Mortgage:

- (i) General Assignment of Rents and Leases;
- (ii) General Security Agreement (the “**GSA**”);
- (iii) Share Pledge Agreement; and
- (iv) Negative Pledge.

Attached hereto as **Exhibit “I”** is a copy of the GSA. The other documents can be provided to the court for inspection upon request. The security and the Mortgages provide for the appointment of a receiver upon default.

THE DEFAULT

17. On or about February 1, 2017, Rideau defaulted in meeting its payment obligations under the First Mortgage and the Second Mortgage.

18. On February 7, 2017, I met with the John Davies and Walter Thompson who advised me of their plans to attempt to market and sell the land and that they had engaged a broker for that purpose with whom I was unfamiliar. They acknowledged that they had missed the payment due on February 1, 2017 and were in default. I reserved my rights in the meeting to take such further steps as KingSett Mortgage deemed appropriate.

19. By letter dated February 17, 2017, our lawyers at Blaney McMurtry LLP (“**Blaneys**”), made written demand for payment on Rideau of the full amount outstanding under the First Mortgage and the Second Mortgage and served a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (“**BIA Notice**”). Attached hereto and as **Exhibit “J”** to this affidavit is a copy of Blaneys’ letter and the BIA Notice dated February 17, 2017.

20. Blaneys also sent demand letters and BIA Notices to the Guarantors. Attached hereto and marked as **Exhibit “K”** to this affidavit are copies of Blaneys’ letters and BIA Notices dated February 17, 2017 to John Davies and Walter Thompson.

21. As of March 15, 2017, Rideau and the Guarantors had not complied with the demands for payment. Therefore, Blaneys served a Notice of Sale under Mortgage pursuant to the *Mortgages Act*, R.S.O. 1990, c. M.40, for each mortgage with a deadline date for payment of April 19, 2017. Attached hereto as **Exhibit “L”** is a copy of the Statutory Declaration of Diana Draksic dated May 31, 2017, confirming service, along with copies of the Notices of Sale.

22. As of March 15, 2017, the aggregate total amount outstanding under the First Mortgage and the Second Mortgage was \$8,431,182.35.

23. Rideau has failed to pay KingSett Mortgage the amounts outstanding under the Mortgages and the deadline date for payment under the Notices of Sale has expired. The time period provided in the BIA notice has also expired. As such, KingSett Mortgage is legally entitled to enforce its security against the Property.

24. As of the date of this affidavit, Rideau remains in default. As of May 30, 2017, the amount owed to KingSett Mortgage for principal and interest under the Mortgages was \$8,798,864.68. In addition to this amount, there are outstanding enforcement costs and disbursements. Enforcements costs and interest continue to accrue.

OTHER SECURED CREDITORS

25. Based on my review of the parcel register printout for the Real Property attached as **Exhibit “A”**, there are two construction liens registered against title with claims totalling

\$906,657.38. The first was registered on March 10, 2017 by Doran Contractors for \$61,391.38 and the second registered on April 18, 2017 by SRM Architects Inc. for \$845,266.00.

26. I am not aware of any other secured creditors of Rideau. Attached hereto as **Exhibit “M”** is a Personal Property Security Act search which indicates that there are no other secured creditors with registrations against the former Rideau name other than KingSett Mortgage. There are no registrations from any party against the new name Generex. As noted above, we only recently became aware of this change of name. KingSett Mortgage has registered a financing change statement to transfer its existing PPSA registrations to the new Generex name.

TEXTBOOK SUITES and TIER 1 ISSUES

27. Attached as **Exhibit “N”** is the Third Report of KSV Kofman Inc. in its capacity as receiver and manager of certain property of certain companies, minus its schedules. As set out in that Third Report, certain corporations that provided financing to companies which have been called the "Davies Developers" have been the subject of a Financial Services Commission of Ontario (“**FSCO**”) investigation which resulted in the appointment of a Trustee over certain of these companies and ultimately the appointment of KSV Kofman Inc. (“**KSV**”) as receiver and manager of certain property owned by several of the Davies Developers (the “**Receivership Companies**”). The Third Report summarizes the status of those proceedings as follows:

“2. Pursuant to an order of the Ontario Superior Court of Justice (“**Court**”) dated October 27, 2016, Grant Thornton Ltd. was appointed Trustee (“**Trustee**”) of eleven entities¹ (collectively, the “**Trustee Corporations**”) which raised monies from investors

¹ Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation

through syndicated mortgage investments. The Trustee Corporations then advanced these monies on a secured basis pursuant to loan agreements between the Trustee Corporation and the applicable Davies Developer (as defined below).

3. On January 21, 2017, the Trustee brought a motion for an order (“Receivership Order”) appointing KSV as receiver and manager (“Receiver”) of the property owned by Scollard. On February 2, 2017, the Court made the Receivership Order.

4. On April 18, 2107, the Trustee brought a motion, *inter alia*, seeking orders:

- a) amending and restating the Receivership Order to include the real property registered on title to include the real property registered on title as being owned by Kitchener, Oakville, Burlington, Legacy Lane, 525 Princess and 555 Princess, as well as all of the assets, undertakings and properties of these entities acquired for or used in relation to their real property (the “Amended and Restated Receivership Order”); ...

5. On April 28, 2017, the Court made the Amended and Restated Receivership Order and the Production Order...”

28. Rideau is not one of the Trustee Corporations or one of the Receivership Companies.

29. On May 17, 2017, KSV in its capacity as receiver manager of certain property of the Receivership Companies attended at Court on an *ex parte* basis and sought a Certificate of Pending Litigation (the “CPL”) to be placed on title to the Real Property to advise as to the possible rights of KSV in that capacity in the Real Property.

30. The Third Report sets out the evidence provided to the Court in support of that application for the CPL, which among other things, provided evidence that amounts in excess of \$3 million may have been transferred to Rideau from various Davies Developers (including certain Receivership Companies) in violation of the prohibitions in certain agreements, as further detailed therein, related to those companies. Those funds may or may not have been used by Rideau to purchase the Real Property.

31. I have no knowledge of anything related to the alleged transfer of funds from the various Davies Developers into Rideau beyond what is alleged by KSV in its Third Report.

32. The Court granted the Order sought by KSV on May 17, 2017 and the CPL was registered on title to the Real Property shortly thereafter.

33. I understand from KSV that it has heard nothing from Rideau, Mr. Davies or Mr. Thompson with respect to the CPL or its Third Report.

34. At the time of this *ex parte* hearing, KingSett Mortgage was in the process of considering a listing agreement with a broker to attempt to continue with its enforcement against the Real Property under its power of sale proceedings in order to sell the Real Property.

35. Given that the loan and security arrangements with KingSett Mortgage are in default and have been for more than 5 months, it is urgent that this matter proceed and that the Real Property be sold promptly to allow for the repayment of the indebtedness of Rideau to Kingsett Mortgage. However, the registration of the CPL has interfered with our plans to do so.

36. While KingSett Mortgage has not had an opportunity to determine the validity of the underlying matters which gave rise to the CPL, the CPL has raised the specter of the issues related to the Textbook Companies and attached that to the Real Property.

37. In particular, I am advised by our counsel that the Trustee Corporations hold their mortgages on behalf of a large group of individuals who participated in syndicated mortgage investments (the “**Investors**”), who have allegedly lost significant funds, and who have taken an active interest in all matters related to the Trustee Corporations, including the various attempts to sell and market the properties owned by the Receivership Companies. Although the Investors do

not have a registered interest in the Property and there was no syndicated funding registered on the Real Property, the CPL demonstrates that the Investors believe they have a possible interest in the Real Property and we expect them to take an active interest in the fate of the Real Property as a result.

38. In light of the CPL and the evidence which has been put forward related thereto, it is appropriate that KingSett Mortgage seek the appointment of a receiver over the Property so that a judicial sale of the Property can be conducted. It is expected that a sale by way of a receiver will satisfy all parties, including the Trustee and the Investors, that the sale will be properly conducted and that a provident result will be reached. The Trustee and representative counsel for the Investors will be served with the Application to appoint the receiver.

39. Also, to the extent the Property is sold for an amount which is greater than the amount necessary to discharge the security of KingSett Mortgage, the receivership will provide a means for the distribution of those surplus funds. It will also provide an efficient forum to determine the validity and priority of the lien claims on the Real Property and the claims which form the basis of the CPL.

40. I have reviewed this matter with KSV and it has consented to act as receiver of the Property in order to conduct a sale in respect of same. Given that KSV is the receiver of the Receivership Companies, it approaches this matter with a certain amount of existing knowledge and familiarity with the players and properties like the Property, which should assist it in efficiently carrying out this mandate.

SALE PROCEDURE AND LISTING AGREEMENT

41. In anticipation of its appointment I have discussed with KSV its intentions with respect to the sale and marketing of the Property. KSV has prepared a draft sale process which it proposes be conducted in this matter (the “**Sale Process**”).

42. The proposed Sale Process contemplates, subject to court approval, marketing to targeted prospects within 1 to 3 weeks with mass marketing to commence within 3 to 5 weeks. This is satisfactory to KingSett Mortgage, provided it is also approved by the Court.

43. In addition, we have consulted with KSV with respect to the proposed appointment of SVN Rock Advisors Inc. as the broker for the sale of the Property.

44. SVN Rock Advisors Inc., and in particular its principal, Derek Lobo, has unique expertise with respect to the marketing and sale of properties such as the Real Property where the first and best use appears to be, in my opinion, that the property be developed as a student residence.

45. The Property was already in the course of being developed as a student residence by Rideau.

46. I am advised by KSV that Mr. Lobo has been advised of the pending receivership and of the Sale Process and that he is willing to proceed in accordance with same.

47. KSV will be entering into a listing agreement in its capacity as proposed Receiver subject to its appointment and court approval of same. I have reviewed the form of listing agreement, which I understand will be executed and provided to the court with a Pre-Filing report from

KSV. Provided the execution version is the same as the form reviewed, KingSett Mortgage will support it being entered into subject to the approval of the Court.

REFINANCING PROPOSAL FROM WALTER THOMPSON

48. On or about April 12, 2017, I was approached by Mr. Thompson with respect to a transaction which he proposed under which he intended to refinance the Property and discharge the KingSett Mortgage mortgages upon payment of the KingSett Mortgage outstanding loan in full. He provided further details of the proposed transaction to me on May 1, 2017.

49. Although I provided Mr. Thompson with a payout statement for the KingSett Mortgage loans on May 30, 2017, I have not heard from him since to confirm that his proposed transaction is proceeding.

50. It is our understanding that the presence of the CPL on title likely interferes with the ability of Mr. Thompson to complete his proposed transaction at this time, given what Mr. Thompson has advised me are the conditions of his proposed financing partner.

51. There is no prohibition in the proposed receivership which prevents Mr. Thompson from making a bid in the Sale Process should he wish to do so.

52. In the event the proposed transaction, or some version of it, is completed with Mr. Thompson, there is a carve-out in the listing agreement which indicates that SVN Rock Advisors Inc. will not receive a commission in respect of that transaction, given that the proposed transaction was being negotiated without its involvement prior to its retention.

53. Notwithstanding the proposed transaction from Mr. Thompson, I am of the view that it remains appropriate to proceed with the receivership application in this instance.

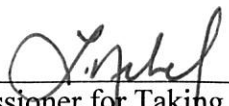
54. I have serious concerns that Mr. Thompson will not be able to complete his proposed transaction. Although he has presented me with some preliminary documentation with respect to his proposed transaction, it appears to me that it remains contingent, uncertain and may require concessions from KingSett Mortgage that we may not or will not be prepared to give.

55. Although I have been speaking with Mr. Thompson from time to time, at no time did I or anyone from KingSett Mortgage state or imply that we would stay our enforcement efforts to await the outcome of this proposed transaction. As set out above, the default proceedings with respect to the Property have been ongoing for some time and Mr. Thompson and Rideau have had ample time to seek out financing opportunities prior to this point in time.

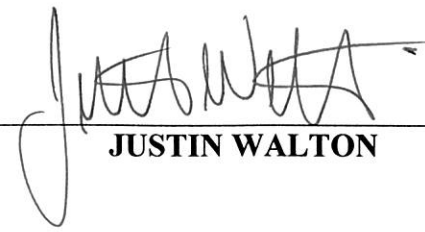
56. I am of the view that it is in the interests of all the stakeholders that the Property be immediately marketed for sale.

57. I swear this affidavit in support of KingSett Mortgage's application to appoint a receiver over the Property, and for no improper purpose.

SWORN BEFORE ME)
at the City of Toronto,)
in the Province of Ontario)
on June 9, 2017.)



Commissioner for Taking Affidavits
Lea Nebel



JUSTIN WALTON

This is **Exhibit "A"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "J. Phelps", is written over a horizontal line.

A Commissioner, Notary Public, etc.



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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #4

PAGE 1 OF 4
PREPARED FOR GKumar01
ON 2017/05/31 AT 15:11:33

04210-0004 (LT)

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

PROPERTY DESCRIPTION: LT 7, PL 6, S OF RIDEAU ST, S/T & T/W CR180805 ; OTTAWA

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK 13

PIN CREATION DATE:
1997/01/27

OWNERS' NAMES
TEXTBOOK (256 RIDEAU STREET) INC.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
				EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1997/01/27 ON THIS PIN		
				WAS REPLACED WITH THE "PIN CREATION DATE" OF 1997/01/27		
				** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 1997/01/24 **		
				**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:		
				SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *		
				AND ESCHEATS OR FORFEITURE TO THE CROWN.		
				THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF		
				IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY		
				CONVENTION.		
				ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.		
				**DATE OF CONVERSION TO LAND TITLES: 1997/01/27 **		
CR334545	1955/06/20	TRANSFER		*** COMPLETELY DELETED ***	DWORKIN FURS LIMITED	
CR704226	1977/02/15	CERTIFICATE		*** COMPLETELY DELETED ***	THE CORPORATION OF THE CITY OF OTTAWA	C
CR713238	1977/07/27	AGREEMENT		*** COMPLETELY DELETED ***		
		REMARKS: DEVELOPMENT				
LT1209832	1999/07/08	APL COURT ORDER		*** COMPLETELY DELETED ***		
		REMARKS: DELETE				
		CR704226				
LT1228889	1999/09/15	APL CH NAME OWNER		*** COMPLETELY DELETED ***	TOTH EQUITY LIMITED	

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



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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 4

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04210-0004 (LIT)

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
OC19113	2001/11/20	APL (GENERAL)		*** COMPLETELY DELETED *** TOTH EQUITY LIMITED	9093-5958 QUEBEC INC.	
OC215835	2003/07/02	TRANSFER		*** COMPLETELY DELETED *** TOTH EQUITY LIMITED	9093-5958 QUEBEC INC.	
OC215836	2003/07/02	CHARGE		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.	MARBAN CORPORATION	
OC1278639	2011/09/01	APL (GENERAL)		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: DELETE OC19113				
OC1278800	2011/09/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** MARBAN CORPORATION		
		REMARKS: OC215836.				
OC1278965	2011/09/01	TRANSFER		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.	PHOENIX PROPERTIES INC.	
		REMARKS: PLANNING ACT STATEMENTS				
OC1278966	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	9093-5958 QUEBEC INC.	
OC1279018	2011/09/01	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	9093-5958 QUEBEC INC.	
		REMARKS: OC1278966				
OC1279019	2011/09/01	NO SEC INTEREST		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1278966 THIS DOCUMENT WAS RE-INSTATED ON 2012/05/04 AT 14:02 BY ROBILLYARD, TRACEY.				
OC1279020	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1353323	2012/04/20	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	LAURENTIAN BANK OF CANADA	
OC1353324	2012/04/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	LAURENTIAN BANK OF CANADA	
		REMARKS: OC1353323.				
OC1354718	2012/04/25	DISCH OF CHARGE		*** COMPLETELY DELETED ***		

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
OC1354728	2012/04/25	CHARGE		J.S.M. LTD. *** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1354792	2012/04/26	DISCH OF CHARGE		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
OC1354793	2012/04/26	DISCHARGE INTEREST		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
4R2128	2013/06/19	PLAN REFERENCE				C
OC1492382	2013/07/02	DISCH OF CHARGE		*** COMPLETELY DELETED *** J.S.M. LTD.		
OC1508323	2013/08/15	CHARGE		*** DELETED AGAINST THIS PROPERTY *** PHOENIX PROPERTIES INC.	HMT HOLDINGS INC.	
OC1738340	2015/11/06	DISCH OF CHARGE		*** COMPLETELY DELETED *** HMT HOLDINGS INC.		
OC1738361	2015/11/06	TRANSFER	\$11,000,000	PHOENIX PROPERTIES INC.	TEXTBOOK (256 RIDEAU STREET) INC.	C
OC1738362	2015/11/06	CHARGE	\$5,500,000	TEXTBOOK (256 RIDEAU STREET) INC.	PHOENIX PROPERTIES INC.	C
OC1738363	2015/11/06	CHARGE	\$2,750,000	TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738364	2015/11/06	NO ASSGN RENT GEN		TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738365	2015/11/06	TRANSFER OF CHARGE		PHOENIX PROPERTIES INC.	KINGSETT MORTGAGE CORPORATION	C
OC1751087	2015/12/18	DISCH OF CHARGE		*** COMPLETELY DELETED *** LAURENTIAN BANK OF CANADA		

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04210-0004 (LT)

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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
OC1873431	2017/03/10	CONSTRUCTION LIEN	\$61,391	DORAN CONTRACTORS LIMITED		C
OC1881452	2017/04/18	CONSTRUCTION LIEN	\$845,266	SRM ARCHITECTS INC.		C
OC1885675 REMARKS: OC1873431	2017/05/03	CERTIFICATE		DORAN CONTRACTORS LIMITED		C
OC1888873 REMARKS: CERTIFICATE OF PENDING LITIGATION	2017/05/17	APL (GENERAL)		KSV KOEYAN INC.		C
OC1892739	2017/05/31	CERTIFICATE		SRM ARCHITECTS INC.		C

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ON 2017/05/31 AT 15:13:24

04210-0009 (LT)

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

PROPERTY DESCRIPTION: PCL 7-1, SEC 6 ; LT 7, PL 6, PART 1 - 3, 4R919, N OF BESSERER; OTTAWA

PROPERTY REMARKS:
ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK FAL

PIN CREATION DATE:
1997/01/27

OWNERS' NAMES
TEXTBOOK (256 RIDEAU STREET) INC.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1997/01/27 ON THIS PIN						
WAS REPLACED WITH THE "PIN CREATION DATE" OF 1997/01/27						
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 1997/01/24 **						
4R919	1974/05/24	PLAN REFERENCE				
LT179256	1978/04/28	CHARGE	*** COMPLETELY DELETED ***		THE BANK OF NOVA SCOTIA	
LT179258	1978/04/28	CHARGE	*** COMPLETELY DELETED ***		MIDPINSER REALTY LIMITED	
LT207896	1979/05/17	JDGMT FORECLOSURE	*** COMPLETELY DELETED ***		TOTH HOLDINGS LIMITED	
LT1163342	1998/11/16	APL (GENERAL)	*** COMPLETELY DELETED *** TOTH EQUITY LIMITED			
REMARKS: DELETING LT179256 AND LT179258						
LT1228890	1999/09/15	APL CH NAME OWNER	*** COMPLETELY DELETED *** TOTH HOLDINGS LIMITED		TOTH EQUITY LIMITED	
OC19113	2001/11/20	APL (GENERAL)	*** COMPLETELY DELETED *** TOTH EQUITY LIMITED		9093-5958 QUEBEC INC.	
OC215835	2003/07/02	TRANSFER	*** COMPLETELY DELETED *** TOTH EQUITY LIMITED		9093-5958 QUEBEC INC.	
OC215836	2003/07/02	CHARGE	*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		MARBAN CORPORATION	
OC1278639	2011/09/01	APL (GENERAL)	*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.			

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



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #4

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 3

PREPARED FOR GKumar01
ON 2017/05/31 AT 15:13:24

04210-0009 (LT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
OC1278800	2011/09/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** MARBAN CORPORATION		
		REMARKS: OC215836.				
OC1278965	2011/09/01	TRANSFER		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.	PHOENIX PROPERTIES INC.	
		REMARKS: PLANNING ACT STATEMENTS				
OC1278966	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	9093-5958 QUEBEC INC.	
OC1279018	2011/09/01	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	9093-5958 QUEBEC INC.	
		REMARKS: OC1278966				
OC1279019	2011/09/01	NO SEC INTEREST		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1278966				
OC1279020	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1353323	2012/04/20	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	LAURENTIAN BANK OF CANADA	
OC1353324	2012/04/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	LAURENTIAN BANK OF CANADA	
		REMARKS: OC1353323.				
OC1354718	2012/04/25	DISCH OF CHARGE		*** COMPLETELY DELETED *** J.S.M. LTD.		
		REMARKS: OC1279020.				
OC1354728	2012/04/25	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1354792	2012/04/26	DISCH OF CHARGE		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1278966.				
OC1354793	2012/04/26	DISCHARGE INTEREST		*** COMPLETELY DELETED ***		

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NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

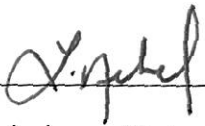
04210-0009 (LF)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
				9093-5958 QUEBEC INC.		
	REMARKS: OC1279019.					
OC1492382	2013/07/02	DISCH OF CHARGE		*** COMPLETELY DELETED *** J.S.M. LTD.		
	REMARKS: OC1354728.					
OC1508323	2013/08/15	CHARGE		*** DELETED AGAINST THIS PROPERTY *** PHOENIX PROPERTIES INC.	HMT HOLDINGS INC.	
OC1734658	2015/10/28	APL (GENERAL)		*** COMPLETELY DELETED *** CITY OF OTTAWA		
	REMARKS: CR648921					
OC1738340	2015/11/06	DISCH OF CHARGE		*** COMPLETELY DELETED *** HMT HOLDINGS INC.		
	REMARKS: OC1508323.					
OC1738361	2015/11/06	TRANSFER	\$11,000,000	PHOENIX PROPERTIES INC.	TEXTBOOK (256 RIDEAU STREET) INC.	C
	REMARKS: PLANNING ACT STATEMENTS.					
OC1738362	2015/11/06	CHARGE	\$5,500,000	TEXTBOOK (256 RIDEAU STREET) INC.	PHOENIX PROPERTIES INC.	C
OC1738363	2015/11/06	CHARGE	\$2,750,000	TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738364	2015/11/06	NO ASSGN RENT GEN		TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
	REMARKS: OC1738363.					
OC1738365	2015/11/06	TRANSFER OF CHARGE		PHOENIX PROPERTIES INC.	KINGSETT MORTGAGE CORPORATION	C
	REMARKS: OC1738362.					
OC1751087	2015/12/18	DISCH OF CHARGE		*** COMPLETELY DELETED *** LAURENTIAN BANK OF CANADA		
	REMARKS: OC1353323.					
OC1873431	2017/03/10	CONSTRUCTION LIEN	\$61,391	DORAN CONTRACTORS LIMITED		C
OC1885675	2017/05/03	CERTIFICATE		DORAN CONTRACTORS LIMITED		C
	REMARKS: OC1873431					
OC1888874	2017/05/17	APL (GENERAL)		KSV KOFMAN INC.		C
	REMARKS: CERTIFICATE OF PENDING LITIGATION					

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

This is **Exhibit "B"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017



A Commissioner, Notary Public, etc.

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2486405	GENERX (BYWARD HALL) INC.	2015/10/08
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
2355 SKYMARK AVENUE		NOT APPLICABLE
Suite # 300		Amalgamation Ind.
MISSISSAUGA		NOT APPLICABLE
ONTARIO		New Amal. Number
CANADA L4W 4Y6		NOT APPLICABLE
Mailing Address		Notice Date
51 CALDARI ROAD		NOT APPLICABLE
#A1M		Letter Date
CONCORD		NOT APPLICABLE
ONTARIO		Revival Date
CANADA L4K 4G3		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced in Ontario
	Minimum	
	Maximum	
Activity Classification	00001	00015
NOT AVAILABLE		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE

CORPORATION PROFILE REPORT

Ontario Corp Number

2486405

Corporation Name

GENERX (BYWARD HALL) INC.

Corporate Name History

GENERX (BYWARD HALL) INC.

Effective Date

2016/12/19

TEXTBOOK (256 RIDEAU STREET) INC.

2015/10/08

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/10/08

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

CORPORATION PROFILE REPORT

Ontario Corp Number

2486405

Corporation Name

GENERX (BYWARD HALL) INC.

**Administrator:
Name (Individual / Corporation)**

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/10/08

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

**Administrator:
Name (Individual / Corporation)**

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/10/08

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 020327233
Transaction ID: 64637634
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/06/01
Time Report Produced: 14:13:13
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2486405

Corporation Name

GENERX (BYWARD HALL) INC.

**Administrator:
Name (Individual / Corporation)**

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/10/08

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

**Administrator:
Name (Individual / Corporation)**

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/10/08

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 020327233
Transaction ID: 64637634
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/06/01
Time Report Produced: 14:13:13
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

2486405

Corporation Name

GENERX (BYWARD HALL) INC.

**Administrator:
Name (Individual / Corporation)**

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/10/08

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

CORPORATION PROFILE REPORT

Ontario Corp Number

2486405

Corporation Name

GENERX (BYWARD HALL) INC.

Last Document Recorded

Act/Code	Description	Form	Date
BCA	ARTICLES OF AMENDMENT	3	2016/12/19

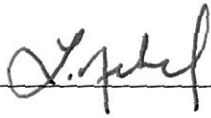
THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

PLEASE NOTE THAT WHEN THE SAME INDIVIDUAL HOLDS MULTIPLE 'OTHER UNTITLED' OFFICER POSITIONS, AS INDICATED ON A FORM 1 UNDER THE *CORPORATIONS INFORMATION ACT*, ONLY ONE OF THESE 'OTHER UNTITLED' POSITIONS HELD BY THAT INDIVIDUAL WILL BE REFLECTED ON THIS REPORT.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

This is **Exhibit "C"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "J. [unclear]", is written over a horizontal line.

A Commissioner, Notary Public, etc.



October 22, 2015

Textbook Student Suites Inc.
51-A Caldari Road, Unit 1M
Vaughan, Ontario
L4K 4G3

Attention: Walter Thompson

Dear Mr. Thompson:

RE: Financing for 256 Rideau Street, Ottawa, ON

We are pleased to advise that KingSett Mortgage Corporation has approved the following loan facilities in connection with the above noted matter, as more particularly described below and within Schedules A, B, C, D, E, F, G, and H attached hereto (the "**Commitment**" or "**Commitment Letter**").

A. LOAN TERMS

1. **Background** – To provide land acquisition and construction financing for a 279-unit, 26-storey, 235,000 buildable sq. ft. student residence building on +/-0.32 acres of land located at 256 Rideau Street, Ottawa, Ontario (the "**Project**" or "**Property**").
2. **Lender** – KingSett Mortgage Corporation (the "**Lender**")
3. **Borrower** – Textbook (256 Rideau Street) Inc. (the "**Borrower**")
4. **Guarantee** – The Lender requires the following unlimited, joint and several personal credit guarantees from Mr. John Davies and Mr. Walter Thompson (collectively the "**Guarantor**" and/or "**Guarantors**"), together with a postponement of shareholder and creditor claims against the Borrower and the Project. In addition to guaranteeing the Borrower's total indebtedness for the Project, the guarantee shall also provide for the following:
 - i) a guarantee to complete the Project;
 - ii) a cost overrun guarantee to keep the Project free of all liens and to fund all costs to complete the Project including, without limitation, all interest costs, fees, insurance premiums and other payments associated with the Project;
 - iii) a guarantee for environmental issues, misrepresentations, negligence and willful misconduct.
 - iv) a guarantee to repay the Loan in full included all unpaid loan principal, unpaid loan interest and all unpaid costs and expenses incurred by the Lender in connection with the Loan.

(Hereinafter, the "**Guarantee**").

5. **Project Budget** – For the Project Budget, see Schedule "B".



6. **Project Monitor** – the Lender’s cost consultant / project monitor shall be Pelican Woodcliff or another consultant/project monitor acceptable to the Lender in its sole and unfettered discretion (the “**Project Monitor**” or “**Cost Consultant**”). The scope of the Project Monitor’s mandate is outlined in Schedule “C” Project Monitor Mandate / Reporting. The cost of the Project Monitor and its reports, including HST, shall be for the exclusive account of the Borrower.

7. **Loan Facilities** –

Facility 1 - \$2,750,000 land loan including a \$190,000 Interest Reserve (“**Facility 1**”)

Facility 2 - \$47,120,000 non-revolving construction loan (“**Facility 2**”)

Note: Facility 2 is subject to syndication.

Facility 3 – \$10,050,000 mezzanine facility (“**Facility 3**”)

Note: The initial advance of Facility 3 will refinance Facility 1.

(Collectively the “**Loan**”, “**Loan Amount**” or “**Loan Facilities**”).

8. **Minimum Project Equity** –

Facility 1: The Borrower shall maintain a minimum equity position of \$2,750,000 in the Project until Facility 1 is repaid in full (the “**Facility 1 Equity**”).

Facility 2 and 3: The Borrower shall maintain a minimum equity position of \$10,154,338 in the Project, of which \$2,750,000 is Borrower’s cash equity and \$7,404,338 is Tier 1 subordinate financing, until the Loan is repaid in full. (the “**Facility 2 Equity**”).

9. **Lender’s Fee** – Upfront fee as detailed below, earned by the Lender upon the Borrower’s execution of this Commitment Letter.

Facility 1: \$41,250 Lender’s Fee (1.50% of Facility 1) (the “**Facility 1 Lender’s Fee**”).

Facility 2: \$353,400 Lender’s Fee (0.75% of Facility 2) (the “**Facility 2 Lender’s Fee**”).

Facility 3: \$150,750 Lender’s Fee (1.50% of Facility 3) (the “**Facility 3 Lender’s Fee**”).

(Collectively, the “**Lender’s Fee**”)

The Lender’s Fee is non-refundable. The portion of the Good Faith Deposit, as defined below, not used to pay transaction expenses incurred by the Lender shall be applied as a credit toward the Lender’s Fee. The Lender shall deduct the unpaid balance of the Lender’s Fee from the proceeds of the initial advance under the Loan.

10. **Good Faith Deposit** – Lender acknowledges prior receipt of a \$30,000 good faith deposit (the “**Good Faith Deposit**”). This deposit will be used for expenses and the related HST, GST and/or PST that may be incurred by the Lender prior to the initial advance of the Loan, such as, but not limited to, the cost of property inspections, legal fees and disbursements, environmental site assessments, appraisal reports, building condition reports, insurance consultant reports and the cost



of title insurance, if applicable, with the remaining balance, if any, to be credited towards the Lender's Fee.

The Borrower acknowledges that such deposit is a reasonable estimate of the Lender's cost incurred in sourcing, investigating, underwriting and preparing the Loan and holding monies available to fund the Loan and that the same may be retained by the Lender should the Loan not be funded for any reason.

11. **Monthly Payments** – Monthly payments of interest only, not in advance, are required to be made by the Borrower to the Lender in connection with the Loan at the Interest Rate defined below, subject to the Interest Reserve provisions noted in this Commitment Letter (the "**Monthly Payments**"). Monthly Payments are to be made on the first calendar day of every month until the Loan is repaid in full commencing on the first calendar day of the month next following the date of initial advance of the Loan. NSF payments will be subject to an administrative fee of \$500.00.

12. **Interest Rate**

Facility 1: 10.00% per annum, interest only and payable monthly, not in advance (the "**Facility 1 Interest Rate**").

Facility 2: The greater of: (1) the sum of RBC Price plus 1.75% or (2) 4.45% per annum, interest only and payable monthly, not in advance (the "**Facility 2 Interest Rate**").

Facility 3: 10.00% per annum, interest only and payable monthly, not in advance (the "**Facility 3 Interest Rate**").

(Collectively, the "**Interest Rate**").

13. **Interest Reserve** – Provided the Loan is not in default, an interest reserve of \$190,000 may be used by the Borrower to make its Monthly Payments for Facility 1 of the Loan. For greater certainty, monthly interest (i.e., the Monthly Payments) shall be capitalized to the outstanding principal balance of the Loan until the earlier of repayment of Facility 1 in full or the capitalization of a total of \$190,000 of Monthly Payments to the Facility 1 Loan. Upon default by the Borrower under the Loan or Security or upon full utilization of the Interest Reserve, the Borrower shall be required to make Monthly Payments from its own financial resources and not from the Interest Reserve (the "**Interest Reserve**").

14. **Term of Loan** –

Facility 1: Eight (8) months from the date of initial advance of Facility 1 if the same occurs on the first calendar day of a month otherwise eight (8) months from the first calendar day of the month next following the date of initial advance of Facility 1 (the "**Facility 1 Maturity Date**").

Facility 2 and 3: Twenty-four (24) months from the date of initial advance of Facility 2 and 3 if the same occurs on the first calendar day of a month otherwise eighteen (18) months from the first calendar day of the month next following the date of initial advance of Facility 2 and 3 (the "**Facility 2 and 3 Maturity Date**"). Lender may allow two (2) extensions of up to three (3) months each subject to payment in advance of the extension fee by the Borrower to the Lender.



15. **Extension Fee** – Facility 2: 0.50% of the authorized amount at time of extension of Facility 2, excluding Letters of Credit, payable prior to each three (3) month extension of the maturity to be until full repayment of the Loan.
16. **Amortization** – Not applicable; monthly interest payments only.
17. **Prepayment** – The Loan is closed for prepayment prior to the maturity date.
18. **Over Holding Fee** – If the Loan is not repaid in full on or before the Maturity Date, the Borrower shall be required to pay to the Lender an over holding fee, in addition to any and all other rates, fees and costs to be paid to the Lender by the Borrower pursuant to this Commitment Letter. More particularly, this fee shall be earned by and payable to the Lender monthly, in advance, on the first business day of each month and shall be payable at the rate of 0.25% per month, or part thereof, multiplied by the then outstanding Loan Amount (the "Over Holding Fee"). The Borrower hereby acknowledges that the requirement to pay the Over Holding Fee does not constitute an extension of the Loan. If the Loan is not repaid in full by the Maturity Date, the same shall constitute default by the Borrower under the Commitment and Security documents notwithstanding payment of the Over Holding Fee. The Borrower further acknowledges that the Lender, at its option, may add the Over Holding Fee to the outstanding principal balance of the Loan and that the Security for the Loan also secures the Over Holding Fee.
19. **Costs and Expenses** – Borrower to bear all costs and expenses incurred by the Lender from time to time in connection with the subject Loan regardless of whether or not the Loan Amount is ever advanced and, such costs may include, but shall not be limited to, legal fees, disbursements, environmental site assessment reports, appraisal reports, building condition reports, insurance consulting reviews, reliance letters, title insurance, out-of-pocket expenses for property inspections and the HST, GST and/or PST related to all such costs and expenses.
20. **Partial Discharges** – Partial discharges shall not be permitted.

Lender will charge an administration fee of \$1,000 for full discharge of the mortgage and other security (the "Discharge Fee")

All legal fees, disbursements and GST/HST related to the discharge of the Lender's mortgage and other security shall be paid by the Borrower.

21. **Permitted Encumbrances**

The Lender hereby acknowledges and consents to a second mortgage/charge in the registered principal sum of no more than \$11,000,000 in favour of Tier 1 Advisory, and other parties advancing any portion of such second charge, ("Collectively, Tier 1"), provided that Tier 1 enters into a postponement, subordination and standstill agreement with the Lender in the Lender's prescribed form for the purpose of postponing any Borrower indebtedness to Tier 1 and Tier 1's mortgage to the Loan and the Security therefor. (Hereinafter the "Permitted Subordinate Encumbrance"), provided interest shall continue to be paid in the permitted subordinate Encumbrance.

With respect to Facility 1 only, the Lender hereby consents to a VTB mortgage registered in priority to Facility 1 for the term of Facility 1 only, provided that the VTB mortgagee provides written consent, if such consent is required by the VTB mortgagee (the "Permitted Prior Charge")



22. **Security** - The Loan shall be secured by the following security which, prior to any advance under the Loan, shall be delivered by the Borrower to the Lender in form, scope and substance satisfactory to the Lender and its legal counsel (collectively, the "Security"):

Prior to advance of Facility 1:

- a. Registered \$12,562,500 second mortgage/charge over the Property.
- b. Guarantees as per section A.4, including a postponement of shareholder and creditor claims against the Borrower and the Project.
- c. General Assignment of Rents and Leases registered in second priority on title to the Project lands.
- d. General Security Agreement ("GSA") registered in second priority under PPSA.
- e. General assignment of all current and future material contracts for the Project including, without limitation, those relating to engineering specifications and drawings, architectural specifications and drawings, plans, construction contracts, licenses and permits.
- f. A specific assignment of any and all easement, access, egress, maintenance, parking, crane swing, tie-back and other agreements with neighbouring land owners to the Project as determined by the Lender. Such assignment to be in scope, form and content acceptable to the Lender. The assignments are to be acknowledged in writing by all parties that are neither the assignor nor the assignee of such assignments. The requirements of this paragraph shall not apply to agreements registered on title to the Project land in priority to the Lender's mortgage.
- g. Acknowledgement, direction and security agreement from the beneficial owners of the Property, if the same are different than the registered owner of the Property, with respect to all of the security agreements entered into by the registered owner of the Property in favour of the Lender.
- h. Hazardous Substance Indemnity with respect to the Project in scope, form and substance acceptable to the Lender.
- i. Subordination and standstill agreement shall be required between the Lender and Tier 1 in form and content acceptable to the Lender.
- j. Specific Assignment of the construction management contract for the Project, or contracts if more than one. Lender may assume, at its option, the rights of the Borrower under the same if an Event of Default has occurred as defined in the Security. The assignment of the construction contract, or contracts if more than one, in favour of the Lender shall be acknowledged and consented to in writing by the construction manager with such assignment to be in scope, form and content determined by the Lender.
- k. Negative Pledge by Borrower and Guarantor to not repay any shareholder loans, redeem shares, pay out dividends nor to otherwise compensate the Project sponsors and other non-arm's length parties until such time as the Loan has been repaid in full, save and except for repatriation of surplus equity on first draw as contemplated herein and those development, marketing and/or construction fees specifically approved in writing by the Lender and included in the Project budget prepared by the Project Monitor
- l. Assignment of Insurance - Insurance coverage as set out Schedule "A" Assignment by the Borrower to the Lender of all insurance for the Project. The Lender's independent insurance consultant shall at the Borrower's expense, review the required insurance coverage's and policies.

- m. Hypothecation and Pledge to the Lender of any and all issued and outstanding common shares, preferred shares and limited partnership units of the Borrower (and any and all shares of a general partner for the Project). The Lender's interest in such securities shall be perfected by possession and control by the Lender (or its legal counsel on behalf of the Lender) of the original share and unit certificates.
- n. Solicitor's Letter of Opinion confirming all Security is in place.
- o. Such other Security as the Lender and/or its legal counsel may reasonably require.

The Lender's mortgage and general assignment of rents and leases shall be registered on title to the Project lands. Where applicable, as determined by the Lender, PPSA registrations shall be granted in favour of the Lender with respect to the Lender's personal property security for the Loan.

Prior to advance of Facility 2:

- p. Registered \$47,120,000 first mortgage/charge over the Property.
- q. Guarantees as per section A.4, including a postponement of shareholder and creditor claims against the Borrower and the Project.
- r. General Assignment of Rents and Leases registered in first priority on title to the Project lands.
- s. General Security Agreement ("GSA") registered in first priority under PPSA.
- t. General assignment of all current and future material contracts for the Project including, without limitation, those relating to engineering specifications and drawings, architectural specifications and drawings, plans, construction contracts, licenses and permits.
- u. A specific assignment of any and all easement, access, egress, maintenance, parking, crane swing, tie-back and other agreements with neighbouring land owners to the Project as determined by the Lender. Such assignment to be in scope, form and content acceptable to the Lender. The assignments are to be acknowledged in writing by all parties that are neither the assignor nor the assignee of such assignments. The requirements of this paragraph shall not apply to agreements registered on title to the Project land in priority to the Lender's mortgage.
- v. Acknowledgement, direction and security agreement from the beneficial owners of the Property, if the same are different than the registered owner of the Property, with respect to all of the security agreements entered into by the registered owner of the Property in favour of the Lender.
- w. Hazardous Substance Indemnity with respect to the Project in scope, form and substance acceptable to the Lender.
- x. Subordination and standstill agreement shall be required between the Lender and Tier I in form and content acceptable to the Lender.
- y. Specific Assignment of the construction management contract for the Project, or contracts if more than one. Lender may assume, at its option, the rights of the Borrower under the same if an Event of Default has occurred as defined in the Security. The assignment of the construction contract, or contracts if more than one, in favour of the Lender shall be acknowledged and consented to in writing by the construction manager with such assignment to be in scope, form and content determined by the Lender.
- z. Negative Pledge by Borrower and Guarantor to not repay any shareholder loans, redeem shares, pay out dividends nor to otherwise compensate the Project sponsors and other non-arm's length



parties until such time as the Loan has been repaid in full, save and except for repatriation of surplus equity on first draw as contemplated herein and those development, marketing and/or construction fees specifically approved in writing by the Lender and included in the Project budget prepared by the Project Monitor

- aa. Assignment of Insurance - Insurance coverage as set out Schedule "A" Assignment by the Borrower to the Lender of all insurance for the Project. The Lender's independent insurance consultant shall at the Borrower's expense, review the required insurance coverage's and policies.
- bb. Hypothecation and Pledge to the Lender of any and all issued and outstanding common shares, preferred shares and limited partnership units of the Borrower (and any and all shares of a general partner for the Project). The Lender's interest in such securities shall be perfected by possession and control by the Lender (or its legal counsel on behalf of the Lender) of the original share and unit certificates.
- cc. Solicitor's Letter of Opinion confirming all Security is in place.
- dd. Such other Security as the Lender and/or its legal counsel may reasonably require.

The Lender's mortgage and general assignment of rents and leases shall be registered on title to the Project lands. Where applicable, as determined by the Lender, PPSA registrations shall be granted in favour of the Lender with respect to the Lender's personal property security for the Loan.

B. CONDITIONS PRECEDENT

The Loan shall be subject to the following pre-funding conditions which shall each have been received, reviewed and/or met, as the context implies, to the satisfaction of the Lender in its sole, absolute, and unfettered discretion prior to any advance of the Loan (collectively, the "Conditions Precedent"):

Facility 1:

1. Financial and operating due diligence on Borrower, Guarantor, and Project.
2. Satisfactory inspection of the Property by the Lender.
3. Receipt and satisfactory review by the Lender of a complete copy of all agreements setting out the registered and beneficial ownership of the Project and the Borrower together with a complete organizational chart.
4. Satisfactory receipt and review by the Lender of current personal net worth statement and/or current financial statements for the Guarantors.
5. Receipt and satisfactory review by the Lender of the Purchase and Sale Agreement for the Project lands. Lender's intent is to (i) verify the Borrower's land cost of \$11 million as represented by the Borrower in the Project Budget and to (ii) review the agreements for surviving covenants of the buyer and/or seller that did not merge upon completion of the purchase and sale of the lands. Lender to be satisfied with surviving buyer and/or seller covenants, if any.
6. Evidence satisfactory to the Lender that the Borrower has contributed the minimum required Facility 1 Equity amount, which equity may not be removed until the Loan is repaid in full.
7. Receipt and satisfactory review of evidence confirming physical and capacity allocation of all municipal services are immediately available for the Project.



8. Receipt and satisfactory review by the Lender and its Planning Consultant that Site Plan Approval for the Project is attainable within the term of Facility 1.
9. Receipt and satisfactory review of Borrower's preliminary construction budget.
10. Receipt and satisfactory review of accountant prepared Review Engagement financial statements for the registered and beneficial owners of the Project for the last two (2) fiscal years, if available.
11. Receipt and satisfactory review of a certified proforma rent roll and operating statement for the Project.
12. Receipt and satisfactory review by the Lender of a rental market feasibility report for the Project prepared by Rock Advisors Inc. (Derek Lobo) and reliance letter addressed to the Lender.
13. Receipt and satisfactory review by the Lender of the environmental site assessment for the Project from an acceptable environmental site assessment firm. Report to be addressed to Lender or supported by a letter of transmittal from the environmental assessment firm in favour of the Lender.
14. Receipt and satisfactory review by the Lender of the geotechnical soil report for the Property from an acceptable engineering firm confirming the feasibility of the proposed Project under existing soil conditions. Report to be addressed to the Lender or supported by a letter of transmittal from the author of the report in favour of the Lender.
15. Receipt and satisfactory review by the Lender of the appraisal report for the Project from an A.A.C.I. designated appraiser indicating "as-is" Project land value of no less than +/- \$11 million as of the effective date of the appraisal. Report to be addressed to Lender or supported by a letter of transmittal from the appraiser firm in favour of the Lender.
16. Satisfactory review by the Lender of the Tier 1 commitment letter, amendments (if any) and charge terms.
17. Receipt of written consent from the Permitted Prior Charge to the proposed Facility 1 financing, if consent is required.
18. Receipt and satisfactory review by the Lender and its insurance consultant, Carrisc Insurance Consulting Services, of appropriate insurance coverages for the Project. The cost of the insurance review by the Lender's insurance consultant will be for the exclusive account of the Borrower. See attached Schedule "A" for Lender's insurance requirements.
19. Receipt and satisfactory review by the Lender of a real property report / survey for the Project prepared by an accredited Ontario land surveyor confirming no encroachments, easements or rights of way, save those which the Lender may specifically accept, and setting out the relationship of the lands and proposed improvements thereon to public thoroughfares for access purposes. Alternatively, at the cost of the Borrower, title insurance may be put in place that is satisfactory in form, scope and content to the Lender and its legal counsel.
20. Receipt and satisfactory review by the Lender and its solicitors of all customary off-title searches for properties of similar nature to that of the Project including, without limitation, searches for unregistered easements, rights-of way, property tax status and environmental notices. The off-title searches are to be obtained by the Borrower's solicitors and forwarded to the Lender's solicitors for review. Alternatively, title insurance may be put in place, at the cost of the Borrower, that is deemed satisfactory to the Lender and its solicitors.
21. Evidence satisfactory to the Lender of clean title including the absence of liens and other encumbrances and any other encumbrances specifically approved in writing by the Lender.
22. All levies, impost fees, local improvement charges, property taxes and other charges that are due and payable in connection with the Project shall have been paid to the date of the advance of the Loan unless



the same form part of the Lender-approved Project budget and are to be included in ongoing loan advances under the Loan.

23. All Security to be executed by, as applicable, the Borrower, the Lender and the Guarantor and to, as applicable, be registered on title to the Project lands, and/or under the PPSA at least one (1) business day prior to the initial advance of the Loan.
24. Borrower to complete and execute Lender's Pre Authorized Debit ("PAD") form which shall permit the Lender to debit the Borrower's applicable current account each month for the Monthly Payment required hereunder should full utilization, suspension or cancelation of the Interest Reserve occur. See Schedule "F" attached hereto.
25. Borrower to complete and execute the Lender's Notice to Property Tax Authority for the Property which shall permit the Lender to request information from the municipality regarding the Property's property taxes. See Schedule "G" attached hereto.
26. All Conditions Precedent to be satisfied at least one (1) business day prior to the initial advance of the Loan.
27. Other usual matters involved in due diligence for a project of this nature.

Additional Conditions for Facilities 2 and 3:

28. Financial and operating due diligence on Borrower, Guarantor, Project and Borrower's construction manager and the general contractor.
29. Confirmation that all Facility 1 Conditions Precedent have been met.
30. Satisfactory second site inspection by the Lender, at the Lender's option.
31. Receipt and satisfactory review of site plan approval documentation, a fully executed Site Plan Agreement with the municipality along with building permits confirming the Project has been fully entitled to permit the development of the site as herein described.
32. Receipt and satisfactory review by the Lender of the appraisal report for the Project from an A.A.C.I. designated appraiser indicating not less than an estimated market value for the completed and Property of \$86,896,028 as of the effective date of the appraisal. Report to be addressed to Lender or supported by a letter of transmittal from the appraiser firm in favour of the Lender.
33. Satisfactory budget review from the Project Monitor, in accordance with Schedule "C", confirming the reasonableness of the \$67,324,338 total Project Budget. The Project Monitor shall further confirm that the Project can reasonably be completed within 24 months of the initial advance of Facility 2. Lender's cost consultant to review all Project contracts. A minimum of 70% of the Project hard costs are to be covered under executed fixed price contracts or as otherwise recommended by the Lender's cost consultant. Lender shall receive, at the Borrower's cost, ongoing progress reports from the Project Monitor until such time as the Loan is repaid in full.
34. Receipt and satisfactory review by the Lender and Project Monitor, as to scope, form and content, of the construction management contract. Lender to be satisfied in its absolute, unfettered discretion with the Borrower's construction manager for the Project. If the Lender is not so satisfied, in its absolute and unfettered discretion, the Lender may, at its exclusive option, forthwith terminate this Commitment and cancel its obligation to grant the Loan to the Borrower. Lender hereby acknowledges Van Del Contracting Inc. is an acceptable construction manager for the Project.



35. Receipt by the Lender and the Project Monitor of all Project architectural and engineering plans, drawings and specifications together with all related architectural and engineering fee-for-service soft cost contracts. Such contracts to be acceptable to the Lender and the Project Monitor.
36. The Project monitor is to confirm that the Borrower has met the Facility 2 Minimum Project Equity which is required to remain in the Project until the Loan is repaid in full.
37. Receipt of updated certified proforma rent roll and operating statements for the Project.
38. Receipt and satisfactory review of Borrower's standard form of lease agreement for the Project.
39. Receipt of all existing/contracted leases for the Project, if available.
40. If applicable, receipt and satisfactory review by the Lender and the Project Monitor of any and all cost sharing, parking, maintenance, easements, egress/ingress, crane swing, tieback or other contracts with neighbouring land owners.
41. Receipt and satisfactory review by the Lender of property management agreements of the Project, if available.
42. Receipt and satisfactory review by the Lender and its insurance consultant, Canrise Insurance Consulting Services, of appropriate insurance coverages for the Project including, without limitation, liability and builder's "all risks" policies. The cost of the insurance review by the Lender's insurance consultant will be for the exclusive account of the Borrower. See attached Schedule "A" for Lender's insurance requirements.
43. Evidence satisfactory to the Lender of clean title including the absence of liens and other encumbrances and any other encumbrances specifically approved in writing by the Lender.
44. Other usual matters involved in due diligence for a project of this nature.

C. FUNDING

1. **Advances** – The initial advance of the Loan is subject to the prior execution and registration of the Security and the satisfaction of all terms and conditions of this Commitment letter including, without limitation, the Conditions Precedent to each of the Loan Facilities. The Lender will require two (2) business days' notice from the receipt of the Borrower's written advance request to fund all advances.

Loan advances to be granted as follows:

Facility 1:

- a) A single lump-sum advance of \$2,750,000, net of the \$190,000 Interest Reserve, shall be made on or before October 28, 2015 and in no case later than December 1, 2015.

Facility 2 and 3:

- a) An initial advance under 3 to fund no later than eight (8) months following the initial advance under Facility 1.
- b) The initial advance under Facility 3 to be in sufficient amount to repay Facility 1 in full.
- c) All requests for advances under the Loan shall be made in writing from the Borrower to the Lender and shall be accompanied by a progress advance report from the Project Monitor that includes, inter alia, the following, each in form and substance satisfactory to the Lender:
 - i) Details of work-in-place with reference to the Lender-approved Project Budget.

- ii) Certificate from the Project Monitor indicating:
 - a. Cost of work-in-place;
 - b. Certification by acceptable party that the work to-date has been completed in accordance with the plans and specifications previously submitted to the Lender and relied upon by the Lender in granting the Loan;
 - c. The amount of statutory lien and/or other Lender-required holdbacks and the estimated cost-to-complete the Project; and
 - d. Estimated substantial Project completion date.
- iii) Written correspondence from the Lender's legal counsel confirming clear title.
- d) Advances shall be limited to once per month and in amounts no less than \$100,000.
- e) Accumulated advances under the Loan shall at no time exceed the cost of work-in-place less the sum of the following:
 - 1) holdbacks required by the Project Monitor, if any; and
 - 2) Facility 2 Equity as per section A.8
- f) All realty taxes including, without limitation, all levies, development charges, educational development charges and local improvement rates billed to the date of each advance of the Loan are to be paid in full by way of deduction from the advance of the Loan or, if applicable, by further equity injection by the Borrower.
- g) For each advance under the Loan, the Borrower shall sign a statutory declaration satisfactory to the Lender and its legal counsel confirming that all Loan proceeds are being used solely to pay all Lender-approved accounts payable of the Project and for no other purpose whatsoever. Any use of Loan proceeds for any purpose other than that which has been approved by the Lender in connection with the Project Budget shall constitute default by the Borrower under this Commitment Letter and the Security agreements.
- h) Lender reserves the right to make advances directly to the project monitor or trades (sub-trades or otherwise) and/or suppliers if the Borrower is in default under the Loan or if the Lender believes, in its sole and unfettered discretion without the need to furnish evidence to the Borrower thereof, that Loan advances are being diverted from the Project and/or are being used to fund Project costs not provided for in the Lender approved Project Budget set out in the most recent Project Monitor report.
- i) All Loan advances provided for hereunder shall be subject to payment by the Borrower of the Lender's legal fees, disbursements and HST, GST and/or PST incurred in the making of said Loan advances.
- j) All loan advances, shall be subject to a \$500 loan advance fee payable to the Lender which amount shall be deducted from the applicable advance of the Loan by the Lender.

In the event that the initial advance of the Loan has not been made by December 1, 2015, at the exclusive option of the Lender, its obligations under this Commitment shall cease and be at an end and the Lender shall be released from any and all of its present and/or future obligations under the Commitment and Security documents including, without limitation, the obligation to make any advances under the Loan. Notwithstanding the same, the Lender shall remain entitled to earn and receive full payment of the Lender's Fee and to fully recover from the Borrower and Guarantor any expenses incurred by the Lender.



D. SPECIAL CONDITIONS

1. **Subsequent Financing** – No further encumbrances, other than the Permitted Subordinate Encumbrance and Prior Encumbrance, secured or unsecured, are permitted in connection with the Project without the prior written consent of the Lender, which consent may be arbitrarily withheld, delayed and/or conditioned by the Lender. The Borrower shall disclose to the Lender all existing or proposed financing related to the Project and shall not pledge or otherwise further encumber its interest in the Project. Subsequent financing of the Property without the Lender's prior written consent shall be deemed an event of default under this Commitment and the Security documents.
2. **Sale of Project** – Prior to full repayment of the Loan, the Borrower may not sell the Project, in whole or in part, without the Lender's prior written consent and the assumption of the Loan by a purchaser of the Project shall not be permitted. Sale of the Property without the Lender's prior written consent shall be deemed an event of default under this Commitment and the Security documents.
3. **Real Property Taxes** – the Borrower shall pay when due to the taxing authority or authorities having jurisdiction all property taxes and provide to the Lender evidence of such payment at least quarterly or as otherwise requested from time-to-time by the Lender.
4. **Ongoing Disclosure** - at the Lender's request from time-to-time, the Borrower shall provide the Lender with ongoing Project information including, but not limited to, working and final architects' / engineers' drawings; construction budgets; artist's renderings; floor plans for the proposed units and Project Monitor reports.
5. **Harmonized Sales Tax** – Borrower accepts full responsibility for remittance and payment of any and all HST due and the monthly submission and collection of all HST claims and credits. The approved Project Budget shall include the net difference for HST paid less HST recovered.
6. **Lender's Sign** – the Lender shall have the right, but shall not be obligated, at the Lender's cost, to place a sign on the Project lands at any time after execution of the Commitment by the Borrower but prior to full repayment of the Loan, which sign shall state that the Lender has assisted with the financing of the Project. The Lender, at the Lender's cost, shall be permitted to take down the sign at any time prior to full repayment of the Loan. Following full repayment of the Loan, the Borrower shall be permitted to take down such sign at any time at the Borrower's cost.
7. **Governing Laws** - the Commitment and Loan shall be governed by and construed under laws of the Province of Ontario and the laws of Canada as applicable therein.

8. **Lender's Legal Counsel**

Blaney McMurtry LLP
2 Queen Street East
Suite 1500
Toronto, Ontario
M5C 3G5

Attention: Mr. Steven Jeffery



9. Borrower's Legal Counsel:

Harris + Harris
2355 Skymark Avenue
Suite 200
Mississauga, ON
L4W 4Y6
Attn: Mr. Gregory Harris

10. Other Conditions: See Schedule "D".

11. Reporting: See Schedule "E"

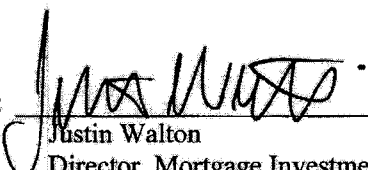
12. Letter to Tax Authorities: See Schedule "G"

13. Privacy Act Consent: See Schedule "H"

If you are in agreement with the foregoing terms and conditions, please indicate by signing and returning one copy of this Commitment to the Lender's office by Friday, October 30, 2015, failing which this letter shall, at the Lender's option, be deemed null and void.

Yours truly,

KINGSETT MORTGAGE CORPORATION

Per: 
Justin Walton
Director, Mortgage Investments

Per: 
Scott Coates
Managing Director, Mortgage Investments

****Borrower and Guarantor Acknowledgement on next page****




ACKNOWLEDGEMENT

The terms and conditions of this Commitment are hereby acknowledged and agreed to by the Borrower and Guarantors at 11:30AM this 30th day of October, 2015.

BORROWER:
TEXTBOOK (256 RIDEAU STREET) INC.

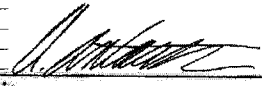
Per: 
Name: John Davies
Title: Co-President

Per: 
Name: Walter Thompson
Title: Co-President

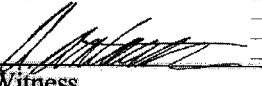
I/we have authority to bind the Corporation.

GUARANTORS:


Mr. John Davies


Witness
Name: Andre Antanaitis
Address: 51-A Caldari Road, Vaughan, ON


Mr. Walter Thompson


Witness
Name: Andre Antanaitis
Address: 51-A Caldari Road, Vaughan, ON

SCHEDULE "A"
CONSTRUCTION INSURANCE REQUIREMENTS CHECKLIST

1. All insurance policies must be forwarded to our insurance consultant for review. The cost of such review shall be for the account of the Borrower.
2. All insurance policies shall be in form and with insurers reasonably acceptable to the Lender and contain the original signatures of the insurers.
3. **KingSett Mortgage Corporation** must be shown as **First Mortgagee** and Loss Payee under the Builder's Risk and, where applicable, Boiler and Machinery Insurance policies.
4. The Borrower/Registered Owner must be shown as a Named Insured or Additional Named Insured under all policies of insurance in force with respect to the subject Project.
5. The insurers, policy numbers, policy limits, policy term, applicable reasonable deductibles and the location of the Property as an insured location must be shown on the insurance policies.
6. The Builder's Risk and, where applicable, Boiler and Machinery policies shall contain a standard mortgage clause in favour of **KingSett Mortgage Corporation**.
7. All policies of insurance must provide **KingSett Mortgage Corporation** with at least 30 days' prior written notice of adverse material change or cancellation, except for the non-payment of premium, in which case the Statutory Conditions may apply.
8. There needs to be evidence of Builders Risk insurance written on an **All Risk or Broad Form** basis, subject to the latest CCDC policy wording.
9. The Builders Risk insurance needs to insure 100% of the projected **Hard Costs** and not less than 25% of the projected recurring **Soft Costs**.
10. There needs to be evidence of full **By-laws** extensions, including the increased cost of construction, cost of demolition of the undamaged portion of the property and resultant loss of income.
11. There needs to be evidence of **Earthquake** insurance.
12. There needs to be evidence of **Flood** insurance
13. There needs to be evidence of **Sewer Back-Up** insurance
14. The Builders Risk policy needs to include a "**Permission to Occupy**" clause.
15. The Builders Risk policy needs to include **Delayed Rental Income / Soft Costs** insurance to cover the anticipated loss of revenue for one year, which may be incurred in the event of an insured loss, during construction.
16. Please provide copies of all policy "**Warranties**" that apply.
17. The Builder's Risk policy will provide coverage for the, **installation, testing and commissioning, of machinery and equipment**.
18. There must be evidence of comprehensive Boiler and Machinery insurance covering all central HVAC and miscellaneous electrical equipment (and production machinery where applicable) for explosion, electrical and mechanical breakdown.



19. Such other insurance as **KingSett Mortgage Corporation** may reasonably require given the nature of the security and that which a prudent owner of similar security would purchase and maintain, or cause to be purchased and maintained.

There must be full, original, certified, endorsed copies of the insurance policies provided to **KingSett Mortgage Corporation**, as soon as available from the insurers. (The certified policy copies should be available within 60 to 90 days). Signed Certificates or Binders of Insurance addressing the above will suffice as insurance evidence for closing purposes.

Certificates or Binders of Insurance are not acceptable if they contain the words, "This certificate is issued as a matter of information only and confers no rights upon the certificate holder" and the words "will endeavour to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" under the cancellation clause.



SCHEDULE "A" CONTINUED
CONSTRUCTION LIABILITY INSURANCE REQUIREMENTS CHECKLIST

1. All insurance policies must be forwarded to our insurance consultant for review. The cost of such review shall be for the account of the Borrower.
2. All insurance policies shall be in form and with insurers reasonably acceptable to the Lender and contain the original signatures of the insurers.
3. The insurers, policy numbers, policy limits, policy term, applicable reasonable deductibles and the location of the Property as an insured location must be shown on the insurance policies.
4. All policies of insurance must provide **KingSett Mortgage Corporation** with at least 30 days' prior written notice of adverse material change or cancellation, except for the non-payment of premium, in which case the Statutory Conditions may apply.
5. **KingSett Mortgage Corporation** must be an Additional Insured under all Liability Insurance policies covering the Property with respect to claims arising out of the operations of the Named Insured.
6. Such other insurance as **KingSett Mortgage Corporation** may reasonably require given the nature of the security and that which a prudent owner of similar security would purchase and maintain, or cause to be purchased and maintained.

Owners Liability:

7. There must be evidence of **Owners' liability insurance**, with a minimum limit of **\$5,000,000** per occurrence or such other limit as may agreed to by lender, unless the owner has purchased a Wrap-up Liability policy.

Contractors Liability:

8. There must be evidence of **Contractors Liability insurance**, with a minimum limit of **\$5,000,000** per occurrence or such other limit as may agreed to by lender.
9. The **Borrower/Owner** must be added as an Additional Named Insured under any Contractor's Liability insurance, but only with respects to claims arising out of the operations of the Named Insured.

Wrap-up Liability:

10. There must be evidence of Wrap-Up Liability insurance, with a minimum limit of **\$5,000,000** per occurrence
11. The **Borrower/Owner** must be added as an **Additional Named Insured** under the Contractor's Wrap-up Liability insurance, but only with respects to claims arising out of the operations of the Named Insured.

Other:

12. The Lender will not accept evidence of insurance on a CSIO form, or an ACORD Form # 25 (or their equivalents), due to the limitation in the wording as to its efficacy, and the restrictive cancellation provisions.



13. Evidence of Professional Liability (Errors & Omission) insurance is required for the architect and engineer.

There must be full, original, certified, endorsed copies of the insurance policies provided to **KingSett Mortgage Corporation**, as soon as available from the insurers. (The certified policy copies should be available within 60 to 90 days). Signed Certificates or Binders of Insurance addressing the above will suffice as insurance evidence for closing purposes.

Certificates or Binders of Insurance are not acceptable if they contain the words, "This certificate is issued as a matter of information only and confers no rights upon the certificate holder" and the words "will endeavour to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" under the cancellation clause.

(end of Schedule "A")



**SCHEDULE "B"
PROJECT BUDGET**

The total Project Budget has been represented by the Borrower as set out below and shall be reviewed by the Project Monitor):

Facility 1:

USE OF FUNDS			SOURCE OF FUNDS			
		PSF		%	PSF	
Land Cost	\$11,000,000	\$47	VTB Loan	50%	\$5,500,000	\$23
			KingSett Facility 1	25%	\$2,750,000	\$12
			Total Debt:	75%	\$8,250,000	\$35
			Borrower's Equity	25%	\$2,750,000	\$12
TOTAL:	\$11,000,000	\$47	TOTAL:	100%	\$11,000,000	\$47

(the "Facility 1 Budget")

Facility 2 and 3:

USE OF FUNDS			SOURCE OF FUNDS			
		PSF		%	PSF	
Land Cost	\$11,000,000	\$47	KingSett Facility 2	70%	\$47,120,000	\$201
Closing Costs	\$4,655,570	\$20	KingSett Facility 3	15%	\$10,050,000	\$43
Hard Costs	\$33,727,560	\$144	Total KingSett Debt:	85%	\$57,170,000	\$243
Soft Costs	11,334,817	\$48				
Construction Management	1,060,344	\$5	Tier 1 Financing	11%	\$7,404,338	\$32
HST Net of Rebate	4,539,152	\$19	Borrower's Equity	4%	\$2,750,000	\$12
Contingencies	1,006,896	\$4				
TOTAL:	\$67,324,338	\$286	TOTAL:	100%	\$67,324,338	\$286

(the "Facility 2 and 3 Budget")

The Facility 1 Budget and the Facility 2 Budget shall be collectively defined in the Commitment as the "Project Budget".

The Borrower and/or applicable Guarantor shall be required to finance any and all Project Budget overruns from its/their own financial resources and not from proceeds advanced under the Loan.

(end of Schedule "B")



SCHEDULE "C"
PROJECT MONITOR MANDATE / REPORTING

A. Preliminary Report Prior to Initial Funding:

Project Monitor to review and comment on the following:

1. Borrower's proposed detailed Project budget.
2. All Project architectural and engineering plans, drawings and specifications along with all related architectural and engineering fee-for-service soft cost contracts.
3. Construction management contract, if applicable.
4. Environmental site assessment report(s) and Geotechnical report(s), if any.
5. Borrower's proposed construction time schedule and project cash flow.
6. All material cost-items, contracts and change orders with major trades.
7. Building permits, development and other municipal / regional agreements, management agreements, consultant's agreements including design, sales, legal and marketing.
8. Review all existing leases and confirm tenant improvements/inducement, rents and deposits carried in the Project budget.
9. All loan agreements and commitment letters, amendments for the financing of the proposed Project. Project Monitor to confirm reasonableness of the interest expense carried in the budget.

Project Monitor to prepare a preliminary report inclusive of the following information:

1. The Project budget, as revised by the Borrower and approved by the Lender, further to the Project Monitor's recommendations.
2. Confirm and monitor Borrower's Minimum Project Equity is maintained in the Project at all times.
3. Review the construction time schedule and project cash flow. Project Monitor to re-confirm reasonableness of schedule to the Lender.
4. Identify any potential issues that may affect the completion of the Project in accordance with the Project budget and the construction time schedule.
5. Any additional recommendation as they become apparent during Project Monitor's review and discussions with the Borrower and/or Lender.

B. Progress Draw Reports Prior to Subsequent Advances for Cost-In-Place:

During construction of the Project submit monthly progress draw reports to the Lender, including the following:

1. Conduct monthly site inspections prior to every draw request, including photographs and commentary on all cost-in-place and status of Project.
2. Update and confirm costs of work completed to-date, work-in-place, holdback amounts, value of change orders, and estimate of cost-to-complete of the Project.
3. Review and comment on any changes to Project scope or budget, including revised drawings, if applicable.
4. Identify any existing or potential issues that may affect Project completion within the Budget.
5. Receipt and receive of standard form Statutory Declaration of Progress Payment Distribution and WSIB certificate.
6. Project monitor certificate per section C.4.c) ii.

(end of Schedule "C")



SCHEDULE "D"
OTHER CONDITIONS

1. Subsequent indebtedness to the Loan, secured or unsecured (excluding normal course trade payables arising in connection with the business of the Borrower), is not permitted in connection with the Property without the prior written consent of the Lender. Subsequent indebtedness to the Loan, secured or unsecured, without the Lender's prior written consent shall constitute default under the Commitment and Security documents.
2. Prior to full repayment of the Loan, the Borrower may not sell the Property, in whole or in part, without the Lender's prior written consent and the assumption of the Loan by a purchaser of the Property, or part thereof, shall be subject to the prior written approval of the Lender, which approval may be arbitrarily withheld, delayed or conditioned. Sale of the Property, in whole or in part, without the Lender's prior written consent shall constitute default under the Commitment and Security documents. This paragraph does not apply to individual townhome unit sales to arm's length purchasers.
3. A change in ownership of the Borrower shall not be permitted without the Lender's prior written consent, which consent may be arbitrarily withheld, delayed or conditioned. A change in ownership of the Borrower without the Lender's prior written request shall constitute default under the Commitment and Security documents.
4. The Borrower shall pay when due to the taxing authority or authorities having jurisdiction all property taxes and provide to the Lender evidence of such payment annually or as otherwise requested from time-to-time by the Lender.
5. Loan disbursements shall take place only on title to the Property being acceptable to our solicitors and all matters in connection with the Security and other documentation deemed necessary or advisable by our solicitors being complied with by the Borrower and all Security and other instruments and agreements to evidence and secure the Loan being duly executed with evidence of registration where applicable.
6. The Lender shall require a satisfactory opinion and report from its solicitors regarding any encumbrances, financial charges or claims registered or to be registered against the Property.
7. The Lender shall require evidence of all corporate authorities together with an opinion of the Borrower's counsel as to usual matters such as: corporate authorities, absence of litigation, delivery of security and execution of all security listed herein.
8. The Borrower and guarantor(s) shall indemnify and save harmless the Lender and its officers, agents, trustees, employees, contractors, licensees or invitees from and against any and all losses, damages, injuries, expenses, suits, actions, claims and demands of every nature whatsoever arising out of the provisions of this Commitment and the Security, any letters of credit or letters of guarantee issued or indemnified, sale or lease of the Property and/or the use or occupation of the Property including, without limitation, those arising from the right to enter the Property from time to time and to carry out the various tests, inspections and other activities permitted by the Commitment and the Security.



In addition to any liability imposed on the Borrower and Guarantor(s) under any instrument evidencing or securing the Loan indebtedness, the Borrower and Guarantor(s) shall be jointly and severally liable for any and all of the Lender's costs, expenses, damages or liabilities, including,

without limitation, all reasonable legal fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances. The representations, warranties, covenants and agreements of the Borrower and Guarantor(s) set forth in this subparagraph:

- a) are separate and distinct obligations from the Borrower's and guarantor(s)' other obligations;
 - b) survive the payment and satisfaction of the Borrower's and guarantor(s)' other obligations and the discharge of the Security from time to time taken as security therefore;
 - c) are not discharged or satisfied by foreclosure of the charges created by any of the Security; and
 - d) shall continue in effect after any transfer of the land including, without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial) or by any transfer in lieu of foreclosure.
9. The Lender's Commitment and the Security may not be assigned, transferred or otherwise disposed of by the Borrower without the Lender's prior written consent. However, the Commitment and Security or any interest therein may be assigned or participated by the Lender (and its successors and assigns), in whole or in part, without the consent of the Borrower. Except as hereinafter provided, the Borrower consents to the disclosure by the Lender to any such prospective assignee or participant of all information and documents regarding the Loan, the Property and the Borrower within the possession or control of the Lender.
10. The Borrower accepts full responsibility for remittance and payment of any and all GST/HST due and the submission of GST/HST credits or claims.
11. The Borrower acknowledges that the Lender may inspect the Property at any time at the expense of the Borrower.

In the event of the Borrower failing to pay any amount when due or being in breach of any covenant, condition or term of the commitment or the Security, or if any representation made by the Borrower and any guarantor or their respective agents, or any information provided by them is found to be untrue or incorrect, or if any Event of Default as defined in the Security occurs, or if in the sole opinion of the Lender, a material adverse change occurs relating to the Borrower, the Property, any guarantor of the Loan or the risk associated with the Loan, the Borrower shall, at the option of the Lender, be in default of its obligations to the Lender and the Lender may cease or delay further funding or may exercise any and/or all remedies available to it at law and/or in equity. Further, the Lender may, at its option, on notice to the Borrower, declare the principal and interest on the Loan, and any other amount due under the commitment forthwith due and payable, whereupon the same shall be and become immediately due and payable in full.



12. No extension, postponement, forbearance, delay, or failure on the part of Lender in the exercise of any power, right or remedy under this Commitment or any Security agreement or instrument executed in connection therewith or evidencing or securing the Loan, or at law or in equity, shall operate as a waiver thereof, nor shall a single or partial exercise of any power, right or remedy preclude other or further exercise thereof or the exercise of any other power, right or remedy. Neither the acceptance of any payment nor the making of any concession by the Lender at any time during the existence of a default shall be construed as a waiver of any continuing default or of any of the Lender's rights or remedies. All of the powers, rights and remedies of the Lender shall be cumulative and may be exercised simultaneously or from time to time in such order or manner as the Lender may elect. No waiver of any condition or covenant of the Borrower or of the breach of any such covenant or condition shall be deemed to constitute a waiver of any other covenant or condition or of any subsequent breach of such covenant or condition or justify or constitute a consent to or approval by Lender of any violation, failure or default by Borrower of the same or any other covenant or condition contained in the Loan, the Commitment or the Security or any other document or instrument executed in connection therewith.
13. The waiver by the Lender of any breach or default by the Borrower of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or default by the Borrower. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Security shall not constitute a waiver thereof.
14. The Borrower agrees that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
15. If the Borrower is comprised of more than one person or corporation, the obligations shall be the joint and several obligations of each such person or corporation comprising the Borrower unless otherwise specifically stated herein.
16. Time is of the essence in this Commitment.
17. The Borrower will repay all indebtedness to the Lender on or before the Maturity Date, if so permitted pursuant to this Commitment letter, and, prior to the repayment of the Loan in full, hereby covenants to promptly pay its taxes, protect its property by contest of adverse claims, maintain required insurance, perform its obligations under contracts and agreements, obtain, where applicable, all necessary approvals for construction and use of the Property, comply with all governmental rules and regulations, permit reasonable inspections by the Lender and its agents of the Property and of all records pertaining to the Property.
18. The representations, warranties, covenants and obligations herein set out shall not merge or be extinguished by the execution or registration of the Security but shall survive until all obligations under this Commitment and the Security have been duly performed and the Loan, interest thereon and any other moneys payable to the Lender are repaid in full.
19. The Borrower will provide the usual warranties and representations respecting: accuracy of financial statements and that there has been no material adverse change in the Borrower's financial condition or operations, as reflected in the financial statements used to evaluate this credit; title to the Property charged by the Security; power and authority to execute and deliver



documents; accuracy of documents delivered and representations made to Lender; no pending adverse claims; no outstanding judgments; no defaults under other agreements relating to the Property; preservation of assets; no undefended material actions, suits or proceedings; payment of all taxes; no consents, approvals or authorizations necessary in connection with documentation; compliance of any construction related to the Property with all laws; no other charges against mortgaged lands except permitted encumbrances; all necessary services available to the Property; no hazardous substances used, stored, discharged or present on the mortgaged lands and will warrant such other reasonable matters as Lender or its legal counsel may require.

20. No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of the Lender and accepted by a duly authorized officer of the Borrower.
21. Any word importing the singular or plural shall include the plural and singular respectively. If any party is comprised of more than one entity, the obligations of each of such entities shall be joint and several. Any word importing persons of either gender or firms or corporations shall include persons of the other gender and firms or corporations were the context so requires.
22. The headings and section numbers appearing in this Commitment are included only for convenience of reference and in no way define, limit, construe or describe the scope or intent of any provision of this Commitment.
23. The parties agree that this Commitment and the Security documents and the acceptance thereof by all parties may be made by facsimile transmission or by certified electronic signature and electronic transmission.
24. In the event of any inconsistency or conflict between any of the provisions of the Commitment and any provision or provisions of the Security, the provisions of the Commitment will prevail.

(end of Schedule "D")



SCHEDULE "E" REPORTING

Borrower shall provide the Lender with copies of the following for the Property:

1. Any and all insurance policy renewals and/or amendments within ten (10) business days of the issuance thereof. The Lender may, in its unfettered discretion, require its insurance consultant to conduct an insurance review at the Borrower's expense.
2. Property tax statements supported by proof of payment on an annual basis or as otherwise requested by the Lender from time to time.
3. Review Engagement or auditor prepared certified financial statements for the registered and beneficial owners of the Property and for each corporate guarantor prepared by a chartered accountant within 90 days of each fiscal year end.
4. Regular Project Budgets prepared and updated by the Project Monitor from time-to-time (i.e., until the Loan is repaid in full, the Borrower shall provide the Lender with a copy of each and every Project Monitor report prepared for the Borrower or the Lender).
5. Quarterly sales report in form acceptable to Lender

At the Lender's request from time-to-time, the Borrower shall provide the Lender with any other relevant updates regarding the Property.

(end of Schedule "E")

**SCHEDULE "F"
PRE-AUTHORIZED DEBIT ("PAD") FORM**

I/we authorize KingSett Mortgage Corporation ("KingSett") and the financial institution designated (or any other financial institution I/we may authorize at any time) to begin deductions as agreed under the KingSett loan agreement(s) for monthly regular recurring payment and/or one-time payments from time to time. Regular monthly interest payments will be debited from my/our specific account on the 1st business day of each month. KingSett will provide five (5) days written notice of the amount of each regular monthly debit. KingSett will obtain my/our authorization for any other one-time or irregular debits.

This authority is to remain in effect until KingSett has received written notification from me/us of its change or termination. This change or termination notification must be received by KingSett at least ten (10) business days before the next debit is scheduled at the address provided below.

KingSett may not assign this authorization, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least ten (10) days prior written notice to me/us.

I/we have certain recourse rights if any debit does not comply with this agreement. For example, I/we have the right to receive reimbursement for any debit that is not authorized by the KingSett loan agreement(s) or is inconsistent with this PAD agreement. To obtain more information on my/our recourse rights, I/we may contact your financial institution or visit www.cdnpay.com.

PAD Category: Personal Business Fund Transfer

PLEASE PRINT DATE: OCTOBER 23/15

Name(s): TEXTBOOK (256 RIDGEMAN STREET) INC. Loan Number: _____

Phone Number: 416-477-7744 ext 221 Purpose: Personal Business

Address: 51 CALDAEI ROAD, SUITE #A1M

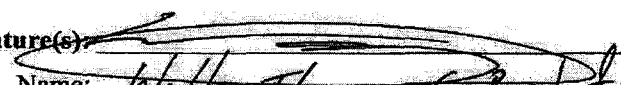
City/Town: CONCORD Province: ON Postal Code: L4K 4G3

FI Name: RBC (003) FI Transit Number: 00442
(branch-5 digits, FI-3 digits)

FI Account Number: 1003847

Address: BRACEBRIDGE BRANCH, 37 MANITOBA ST, PO Box 270

City/Town: BRACEBRIDGE Province: ON Postal Code: P1L 1T6

Authorized Signature(s): 

Name: Walter Thompson, Co-President

c/o KingSett Capital
Toronto-Dominion Centre, TD Bank Tower
66 Wellington Street West, Suite 4400
Toronto, Ontario M5K 1H6

www.kingsettcapital.com

(end of Schedule "F")

SCHEDULE "G"
NOTICE TO PROPERTY TAX AUTHORITY

Re: Borrower: TEXTBOOK (256 RIDGEM STREET) INC.
Property: 256 RIDGEM STREET, OTTAWA, ON & 211 BLSSEKER STREET, OTTAWA ON
Loan No.: _____

To Whom It May Concern:

Approval is being given to release any information verbally or in writing as requested by our mortgage company, KingSett Mortgage Corporation, regarding all matters related to taxes for the above-noted property. This is including but not limited to taxes outstanding, status of tax account, payments received and/or outstanding or copies of tax statements.

This approval will remain in full force and effect until the mortgage is paid in full.

Dated this 28 day of OCTOBER, 2015.

BORROWER:

TEXTBOOK (256 RIDGEM STREET) INC.

Per: 

WALTER THOMPSON


Witness

DIANNA CASSIDY

Property Civic Address:	<u>256 RIDGEM STREET</u> <u>OTTAWA, ON</u>	<u>211 BLSSEKER STREET</u> <u>OTTAWA, ON</u>
Roll Number:	<u>0614.021.001.04200.0000</u>	<u>0614.021.001.12600.0000</u>
(Please complete in full)		

(end of Schedule "G")



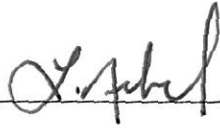
SCHEDULE "H"
PRIVACY ACT CONSENT

By signing this Commitment, each of you, being the parties signing (including all mortgagors and, if applicable, guarantor) agrees that the Lender is authorized and entitled to:

- a) Use your Personal Information (as hereinafter defined) to assess your ability to obtain your loan and to evaluate your ability to meet your financial obligations. This use includes disclosing and exchanging your Personal Information on an on-going basis with credit bureaus, credit reporting agencies and financial institutions or their agents, or to service providers, in order to determine and verify, on an on-going basis, your continuing eligibility for your loan and your continuing ability to meet your financial obligations. This use, disclosure and exchange of your Personal Information will continue as long as your loan is outstanding and will help protect you from fraud and will also protect the integrity of the credit-granting system; and
- b) Use, disclose and exchange, on an on-going basis, all the personal information collected by us or delivered by you to us from time to time in connection with your loan and any information obtained by us from time to time pursuant to paragraphs (a) above (collectively your "**Personal Information**") to other organizations which may fund all or any part of your loan and/or own all or any part of your loan and the security securing your loan from time to time and permit prospective investors in your loan to inspect your Personal Information.

(end of Schedule "H")

This is **Exhibit "D"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in black ink, appearing to be "L. J. [unclear]", written over a horizontal line.

A Commissioner, Notary Public, etc.

Properties

PIN 04210 - 0004 LT *Interest/Estate* Fee Simple
Description LT 7, PL 6 , S OF RIDEAU ST, S/T & T/W CR180805 ; OTTAWA
Address 256 RIDEAU STREET
 OTTAWA

PIN 04210 - 0009 LT *Interest/Estate* Fee Simple
Description PCL 7-1, SEC 6 ; LT 7, PL 6 , PART 1 - 3 , 4R919 , N OF BESSERER, T/W CR648921 ;
 OTTAWA
Address 211 BESSERER STREET
 OTTAWA

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name TEXTBOOK (256 RIDEAU STREET) INC.
Address for Service 51 Caldari Road, Suite A1M, Concord, ON, L4K 4G3

I, Walter Thompson, Co-President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name PHOENIX PROPERTIES INC.
Address for Service 18 Bentley Avenue, Ottawa, Ontario, K2E 6T8

Statements

Schedule: See Schedules

Provisions

Principal \$ 5,500,000.00 *Currency* CDN
Calculation Period semi-annually, not in advance
Balance Due Date 2016/03/05
Interest Rate 6.0% per annum
Payments
Interest Adjustment Date 2015 11 06
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Additional Provisions

Signed By

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Signed 2015 11 06
Mississauga Chargor(s)
L4W 4Y6
Tel 905-629-7800
Fax 905-629-4350

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

HARRIS + HARRIS LLP 2355 Skymark Ave, Ste 300 2015 11 06
Mississauga
L4W 4Y6
Tel 905-629-7800
Fax 905-629-4350

Fees/Taxes/Payment

Statutory Registration Fee \$62.85
Total Paid \$62.85

File Number

Chargor Client File Number : 13575
Chargee Client File Number : 46436-1036 SRP/SJA/DV

Schedule

This is a Schedule to the Charge made between Textbook (256 Rideau Street) Inc. (the "Chargor") and Phoenix Properties Inc. (the "Chargee") (the "Charge").

Additional Provisions

1. STANDARD CHARGE TERMS

Standard Charge Terms No. 200033 shall form part of the terms of the Charge. Standard Charge Terms No. 200033, are hereby amended as follows:

(a) Term 8 is amended and supplemented as follows:

(i) by adding after the word "satisfy" in the seventh last line thereof, the following: "in whole or in part";

(b) To the extent that any other term, either in whole or in part, is in conflict or inconsistent with any provision in the within Charge, the same shall be deemed to be and is hereby either amended or deleted to the extent required in order to give full force and effect to such provision with which it is either in conflict or inconsistent.

2. INTEREST AND PAYMENTS

(a) The whole of the principal amount secured by this Charge, being \$5,500,000.00, shall bear interest at the rate of interest per annum equal to 6.00% per annum calculated semi-annually not in advance.

(b) The said principal sum of \$5,500,000.00 and all accrued interest payable on said sum shall become fully due and payable on the 120th day from the date of registration of this Charge, being March 4, 2016.

3. PREPAYMENT PRIVILEGE

The Chargor shall be entitled to prepay, at any time and from time to time, the principal amount secured by this Charge together with any accrued and unpaid interest, in whole or in part, without bonus or penalty by remitting such amount to the Chargee's solicitors, In Trust, by certified cheque or bank draft.

4. SALE OF LAND

In the event the Chargor sells, conveys, transfers or otherwise disposes of the whole or any part of the subject property without the Chargee's prior written consent, then all monies hereby secured shall forthwith become due and payable upon demand.

5. DISCHARGE

At such time as the Chargee's solicitors confirm receipt of the full amount to repay this Charge, the Chargee shall deliver to the Chargor a discharge of this Charge, in registerable form, for registration at the Chargor's expense.

6. COLLECTION COSTS

The Chargor agrees that in the event that it becomes necessary for the Chargee to incur any expense or to engage the services of a solicitor, bailiff, collection agent or other person to recover any sum of money due to the Chargee under the terms of this Charge or to enforce any obligation to the Chargor hereunder, then all such sums expended by the Chargee shall be a charge upon the charged property in favour of the Chargee and shall bear interest at the rate of interest set out herein.

7. TAXES

The Chargor covenants and agrees to pay as they fall due all taxes, rates and assessments, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the subject property. The Chargor shall provide satisfactory evidence of payment of the foregoing

Schedule

This is a Schedule to the Charge made between Textbook (256 Rideau Street) Inc. (the "Chargor") and Phoenix Properties Inc. (the "Chargee") (the "Charge").

amounts upon request of the Chargee provided such evidence shall not be requested by the Chargee more often than annually.

8. APPOINTMENT OF RECEIVER/MANAGER

Whenever the security hereby constituted shall become enforceable, and so long as it shall remain enforceable, the Chargee may, by instrument or instruments in writing or by proceedings in any court of competent jurisdiction, appoint any person to be a Receiver (which term shall include a Receiver and Manager) of all or part of the property hereby charged, including any rents and profits therefrom, and may remove any Receiver and appoint another in his stead, and such Receiver so appointed shall have power to take possession of the property and assets charged hereunder (and, if applicable, to carry on and be in charge of any further construction or completion of the property charged hereunder) and to sell and charge, or concur in the selling or charging, of all or any of the property and to lease or rent any or all of the property and to collect such rents and apply same against the indebtedness due to the Chargee hereunder, and to take such proceedings which the Receiver may deem necessary or desirable in the name of the Chargor, or otherwise, provided that nothing herein shall constitute the Chargee herein a chargee in possession or an "Owner" within the meaning of the Construction Lien Act (Ontario) or otherwise. The rights and powers conferred by this paragraph are in addition to and not in substitution for any other right of the Chargee herein, and for all purposes and powers of the Receiver, the Receiver shall have and may in the discretion of the Chargee be vested with all or any of the rights and powers of the Chargee. Any such Receiver shall, for all purposes, be deemed the agent of the Chargor and not the agent of the Chargee, and the Chargee shall not in any way be responsible for any misconduct, negligence or non-feasance on the part of such Receiver. The Chargee may from time to time fix the remuneration of such Receiver and direct the payment thereof out of the money received from the property charged hereunder, and all such remuneration and any and all reasonable costs of any Receiver shall be added to the debt hereby secured and shall bear interest at the rate provided for in the Charge to be paid. Any such Receiver may be vested with all or any of the powers and discretions of the Chargee, and except as otherwise may be directed by the Chargee, all the moneys from time to time received by the Receiver shall be held in trust for and paid over to the Chargee. The Chargee, in appointing or refraining from appointing such Receiver, shall not incur any liability to the Receiver, or to the Chargor.

9. ELECTRONIC REGISTRATION

The delivery of this Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. The Chargor agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for electronic registration to do so.

This is **Exhibit "E"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017



A Commissioner, Notary Public, etc.

Properties

PIN 04210 - 0004 LT
 Description LT 7, PL 6, S OF RIDEAU ST, S/T & T/W CR180805 ; OTTAWA
 Address 256 RIDEAU STREET
 OTTAWA

PIN 04210 - 0009 LT
 Description PCL 7-1, SEC 6 ; LT 7, PL 6, PART 1 - 3, 4R919, N OF BESSERER, T/W CR648921 ;
 OTTAWA
 Address 211 BESSERER STREET
 OTTAWA

Source Instruments

Registration No.	Date	Type of Instrument
OC1738362	2015 11 06	Charge/Mortgage

Transferor(s)

This transfer of charge affects all lands that the charge is against which are outstanding.

Name PHOENIX PROPERTIES INC.
 Address for Service 18 Bentley Avenue
 Ottawa, Ontario
 K2E 6T8

I, CUCKOO KOCHAR, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Transferee(s)

Capacity

Share

Name KINGSETT MORTGAGE CORPORATION
 Address for Service Toronto-Dominion Centre
 TD Bank Tower, 66 Wellington Street West
 Suite 4400, P. O. Box 163
 Toronto, Ontario
 M5K 1H6

Statements

The chargee transfers the selected charge for \$2.00.

Signed By

Steven Peter Jeffery	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Transferor(s)	Signed	2015 11 06
Tel 416-593-1221				
Fax 416-593-5437				

I have the authority to sign and register the document on behalf of the Transferor(s).

Steven Peter Jeffery	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Transferee(s)	Signed	2015 11 05
Tel 416-593-1221				
Fax 416-593-5437				

I have the authority to sign and register the document on behalf of the Transferee(s).

Submitted By

BLANEY MCMURTRY LLP

2 Queen Street East Suite 1500
Toronto
M5C 3G5

2015 11 06

Tel 416-593-1221

Fax 416-593-5437

Fees/Taxes/Payment

Statutory Registration Fee \$62.85

Total Paid \$62.85

File Number

Transferor Client File Number : 1028550033

This is **Exhibit "F"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017



A Commissioner, Notary Public, etc.

AGREEMENT AMENDING CHARGE

THIS AGREEMENT made as of the 5th day of March, 2016

BETWEEN:

TEXTBOOK (256 RIDEAU STREET) INC., a corporation incorporated pursuant to the laws of the Province of Ontario

(hereinafter called the "Mortgagor")

- and -

KINGSETT MORTGAGE CORPORATION

(hereinafter called the "Mortgagee")

WHEREAS Phoenix Properties Inc. ("Phoenix"), as vendor, entered into an agreement of purchase and sale dated May 6, 2015 with GenerX Urban Development Corp., as purchaser (the "Purchase Agreement") relating to the real property at 256 Rideau Street, Ottawa, Ontario (the "Property");

AND WHEREAS GenerX Urban Development Corp. assigned its interest in the Purchase Agreement to the Mortgagor;

AND WHEREAS the Purchase Agreement provided for satisfaction of a portion of the purchase price thereunder by the giving of a vendor take-back mortgage by the Mortgagor to Phoenix in the principal amount of \$5,500,000 (which charge/mortgage, as it may be amended, renewed, extended or substituted for, is hereafter referred to as the "Mortgage");

AND WHEREAS the Mortgage was registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) (the "Registry Office") on November 6, 2015, as Instrument No. OC1738362, securing the principal sum of \$5,500,000 with interest on the terms and subject to the conditions therein;

AND WHEREAS pursuant to an assignment of mortgage and debt made as of November 5th, 2015, Phoenix agreed to sell, transfer and assign to the Mortgagee its rights, benefits, title and interest in, to and under the Mortgage and the indebtedness of the Mortgagor to Phoenix secured by the Mortgage (the "Indebtedness"), and the Mortgagee agreed to purchase the Mortgage and the Indebtedness from Phoenix, on the terms and subject to the conditions set out therein.

AND WHEREAS a transfer of the Mortgage from Phoenix to the Mortgagee was registered in the Registry Office on November 6, 2015, as Instrument No. OC1738365;

AND WHEREAS the Mortgagor and the Mortgagee have agreed to extend the maturity date of and otherwise amend the Mortgage upon the terms and conditions hereinafter set out;

NOW THEREFORE IN CONSIDERATION of the agreements set out herein and the sum of \$2.00 now paid by each of the parties hereto to each of the others (the receipt and sufficiency of which are hereby acknowledged by each of the parties), it is covenanted and agreed as follows:

1. The Mortgagor and the Mortgagee agree that the Calculation Period in the Provisions section on page 1 of the Mortgage is amended to "daily and payable monthly".
2. The Mortgagor and the Mortgagee agree that the Balance Due Date in the Provisions section on page 1 of the Mortgage is amended to "2016/08/01".
3. The Mortgagor and the Mortgagee agree that the Interest Rate in the Provisions section on page 1 of the Mortgage is amended to "8.0% per annum".
4. The Mortgagor shall pay an extension fee of \$23,000 earned by and payable to the Mortgagee upon the Mortgagor's execution of this agreement. *and capitalised*

to the Mortgage amount payable.

5. Section 2(a) of the schedule attached to the Mortgage is deleted and replaced with the following:

"Effective March 5, 2016, the whole of the principal amount secured by this charge, being ~~\$5,500,000.00~~, shall bear interest at the rate of interest per annum equal to 8.00% calculated ~~daily~~ and payable monthly."

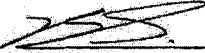
The Mortgagor agrees to pay interest accruing under the Mortgage from and after March 5, 2016 on the first day of each month, commencing with April 1, 2016.
6. Section 2(b) of the schedule attached to the Mortgage is deleted and replaced with the following:

"The said principal sum of \$5,500,000.00 and all accrued interest payable on said sum shall become fully due and payable on August 1, 2016."
7. Section 3 of the schedule attached to the Mortgage is deleted.
8. In all other respects the Mortgage, as amended by this agreement, is hereby ratified and confirmed.
9. Nothing herein contained shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or as against any party to the Mortgage or any other surety or other person whomsoever for the debt or any part thereof or as against any collateral which the Mortgagee may now or hereafter hold against the debt or any part thereof.
10. This Mortgage is cross-defaulted and cross-collateralized with the charge/mortgage granted by the Mortgagor in favour of the Mortgagee registered against title to the Property on November 6, 2015, as Instrument No. OC1738363 (the "Second Mortgage") and with all other charges/mortgages granted by the Mortgagor in favour of the Mortgagee from time to time hereafter. An Event of Default (as defined in the Second Mortgage) shall constitute a default under the Mortgage and a default under the Mortgage shall constitute an Event of Default. Both the Mortgage and the Second Mortgage shall secure the indebtedness referred to in the Mortgage and the Indebtedness (as defined in the Second Mortgage).
11. This agreement shall be read and construed along with and treated as part of the Mortgage, which shall be and continue to be in full force and effect, except as amended or varied hereby.
12. This agreement and everything herein contained shall enure to the benefit of and be binding upon the respective successors and assigns of each of the parties hereto.
13. This agreement may be executed in counterparts and all counterparts taken together shall constitute an executed copy of this agreement.

Signing page follows


IN WITNESS WHEREOF, the parties have executed this agreement.

KINGSETT MORTGAGE CORPORATION

Per: 
Name: Bryan Salazar
Title: Director, Mortgage Underwriting + Funding

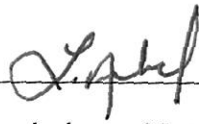
I have authority to bind the corporation.

TEXTBOOK (256 RIDEAU STREET) INC.

Per: 
Name: Walker Thompson
Title: Co-President

I have authority to bind the corporation.

This is **Exhibit "G"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in black ink, appearing to be "L. Phelps", written over a horizontal line.

A Commissioner, Notary Public, etc.

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 29

Properties

PIN 04210 - 0009 LT *Interest/Estate* Fee Simple
Description PCL 7-1, SEC 6 ; LT 7, PL 6 , PART 1 - 3 , 4R919 , N OF BESSERER, T/W CR648921 ;
 OTTAWA
Address OTTAWA

PIN 04210 - 0004 LT *Interest/Estate* Fee Simple
Description LT 7, PL 6 , S OF RIDEAU ST, S/T & T/W CR180805 ; OTTAWA
Address OTTAWA

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name TEXTBOOK (256 RIDEAU STREET) INC.
Address for Service 51-A Caldari Road
 Unit 1M
 Vaughan, Ontario
 L4K 4G3

I, WALTER THOMPSON, Co-President, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name KINGSETT MORTGAGE CORPORATION
Address for Service Toronto-Dominion Centre
 TD Bank Tower, 66 Wellington Street West
 Suite 4400, P. O. Box 163
 Toronto, Ontario
 M5K 1H6

Statements

Schedule: See Schedules

Provisions

<i>Principal</i>	\$ 2,750,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	See schedule		
<i>Balance Due Date</i>	See schedule		
<i>Interest Rate</i>	10% per annum		
<i>Payments</i>			
<i>Interest Adjustment Date</i>	2015 12 01		
<i>Payment Date</i>	See schedule		
<i>First Payment Date</i>	2016 01 01		
<i>Last Payment Date</i>			
<i>Standard Charge Terms</i>			
<i>Insurance Amount</i>	full insurable value		
<i>Guarantor</i>			

Signed By

Amy Carmen Lok	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Chargor(s)	Signed	2015 11 06
Tel	905-629-7800			
Fax	905-629-4350			

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

HARRIS + HARRIS LLP	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6		2015 11 06
Tel	905-629-7800		
Fax	905-629-4350		

Fees/Taxes/Payment

Statutory Registration Fee	\$62.85
Total Paid	\$62.85

File Number

Chargor Client File Number :	13947
Chargee Client File Number :	1028550033/TEXTBOOK

SCHEDULE - ADDITIONAL PROVISIONS

ARTICLE 1 INTERPRETATION

1.1 Definitions

Capitalized terms used in this Charge shall have the respective meanings assigned to them in Appendix I attached hereto.

1.2 Interpretation and Headings

The Chargor acknowledges that this Charge and each of the other Loan Documents are the result of negotiations between the parties and shall not be construed in favour of or against any party by reason of the extent to which any party or its legal counsel participated in its preparation or negotiation. The words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge including, without limitation, these additional provisions, and not to any particular Section or other portion thereof or hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. The words "Article", "Section", and "Subsection", and similar expressions refer to the specified article, section, subsection or other portion of this Schedule. Words in the singular include the plural and words in the plural include the singular. Words importing the masculine gender include the feminine and neuter genders where the context so requires. Words importing the neuter gender include the masculine and feminine genders where the context so requires. The headings do not form part of this Charge and have been inserted for convenience of reference only. Any reference to "including" shall mean "including without limitation" whether or not expressly provided. If more than one Person is named as, or otherwise becomes liable for or assumes the obligations and liabilities of the Chargor, then all such Persons shall be jointly and severally liable for all such obligations and liabilities.

ARTICLE 2 CHARGE, PAYMENT AND INTEREST

2.1 Charge

To secure the full and timely payment and performance of the Indebtedness, the Chargor hereby charges the Charged Property to the Chargee. The Charge shall operate until all Indebtedness is fully paid and performed to the Chargee in the manner contemplated by the Charge and the other Loan Documents.

2.2 Covenant to Pay

The Chargor hereby acknowledges itself indebted and covenants with the Chargee to pay the indebtedness to the Chargee as and when provided in this Charge without any deduction, set-off, abatement, or counterclaim.

2.3 Interest Rate

The Principal Amount shall bear and accrue interest at the Interest Rate both before and after default, demand, maturity and judgment until paid.

2.4 Payment

The Chargor shall pay the Indebtedness to the Chargee as follows:

- (a) interest at the Interest Rate on the Principal Amount or such portion as may be advanced from time to time, calculated daily from the respective dates of such advances, shall become due and payable in monthly installments on the first day of each calendar month following the date of advance and on the first day of each and every month thereafter and, at the option of the Chargee, may be deducted from any advance;

- (b) any part of the Indebtedness that is not principal or interest on principal will be payable on demand with interest thereon at the Interest Rate; and
- (c) the Principal Amount will become due and payable on the applicable Maturity Date.

2.5 Prepayment

The Chargor shall not have the right to prepay all or any part of the Principal Amount prior to any Maturity Date.

2.6 Prepayment Charge

Intentionally deleted.

2.7 Timing and Place of Payment

Notwithstanding any other provision of this Charge, all payments under this Charge shall be made to the Chargee or as it may direct in writing by electronic direct-debit transfer before 1:00 o'clock in the afternoon (Eastern Standard Time) on any day on which payment is to be made. The Chargor shall provide all written authorizations and sample cheques as the Chargee may require from time to time. If for any reason the electronic direct-debit transfer for any payment is made after 1:00 o'clock in the afternoon (Eastern Standard Time) on any particular day, such payment will be deemed to have been made on the next following Business Day for the purpose of calculating interest. If an electronic direct-debit transfer is not made on the day such payment is required to be made, the Chargor will immediately pay the Chargee a reasonable servicing fee as determined by the Chargee or its servicer to cover the administration costs and expenses arising therefrom. Until paid, such servicing fee, together with interest thereon at the Interest Rate shall be added to the Indebtedness and be secured by this Charge.

2.8 Compound Interest

If the Chargor defaults in any payment of interest, or other payment due pursuant to this Charge, compound interest at the Interest Rate will accrue and be payable on the sum in arrears (including all arrears of interest) from time to time, both before and after default, demand, maturity and judgment until paid and shall be paid forthwith. If the arrears and the compound interest are not paid within the interest calculation period provided in the Provisions section of the electronic Charge/Mortgage to which the Schedule is attached from the time of default, a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, default and judgment, and so on from time to time until paid. All such compound interest shall be added to the Indebtedness and shall be secured by this Charge.

2.9 Application of Payment

Prior to an Event of Default, all payments received by the Chargee on account of the Indebtedness shall be applied as follows, regardless of any other designation of such payments as principal, interest or other charges: first, to the repayment of sums advanced by the Chargee pursuant to this Charge or any of the other Loan Documents for any reason (other than the Principal Amount), including sums advanced to pay Realty Taxes, Costs, insurance premiums or other charges against the Charged Property (together with interest thereon at the Interest Rate from the date of advance until paid), then to the payment of accrued but unpaid interest which is then due and payable, and finally, to reduction of the Principal Amount. Notwithstanding the foregoing, from and after an Event of Default, all payments received by the Chargee pursuant to the Loan shall be applied by the Chargee to principal, interest and such other charges due hereunder or under the other Loan Documents in such order as the Chargee shall determine in its sole discretion.

2.10 Advances and Costs

Neither the preparation, execution nor registration of this Charge or the other Loan Documents shall bind the Chargee to advance all or any part of the Principal Amount. The Chargor covenants to pay all Costs to the Chargee forthwith on demand whether or not all or any

part of the Principal Amount is advanced. Until paid, all Costs together with interest thereon at the Interest Rate shall be added to the Indebtedness and secured by this Charge.

2.11 Proof of Outstanding Amounts

The records maintained by the Chargee of the amounts of the Loan advanced to the Chargor and secured by this charge, the amount of advances of the Loan which are outstanding and the amount of interest and other fees and costs payable or secured under this Charge shall constitute prima facie proof thereof in any legal proceedings or action in respect of the Loan or this Charge.

**ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS**

3.1 Representations, Warranties and Covenants

The Chargor represents, warrants to and covenants with the Chargee that:

(a) **Organization, Power and Authority**

The Chargor (i) is a duly organized and validly existing corporation under the laws of its governing jurisdiction; (ii) has full power, authority and legal right to own the Charged Property and to carry on its business thereon in compliance with all Applicable Laws and is duly licensed, registered or qualified in all jurisdictions where the character of its undertaking, property and assets or the nature of its activities makes such licensing, registration or qualification necessary or desirable; (iii) has full power, authority and legal right to enter into each of the Loan Documents to which it is a party and to do all acts and execute and deliver all other documents as are required to be done, observed or performed by it in accordance with their respective terms; (iv) has taken all necessary action and proceedings to authorize the execution, delivery and performance of the Loan Documents to which it is a party and to observe and perform the provisions of each in accordance with its terms; and (v) shall maintain in good standing its existence, capacity, power and authority as a corporation and shall not liquidate, dissolve, wind-up, terminate, merge, amalgamate, consolidate, reorganize or restructure or enter into any transaction or take any steps in connection therewith.

(b) **Enforceability of Loan Documents**

The Loan Documents constitute valid and legally binding obligations of the Chargor, enforceable against it in accordance with their terms, and are not subject to any right of rescission, right of set-off, counterclaim or defence of any nature or kind. Neither execution and delivery of the Loan Documents, nor compliance with the terms and conditions of any of them (i) has resulted or will result in a violation of the constating documents governing the Chargor, including any unanimous shareholders' agreement, or any resolution passed by the board of directors or shareholders of the Chargor, (ii) has resulted or will result in a breach of or constitute a default under Applicable Laws or any agreement or instrument to which the Chargor is a party or by which it or the Charged Property or any part thereof is bound, or (iii) requires any approval or consent of any Person except such as has already been obtained.

(c) **Title**

The Chargor has good and marketable title in fee simple to the Charged Property free and clear of all Liens except Permitted Encumbrances, the Permitted Subordinated Mortgage and the Lien of this Charge. The Chargor is the sole legal and beneficial owner of the Charged Property. The Chargor shall defend title to the Charged Property for the benefit of the Chargee from and against all actions, proceedings and claims of all Persons. No Person has any option, right of first refusal or other right to acquire the Charged Property or any part thereof or interest therein.

(d) **Priority**

This Charge and the other Loan Documents are and shall be a valid second Lien on the Charged Property at all times, subject only to Permitted Encumbrances.

(e) **Transfer or Encumbrance of Charged Property**

Neither the Chargor nor any other Person having a beneficial or ownership interest in the Chargor, the Charged Property, or any part thereof (which shall include, without limitation, a partnership interest in any partnership that has an interest in the Charged Property) shall directly or indirectly sell, transfer, convey, dispose, or assign any legal or beneficial interest in the Chargor, the Charged Property or any part thereof (whether voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration of record), except with the prior written consent of the Chargee, which consent may be arbitrarily withheld. No Liens shall be created, issued, incurred or permitted to exist (by operation of law or otherwise) on any part of the Charged Property or any interest therein, other than the security of this Charge and the other Loan Documents, Permitted Encumbrances and the Permitted Subordinated Mortgage, provided that the Permitted Subordinated Mortgage is subordinate to this Charge and, concurrently with the registration of the Permitted Subordinated Mortgage against title to the Land, a subordination and standstill agreement in form and content satisfactory to the Chargee has been entered into between the Chargee and the mortgagee under the Permitted Subordinated Mortgage and has been registered against title to the Land. If any other Lien is asserted against the Charged Property, the Chargor shall promptly, and at its expense, (i) give the Chargee a detailed written notice of such Lien (including origin, amount and other terms), and (ii) pay the underlying claim in full or take such other action so as to cause it to be released and discharged or, in the Chargee's discretion, provide a bond or other security satisfactory to the Chargee for the payment of such claim.

(f) **Realty Taxes and Utility Charges**

All Realty Taxes have been paid when due. Except to the extent sums sufficient to pay all Realty Taxes have been previously deposited with the Chargee as required in the Commitment, the Chargor shall pay all Realty Taxes when due and, within fifteen (15) days after the end of each calendar year or upon request by the Chargee from time to time, shall provide the Chargee with evidence satisfactory to the Chargee that all Realty Taxes have been paid when due. The Chargor shall not suffer or permit the joint assessment of the Charged Property with any other real property constituting a separate tax lot or with any other real or personal property. The Chargor shall promptly pay for all utility services provided to the Charged Property when due.

(g) **Litigation**

The Chargor has no judgments or orders of any court or tribunal outstanding against it. There is no litigation, administrative proceeding, investigation or other legal action or claims (including any proceeding under any applicable bankruptcy or insolvency laws) pending or, to the knowledge of the Chargor, threatened, against the Charged Property or the Chargor, including any dispute between the Chargor and any governmental authority affecting the Chargor or the Charged Property. Upon becoming aware of any such matters, the Chargor shall promptly notify the Chargee of same and shall provide the Chargee with reasonable information in respect thereof as the Chargee may require from time to time, provided that in doing so, the Chargor shall not be deemed to have cured the fact that its representation set out in this Subsection has become incorrect.

(h) **Rights of Way, Easements, Permits, Services and Access**

The Chargor has obtained and shall maintain in good standing at all times all rights of way, easements, grants, privileges, licenses, certificates, permits, approval entitlements, franchises and other similar property and rights necessary for the lawful construction, occupancy, operation and use of the Charged Property. The Charged Property has unrestricted and unconditional rights of access to public highways at all existing access points and is served by all services and utilities necessary or convenient to the full use and enjoyment of the Charged Property. All such services and utilities are located in the public highway(s) abutting the Land, and are connected so as to serve the Charged Property without passing over other property, except to the extent such other property is subject to a perpetual easement for such utility benefiting the Charged Property. All roads necessary for the full utilization of the Charged Property for its current purpose have been completed and dedicated to public use and accepted by all governmental authorities.

(i) **Management**

There shall be no change in the day-to-day control and management of the Chargor or the Charged Property. The Chargor shall not terminate, replace or appoint any manager or terminate or amend the management agreement for the Chargor or the Charged Property without the Chargee's prior written approval, which approval shall not be unreasonably withheld. Any change in ownership or control of the manager shall be cause for the Chargee to re-approve such manager and the applicable management agreement. Each manager shall hold and maintain all necessary licenses, certifications and permits required by law. The Chargor shall fully perform all of its covenants, agreements and obligations under the management agreement.

(j) **Inspection**

The Chargee, its servicer, agents, representatives and employees, upon reasonable prior notice to the Chargor, may inspect the Charged Property and conduct such environmental and engineering studies as the Chargee may require, provided that such inspections and studies shall not materially interfere with the use and operation of the Charged Property.

(k) **Operation; Maintenance**

The Chargor shall diligently maintain, use, manage, operate and repair the Charged Property in a good, safe and insurable condition in accordance with all Applicable Laws, Permitted Encumbrances and all Property Agreements, so as to preserve and protect the Charged Property and maximize the earnings, incomes, rents, issues and profits therefrom. The Chargor has complied and will hereafter at all times comply with all of its obligations under the Property Agreements, the Permitted Encumbrances and all other Liens and agreements relating to the Charged Property. The Chargor shall promptly make all necessary repair and replacements to the Charged Property. All repairs, replacements and work done under this Subsection 3.1(k) or under Subsection 3.1(n), or otherwise, shall be made in good and workmanlike manner, shall (if applicable) be of equal or better in quality to the original work, shall be free of all Liens and shall comply with all Applicable Laws, Permitted Encumbrances and Property Agreements. The Chargor shall preserve and keep in full force and effect its corporate status, franchises, rights and privileges under the laws of the jurisdiction of its formation, and all qualifications, licenses and permits applicable to the ownership, use and operation of the Charged Property.

(l) **Compliance with Law**

The Charged Property, including the construction thereof, complies with all Applicable Laws, Permitted Encumbrances and all Property Agreements. The present use and location of the Improvements are legal conforming uses under all Applicable Laws. The Land is vacant on the date of registration of this Charge. The Chargor shall not change the use of the Charged Property, abandon the Charged Property, commit or permit any waste on or of the Charged Property, apply for or consent to any public restriction (including any zoning by-law or amendment or minor variance) or private restriction, or permit the removal of any Improvements or Fixtures from the Charged Property (other than a tenant's improvements removable by a tenant in accordance with its Lease), other than to carry out the development and construction of the Project as set out in the Commitment.

The Charged Property is free of structural defects, and all building systems contained therein are in good working order and repair subject to ordinary wear and tear. No proceedings have been commenced or, to the Chargor's knowledge are contemplated with respect to the expropriation of all or any portion of the Charged Property or for the relocation of roadways providing access to the Charged Property.

(m) **Representations and Warranties on Environmental Matters**

To the Chargor's knowledge, (i) no Hazardous Material is now or was formerly used, stored, generated, manufactured, installed, treated, discharged, disposed of or otherwise present at or about the Charged Property or any property adjacent to the Charged Property (except for cleaning and other products currently used in connection with the routine maintenance or repair of the Charged Property in full compliance with Environmental Laws) and no Hazardous Material was removed or transported from the Charged Property, (ii) all permits, licenses, approvals and filings required by Environmental Laws have been obtained, and the use,

operation and condition of the Charged Property does not, and did not previously, violate any Environmental Laws, (iii) no civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding has been brought or been threatened, nor have any settlements been reached by or with any parties or any liens imposed in connection with the Charged Property concerning Hazardous Materials or Environmental Laws; and (iv) no underground storage tanks exist on any part of the Charged Property.

(n) **Covenants on Environmental Matters**

The Chargor shall (i) comply strictly and in all respects with applicable Environmental Laws; (ii) notify the Chargee immediately upon the Chargor's discovery of any spill, discharge, release or presence of any Hazardous Material at, upon, under, within, contiguous to or otherwise affecting the Charged Property; (iii) promptly remove such Hazardous Materials and remediate the Charged Property in full compliance with Environmental Laws or as reasonably required by the Chargee based upon the recommendations and specifications of an independent environmental consultant approved by the Chargee; and (iv) promptly forward to the Chargee copies of all orders, notices, permits, applications or other communications and reports in connection with any spill, discharge, release or the presence of any Hazardous Materials or any other matters relating to the Environmental Laws or any similar laws or regulations, as they may affect the Charged Property or the Chargor.

The Chargor shall not cause, shall prohibit any other Person within the control of the Chargor from causing, and shall use prudent, commercially reasonable efforts to prohibit other Persons (including tenants) from causing (i) any spill, discharge or release, or the use, storage, generation, manufacture, installation, or disposal, of any Hazardous Materials at, upon, under, within or about the Charged Property or the transportation of any Hazardous Materials to or from the Charged Property (except for cleaning and other products used in connection with routine maintenance or repair of the Charged Property in full compliance with Environmental Laws), (ii) installing any underground storage tanks at the Charged Property, or (iii) conducting any activity that requires a permit or other authorization under Environmental Laws.

The Chargor shall provide to the Chargee, at the Chargor's expense promptly upon the written request of the Chargee, acting reasonably, from time to time, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections to assess the presence or absence of any Hazardous Materials and the potential costs in connection with abatement, cleanup or removal of any Hazardous Materials found on, under, at or within the Charged Property.

The Chargee or an agent of the Chargee may conduct on-site inspections and other investigations of the Charged Property and of the current and past uses of the Charged Property and, at the sole option of the Chargee, may require an environmental assessment by a qualified environmental consultant acceptable to the Chargee at any time during the term of this Charge or any renewal or extension hereof. Without in any way limiting the generality of the foregoing, the Chargee or its agent may enter upon the Charged Property upon reasonable notice to the Chargor to conduct environmental testing, site assessment, investigation or study determined necessary by the Chargee, in its sole discretion. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its agents to be in possession, management or control of the Charged Property.

The results of all such inspections, investigations, tests, studies and assessments shall be satisfactory to the Chargee and, without limitation, evidence the absence of any Hazardous Substance at the Charged Property and the absence of any contamination of any part of the Charged Property by any Hazardous Substance. If the results of an environmental assessment, inspection, test, study or investigation conducted during the term of the Charge or any renewal or extension thereof are not satisfactory to the Chargee, acting reasonably, then, at the option of the Chargee, the entire Indebtedness shall become immediately due and payable. In this regard, the acceptance of any payments by the Chargee at any time during or after the term of the Charge or any renewal or extension thereof shall not constitute a waiver of or otherwise prejudice the right of the Chargee to demand and receive full repayment of the Charge.

All costs of such inspections, investigations and environmental assessments shall be borne by the Chargor, shall be paid on demand by the Chargee and shall be secured by this Charge.

(o) **Environmental Indemnity**

As between the Chargor and the Chargee, all risk of loss associated with non-compliance with Environmental Laws, or with the presence of any Hazardous Materials at, upon, within, contiguous to or otherwise affecting the Charged Property, shall lie solely with the Chargor. Accordingly, the Chargor shall bear all risks and costs associated with any loss (including any loss in value attributable to Hazardous Materials), damage or liability therefrom, including all costs of removal of Hazardous Materials or other remediation required by the Chargee or by law. The Chargor shall indemnify, defend and hold the Chargee and its shareholders, directors, officers, employees and agents harmless from and against all loss, liabilities, damages, claims, costs and expenses (including reasonable costs of defence and consultant fees, investigation and laboratory fees, court costs, and other litigation expenses) arising out of or associated, in any way, with (i) the non-compliance with Environmental Laws, (ii) the existence of Hazardous Materials in, on, or about the Charged Property, (iii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to Hazardous Materials, (iv) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, (v) a breach of any representation, warranty or covenant contained in Subsections 3.1(m), (n) or (o) whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, or (vi) the imposition of any environmental lien encumbering the Charged Property; provided, however, the Chargor shall not be liable under such indemnification to the extent such loss, liability, damage, claim, cost or expense results solely from the Chargee's gross negligence or wilful misconduct. The Chargor's obligations under this Subsection 3.1(o) shall arise whether or not any governmental authority has taken or threatened any action in connection with the presence of any Hazardous Materials, and whether or not the existence of any such Hazardous Materials or potential liability on account thereof is disclosed and shall continue notwithstanding the repayment of the Loan or any transfer or sale of any right, title and interest in the Charged Property (by foreclosure, deed in lieu of foreclosure or otherwise). Additionally, if any Hazardous Materials affect or threaten to affect the Charged Property, the Chargee may (but shall not be obligated to) give such notices and take such actions as it deems necessary or advisable at the expense of the Chargor in order to abate the discharge of any Hazardous Materials or remove the Hazardous Materials. Any amounts payable to the Chargee by reason of the application of this Subsection 3.1(o) shall become immediately due and payable and shall bear interest at the Interest Rate from the date loss or damage is sustained by the Chargee until paid. The obligations and liabilities of the Chargor under this Subsection 3.1(o) shall survive the making of any advance or replacement of the Loan, any full or partial release, termination or discharge of any Loan Document or the security thereof and any remedial proceedings taken by or on behalf of the Chargee under any Loan Document or otherwise at law or in equity.

(p) **Full and Accurate Disclosure**

None of the Loan Documents, Property Agreements, Permitted Encumbrances and other documents and materials provided by or on behalf of the Chargor to the Chargee contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. No statement of fact made by or on behalf of the Chargor in this Charge or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no fact presently known to the Chargor which has not been disclosed to the Chargee which adversely affects, in a material manner, nor as far as the Chargor can foresee, might adversely affect, in a material manner, the Charged Property or the business, operations or condition (financial or otherwise) of the Chargor.

(q) **Financial Statements, Reports and Budgets**

- (i) The financial statements and net worth statements (if any) delivered by the Chargor to the Chargee in connection with the Chargor, any guarantor, indemnifier or beneficial owner and the Loan are true and correct with no material change since the date of preparation to the date of the Loan advance. Except as disclosed in such financial statements and net worth statements, there are no liabilities (fixed or contingent) affecting the Charged Property or the Chargor.
- (ii) The Chargor shall furnish to the Chargee:

- (A) copies of all management reports, if any, provided to the Chargor from time to time, within ten (10) days after the same are provided to the Chargor;
- (B) quarterly sales report including all closed sales, unclosed sales and unsold homes with respect to the project at the Charged Property;
- (C) within fifteen (15) days before each anniversary of the Loan advance, a detailed rent roll and detailed operating statement (showing yearly activity and year-to-date) stating operating revenues, operating expenses, operating income and net cash flow for the preceding calendar year; and
- (D) within ninety (90) days after the end of each fiscal year of the Chargor, the Chargor shall furnish to the Chargee a current (as of the end of such fiscal year) balance sheet, a detailed rent roll and a detailed operating statement stating operating revenues, operating expenses, operating income and net cash flow for each of the Chargor, any guarantor, or beneficial owner of the Charged Property and the Charged Property, and, if required by the Chargee, prepared on a review basis and certified by an officer of same and an independent public accountant reasonably satisfactory to the Chargee.

All financial statements shall be in scope and detail reasonably satisfactory to the Chargee and certified by the chief financial representative of the Chargor. All financial statements shall be prepared in accordance with generally accepted accounting principles in Canada in effect on the date so indicated and consistently applied (or such other accounting basis reasonably acceptable for the Chargee).

- (iii) The Chargor shall deliver to the Chargee such additional information regarding the Chargor, its subsidiaries, its business, any guarantor, indemnifier or beneficial owner and the Charged Property promptly after the Chargee's request therefor. The Chargor shall permit the Chargee to examine such records, books and papers of the Chargor which reflect upon its financial condition and the income and expenses of the Charged Property.
- (iv) At least thirty (30) days prior to the commencement of each of its fiscal years, the Chargor will provide to the Chargee its proposed annual operating and capital improvements budget for such fiscal year for the Charged Property (the "**Annual Operating Budget**") for review and approval by the Chargee. Each operating budget shall contain such usual, proper and reasonable categories and breakdowns for items of revenue, expenses and cash flow as dictated by reasonable and prudent practice, and as would be prepared by reasonable and prudent building owners and managers similar to the Charged Property, with monthly and year to date columns. The Chargee shall be entitled to advise as to whether or not it is satisfied with the Annual Operating Budget and, if it is not satisfied, its proposals as to modification or amendment. The Annual Operating Budget as revised and approved by the Chargee shall become the Chargee approved operating budget for the Charged Property for the next succeeding fiscal period. If the Chargee has areas of dissatisfaction upon which it and the Chargor are unable to agree, then the balance of the Annual Operating Budget shall be deemed to be approved by the Chargee and the areas in dispute shall be governed by the most recent Chargee approved operating budget until the dispute is resolved. If any such dispute is not resolved within thirty (30) days after the Chargee has identified the areas of dissatisfaction, then either the Chargor or the Chargee may commence arbitration proceedings under the Arbitrations Act (Ontario) to resolve the dispute, and the result of such arbitration shall be binding on the parties hereto.

(r) **Tax Returns**

The Chargor has filed all federal, provincial and municipal tax returns required to be filed and have paid or made adequate provision for the payment of all federal, provincial and municipal taxes, charges and assessments payable by the Chargor. The Chargor believes that its tax returns properly reflect the income and taxes of the Chargor for the periods covered thereby, subject only to reasonable adjustments required by the Canada Revenue Agency or other applicable tax authority upon audit. As of the date of the Loan advance, the Chargor has no liability (fixed or contingent) for any taxes, surtaxes, duties, rates, and other similar charges or statutory trusts imposed by Applicable Laws or any governmental authority (including all related interest, penalties and fines), except as reflected in its financial statements delivered to the Chargee.

(s) **Notice of Certain Events**

Upon becoming aware of same, the Chargor shall promptly notify the Chargee of any Event of Default or other events which, with the giving of notice, lapse of time or both, would constitute an Event of Default. The Chargor represents and warrants to the Chargee that no such Event of Default or other event has occurred as of the date of the Loan advance.

(t) **Estoppel Certificates**

The Chargor, within ten (10) days after request, and without charge, shall furnish to the Chargee a written statement, duly acknowledged, setting forth the amount due on the Loan, the terms of payment of the Loan, the date to which interest has been paid, whether any offsets or defences exist against the Loan and, if any are alleged to exist, the nature thereof in detail, and such other matters as the Chargee reasonably may request.

(u) **Further Assurances**

The Chargor shall promptly (i) cure any defects in the execution and delivery of the Loan Documents and (ii) execute and deliver, or cause to be executed and delivered, all such other documents, agreements and instruments as the Chargee may reasonably request to further evidence and more fully describe the collateral for the Loan, to correct any omissions in the Loan Documents, to perfect, protect or preserve any liens created under any of the Loan Documents or to make any recordings, file any notices, or obtain any consents, as may be necessary or appropriate in connection therewith.

(v) **No Changes to First Mortgage**

The Chargor shall not amend or change the terms and conditions of the First Mortgage or of any commitment letter or loan agreement relating thereto or of any other security granted in connection therewith except with the prior written consent of the Chargee, which consent may be arbitrarily withheld.

(w) **Leasing**

All Major Leases and Leases with Persons not at arm's length from the Chargor entered into after the date of registration of this Charge and all terminations or surrenders of Major Leases proposed to be done or agreed to after such date shall first be approved by the Chargee, acting in a commercially reasonable manner, in writing. All other Leases shall be on a standard lease form approved by the Chargee. For purposes of this Section, "Major Lease" means any Lease (i) for 5,000 or more square feet of gross leasable area in the Chargee Property or (ii) under which the base or minimum rent payable represents 10% or more of the total base or minimum rents payable under all Leases of space in the Charged Property. Within ten (10) days after the entering into thereof, the Chargor shall provide the Chargee with copies of all Leases entered into after the date of registration hereof, including without limitation of all amendments, renewals and extensions thereof and all letters of intent to lease and offers to lease.

3.2 Due on Sale or Encumbrance

If, without the prior written consent of the Chargee, the Chargor or any beneficial or unregistered owner of the Charged Property:

- (a) directly or indirectly sells, conveys, transfers, or disposes of all or any part of the Charged Property or any interest therein or agrees to do so; or
- (b) is a corporation or company and the effective voting control of such corporation or company changes, or if such corporation or company merges or amalgamates with any other corporation or company; or
- (c) creates, assumes or permits to exist any Lien (whether prior or subordinate to the security of this Charge and the other Loan Documents) on all or any part of the Charged Property,

then, the Chargee may, at its option, declare the Indebtedness to be immediately due and payable and all powers conferred by the Charge and the other Loan Documents, at law or in equity shall become exercisable, including the power of sale herein contained. This provision shall apply to every sale, conveyance, transfer, disposition or Lien of the Charged Property regardless of whether voluntary or not. The Chargee's consent to one sale, conveyance, transfer, disposition or Lien of the Charged Property or any interest in the Chargor shall not be deemed to be a waiver of the Chargee's right to require such consent to any future occurrence of same.

3.3 Survival of Representations, Warranties and Covenants

The representations, warranties, covenants and obligations of the Chargor in each of the Loan Documents are now and will continue to be true and correct at all times until the Loan is repaid in full and shall survive the making of any advance or partial repayment of the Loan, any full or partial release, termination or discharge of any Loan Document or security, and any remedial proceedings taken by the Chargee under any Loan Document or otherwise at law or in equity and shall be fully effective and enforceable by the Chargee notwithstanding any due diligence performed by or on behalf of the Chargee or any breach or other information (to the contrary or otherwise) known to the Chargee at any time.

ARTICLE 4 INSURANCE, DAMAGE AND DESTRUCTION

4.1 Insurance

The Chargor shall maintain insurance as follows:

- (a) Property and Business Interruption Insurance The Chargor shall keep the Charged Property insured against damage by fire and the other hazards covered by a standard extended coverage and all-risk insurance policy for the full insurable value thereof (including footings and foundation) on a replacement cost claim recovery basis (without reduction for depreciation or co-insurance and with such endorsements as the Chargee may require), and shall maintain such other property insurance as required by the Chargee from time to time. The Chargee reserves the right to require from time to time the following additional insurance: boiler and machinery; flood; earthquake/sinkhole; worker's compensation and/or building law or ordinance. The Chargor shall maintain use and occupancy insurance covering, as applicable, rental income or business interruption, with coverage in an amount not less than 12 months anticipated gross rental income or gross business earnings, as applicable in each case, attributable to the Charged Property. The Chargor shall not maintain any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise reasonably satisfactory to the Chargee in all respects. The proceeds of insurance paid on account of any damage or destruction to the Charged Property shall be paid to the Chargee to be applied as provided in Subsection 4.2.
- (b) Liability The Chargor shall maintain "Comprehensive General Liability Form" of commercial general liability insurance coverage with the "Broad Form CGL" endorsement (or a comparatively worded form of coverage) with respect to the Charged Property providing for limits of liability of not less than \$5,000,000 for both injury to or death of a person and for property damage per occurrence, and such other liability insurance as reasonably required by the Chargee from time to time.

- (c) **Construction** During the period in which construction of the Improvements is taking place, the Chargor shall maintain (i) builder's "all risk" (including coverage for the perils of earthquake, flood, and sewer backup) insurance on a replacement cost, no co-insurance basis, for an amount covering insured physical loss or damage representing not less than 100% of the total hard costs of the project plus at least 25% of total soft costs of the project (each as approved by the Chargee), with loss payable to the Chargee, as its interest may appear, including an Insurance Bureau of Canada approved mortgage clause acceptable to the Chargee and (ii) wrap-up liability insurance in an amount per occurrence that is satisfactory to the Chargee from time to time, for third party bodily injury and/or property damage liability and in the aggregate for products and completed operations liability, in which policy or policies of insurance the definition of insured shall include, in addition to the Chargor, all contractors, sub-contractors and trades engaged in the project with respect to work or operations at the project, provided that such work or operations directly relate to the Charged Property. The architects and engineers engaged in any project at the Charged Property will maintain professional liability insurance for an amount satisfactory to the Chargee per claim and in the annual aggregate.
- (d) **Form and Quality** All insurance policies shall be in form and substance acceptable to the Chargee and shall name the Chargee as a second mortgagee, an additional insured, and loss payee or chargee thereunder, as its interest may appear, with loss payable to the Chargee, without contribution, under a standard Canadian mortgage clause. All such insurance policies and endorsements shall be fully paid for and shall have a term of not less than one year. All insurers shall be acceptable to the Chargee in its sole discretion. Each policy shall provide that such policy may not be cancelled or materially changed except upon thirty (30) days' prior written notice of intention of non-renewal, cancellation or material change to the Chargee and that no act or thing done by the Chargor shall invalidate any policy as against the Chargee. Original or certified copies of all insurance policies shall be delivered by the Chargor to and held by the Chargee prior to the Loan advance, provided that if insurance certificates or binders evidencing such insurance and acceptable to the Chargee are delivered prior to the Loan advance, such insurance policies may be delivered to the Chargee within sixty (60) days thereafter. Upon renewal or amendment of any policy from time to time, the Chargor shall provide the Chargee with a copy of the renewal or amendment within ten (10) Business Days of it being issued. Blanket policies shall be permitted only if the Chargee receives appropriate endorsements and/or duplicate policies containing the Chargee's right to continue coverage on a pro rata pass-through basis and that coverage will not be affected by any loss on other properties covered by the policies. The Chargor shall pay or cause to be paid all the premiums for such policies as the same become due and payable in advance except to the extent provision for such payment has been made from a reserve fund established under the Commitment. If the Chargor fails to pay such premiums when due, the Chargee may obtain such insurance and pay the premium therefor and the Chargor shall, on demand, immediately reimburse the Chargee for all expenses incurred in connection therewith. The Chargor shall assign the policies and proceeds of insurance to the Chargee, in such manner and form that the Chargee and its successors and assigns shall at all times have and hold the same as security for the payment of the Loan. The Chargor hereby authorizes and directs the issuer of any such insurance or awards to make payment directly to the Chargee. The proceeds of insurance policies coming into the possession of the Chargee shall not be deemed trust funds, and the Chargee shall be entitled to apply such proceeds as herein provided.
- (e) **Adjustments** The Chargor shall give immediate written notice of any loss to the insurance carrier and to the Chargee. The Chargor hereby irrevocably authorizes and empowers the Chargee, as attorney-in-fact for the Chargor coupled with an interest, to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom the Chargee's reasonable expenses incurred in the collection of such

proceeds. Nothing contained in this Section 4.1(e), however, shall require the Chargee to incur any expense or take any action hereunder.

- (f) **Compliance with Insurance Policies** The Chargor promptly shall comply with, and shall cause the Charged Property to comply with, all the terms of each insurance policy required by this Charge and all requirements of the insurer of each such policy. The Chargor shall not by any action or omission invalidate any insurance policy required to be carried hereunder or materially increase the premiums on any such policy above the normal premium charged by the carrier of such policy.

4.2 **Use and Application of Insurance Proceeds**

If the Charged Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, the Chargor shall give prompt notice thereof to the Chargee. All insurance proceeds and expropriation awards arising in respect of the Charged Property shall, at the option of the Chargee in its sole discretion, be applied in reduction of the Indebtedness, whether or not the Indebtedness is at that time due and payable and whether or not any Event of Default has occurred. Following the occurrence of such damage or destruction, the Chargor, regardless of whether insurance proceeds are available, shall promptly proceed to restore, repair, replace or rebuild the same to be of at least equal value and of substantially the same character as prior to such damage or destruction, all to be effected in accordance with Applicable Laws.

ARTICLE 5 EVENTS OF DEFAULT

5.1 **Events of Default**

Each of the following shall constitute an Event of Default under this Charge:

- (a) the failure of the Chargor or any guarantor, joint debtor, indemnifier, beneficial owner or other obligor of or in respect of the Indebtedness or the Charged Property (collectively, with the Chargor, the "Covenants") to pay any regularly scheduled instalment of principal, interest or other amount due under the Loan Documents when due, or the Covenants' failure to pay the Loan at the applicable Maturity Date, whether by acceleration or otherwise;
- (b) the Covenants default in performing or observing any covenant or obligation on its part to be observed and performed in this Charge (other than any obligation to pay as set out in Subsection 5.1(a)) or in any of the other Loan Documents, which default is not cured by the applicable Covenantor within ten (10) Business Days after written notice thereof from the Chargee;
- (c) any representation or warranty of any Covenantor in any Loan Document or in any financial statement, rent roll or other document at any time delivered by or on behalf of any Covenantor in connection with the Loan is or becomes incorrect or misleading in any material respect;
- (d) proceedings are commenced by any Person seeking the dissolution, liquidation, winding-up or termination of any Covenantor or a resolution is passed or an order is made for the dissolution, liquidation or winding-up of any Covenantor or other cancellation or suspension of its incorporation or termination of its existence;
- (e) a decree or order of a court of competent jurisdiction is entered adjudging any Covenantor a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up, reorganization, reconstruction or arrangement of any Covenantor under the Companies' Creditors Arrangement Act (Canada), the Bankruptcy and Insolvency Act (Canada) or the Winding-Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous laws or issuing sequestration or process of execution against any Covenantor or against all or any part of the assets of any Covenantor or ordering the winding up or liquidation of its affairs, or appointing a trustee, receiver, receiver and manager, interim

- receiver, custodian, liquidator or other person with similar powers of any Covenantor or all or any part of its assets;
- (f) any Covenantor becomes insolvent, commits an act of bankruptcy, makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the Bankruptcy and Insolvency Act (Canada) or any comparable law, seeks relief under the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada) or any other bankruptcy, insolvency or analogous law, is adjudged bankrupt, files a petition or proposal in bankruptcy, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any part of its assets, or files a petition or application or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditor's rights or consents to, or acquiesces in, the filing of such petition;
 - (g) a receiver, receiver-manager or receiver and manager of any Covenantor of any material part of its properties, assets or undertakings is appointed, or if a monitor is appointed in respect of any Covenantor;
 - (h) an encumbrancer takes possession of the Charged Property or any other property of any Covenantor, or any distress or analogous process is levied upon any Covenantor;
 - (i) all or any part of the Charged Property becomes subject to any Lien, other than the Permitted Encumbrances, the Permitted Subordinated Mortgage, the Lien of this Charge and the other Loan Documents;
 - (j) any default by the Chargor under any of the Permitted Encumbrances or the Permitted Subordinated Mortgage or under any other security or agreement made or assumed by any Covenantor (or by which it is bound) in favour of any person in connection with the Charged Property or made or assumed by any Covenantor (or by which it is bound) in favour of the Chargee whether or not such security or agreement is in connection with the Charged Property;
 - (k) any sale, transfer, conveyance, or assignment of any part or all of the Charged Property, or any interest therein, or of any interest in the Chargor, except as permitted by this Charge;
 - (l) a final judgment or decree for the payment of money due shall have been obtained or entered or any writ of execution, distress, attachment or other similar process shall have been issued or levied against any Covenantor in an amount which, in the opinion of the Chargee, acting reasonably, would materially and adversely affect the ability of such Covenantor to fulfil its obligations to the Chargee under the Loan or any of the Loan Documents;
 - (m) any material part of the Charged Property is condemned or expropriated; or
 - (n) any other Event of Default under any other Loan Document.

ARTICLE 6 REMEDIES

6.1 Acceleration

Upon an Event of Default, the entire Indebtedness shall, at the option of the Chargee in its sole discretion, immediately become due and payable, with interest thereon at the Interest Rate to the date of actual payment thereof, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, each of which are hereby expressly waived, and all the Chargee's rights and remedies under this Charge, the other Loan Documents, and otherwise at law and in equity shall immediately become enforceable.

6.2 Power of Sale

Upon the Chargee's rights and remedies hereunder becoming enforceable, the Chargee may sell the Charged Property or any part thereof by public auction or private sale and on such terms as to credit and otherwise as may appear to it most advantageous, and for such price as can be reasonably obtained therefor. The Chargee shall be entitled to buy in or rescind or vary any contract for sale of any of the Charged Property, and resell without being answerable for any loss occasioned thereby. In the case of a sale on credit, the Chargee shall only be accountable for monies actually received in cash as and when so received. For such purposes, the Chargee may make and execute all agreements and assurances which it shall think fit. The purchaser shall in no case be bound to enquire whether notice of intention to sell has been given or default made, or otherwise as to the regularity or validity of any sale made hereunder, and any sale by the Chargee shall be valid as regards the purchaser and shall not in any way be affected thereby. The Chargee shall be entitled to apply the proceeds of any sale hereunder first in payment of all costs, charges and expenses incurred in respect of such sale, as more particularly described below, and secondly in payment of all amounts of interest and principal owing hereunder. If any surplus remains after the Chargee has fully satisfied its claims, such surplus shall be paid to the party then entitled by law to receive such surplus. The powers conferred on the Chargee hereunder are in addition to and not in limitation of any other rights or powers of the Chargee under this Charge, or at law or in equity.

The costs of any sale proceedings hereunder, whether such sale proves abortive or not, including all commissions and other fees payable to real estate agents and brokers in connection with any such sale, and all costs, charges and expenses (including, without limitation, legal fees on a substantial indemnity basis) incurred in inspecting the Charged Property, which the Chargee shall be entitled to do, or about taking, recovering or keeping possession of the Charged Property, or in enforcing the remedies of the Chargee under this Charge, or by reason of non-payment or in procuring payment of the monies hereby secured, shall be added to the Indebtedness and bear interest at the Interest Rate provided for in this Charge as well after as before maturity, and shall be a charge on the Charged Property and shall be payable immediately with interest as aforesaid, and in default of payment, may be paid from the proceeds of any sale of the Charged Property.

6.3 Possession

Upon the Chargee's rights and remedies hereunder becoming enforceable, the Chargee may enter into and take possession of the Charged Property and shall be entitled to:

- (a) have, hold, use, occupy, possess and enjoy the Charged Property without let, suit, hindrance, interruption or denial of the Chargor or any other Person;
- (b) maintain, repair and complete the construction of the Improvements;
- (c) inspect, manage, take care of, collect Rents and lease the Charged Property or any part thereof for such terms and for such rents (which may extend beyond any applicable Maturity Date) and on such conditions and provisions (including providing any leasehold improvements and tenant inducements) as the Chargee may determine in its sole discretion, which leases shall have the same effect as if made by the Chargor; and
- (d) pay from such Rents received all expenses of maintaining, preserving, protecting and operating the Charged Property, making any additions and replacements thereto and all charges payment of which may be necessary to preserve or protect the Charged Property and the Chargee shall have and enjoy and may exercise all powers necessary to the performance of all functions made necessary or advisable by possession, including without limitation power to advance its own monies at the Interest Rate and to enter into contracts and undertake obligations for the foregoing purposes upon the security hereof,

and all costs, charges and expenses incurred by the Chargee in the exercise of such rights (including allowances for the time, service or effort of any Person appointed by the Chargee for the above purposes, and all reasonable legal fees and disbursements incurred and all commissions and other fees payable to real estate agents and brokers in connection with any

lease), together with interest thereon at the Interest Rate, shall be payable forthwith by the Chargor to the Chargee, and until paid shall be added to the Indebtedness and shall be secured by this Charge. Each lease or renewal of lease made by the Chargee while in possession of the Charged Property shall continue for its full term notwithstanding the termination of the Chargee's possession. The Chargee shall not be liable for any loss or damage sustained by the Chargor or any other Person resulting from any lease entered into by the Chargee, any failure to lease the Charged Property, or any part thereof, or from any other act or omission of the Chargee or any receiver in managing the Charged Property, nor shall the Chargee be obligated to perform or discharge any obligation or liability of the Chargor under any Lease, Loan Document or otherwise at law or in equity.

6.4 Exercise Rights of Chargor; Distraint

Upon the Chargee's rights and remedies hereunder becoming enforceable, the Chargee shall have, enjoy and exercise all of the powers and rights of and enjoyed by the Chargor with respect to the Charged Property or incidental, ancillary, attaching or deriving from the ownership by the Chargor of the Charged Property, including without limitation the powers of the receiver set out in Section 6.5 and the power to enter into agreements, to grant or agree to mortgages and other encumbrances, and to grant or reserve easements, rights-of-way, rights in the nature of easements and licences, in each case over or pertaining to the whole or any part of the Charged Property. If the Chargor shall make default in payment of any part of the interest payable under this Charge at any of the dates or times fixed for payment thereof, it shall be lawful for the Chargee to distraint therefor upon the Charged Property or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the Charged Property, so much of such interest as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. The Chargee may distraint for arrears of principal or other monies owing hereunder in the same manner as if the same were arrears of interest.

6.5 Receiver

Upon the Chargee's rights and remedies hereunder becoming enforceable, the Chargee may, in its sole discretion, at such time and from time to time and with or without entry into possession of the Charged Property or any part thereof by writing appoint a receiver or receiver and manager (hereinafter referred to as a "Receiver") of the Charged Property or any part thereof and with or without security and may from time to time by similar writing remove any Receiver and appoint another in his stead and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of any such Receiver or Receivers from time to time the following provisions shall apply:

- (a) the statutory declaration of an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;
- (b) every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due in respect of the Charged Property or any part thereof whether in respect of any tenancies created in priority to these presents or subsequent thereto;
- (c) every such Receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the powers and discretions of the Chargee under this Charge and the other Loan Documents, including without limitation the power to:
 - (i) exercise the powers of the Chargee set out in Sections 6.2, 6.3 and 6.4, as if the word "Chargee" in those Sections was replaced with the word "Receiver", and every such Receiver shall have authority to execute any lease of any premises in the Charged Property in the name of and on behalf of the Chargor, and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Charged Property;
 - (ii) complete any unfinished construction upon the Charged Property or any part thereof, including without limitation the power to:

- (A) appoint and engage superintendents, architects, engineers, decorators, planners, consultants, managers, advisors and such other personnel which, in the discretion of the receiver, may be required to complete the construction, furnishing and operation of the Charged Property or any part thereof;
 - (B) enter into contracts for the supply of materials and services which the receiver deems necessary for the completion and operation of the Charged Property or any part thereof;
 - (C) enter into and enforce and take the benefit of contracts and arrangements in respect of the Charged Property or any part thereof which provide loans, grants, licences, concessions or franchises from municipal or other governmental authorities or from any other source whatsoever;
 - (D) enforce, use and take the benefit of construction contracts, contracts for services or materials, performance bonds, insurance contracts, development agreements, plans, studies, reports, information or any other matter, material or arrangement in respect of the Charged Property or any part thereof;
 - (E) arrange financing and borrow money on such terms as the receiver deems reasonable in the circumstances and which the receiver deems necessary, to pay for any of the matters herein mentioned which financing may be secured against the Charged Property or any part thereof in priority to this Charge or otherwise; and
 - (F) terminate any contracts or arrangements made by the Chargor in connection with the Charged Property on such terms as the receiver deems reasonable;
- (iii) mortgage, operate, use, amend, repair, alter or extend the Charged Property or any part thereof in the name of the Chargor; and
 - (iv) grant extensions of time, take and perfect or abstain from taking and perfecting security, give up security, accept compositions or compromises, grant releases and discharges, and release any part of the Charged Property or otherwise deal with the Chargor, debtors of the Receiver, sureties and others and with the Charged Property and other security as the Receiver sees fit without prejudice to the liability of the Chargor to the Chargee or the Chargee's rights hereunder;
- (d) the Chargee may from time to time by such writing fix the remuneration of every such Receiver who shall be entitled to deduct the same out of the Charged Property or the proceeds thereof;
 - (e) every such Receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;
 - (f) the appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such receivership shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the Charged Property or any part thereof; and
 - (g) no such Receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the Charged Property or any part thereof and out of such cash so received every such Receiver shall in the following order pay:
 - (i) its remuneration aforesaid;

- (ii) all payments made or incurred by it in connection with the management, operation, repair, alteration or extension of the Charged Property or any part thereof;
- (iii) in payment of interest, principal and other monies which may, from time to time, be or become charged upon the Charged Property in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Charged Property or any part thereof,
- (iv) in payment to the Chargee of all Indebtedness and all reserves payable under the Commitment, to be applied by the Chargee in such order as the Chargee may determine, and
- (v) thereafter any surplus remaining in the hands of every such Receiver after payments made as aforesaid shall be accountable to the party entitled by law to receive such surplus.

The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such Receiver. Save as to claims for accounting under subsection (g) of this Section, the Chargor hereby releases and discharges the Chargee and every such Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by the Chargee or any successor or assign claiming through or under it or any such Receiver under the provisions of this Section unless such claim be the direct and proximate result of its gross negligence or wilful misconduct.

6.6 Chargee's Right to Perform Obligations

If the Chargor shall fail, refuse or neglect to make any payment or perform any act required by the Loan Documents, then while any Event of Default exists, and without notice or demand upon the Chargor and without waiving or releasing any other right, remedy or recourse the Chargee may have because of such Event of Default, the Chargee may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Chargor, and shall have the right to enter upon the Charged Property for such purpose and to take all such action thereon and with respect to the Charged Property as it may deem necessary or appropriate. If the Chargee shall elect to pay any sum due with reference to the Charged Property, the Chargee may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Loan Documents, the Chargee shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. The Chargor shall indemnify the Chargee for all losses, expenses, damages, claims and causes of action, including legal fees (on a solicitor and client basis), incurred or accruing by reason of any acts performed by the Chargee pursuant to the provisions of this Subsection 6.6. All sums paid by the Chargee pursuant to this Subsection 6.6, and all other sums expended by the Chargee to which it shall be entitled to be indemnified, together with interest thereon at the Interest Rate from the date of such payment or expenditure until paid, shall be added to the Indebtedness, shall be secured by the Loan Documents and shall be paid by the Chargor to the Chargee upon demand.

6.7 Concurrent Remedies

The Chargee may exercise all remedies provided for in this Charge or otherwise at law or in equity concurrently or in such order and at such times as it may see fit and will not be obligated to exhaust any right or remedy before exercising any of its other rights or remedies pursuant to any other provisions contained in this Charge, any other Loan Document or otherwise at law or in equity.

6.8 Judgments

The taking of a judgment or judgments against the Chargor or any other Person for breach of its obligations contained in this Charge or any other Loan Document will not merge or

extinguish such obligations or affect the Chargee's rights to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon will be computed at the Interest Rate until such judgment is fully paid and satisfied.

6.9 Remedies Cumulative

The rights and remedies of the Chargee under the Loan Documents are cumulative and are in addition to and not in substitution for any rights or remedies otherwise provided at law or in equity. No right or remedy of the Chargee shall be exclusive of or dependent on any other right or remedy and any one or more of such rights and remedies may be exercised independently or in combination from time to time. Any single or partial exercise by the Chargee of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in any Loan Document shall not waive, alter, affect or prejudice any other right or remedy to which the Chargee may be lawfully entitled for such default or breach.

6.10 Extension of Time and Waiver

Neither any extension of time given by the Chargee to the Chargor or any Person claiming through the Chargor, nor any amendment to this Charge or other dealing by the Chargee with a subsequent owner of the Charged Property will in any way affect or prejudice the rights of the Chargee against the Chargor or any other Person or Persons liable for payment of the Indebtedness. The Chargee may waive any Event of Default in its sole discretion. No waiver will extend to a subsequent Event of Default, whether or not the same as or similar to the Event of Default waived, and no act or omission by the Chargee will extend to, or affect, any subsequent Event of Default or the rights of the Chargee arising from such Event of Default. Any such waiver must be in writing and signed by the Chargee. No failure on the part of the Chargee or the Chargor to exercise, and no delay by the Chargee or the Chargor in exercising, any right pursuant to this Charge will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right.

6.11 Discharge of Charge and Release

The Chargee will have a reasonable period of time after full payment and satisfaction of the Indebtedness to prepare and execute a discharge of this Charge. Interest at the Interest Rate will continue to run and accrue on all Indebtedness until full payment has been received by the Chargee. All reasonable legal and other expenses for the preparation, execution, delivery and registration of the discharge shall be paid by the Chargor upon demand. The Chargor shall register such discharge. The Chargee may release in its discretion and at any time any Person or any part or parts of the Charged Property from all or any part of the Indebtedness or the security either with or without any consideration and without releasing any other part of the Charged Property or any other Person from this Charge or from any of the covenants contained in this Charge, and without being accountable to the Chargor for the value of the Charged Property released or for any money except that actually received by the Chargee. Every part or lot into which the Charged Property is or may hereafter be divided will stand charged with the entire Indebtedness. The Chargee may grant time, renewals, extensions, indulgences, releases and discharges, may take securities from and give the same up, may abstain from taking securities from or from perfecting securities, may accept compositions and proposals, and may otherwise deal with the Chargor and all other Persons and securities as the Chargee may see fit without prejudicing the rights of the Chargee under the Loan or the Loan Documents.

ARTICLE 7 MISCELLANEOUS

7.1 Notice

Any notice, demand or other communication required or permitted to be given or made to the Chargor pursuant to this Charge may be given or made in any manner permitted or provided by the laws applicable thereto, notwithstanding any provision of any other Loan Document to the contrary. Subject to the foregoing, any such notice, demand or communication may be given or made, at the option of the Chargee by personal delivery, by prepaid ordinary or registered mail (to the address for service of the Chargor set out in this Charge or to the last known address of the Chargor as shown in the Chargee's records) or by facsimile transmission to the facsimile number of the Chargor set out herein or the last known facsimile number of the Chargor as

shown in the Chargee's records. Such notice will be sufficient although not addressed to any Person by name or designation and notwithstanding that any Person to be affected thereby may be unknown, unascertained or under a disability. Subject to Applicable Laws, the giving of such notice in the manner aforesaid will be as effective as if the notice had been personally served on all Persons required to be served therewith.

Subject to this Section 7.1, any demand, notice or communication to be made or given in connection with this Charge or any of the Loan Documents shall be in writing and may be made or given by personal delivery, by registered mail or by facsimile transmission addressed to the recipient as follows: (i) to the Chargor: 51-A Caldari Road, Unit 1M, Vaughan, Ontario L4K 4G3, Attention: Co-President, with a copy to the Chargor's solicitors (which shall not constitute notice): Harris + Harris LLP, 2355 Skymark Avenue, Suite 300, Mississauga, Ontario, L4W 4Y6, Attention: Gregory H. Harris, Facsimile No.: 905-629-4350; and (ii) to the Chargee: Toronto-Dominion Centre, TD Bank Tower, 66 Wellington Street West, Suite 4400, Box 163, Toronto, Ontario M5K 1H6, Attention: Scott Coates, Facsimile No.: (416) 687-6701, or to such other address, individual or facsimile number as any party may designate by notice given to the other(s) in accordance with this Section. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been made or given on the day of actual delivery thereof, and if made or given by registered mail, on the third Business Day following the deposit thereof in the mail, and if made or given by facsimile transmission, on the first Business Day following the transmittal thereof. If the party giving any demand, notice or other communication knows or reasonably ought to know of any difficulties with the postal system that might affect the delivery of mail, such demand, notice or other communication shall not be mailed, but shall be given by personal delivery or by facsimile transmission.

7.2 General Indemnity

The Chargor shall protect, defend, indemnify and save harmless the Chargee its shareholders, directors, officers, employees and agents from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable legal fees and expenses), imposed upon or incurred by or asserted against the Chargee by reason of (a) ownership of the Charge, the Charged Property or any interest therein or receipt of any rents; (b) any accident, injury to or death of persons or loss of or damage to the Charged Property occurring in, on or about the Charged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent Charged Property or adjacent parking areas, streets or ways; (c) any use, non-use or condition in, on or about the Charged Property or any part thereof or on the adjoining sidewalks, curbs, adjacent Charged Property or adjacent parking areas, streets or ways; and (d) performance of any labour or services or the furnishing of any materials or other property in respect of the Charged Property or any part thereof. Any amounts payable to the Chargee by reason of the application of this subsection shall become immediately due and payable and shall bear interest at the Interest Rate from the date loss or damage is sustained by the Chargee until paid.

7.3 Disclosure

The Chargor acknowledges that the Chargee and its successors and assigns may sell or transfer or grant a participation in all or any interest in the Loan and Loan Documents to a third party, without further notice to or consent of the Chargor. The Chargor shall co-operate with the Chargee in any such sale, transfer or grant. The Chargor shall provide such information, legal opinions and documents relating to the Chargor, the Charged Property and any tenants of the Charged Property as the Chargee may reasonably request in connection with such sale, transfer or grant at no cost or expense to the Chargee. The Chargee and each Person having an interest in the Loan from time to time may release, disclose, exchange, share, transfer and assign as it may determine in its sole discretion, all information and materials (including financial statements and information concerning the status of the Loan, such as existing or potential Loan defaults, Lease defaults or other facts or circumstances which might affect the performance of the Loan) provided to or obtained by the Chargee relating to the Chargor, any guarantor, indemnitor or beneficial owner, the Charged Property or the Loan (both before and after the Loan advance and/or default) without notice to or the consent of the Chargor or any other Person to any prospective purchaser, transferee or grantee of the Loan and their respective employees, third party advisors and agents.

7.4 Amendments and Waivers

No amendment or waiver of any provision of the Loan Documents shall be effective unless in writing and signed by the party against whom enforcement is sought.

7.5 Time of the Essence

Time is of the essence with respect to this Agreement.

7.6 Waivers

No course of dealing on the part of the Chargee, its officers, employees, consultants or agents, nor any failure or delay by the Chargee with respect to exercising any right, power or privilege of the Chargee under the any of the Loan Documents, shall operate as a waiver thereof.

7.7 Governing Law

This Charge and the Loan Documents shall be governed by and construed in accordance with the laws of the Province in which the Charged Property is located and the applicable laws of Canada.

7.8 Successors and Assigns

This Charge shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. This Charge may be assigned by the Chargee at any time without prior notice to or consent of the Chargor.

7.9 No Merger

Notwithstanding the execution and delivery of this Charge and the other Loan Documents and the advance of all or part of the Loan, the Commitment shall remain in full force and effect and the provisions thereof are intended not to merge or be extinguished. In the event of any conflict or inconsistency between the provisions of this Charge and the provisions of the Commitment, the provisions of the Commitment shall prevail to the extent of any such conflict or inconsistency. In the event of any conflict or inconsistency between the provisions of this Charge and the provisions of any other Loan Document, the provisions of this Charge shall prevail to the extent of any such conflict or inconsistency. This Charge is intended to supplement and not derogate from the other Loan Documents.

7.10 Currency

All dollar references in this Charge are expressed in Canadian dollars.

7.11 Obligations as Covenants

Each obligation of the Chargor expressed in this Charge, even though not expressed as a covenant, is deemed for all purposes to be a covenant made with the Chargee.

7.12 Land Registration Reform Act

The parties hereby exclude from this Charge all of the covenants deemed to be included by section 7(1) of the *Land Registration Reform Act* (Ontario) (the "Act"), which covenants are hereby replaced by the covenants and agreements contained herein.

7.13 Severability

If any one or more of the provisions contained in this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Chargee, be severable from and shall not affect any other provision of this Charge, but this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Charge.

7.14 Limit on Rate of Interest

- (a) If any provision of the Charge would oblige the Chargor to make any payment of interest or other amount payable to the Chargee in an amount or calculated at a

rate which would be prohibited by law or would result in a receipt by the Chargee of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Chargee of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows:

- (i) firstly, by reducing the amount or rate of interest required to be paid to the Chargee under Section 2.3; and
 - (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the Chargee which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).
- (b) Notwithstanding the provisions of this Section 7.14, and after giving effect to all adjustments contemplated thereby, if the Chargee shall have received an amount in excess of the maximum permitted by Subsection 7.14(a), then the Chargor shall be entitled, by notice in writing to the Chargee, to obtain reimbursement from the Chargee in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by the Chargee to the Chargor.
- (c) Any amount or rate of interest referred to in this Section 7.14 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term of the Loan on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the date of the first advance of the Loan to the applicable Maturity Date and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Chargee shall be conclusive for the purposes of such determination.

7.15 Credit and Personal Information Investigations

Each of the Covenantors and their respective principal(s) each acknowledges that for credit purposes the Chargee (including its agents and those to whom the Chargee may assign all of any portion of its interest in the Loan) will collect, use and, where necessary, disclose information in connection with the Commitment and this Charge and will consult its existing files about each of them. Credit purposes include, without limitation, (i) assessing and processing the Commitment and this Charge; (ii) administering the Loan; (iii) enforcing any obligation owed by any Covenantor under or in respect of the Loan or any principal; (iv) fraud prevention; and (v) credit reporting. Each of the Covenantors and their respective principal(s) each hereby authorizes the Chargee, now or at any time in the future, to the extent necessary for credit purposes, to collect, use and disclose information about each of them and each of their creditworthiness, including, without limitation, information collected and exchanged with third parties (such as references, personal information agents, credit reporting bureaus and other institutions with whom any of the Covenantors or any principal may have financial dealings). Such third parties are hereby authorized to disclose to the Chargee any information it requests pursuant to this Section.

7.16 Construction

In the event that the monies advanced hereunder are or are deemed to be a construction loan, the following conditions shall apply:

- (a) the Chargor further covenants that all installation of services and construction on the Charged Property shall be carried out by reputable contractors with sufficient experience in a project of this nature and size, which contractors must be approved by the Chargee and which approval shall not be unreasonably withheld;

- (b) that the installation of services and the construction of residential dwelling units on the Charged Property, once having been commenced, shall be continued in a good and workmanlike manner, with all due diligence and in substantial accordance with the plans and specifications delivered to the Chargee and to the satisfaction of the municipality and all governmental and regulatory authorities having jurisdiction;
- (c) provided that should the servicing and construction on the Charged Property cease for any reason whatsoever (strikes, material shortages, weather and conditions or circumstances beyond the control of the Chargor excepted), for a period of fifteen (15) consecutive days (Saturdays, Sundays and statutory holidays excepted) unless explained to the satisfaction of the Chargee, then the monies hereby secured, at the option of the Chargee shall immediately become due and payable. In the event that construction does cease, then the Chargee shall have the right, at its sole option, to assume complete control of the servicing and construction of the project on the Charged Property in such manner and on such terms as it deems advisable. The cost of completion of the servicing and construction of the project by the Chargee and all expenses incidental thereto together with a management fee of fifteen percent (15%) of the costs of the construction completed by the Chargee shall form part of the Indebtedness. All costs and expenses, as well as the said management fee, shall bear interest at the rate as herein provided for and shall form part of the Indebtedness and the Chargee shall have the same rights and remedies with respect to collection of same as it would have with respect to collection of principal and interest hereunder or at law;
- (d) at the option of the Chargee, at all times there shall be a holdback of ten percent (10%) with respect to work already completed; and
- (e) all advances which are made from time to time hereunder shall be based on certificates of the Chargee's agents, prepared at the expense of the Chargor, which certificates shall, without limitation, certify the value of the work completed and the estimated costs of any uncompleted work and such certificates shall further certify that such completed construction and/or servicing to the date of such certificate shall be in accordance with the approved plans and specifications for the said construction and further, in a good and workmanlike manner and in accordance with the permits issued for such servicing and construction and in accordance with all municipal and other governmental requirements of any authority having jurisdiction pertaining to such servicing and construction and there shall be no outstanding work orders or other requirements pertaining to servicing and construction on the said lands. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the buildings or the services.

7.17 Advances

- (a) It is understood and agreed by the parties hereto that the monies to be advanced hereunder will be advanced in stages as the installation of services and the construction of the buildings on the Charged Property proceeds or as the conditions as enumerated by the Commitment are complied with.
- (b) The Chargor agrees to pay to the Chargee on each occasion when an inspection of the Charged Property is required in order to confirm servicing and construction costs to date and compliance with conditions for further advances, an inspection fee in such reasonable amount as the Chargee or its agents may charge from time to time for each such inspection and the Chargee's solicitors shall be paid their reasonable fees and disbursements for each subsearch and work done prior to each such advance and all such monies shall be deemed to be secured hereunder and the Chargee shall be entitled to all rights and remedies with respect to the collection thereof as it would have with respect to collection of principal and interest hereunder or at law.
- (c) Prior to any advances, the Chargor agrees to provide the Chargee with copies of final construction plans and specifications and copies of all contracts entered into

or to be entered into for the installation of services and/or construction of buildings on the Charged Property.

APPENDIX I

As used herein, the following terms have the following meanings unless there is something in the subject matter or context inconsistent therewith:

“Act” has the meaning set out in Section 7.12.

“Applicable Laws” means, in respect of any Person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorization, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect.

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

“Charge” means collectively, the electronic Charge/Mortgage to which the Schedule is attached, the Schedule and all other Schedules and Appendices to the Charge/Mortgage or to the Schedule.

“Charged Property” means all legal and beneficial right, title, estate and interest in (a) the land described in the Properties section of the electronic Charge/Mortgage to which the Schedule is attached, together with any greater estate therein as hereafter may be acquired by the Chargor (the “Land”), (b) all buildings, structures and other improvements, now or hereafter situated, placed or constructed upon the Land from time to time (the “Improvements”), (c) all fixtures, materials, supplies, machinery, equipment, apparatus and other items of personal property now owned or hereafter acquired by the Chargor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, including without limitation, water, gas, electrical, heating, cooling, ventilation, storm and sanitary sewer fixtures, equipment and facilities and all other utilities whether or not situated in easements (the “Fixtures”), (d) all plans, specifications, shop drawings and other technical descriptions prepared for construction, repair or alteration of the Improvements, and all amendments and modifications thereof (the “Plans”), (e) all leases, subleases, licenses, concessions, occupancy agreements, rental contracts, or other agreements (written or oral) now or hereafter existing relating to the use or occupancy of all or any part of the Land and the Improvements, together with all guarantees, letters of credit and other credit support, modifications, extensions and renewals thereof and all related security and other deposits (the “Leases”), (f) all rents, revenues, issues, income, proceeds, profits, and all other payments of any kind under the Leases for using, leasing, licensing, possessing, operating from, residing in, selling or otherwise enjoying all or any part of the Land and the Improvements (the “Rents”), (g) all other agreements, including without limitation property management agreements, construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, franchise agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Charged Property (the “Property Agreements”), (h) all rights, privileges, tenements, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof, (i) all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above Charged Property now or hereafter acquired by the Chargor, (j) all of the Chargor’s right, title and interest in and to any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements or Fixtures and (k) all renewals, substitutions, improvements, accessions, attachments, additions, replacements and proceeds to, of or from each of the foregoing, and all conversions of the security constituted thereby so that the foregoing shall immediately and automatically be deemed a part of the Charged Property and subject to the security of the Charge as fully and completely and with the same priority and effect as those now owned by the Chargor and specifically described herein, without any further mortgage or assignment or conveyance by the Chargor. As used in this Charge, the term “Charged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

“Chargee” means the Person or Persons named as Chargee in the Chargee(s) section of the electronic Charge/Mortgage to which the Schedule is attached and their respective successors and assigns.

“Chargor” means the Person or Persons named as Chargor in the Chargor(s) section of the electronic Charge/Mortgage to which the Schedule is attached and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

“Commitment” means the commitment letter, dated October 22, 2015, issued by the Chargee to Textbook Student Suites Inc. and accepted by the Chargor and others, as it may be amended, restated or reissued from time to time.

“Costs” means all fees, costs, charges and expenses incurred by or on behalf of the Chargee for or incidental to (a) preparing, executing and registering the Loan Documents, (b) collecting payments due to the Chargee under the Loan Documents, (c) enforcing and realizing on this Charge and the other Loan Documents, including power of sale, foreclosure, execution, judicial sale, court appointed or private receivership, possession and/or management of the Charged Property and other enforcement proceedings, (d) inspecting, protecting, securing, completing, insuring, repairing, equipping, taking and keeping possession of, managing, selling or leasing the Charged Property, including all protective disbursements and curing any defaults under or renewing any leasehold interests, (e) exercising any rights of a receiver appointed under this Charge or otherwise and such receiver’s fees and expenses (including all legal fees and disbursements and agents’ costs and expenses), (f) obtaining any environmental audits or other inspections, tests or reports with respect to the Charged Property, (g) complying with any notices, orders, judgments, directives, permits, licenses, authorizations or approvals with respect to the Charged Property, (h) performing the obligations of the Chargor under the Loan Documents, (i) all legal fees and disbursements in connection with the Loan, on a substantial indemnity basis, and (j) any other fees, costs, charges or expenses payable to the Chargee under the Commitment or any of the Loan Documents or otherwise at law or in equity. **“Costs”** will also include interest at the Interest Rate on all such fees, costs, charges and expenses.

“Covenants” has the meaning set out in Subsection 5.1(a).

“Environmental Laws” means all Applicable Laws, now or hereafter enacted, governing the environment or natural resources, occupational health and safety matters and/or Hazardous Materials, including, without limitation, such laws governing or regulating (a) the use, generation, storage, removal, recovery, treatment, handling, transport, disposal, control, release, discharge of, or exposure to, Hazardous Materials, (b) requiring notification or disclosure of releases of Hazardous Materials or other environmental conditions whether or not in connection with a transfer of title to or interest in Charged Property, or (c) the presence of Hazardous Materials on or at the Charged Property.

“Event of Default” has the meaning set out in Article 5.

“First Mortgage” has the meaning set out in the definition of Permitted Encumbrances in this Appendix.

“Fixtures” has the meaning set out in the definition of Charged Property in this Appendix.

“Hazardous Materials” means (a) petroleum or chemical products, whether in liquid, solid, or gaseous form, or any fraction or by product thereof, (b) asbestos or asbestos containing materials, (c) polychlorinated biphenyls (PCBs), (d) radon gas, (e) underground storage tanks, (f) any explosive or radioactive substances, (g) lead or lead-based paint, or (h) any other substance, material, waste or mixture which is or shall be listed, defined, or otherwise determined by any governmental authority to be hazardous, toxic, dangerous or otherwise regulated, controlled or giving rise to liability under any Environmental Laws.

“Improvements” has the meaning set out in the definition of Charged Property in this Appendix.

“Indebtedness” means all existing and future indebtedness and other covenants, obligations and liabilities owing by the Chargor to the Chargee from time to time pursuant to the Loan and the Loan Documents, matured or not, direct or indirect, absolute or contingent, including (a) the Principal Amount, (b) all interest and compound interest at the Interest Rate, (c) Costs, (d) any amount, cost, charge, expense or interest which has been added to the Indebtedness under the Loan Documents or which is otherwise due and payable thereunder or

secured thereby, and (f) the payment, performance, discharge and satisfaction of all other obligations of the Chargor to the Chargee under or in respect of the Loan, the Indebtedness and/or Loan Documents.

"Interest Adjustment Date" means the Interest Adjustment Date specified in the Provisions section of the electronic Charge/Mortgage to which the Schedule is attached.

"Interest Rate" means the rate of ten percent (10%) per annum, which rate of interest shall be calculated monthly, both before and after maturity, demand, default and judgment.

"Land" has the meaning set out in the definition of Charged Property in this Appendix.

"Leases" has the meaning set out in the definition of Charged Property in this Appendix.

"Lien" means any mortgage, charge, pledge, hypothec, assignment, lien, lease, sublease, easement, right of way, security interest, restrictions, covenants or encroachments of any kind or nature affecting all or any part of the Charged Property.

"Loan" means the loan made or to be by the Chargee to the Chargor as follows: 1) Facility 1 (as defined in the Commitment) in the original principal amount of \$2,750,000.00; and 2) Facility 3 (as defined in the Commitment) in the original principal amount of \$10,050,000.00 (which includes the amount outstanding under Facility 1), if and to the extent the same is advanced, together with all other amounts secured by this Charge and the other Loan Documents.

"Loan Documents" means, collectively, all documents, instruments, agreements and opinions now or hereafter evidencing, securing, guaranteeing and/or relating to the Loan and the Indebtedness or any part thereof, including the Commitment, this Charge, and the Security referred to in the Commitment. Reference in this Charge to any Loan Document or other instrument or agreement shall include all amendments, addenda, modifications, extensions, renewals, restatements, supplements or replacements thereto or thereof from time to time.

"Maturity Date" means August 1, 2016.

"Payment Date" means the first day of each calendar month in each and every year commencing on the first day of the first calendar month following the Interest Adjustment Date and ending on the Maturity Date, as applicable.

"Permitted Encumbrances" means as of any particular time any of the following encumbrances, provided that the Chargee is satisfied in its sole discretion that same do not, in the aggregate, materially impair the servicing, development, construction, operation, management or marketability of the Charged Property, or the validity, enforceability or priority of security of this Charge and the other Loan Documents: (a) Liens for Realty Taxes or utility charges in either case only if same are not yet due or payable; (b) registered easements, rights of way, restrictive covenants and servitudes and other similar rights in land granted to, reserved or taken by any governmental authority or public utility, or any registered subdivision, development, servicing, site plan or other similar agreement with any governmental authority or public utility provided in each case that (i) same has been complied with and (ii) the Chargee is satisfied in its sole discretion with the nature, scope and cost of any outstanding obligations thereunder and security has been posted to ensure performance of all such obligations; (c) any subsisting reservations contained in the original grant of the Land from the Crown; (d) Leases which are either disclosed by the Chargor to the Chargee prior to the Loan advance in a rent roll or other document, or entered into after the Loan advance in accordance with the Loan Documents; and (e) the charge/mortgage in favour of Phoenix Properties Inc. registered in the Registry Office against title to the Charged Property on the date of registration of this Charge (the **"First Mortgage"**); and (f); and such other Liens consented to in writing by the Chargee in its sole discretion.

"Permitted Subordinated Mortgage" means the charge/mortgage to be registered in the principal sum of no more than \$11,000,000.00 in favour of Tier 1 Advisory in the Registry Office against title to the Charged Property.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity.

“Principal Amount” means, at any time, the principal amount of the Loan outstanding at that time, together with all money that is later added to the Principal Amount under the terms of this Charge.

“Property Agreements” has the meaning set out in the definition of Charged Property in this Appendix.

“Realty Taxes” means all taxes, duties, rates, imposts, levies, assessments and other similar charges, whether general or special, ordinary or extraordinary, or foreseen or unforeseen and all related interest, penalties and fines which at any time may be levied, assessed, imposed or be a Lien on, against or in respect of the Charged Property or any part thereof, the Chargor or any beneficial or unregistered owner with respect to its interest in the Charged Property, or any leasing, occupancy, operation, use or possession of the Charged Property.

“Registry Office” means the Land Registry Office for the Land Titles Division of Ottawa (No. 4).

“Rents” has the meaning set out in the definition of Charged Property in this Section.

“Schedule” means the Schedule - Additional Provisions to which this Appendix is attached and includes this Appendix and all other Appendices attached to such Schedule.

This is **Exhibit "H"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017



A Commissioner, Notary Public, etc.

GUARANTEE AND POSTPONEMENT OF CLAIM

1. IN CONSIDERATION of KingSett Mortgage Corporation (the “**Lender**”) making loans and advances to Textbook (256 Rideau Street) Inc. (the “**Debtor**”) pursuant to a commitment letter dated October 22, 2015 from the Lender to Textbook Student Suites Inc. and accepted by the Debtor and the undersigned (which agreement, as it may be amended, supplemented, restated or consolidated from time to time, is hereinafter called the “**Commitment**”) and in further consideration of the sum of TEN DOLLARS (\$10.00) paid by the Lender to each of the undersigned and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the undersigned) the undersigned (hereinafter sometimes each called a “**Guarantor**” and collectively, the “**Guarantors**”) hereby jointly and severally agree to duly and punctually pay to the Lender:
 - (a) all present and future indebtedness, obligations and liabilities owing by the Debtor (and the Debtor's successors and assigns and any person substituted for the Debtor or added as a debtor under the Commitment) to the Lender from time to time pursuant to the Commitment, the Security (as defined in the Commitment) or pursuant to any other document, agreement, instrument or other writing contemplated by or arising out of or in connection with the Commitment (the “**Indebtedness**”); and
 - (b) all commissions, charges, costs and other expenses (including legal fees and disbursements on a solicitor and his own client basis) arising out of or incurred by the Lender in connection with any of the following:
 - (i) the collection of the Indebtedness;
 - (ii) the enforcement of the rights of the Lender against the Debtor under the Commitment or any of the Security;
 - (iii) the realization upon or disposition of any security or securities, including without limitation the Security, from time to time held by or on behalf of the Lender for the Indebtedness; and
 - (iv) the enforcement of this guarantee.
 - (c) a guarantee to indemnify the Lender for any liabilities arising from any misrepresentations, negligence or wilful misconduct on the part of the Debtor.
2. This guarantee shall be a continuing guarantee and shall apply to and secure all amounts referred to in paragraph 1 hereof, including, without limitation, any ultimate balance due or remaining unpaid to the Lender; and this guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or from time to time of any sum of money for the time being due or remaining unpaid to the Lender. Each of the Guarantors agrees that it shall not be entitled to withdraw, terminate, cancel, revoke or

determine its liability under this guarantee by notice respecting Indebtedness incurred or arising before or after such notice.

3. Each Guarantor's liability to make payment under this guarantee shall arise forthwith after demand for payment has been made upon such Guarantor, which demand shall be deemed to have been effectually made on the day upon which an envelope containing such demand addressed to such Guarantor at his address set out in paragraph 24 hereof (or such other address of which such Guarantor shall have given the Lender notice in accordance with paragraph 24 hereof) is posted, by registered mail, postage prepaid, in the post office. Each Guarantor's liability hereunder shall bear interest from and including the date of such demand at a rate of interest equal to ten percent (10.00%) per annum calculated and compounded monthly after demand and default hereunder and before and after any judgement.
4. This guarantee is irrevocable, absolute and unconditional and the liability and obligations of each of the Guarantors hereunder shall not be released, discharged, mitigated, impaired or affected by:
 - (a) any grant of time, renewals, extensions, indulgences, releases, discharges or modifications which the Lender may extend to or make with the Debtor, any of the Guarantors or any other person, firm or corporation;
 - (b) any amendments, modifications or variations, material or otherwise, of or made to the Commitment or any of the Security or any other document, agreement, instrument, security or writing contemplated by or arising out of or in connection with the Commitment, whether with or without the knowledge or consent of any of the Guarantors;
 - (c) any waiver by the Lender of, or failure or forbearance of the Lender to enforce, any of the terms, covenants, conditions or provisions of the Commitment, the Security or any other security or securities granted to the Lender in order to secure payment to the Lender of the Indebtedness owing by the Debtor to the Lender;
 - (d) the taking of security or securities (which word as used herein includes securities taken by the Lender from the Debtor and others, monies which the Debtor has on deposit with the Lender, other assets of the Debtor held by the Lender in safekeeping or otherwise, and other guarantees) from the Debtor or any other person, firm or corporation and the release, discharge or alteration of such security or securities, any dealing by the Lender with any security or securities which is or may be inconsistent with the provisions of any agreement between the Lender and the Debtor or which may contravene or breach any provision of any such agreement or which may contravene or breach any duty that the Lender may owe to or have in respect of the Debtor, or any other dealing with such security or securities;

- (e) the abstention from taking security or securities from the Debtor or any other person, firm or corporation or from perfecting, continuing to keep perfected or taking advantage of any security or securities;
- (f) any loss, diminution of value or unenforceability of any security or securities received from the Debtor or any other person, firm or corporation and including any other guarantees received by the Lender;
- (g) any other dealings with the Debtor, any one or more of the Guarantors or any other person, firm or corporation;
- (h) the Lender's failure to give or extend credit or make loans or advances to the Debtor;
- (i) the Lender's acceptance of compositions from the Debtor;
- (j) the application by the Lender of all monies at any time and from time to time received from the Debtor, any one or more of the Guarantors or any other person, firm or corporation on account of such part or parts of the Indebtedness owing by the Debtor to the Lender, in such manner as the Lender deems best and the changing of such application in whole or in part and at any time or from time to time;
- (k) the release or discharge of the Debtor (including, without limitation, as part of any novation effected in connection with the Commitment and the Indebtedness) or of any one or more of the Guarantors by operation of law or otherwise;
- (l) any change in the name, objects, capital structure, constitution or legal status of the Lender, any of the Guarantors or the Debtor;
- (m) the sale of the Debtor's business or any part thereof;
- (n) any amalgamation, arrangement or reorganization of the Lender, the Debtor or any of the Guarantors;
- (o) the death, incapacity or bankruptcy of the Lender, the Debtor or any of the Guarantors;
- (p) any change in the membership of the Debtor's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise; or
- (q) any other act, omission, matter or circumstance which, but for this paragraph 4, would or might constitute a legal or equitable discharge or defence of a surety or guarantor.

5. Each of the Guarantors hereby expressly waives notice of the acceptance of this guarantee and notice of non-performance, non-payment or non-observance on the part of

the Debtor of any of the terms, covenants, conditions and provisions of the Commitment or any of the Security or the non-payment of any amounts owing by the Debtor to the Lender.

6. Without prejudice to any of the rights or recourses which the Lender may have against the Debtor, each of the Guarantors hereby expressly waives any right to require the Lender to:

- (a) value, realize upon or dispose of any security or securities of the Debtor or any other person, firm or corporation held by the Lender; or
- (b) initiate or exhaust any other remedy which the Lender may have in law or equity;

before requiring or becoming entitled to demand payment from the Guarantors or any of them under this guarantee and each of the Guarantors renounces all benefits of discussion and division.

7. The liability of the Guarantors under this guarantee shall not be, and shall not be deemed to have been, waived, released, discharged, mitigated, impaired or affected:

- (a) by or upon the receivership, bankruptcy, winding-up, dissolution or distribution of the assets of the Debtor (whether voluntary or compulsory); or
- (b) by the failure or omission of the Lender in any of the events set out in subparagraph 7(a) above to prove its claim or prove its full claim; or
- (c) in the event that the Debtor should make a bulk sale of any of its assets within the provisions of any *Bulk Sales Act* or any composition with creditors or scheme of arrangement,

and upon the occurrence of any of the events set out in subparagraphs 7(a) and (c) above, all Indebtedness owing to the Lender by the Debtor shall at the sole option of the Lender, thereupon immediately be due and payable to the Lender. In such event, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full, and the Guarantors shall continue to be jointly and severally liable hereunder for any balance of the Indebtedness which may be owing to the Lender by the Debtor. The retention by the Lender of any security or securities shall not, as between the Lender and each of the Guarantors, be considered as a purchase of such securities, or as payment, satisfaction or reduction of the Indebtedness due to the Lender by the Debtor or any part thereof.

8. All advances, renewals, extensions and credits:

- (a) made or granted by the Lender to the Debtor;
- (b) made or granted by the Lender purportedly to or for the Debtor after the bankruptcy or insolvency of the Debtor, whether or not [Note: discuss] the Lender has received notice thereof; and

(c) obtained from the Lender purportedly by or on behalf of the Debtor;

shall be deemed to form part of the Indebtedness of the Debtor that is guaranteed hereunder, and this guarantee and the covenants, agreements and obligations of the Guarantors contained herein shall nevertheless be binding upon each of the Guarantors, jointly and severally, until such time as all such monies have been paid in full to the Lender and all Indebtedness owing to the Lender by the Debtor has been discharged, notwithstanding:

- (i) any lack or limitation of power, incapacity or disability of the Debtor or of the partners, directors, officers or agents thereof;
- (ii) that the Debtor may not be a legal or suable entity;
- (iii) any irregularity, defect or informality in the obtaining of such advances, extensions, renewals or credits, whether or not the Lender had or should have had knowledge thereof;
- (iv) that for any reason the Debtor has no legal existence, or is or becomes under no legal obligation to discharge and repay the Indebtedness owing to the Lender by the Debtor; or
- (v) that any monies owing by the Debtor to the Lender become irrecoverable from the Debtor by operation of law or for any reason whatsoever, including without limitation because the Commitment or any other agreement between the Debtor and the Lender is void or voidable or is ultra vires the Lender,

and any such advance, extension, renewal or credit which may not be recoverable from the undersigned as guarantors, shall be recoverable from each of the Guarantors, jointly and severally, as principal debtors in respect thereof and shall be paid to the Lender on demand with interest at the rate set out in paragraph 3 hereof.

- 9. All compositions and payments received by the Lender from the Debtor or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the Guarantors to claim the benefit thereof in reduction of the Indebtedness owing to the Lender by the Debtor. The Guarantors shall not be entitled to claim repayment against the Debtor and shall not have any right to be subrogated in any rights of the Lender until all Indebtedness owing to the Lender by the Debtor have been discharged to the satisfaction of the Lender and the Lender has, by express release in writing, relieved all of the Guarantors of their joint and several obligations hereunder.
 - 10. This guarantee shall be in addition to and not in substitution for any other guarantees or other securities which the Lender may now or hereafter hold in respect of the Indebtedness owing to the Lender by the Debtor and the Lender shall be under no obligation to marshal in favour of the Guarantors any other guarantees or other securities or any moneys or other assets which the Lender may be entitled to receive or may have a claim upon.
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11.

(a) All debts and liabilities, present and future, of the Debtor to the Guarantors or any of them or of a Guarantor to the other Guarantor, and all claims, present and future, of the Guarantors or any of them against the Debtor or the other Guarantor (whether by subrogation or otherwise) are hereby assigned to the Lender and postponed to the present and future debts and liabilities of the Debtor to the Lender and any payment by the Debtor or a Guarantor of any of the assigned and postponed debts and liabilities to the Guarantors or any of them shall be received and held in trust for the Lender by such Guarantor or Guarantors and paid over to the Lender forthwith upon demand therefor. In addition to the foregoing assignment, each of the Guarantors hereby assigns and transfers to the Lender all its right, title and interest in and to all debts, liabilities, demands and choses in action which are now due, owing, accruing due or which may hereafter become due, owing or accruing due to such Guarantor by the Debtor or the other Guarantor and all claims of whatsoever nature or kind which each Guarantor now has or may hereafter have under any agreement to which any of the Guarantors is or may hereafter be a party (and all amendments which have been made or may hereafter be made thereto) including, without limitation, all contracts, securities, bills, notes, judgements, mortgages and all other rights and benefits which now are or may hereafter be vested in such Guarantor in respect of or as security for any of the said debts, liabilities, demands, choses in action and claims; and also all books, accounts, invoices, letters, papers and documents in any way evidencing or relating to any of the said debts, liabilities, demands, choses in action and claims (all of the foregoing, including all debts and liabilities of the Debtor or any of the Guarantors to each of the Guarantors, being hereinafter collectively referred to as the **"Assigned Debts"**).

(b) The Guarantors expressly authorize the Lender:

- (i) to collect, demand, sue for, enforce, recover and receive any of the Assigned Debts and to give a valid and binding receipt and discharge therefor as if the Lender were the absolute owner thereof; and
- (ii) to dispose of (either by public or private sale), realize or enforce any of the Assigned Debts at such time, in such manner, upon such terms and conditions and for such consideration as the Lender may deem advisable, either in its own name or in the name of the Guarantors or any of them, without notice to the Guarantors or any of them and without prejudice to any rights the Lender may have against other parties or to the right the Lender may have against the Guarantors for any deficiency; and upon a sale the Lender shall have the right to buy the whole or any portion of the Assigned Debts offered for sale and the rights of the Guarantors therein shall thereupon be extinguished.

(c) Each of the Guarantors shall from time to time forthwith upon the request of the Lender furnish to the Lender in writing all information requested relating to the Assigned Debts, including, without limitation, details of any written evidence of

such Assigned Debts and any security held by any of the Guarantors with respect to any of the Assigned Debts.

- (d) Each of the Guarantors covenants and agrees that all moneys received by the Guarantors or any of them from or in respect of any of the Assigned Debts shall be received and held by such Guarantor or Guarantors in trust for the Lender.
 - (e) Each of the Guarantors covenants and declares that none of the Assigned Debts have been assigned to or pledged or encumbered in favour of any other person, firm or corporation and each of the Guarantors covenants and agrees with the Lender not to assign, pledge or encumber the Assigned Debts or any of them, so long as this agreement remains in force, to or in favour of any other person, firm or corporation without the written consent of the Lender; and each of the Guarantors also covenants and declares that all taxes and imposts whatever levied or imposed upon or in respect of any dealings with goods from the sale of which the Assigned Debts or any of them may have arisen or may hereafter arise have been or will be fully paid and satisfied by the Guarantors and each of them.
 - (f) This assignment and postponement is independent of this guarantee and shall remain in full effect until repayment in full to the Lender of all indebtedness and liabilities owing by the Debtor to the Lender and the payment of any amounts owing to the Lender hereunder notwithstanding that the joint and several liabilities of the Guarantors or any of them under this guarantee may have been discharged or terminated. Each of the Guarantors hereby acknowledges that the assignments to the Lender as set forth herein shall not impose upon the Lender any obligation to do anything to realize on the Assigned Debts or to ensure that the Assigned Debts do not become statute barred by the operation of law relating to limitations of action or otherwise.
-
12. No action or proceeding brought or instituted under this guarantee and no recovery or judgement in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this guarantee by reason of any further default or defaults under this guarantee or in the payment of any amounts due by the Debtor.
13. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other rights, powers or privileges. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided in law or equity.
14. No modification of this guarantee shall be effective unless it is in writing and signed by the Guarantors and the Lender.
-
15. The Lender shall not be concerned to see or inquire into the existence, powers or capacities of the Debtor, the Guarantors or the officers, directors or agents acting or purporting to act on behalf of the Debtor.
-

16. All terms, agreements and conditions of this guarantee shall extend to and be binding upon the Guarantors and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns and shall enure to the benefit of and may be enforced by the Lender and its successors and assigns.
17. This guarantee shall be exclusively governed by and construed in accordance with the laws of the Province of Ontario and for the purpose of legal proceedings, this guarantee shall be deemed to have been made in the Province of Ontario and the courts of the Province of Ontario shall have exclusive jurisdiction over all disputes which may arise under this guarantee.
18. This guarantee sets out all agreements between the parties hereto relative to the guarantee and the assignment and postponement of claim herein contained and none of the parties shall be bound by any representation, warranty or promise made by any person relative hereto which is not embodied herein; and it is specifically acknowledged and agreed that this guarantee has been delivered by each of the Guarantors free of any conditions whatsoever and that no representations, warranties or promises have been made to any one or more of the Guarantors affecting their joint and several liabilities hereunder, and that the Lender shall not be bound by any representations, warranties or promises now or at any time hereafter made by the Debtor to any one or more of the Guarantors. This guarantee shall be binding upon and enforceable against every signatory hereto notwithstanding the non-execution hereof by any other proposed signatory or signatories.
19. Any term, condition or provision of this guarantee which is or is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severable herefrom and be ineffective to the extent of such avoidance, prohibition or unenforceability without invalidating the remaining terms, conditions and provisions hereof and any such avoidance, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.
20. If the Debtor amalgamates with any other corporation or corporations, the undersigned acknowledges that the Indebtedness shall include: (i) all indebtedness and obligations of each amalgamating corporation (including the Debtor) to the Lender in existence at the time of such amalgamation; and (ii) all obligations of the amalgamated corporation to the Lender incurred or arising from time to time after such amalgamation. After such amalgamation, all references herein to the "**Debtor**" shall mean the amalgamated corporation and all other provisions of this Agreement shall be deemed to have been amended to the extent required by the context in order to reflect such amalgamation.
21. All nouns and personal pronouns herein shall be read and construed as the number and gender may require in each case and the verb shall be read and construed as agreeing with such noun or pronoun.
22. The words "**herein**", "**hereof**", "**hereunder**", "**herefrom**", "**the guarantee**" and "**this guarantee**" refer to this entire agreement and not to any particular paragraph or subparagraph unless the context so requires.

- 23. Each of the Guarantors hereby acknowledges receipt of a copy of this guarantee.
- 24. The address of each of the Guarantors for the purposes of this guarantee and postponement of claim shall be:

c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, ON L4K 4G3

Attention: Co-President
with a copy to (which shall not constitute notice):



Harris + Harris LLP
2355 Skymark Avenue
Suite 300
Mississauga, ON L4W 4Y6

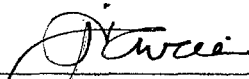
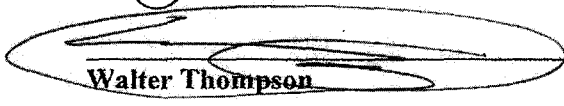
Attention: Gregory H. Harris
Facsimile No.: (905- 629-4350

unless the Lender receives written notice of a change in such address.

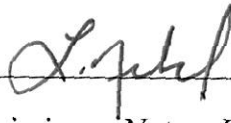
- 25. The Guarantors each acknowledge receipt of a copy of the financing statement or statements registered under the *Personal Property Security Act* (Ontario) with respect to this Guarantee.
- 26. This Guarantee may be executed in several counterparts, each of which when so executed shall be deemed to be an original and which counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Guarantors have duly executed this guarantee and postponement of claim this 5th day of November, 2015.

Witness 
Witness 

 l/s
John Davies
 l/s
Walter Thompson

This is **Exhibit "I"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "L. J. [unclear]", is written over a horizontal line.

A Commissioner, Notary Public, etc.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made this 5~~th~~ day of November, 2015.

B E T W E E N:

TEXTBOOK (256 RIDEAU STREET) INC.

(hereinafter referred to as the “**Debtor**”)

- and

KINGSETT MORTGAGE CORPORATION

(hereinafter referred to as the “**Secured Party**”)

WHEREAS the Secured Party has agreed to make a loan (the “**Loan**”) to the Debtor pursuant to a commitment letter dated the 22nd day of October, 2015, from the Lender to Textbook Student Suites Inc. and accepted by the Debtor and others (which commitment letter, as it may be amended, modified, restated or consolidated from time to time, is hereinafter referred to as the “**Commitment**”) and secured by a mortgage and charge (the “**Mortgage**”) of the Project (as defined in the Commitment).

AND WHEREAS the Debtor has agreed to grant to the Secured Party a security interest in and an assignment, mortgage and charge of the Collateral (as defined in Section 2.1) to secure the Loan and the Indebtedness (as defined in the Mortgage).

NOW THEREFORE in consideration of the premises the Debtor hereby agrees with the Secured Party as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

Unless otherwise provided herein, all capitalized terms and expressions used herein shall have the same meaning as set out in the Mortgage. The following terms have the following meanings:

“**Agreement**” means this agreement and all amendments made thereto by written agreement between the Secured Party and the Debtor; and

“**Collateral**” has the meaning ascribed to that term in Section 2.1.

Section 1.2 Interpretation and Headings

The terms “accessions”, “chattel paper”, “document of title”, “goods”, “instruments”, “intangibles”, “money”, “proceeds” and “securities” whenever used herein shall, except as expressly defined herein, have the meanings given to those terms, or the singular or plural

thereof, as the case may be, in the *Personal Property Security Act* (Ontario) (the “PPSA”), as now enacted or as the same may from time to time be amended, re-enacted or replaced. The words “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to the whole of this Agreement and not to any particular Section or other portion thereof or hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words in the singular include the plural and words in the plural include the singular. Words importing the masculine gender include the feminine and neuter genders where the context so requires. Words importing the neuter gender include the masculine and feminine genders where the context so requires. Any reference to “including” shall mean “including without limitation” whether or not expressly provided. If more than one Person is named as, or otherwise becomes liable for or assumes the obligations and liabilities of the Debtor, then all such Persons shall be jointly and severally liable for such obligations and liabilities. The headings do not form part of this Agreement and have been inserted for convenience of reference only.

ARTICLE 2 SECURITY INTEREST

Section 2.1 Security Interest

As general and continuing security for the payment and performance of the Indebtedness, the Debtor hereby grants to the Secured Party a security interest in all of the present and future undertaking and property, both real and personal, of the Debtor which is located at or related to or used or acquired in connection with or arising from or out of the Charged Property (collectively, the “**Collateral**”), and as further general and continuing security for the payment and performance of the Indebtedness, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter have in all property which is located at or related to or used or acquired in connection with the Charged Property of the following kinds:

- (a) Accounts Receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the “**Receivables**”);
- (b) Equipment: all machinery, equipment, fixtures, furniture, tools, plant, vehicles and other tangible personal property, whether or not described in any schedule hereto (collectively, the “**Equipment**”);
- (c) Inventory: all chattels, goods and other tangible personal property that are held by the Debtor for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process or materials used or consumed in a business or profession, including, without limitation, raw materials, work-in-process and materials used or consumed or to be used or consumed in the business of the Debtor;

- (d) Chattel Paper: all chattel paper;
- (e) Contracts: any and all present and future undertakings, commitments, contracts and other agreements of every nature and kind entered into or assumed by the Debtor, whether written or oral, in respect of the Charged Property, or any part thereof, or any right or interest of the Debtor therein or thereto and any amendments, extensions, renewals and replacements which have been made or may hereafter be made thereto, together with:
 - (i) all benefits, proceeds and advantages which now are or may hereafter be derived therefrom;
 - (ii) all debts, demands, choses in action and claims which are now or may hereafter be or become due, owing or accruing due to the Debtor therefrom; and
 - (iii) all books, accounts, invoices, letters, papers and documents in any way evidencing or relating thereto;
- (f) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (g) Intangibles: all intangibles not described in Section 2.1(a), including, without limitation, all goodwill, patents, trademarks, copyrights and other industrial property;
- (h) Investment Property: all present and future investment property held by the Debtor, including securities, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and dividends and income derived therefrom (collectively, the “**Investment Property**”);
- (i) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (j) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (i) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (k) Permitted Encumbrances: all Permitted Encumbrances and all Property Agreements;
- (l) Reserves: all reserves and deposits paid to the Secured Party pursuant to the Commitment;

- (m) Permits, Licences, Etc.: all permits, consents, licenses, authorizations and approvals granted by any governmental authority or utility in respect of the Charged Property and all rights and benefits in respect thereof;
- (n) Proceeds: all proceeds of the property described in Sections 2.1(a) to (k) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or the proceeds therefrom and any payment that indemnifies or compensates for the loss of or damage to such property or the proceeds therefrom; and
- (o) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (n) inclusive;

provided that such grant, assignment, mortgage and charge shall not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said assignment or mortgage and charge, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound. Without limiting the foregoing, the Collateral shall include, and the security interest granted hereby shall attach to, all present and future right, title, estate and interest of any beneficial owner in the Collateral.

Section 2.2 Attachment of Security Interest

The Debtor acknowledges that value has been given and agrees that the security interest granted hereby will attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral. There is no agreement between the parties hereto, express or implied, to postpone the attachment of the assignment and security interest granted hereby. Upon full repayment and performance of the Indebtedness, the Collateral shall be re-assigned to the Debtor at the Debtor's expense.

Section 2.3 No Need for Consent

The Debtor represents to the Secured Party that none of the Collateral in existence on the date hereof (a) is incapable of being assigned or otherwise secured in favour of the Secured Party in accordance with the provisions of this Agreement, (b) is incapable of further assignment or security granted by the Secured Party or by any receiver or receiver and manager after an Event of Default, or (c) requires the consent of any third party to the security interest, assignment, mortgage and charge granted hereby, except for any consent that has already been obtained.

Section 2.4 Where Consent Required

If any Collateral cannot be secured in favour of the Secured Party in accordance with the provisions of this Agreement or requires the consent of any third party to such security, the following provisions shall apply: (a) the Debtor shall forthwith attempt to obtain the consent of

any necessary third party to the security in favour of the Secured Party; and (b) the Debtor shall hold all benefit to be derived therefrom in trust for the Secured Party as security for payment of the Indebtedness and shall deliver up all such benefit to the Secured Party forthwith and upon demand.

Section 2.5 Collateral Consisting of Investment Property

If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Secured Creditor to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Secured Creditor or its nominee may appear of record as the sole owner thereof; provided, that until the security hereby constituted becomes enforceable, the Secured Creditor shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the security hereby constituted becomes enforceable, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Secured Creditor or its nominee as such record owner, and agrees that no proxy or proxies given by the Secured Creditor to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Secured Creditor "control" of such Investment Property, as defined in the *Securities Transfer Act, 2006* (Ontario), which "control" shall be in such manner as the Secured Creditor shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Secured Creditor, whether before or after security hereby constituted becomes enforceable, without further consent by the Debtor.

ARTICLE 3 COVENANTS

Section 3.1 Covenants

Without limiting other covenants, obligations and liabilities of the Debtor under the Loan Documents, the Debtor covenants with the Secured Party that the Debtor shall:

- (a) maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner and in accordance with any agreement now or hereafter entered into with the Secured Party;
- (b) upon the request of the Secured Creditor, deliver to the Secured Creditor from time to time as the same are acquired by the Debtor all Investment Property (to the extent certificated). Such delivery shall be effected by depositing with the Secured Creditor all certificates representing such Investment Property (to the extent certificated). All certificates so deposited shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on

the transfer of the shares represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer;

- (c) not, without the prior written consent of Secured Party, permit any of the Equipment to be removed at any time from the Charged Property, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Debtor and is free and clear of any Lien except the security of the Loan Documents;
- (d) defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all Liens except those in favour of the Secured Party or as otherwise permitted in writing by the Secured Party;
- (e) not change its chief executive office and the location of the office where it keeps its records respecting the Receivables, or move any of the Investment Property or Equipment from the Charged Property, without the prior written consent of the Secured Party, not to be unreasonably withheld;
- (f) pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same become due and payable, and will exhibit to the Secured Party, when required, the receipts and vouchers establishing such payment;
- (g) keep proper books of account in accordance with sound accounting practice, will furnish to the Secured Party such financial information and statements and such information and statements relating to the Collateral as the Secured Party may from time to time require, and the Debtor will permit the Secured Party or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (h) not change its name or, if the Debtor is a corporation, will not amalgamate with any other corporation without first giving notice to the Secured Party of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective;
- (i) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge granted hereby; and
- (j) pay to the Secured Party forthwith upon demand all reasonable costs incurred by or on behalf of the Secured Party in connection with the preparation, execution

and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the security interest, assignment and mortgage and charge granted hereby and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses, together with interest thereon at the Interest Rate shall be added to and form part of the Indebtedness.

ARTICLE 4 INSURANCE

Section 4.1 Insurance

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral as required by Article 4 of the Mortgage. The Debtor shall give the Secured Party notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section 4.1, the Secured Party shall have the right, but not the obligation, without notice or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforce this Agreement, to make such payment or perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Secured Party in performing such obligations shall be immediately due and payable by the Debtor and until paid, shall be added to the Indebtedness and shall bear interest at the Interest Rate.

ARTICLE 5 DEALING WITH COLLATERAL

Section 5.1 No Liability for Loss

The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder. In the holding or dealing with any of the Collateral, the Secured Party and any nominee on its behalf shall have no liability for, and the Debtor hereby agrees to indemnify and save harmless the Secured Party from and against any loss, damage, liability, cost or expense of any nature or kind incurred by the Debtor or any other Person excluding only any loss or damage arising directly from the Secured Party's gross negligence or wilful misconduct.

Section 5.2 Notification of Account Debtors

After an Event of Default occurs, the Secured Party may give notice of this Agreement and the security interest and assignment granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and to make all further payments to the Secured Party, and any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request. Nothing herein shall release, discharge, postpone, reassign, or amend

or otherwise affect the security of the Secured Party in and to the Collateral and the immediate attachment thereof.

Section 5.3 Application of Funds

All money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Indebtedness as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE 6 REMEDIES

Section 6.1 Remedies

- (a) On or after the occurrence of any Event of Default and at any time thereafter (i) the entire Indebtedness shall at the option of the Secured Party become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived; and (ii) any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable.
- (b) In addition to any right or remedy provided by any Loan Documents or otherwise at law or in equity, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:
 - (i) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the Collateral (which term when used in this Section 6.1(b) shall include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 6.1(b) shall include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver;
 - (ii) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
 - (iii) to have Investment Property included in the Collateral registered on the books of the issuers of such Investment Property in the name of the Secured Creditor or such nominee of the Secured Creditor as the Secured Creditor shall direct;

- (iv) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (v) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (vi) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (vii) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (viii) the Secured Party may accept the Collateral in satisfaction of the Indebtedness upon notice to the Debtor of its intention to do so in the manner required by law;
- (ix) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interest, assignment and mortgage and charge granted by this Agreement;
- (x) the Secured Party may enter upon, occupy and use all or any of the premises, buildings and plant occupied by the Debtor and use all or any of the Equipment and other personal property of the Debtor for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
- (xi) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at the Interest Rate, will be added to and form part of the Indebtedness hereby secured; and
- (xii) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith and Interest thereon at the Interest Rate shall be added to the Indebtedness hereby secured.

- (c) On or after the occurrence of any Event of Default and at any time thereafter, the Debtor will not demand or receive any income from or interest on Investment Property, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Secured Creditor in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Secured Creditor in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Secured Creditor may apply the net cash receipts from such income or interest to payment of any of the Indebtedness, provided that the Secured Creditor shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Indebtedness.
- (d) The Secured Party may grant extensions of time, take, abstain from taking and perfecting and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder.
- (e) The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, firm or corporation in respect of the Collateral, other than as a result of the gross negligence or wilful misconduct of the Secured Party.
- (f) The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party may apply any balance of such proceeds to payment of the Indebtedness in such order as the Secured Party sees fit, in its sole discretion.

ARTICLE 7
GENERAL

Section 7.1 Entire Agreement

There are no understandings and agreements between the parties concerning the subject matter of this Agreement, except as set forth in this Agreement and the other Loan Documents. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor concerning the subject matter hereof except as expressly set forth in this Agreement or in the other Loan Documents. No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto.

Section 7.2 Benefit of Agreement and Assignment

This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. The rights of the Secured Party under this Agreement may be assigned by the Secured Party without prior notice to or consent of the Debtor. The Debtor may not assign its obligations under this Agreement.

Section 7.3 Notices

Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be delivered in accordance with the notice provisions set out in the Mortgage.

Section 7.4 Severability

If any one or more of the provisions contained in this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Secured Party, be severable from and shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

Section 7.5 Further Assurances

The Debtor hereby agrees to execute such further assurances as may be reasonably required by the Secured Party from time to time to perfect this agreement and assignment.

Section 7.6 Waivers

No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No course of dealing on the part of the Secured Party, its officers, employees, consultants or agents, nor any failure or delay by the Secured Party with respect to exercising any right, power or privilege of Secured Party under this Agreement, shall operate as a waiver thereof.

Section 7.7 Successors and Assigns

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the heirs, executors, administrators, successors and assigns of the Secured Party.

Section 7.8 Assignment

The Secured Party may assign this Agreement without prior written notice to or consent of the Debtor.

Section 7.9 Additional Continuing Security

This Agreement and the security interest, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party or until the charge securing the Indebtedness is discharged.

Section 7.10 Discharge

The Debtor shall not be discharged from any of the Indebtedness or from this Agreement except by a release or discharge signed in writing by the Secured Party or until the charge securing the Indebtedness is discharged.

Section 7.11 Governing Law

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

Section 7.12 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement and the financing statement registered against the Debtor under the PPSA in favour of the Secured Party.

IN WITNESS WHEREOF the Debtor has executed this Agreement.

TEXTBOOK (256 RIDEAU STREET) INC.

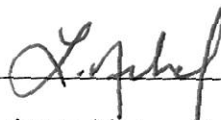
By: 

Name: Walter Thompson

Title: Co-President

I have authority to bind the Corporation.

This is **Exhibit "J"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "L. J. [unclear]", written over a horizontal line.

A Commissioner, Notary Public, etc.

Steven Jeffery
D: 416-593-3939 F: 416-593-2966
sjeffery@blaney.com

February 17, 2017

BY COURIER AND EMAIL

Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3

Attention: President

Dear Sir:

Re: **KingSett Mortgage Corporation loan to Textbook (256 Rideau Street) Inc.
256 Rideau Street, Ottawa, Ontario**

We are solicitors for KingSett Mortgage Corporation. The loan secured by, among other things, mortgages in favour of our client and registered against title to the above-referenced property (the "**Mortgages**") is in default, in that you have failed to make the interest payment due on February 1, 2017.

On behalf of our client, we hereby advise you that the indebtedness owing to KingSett Mortgage Corporation by you expressed below is hereby declared to be immediately due and payable. Accordingly, on behalf of our client, we hereby formally make demand upon you for payment by no later than 10 days of the amounts owing by you to our client in respect of this loan as expressed below. We hereby confirm that the amount owing by you under the Mortgages as of February 14, 2017 is \$8,387,023.98, comprised of the following:

Outstanding Loan Balance as at February 1, 2017	\$8,273,000.00
Interest Payment Due February 1, 2017	\$60,882.30
KingSett Overholding Fee at 0.25% per month	\$20,682.50
KingSett NSF Fee	500.00
13 Days Accrued Interest at 8.6% interest rate per annum (February 1, 2017 - February 14, 2017)	\$29,459.18
KingSett Discharge Fee (Section A.20 of the Commitment Letter dated October 22, 2015)	1,000.00
KingSett Legal Fees, Disbursements and HST re: outstanding legal fees and discharge of security (estimate)	1,500.00
Required Discharge Proceeds	<u>\$8,387,023.98</u>

Additional interest will accrue on this amount from the date it was due until the date it is paid in full at the interest rate set out in the Mortgages. You are also responsible for our client's legal costs and all other

expenses incurred in sending this letter to you and any further steps our client may take, plus interest thereon at the interest rate set out in the Mortgages.

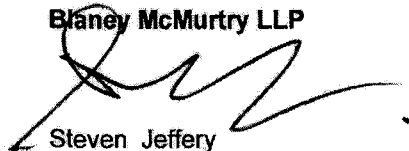
Please be advised that unless payment is made forthwith, our client shall be entitled, and intends, to enforce the Mortgages and its other security. A Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act (Canada)* is enclosed herewith.

In addition, our client reserves its rights to take such further steps as are necessary to recover the indebtedness and liabilities owing by you to our client, including, without limitation, the appointment of a receiver and manager of any of the properties, assets and undertaking of Textbook (256 Rideau Street) Inc.

Please govern yourselves accordingly.

Yours very truly,

Blaney McMurtry LLP



Steven Jeffery
SPJ/ik

c. KingSett Mortgage Corporation

FORM 86

NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

TO: TEXTBOOK (256 RIDEAU STREET) INC., an insolvent person

TAKE NOTICE THAT:

1. KingSett Mortgage Corporation, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) the lands and premises described in Exhibit "1" hereto (collectively, the "**Lands**");
- (b) all buildings, structures and improvements built upon or made to the Lands from time to time, all erections, buildings, improvements, machinery, plant, furnaces, boilers, oil burners, stokers, electric light fixtures, plumbing and heating equipment, refrigeration equipment, air conditioning and cooling equipment, screen doors and windows, gas and electric stoves and water heaters, floor coverings, window coverings, and all apparatus and equipment appurtenant thereto, which are now or which shall hereafter be placed or installed upon the Lands and all appurtenances thereto (collectively, the "**Improvements**");

(which Lands and Improvements are hereinafter collectively referred to as the "**Property**");

- (c) all rents and other sums payable from time to time under leases of the Property or any part thereof whether presently existing or arising in the future, together with the benefit of all covenants, guarantees and/or indemnities contain in the said leases or collateral thereto in favour of the insolvent person (collectively, the "**Leases**"); and
- (d) all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the insolvent person (collectively the "**Personal Property**").

2. The security that is to be enforced is the following:

- (a) a charge/mortgage of land executed by the insolvent person in favour of KingSett Mortgage Corporation and registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) (the "Registry Office") on November 6, 2015 as Instrument No. OC1738363;
- (b) an assignment of leases and rents executed by the insolvent person in favour of KingSett Mortgage Corporation and registered on November 6, 2015 as Instrument No. OC1738364 in the Registry Office;

- (c) a charge/mortgage of land executed by the insolvent person in favour of Phoenix Properties Inc. and registered in the Registry Office on November 6, 2015 as Instrument No. OC1738362, and transferred to KingSett Mortgage Corporation pursuant to a transfer of charge registered in the Registry Office on November 6, 2015 as Instrument No. OC1738365;
 - (d) a general security agreement executed by the insolvent person in favour of KingSett Mortgage Corporation;
 - (e) a general assignment of the benefit of material agreements executed by the insolvent person in favour of KingSett Mortgage Corporation; and
 - (f) an assignment of insurance executed by the insolvent person in favour of KingSett Mortgage Corporation.
3. The total amount of indebtedness secured by the security is \$8,273,000.00 principal plus \$60,882.30 for interest due on February 1, 2017 plus interest accrued to February 14, 2017 of \$29,459.18 plus \$3,000.00 for discharge, legal and other fees, for a total of \$8,387,023.98 as at February 14, 2017, plus any legal and other costs incurred by the secured creditor.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED this 17th day of February, 2017.

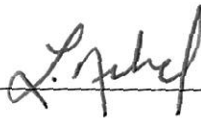
KINGSETT MORTGAGE CORPORATION,
By its solicitors
Blaney McMurtry LLP

Per:



Steven Jeffery

This is **Exhibit "K"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "L. [unclear]", is written over a horizontal line.

A Commissioner, Notary Public, etc.

Steven Jeffery
D: 416-593-3939 F: 416-593-2966
sjeffery@blaney.com

February 17, 2017

BY EMAIL

John Davies
c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3

Dear Mr. Davies:

Re: **KingSett Mortgage Corporation loan to Textbook (256 Rideau Street) Inc.
256 Rideau Street, Ottawa, Ontario**

We are solicitors for KingSett Mortgage Corporation. Please find enclosed a copy of our letter of today's date to Textbook (256 Rideau Street) Inc. demanding payment of its indebtedness to our client. Under a guarantee dated November 5, 2015 in favour of our client, you guaranteed all of the obligations of Textbook (256 Rideau Street) Inc. to our client.

On behalf of our client, we hereby advise you that the indebtedness owing to KingSett Mortgage Corporation by you expressed in the enclosed letter hereby declared to be immediately due and payable. Accordingly, on behalf of our client, we hereby formally make demand upon you for payment by no later than 10 days of the amounts owing by you to our client in respect of this loan as expressed in the enclosed letter.

Please be advised that unless payment or satisfactory arrangements therefor are made forthwith, our client shall be entitled to take such further steps as it deems necessary or appropriate in order to recover your indebtedness in full, all without further demand or notice to you. A Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act* (Canada) is enclosed herewith.

Please govern yourself accordingly.

Yours very truly,

Blaney McMurtry LLP


Steven Jeffery
SPJ/ik

c. KingSett Mortgage Corporation

FORM 86

NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

TO: John Davies, an insolvent person

TAKE NOTICE THAT:

1. KingSett Mortgage Corporation, a secured creditor, intends to enforce its security on the insolvent person's property described below:
 - (a) the lands and premises described in Exhibit "1" hereto (collectively, the "**Lands**");
 - (b) all buildings, structures and improvements built upon or made to the Lands from time to time, all erections, buildings, improvements, machinery, plant, furnaces, boilers, oil burners, stokers, electric light fixtures, plumbing and heating equipment, refrigeration equipment, air conditioning and cooling equipment, screen doors and windows, gas and electric stoves and water heaters, floor coverings, window coverings, and all apparatus and equipment appurtenant thereto, which are now or which shall hereafter be placed or installed upon the Lands and all appurtenances thereto (collectively, the "**Improvements**");

(which Lands and Improvements are hereinafter collectively referred to as the "**Property**");
 - (c) all rents and other sums payable from time to time under leases of the Property or any part thereof whether presently existing or arising in the future, together with the benefit of all covenants, guarantees and/or indemnities contain in the said leases or collateral thereto in favour of the insolvent person (collectively, the "**Leases**"); and
 - (d) all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the insolvent person (collectively the "**Personal Property**").
2. The security that is to be enforced is the following:
 - (a) a charge/mortgage of land executed by the insolvent person in favour of KingSett Mortgage Corporation and registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) (the "Registry Office") on November 6, 2015 as Instrument No. OC1738363;
 - (b) an assignment of leases and rents executed by the insolvent person in favour of KingSett Mortgage Corporation and registered on November 6, 2015 as Instrument No. OC1738364 in the Registry Office;

- (c) a charge/mortgage of land executed by the insolvent person in favour of Phoenix Properties Inc. and registered in the Registry Office on November 6, 2015 as Instrument No. OC1738362, and transferred to KingSett Mortgage Corporation pursuant to a transfer of charge registered in the Registry Office on November 6, 2015 as Instrument No. OC1738365;
 - (d) a general security agreement executed by the insolvent person in favour of KingSett Mortgage Corporation;
 - (e) a general assignment of the benefit of material agreements executed by the insolvent person in favour of KingSett Mortgage Corporation; and
 - (f) an assignment of insurance executed by the insolvent person in favour of KingSett Mortgage Corporation.
3. The total amount of indebtedness secured by the security is \$8,273,000.00 principal plus \$60,882.30 for interest due on February 1, 2017 plus interest accrued to February 14, 2017 of \$29,459.18 plus \$3,000.00 for discharge, legal and other fees, for a total of \$8,387,023.98 as at February 14, 2017, plus any legal and other costs incurred by the secured creditor.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED this 17th day of February, 2017.

KINGSETT MORTGAGE CORPORATION,

By its solicitors

Blaney McMurtry LLP

Per: 

Steven Jeffery

EXHIBIT "1"

LEGAL DESCRIPTION OF LANDS

Firstly

PIN 04210-0004 (LT)

Lot 7, Plan 6, South of Rideau Street, Subject to & Together with CR180805; Ottawa.

Secondly

PIN 04210-0009 (LT)

Parcel 7-1, Section 6; Lot 7, Plan 6, designated as Parts 1 - 3, Plan 4R919, North of Besserer, Together with CR648921; Ottawa.

Steven Jeffery
D: 416-593-3939 F: 416-593-2966
sjeffery@blaney.com

February 17, 2017

BY EMAIL

Walter Thompson
c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3

Dear Mr. Thompson:

Re: **KingSett Mortgage Corporation loan to Textbook (256 Rideau Street) Inc.
256 Rideau Street, Ottawa, Ontario**

We are solicitors for KingSett Mortgage Corporation. Please find enclosed a copy of our letter of today's date to Textbook (256 Rideau Street) Inc. demanding payment of its indebtedness to our client. Under a guarantee dated November 5, 2015 in favour of our client, you guaranteed all of the obligations of Textbook (256 Rideau Street) Inc. to our client.

On behalf of our client, we hereby advise you that the indebtedness owing to KingSett Mortgage Corporation by you expressed in the enclosed letter hereby declared to be immediately due and payable. Accordingly, on behalf of our client, we hereby formally make demand upon you for payment by no later than 10 days of the amounts owing by you to our client in respect of this loan as expressed in the enclosed letter.

Please be advised that unless payment or satisfactory arrangements therefor are made forthwith, our client shall be entitled to take such further steps as it deems necessary or appropriate in order to recover your indebtedness in full, all without further demand or notice to you. A Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act* (Canada) is enclosed herewith.

Please govern yourself accordingly.

Yours very truly,

Blaney McMurtry LLP


Steven Jeffery
SPJ/ik

c. KingSett Mortgage Corporation

FORM 86

NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

TO: Walter Thompson, an insolvent person

TAKE NOTICE THAT:

1. KingSett Mortgage Corporation, a secured creditor, intends to enforce its security on the insolvent person's property described below:

- (a) the lands and premises described in Exhibit "1" hereto (collectively, the "**Lands**");
- (b) all buildings, structures and improvements built upon or made to the Lands from time to time, all erections, buildings, improvements, machinery, plant, furnaces, boilers, oil burners, stokers, electric light fixtures, plumbing and heating equipment, refrigeration equipment, air conditioning and cooling equipment, screen doors and windows, gas and electric stoves and water heaters, floor coverings, window coverings, and all apparatus and equipment appurtenant thereto, which are now or which shall hereafter be placed or installed upon the Lands and all appurtenances thereto (collectively, the "**Improvements**");

(which Lands and Improvements are hereinafter collectively referred to as the "**Property**");

- (c) all rents and other sums payable from time to time under leases of the Property or any part thereof whether presently existing or arising in the future, together with the benefit of all covenants, guarantees and/or indemnities contain in the said leases or collateral thereto in favour of the insolvent person (collectively, the "**Leases**"); and
- (d) all chattels, furnishings, equipment, appliances and all other personal property owned now or in the future by the insolvent person (collectively the "**Personal Property**").

2. The security that is to be enforced is the following:

- (a) a charge/mortgage of land executed by the insolvent person in favour of KingSett Mortgage Corporation and registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) (the "Registry Office") on November 6, 2015 as Instrument No. OC1738363;
- (b) an assignment of leases and rents executed by the insolvent person in favour of KingSett Mortgage Corporation and registered on November 6, 2015 as Instrument No. OC1738364 in the Registry Office;

- (c) a charge/mortgage of land executed by the insolvent person in favour of Phoenix Properties Inc. and registered in the Registry Office on November 6, 2015 as Instrument No. OC1738362, and transferred to KingSett Mortgage Corporation pursuant to a transfer of charge registered in the Registry Office on November 6, 2015 as Instrument No. OC1738365;
 - (d) a general security agreement executed by the insolvent person in favour of KingSett Mortgage Corporation;
 - (e) a general assignment of the benefit of material agreements executed by the insolvent person in favour of KingSett Mortgage Corporation; and
 - (f) an assignment of insurance executed by the insolvent person in favour of KingSett Mortgage Corporation.
3. The total amount of indebtedness secured by the security is \$8,273,000.00 principal plus \$60,882.30 for interest due on February 1, 2017 plus interest accrued to February 14, 2017 of \$29,459.18 plus \$3,000.00 for discharge, legal and other fees, for a total of \$8,387,023.98 as at February 14, 2017, plus any legal and other costs incurred by the secured creditor.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED this 17th day of February, 2017.

KINGSETT MORTGAGE CORPORATION,
By its solicitors
Blaney McMurtry LLP

Per: _____


Steven Jeffery

EXHIBIT "1"

LEGAL DESCRIPTION OF LANDS

Firstly

PIN 04210-0004 (LT)

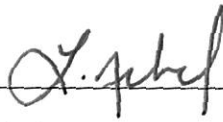
Lot 7, Plan 6, South of Rideau Street, Subject to & Together with CR180805; Ottawa.

Secondly

PIN 04210-0009 (LT)

Parcel 7-1, Section 6; Lot 7, Plan 6, designated as Parts 1 - 3, Plan 4R919, North of Besserer, Together with CR648921; Ottawa.

This is **Exhibit "L"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in black ink, appearing to read "L. P. Hef", is written over a horizontal line.

A Commissioner, Notary Public, etc.

STATUTORY DECLARATION

CANADA

) **IN THE MATTER OF** a loan from
) KingSett Mortgage Corporation to Textbook
) (256 Rideau Street) Inc. secured by a first
) mortgage and a second mortgage against
) title to 256 Rideau Street, Ottawa, Ontario
)

PROVINCE OF ONTARIO

I, Diana Draksic, of the City of Toronto, in the Province of Ontario, DO SOLEMNLY DECLARE that:

1. I am a legal assistant at Blaney McMurtry LLP, solicitors for Kingsett Mortgage Corporation and, as such, have personal knowledge of the facts hereinafter declared.
2. I did on the 15th day of March, 2017 cause two Notices of Sale under Mortgage to be served by prepaid registered mail and regular mail upon the persons set out in the Notices of Sale attached hereto and marked as Exhibit "A" to this declaration in accordance with Section 33 of the *Mortgages Act* (Ontario).
3. A copy of the Post Office Registered Receipt (Bulk) in support thereof is attached hereto and marked as Exhibit "B" to this declaration.

AND I MAKE THIS SOLEMN DECLARATION conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

DECLARED BEFORE ME at the City
of Toronto, in the Province of Ontario
this 31st day of May, 2017.


A Commissioner, etc
Lea Nabel


)
)
) 
) _____
) **Diana Draksic**
)
)
)

EXHIBIT "A"

NOTICE OF SALE

NOTICE OF SALE UNDER MORTGAGE

TO: THE PARTIES SHOWN ON SCHEDULE "A" ATTACHED HERETO

TAKE NOTICE that default has been made in payment of the moneys due under a certain mortgage dated the 6th day of November, 2015, made between:

TEXTBOOK (256 RIDEAU STREET) INC.

as Mortgagor,

- and -

KINGSETT MORTGAGE CORPORATION

as Mortgagee,

on the security of Lot 7, Plan 6, South of Rideau Street, subject to and together with CR180805, Ottawa, being all of PIN 04210-0004 (LT), and on the security of Parcel 7-1, Section 6, Lot 7, Plan 6, designated as Parts 1-3, Plan 4R919, North of Besserer, Ottawa, being all of PIN 04210-0009 (LT), which mortgage was registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) on November 6, 2015 as Instrument No. OC1738362 in favour of Phoenix Properties Inc. and transferred to the Mortgagee pursuant to a transfer of charge registered in the Registry Office on November 6, 2015 as Instrument No. OC1738365 (hereinafter the "**Mortgage**").

AND the undersigned hereby gives you notice that the amounts now due on the Mortgage for principal money, interest and costs, respectively, are as follows:

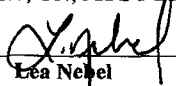
Loan Balance as of March 1, 2017	\$5,595,654.08
Interest (14 days @ 8% per annum)	\$ 17,170.23
KingSett Discharge Fee	\$ 1,000.00
Legal costs up to and including the service of this notice only, and thereafter such further costs and disbursements will be charged as may be proper:	\$ <u>5,000.00</u>
Total	<u>\$5,618,824.31</u>

AND UNLESS the said sums, together with interest thereon at the rate of 8% per annum calculated on the outstanding balance, and any further costs and disbursements incurred in these proceedings, are paid on or before the 19th day of April, 2017, the Mortgagee shall sell the property covered by the said Mortgage under the provisions contained in it.

THIS NOTICE is given to you as you appear to have an interest in the mortgaged property and may be entitled to redeem the same.

DATED the 15th day of March, 2017.

KingSett Mortgage Corporation
by its solicitors
BLANEY McMURTRY, LLP
1500-2 Queen Street East
Toronto, ON, M5C 3G5

Per: 
Lea Nebel
(416) 593-3914 (Tel)
(416) 593-2969 (Fax)

SCHEDULE "A"

TO:

**Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, ON L4K 4G3**

**Walter Thompson
c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3**

**John Davies
c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3**

**Doran Contractors Limited
3187 Albion Road South
Ottawa, Ontario K1V 8Y3**

NOTICE OF SALE UNDER MORTGAGE

TO: THE PARTIES SHOWN ON SCHEDULE "A" ATTACHED HERETO

TAKE NOTICE that default has been made in payment of the moneys due under a certain mortgage dated the 6th day of November, 2015, made between:

TEXTBOOK (256 RIDEAU STREET) INC.

as Mortgagor,

- and -

KINGSETT MORTGAGE CORPORATION

as Mortgagee,

on the security of Lot 7, Plan 6, South of Rideau Street, subject to and together with CR180805, Ottawa, being all of PIN 04210-0004 (LT), and on the security of Parcel 7-1, Section 6, Lot 7, Plan 6, designated as Parts 1-3, Plan 4R919, North of Besserer, Ottawa, being all of PIN 04210-0009 (LT), which mortgage was registered in the Land Registry Office for the Land Titles Division of Ottawa-Carleton (No. 4) as Instrument No. OC1738363 on November 6, 2015 (hereinafter the "Mortgage") (hereinafter in this notice the term "Mortgagee" refers to the undersigned).

AND the undersigned hereby gives you notice that the amounts now due on the Mortgage for principal money, interest and costs, respectively, are as follows:

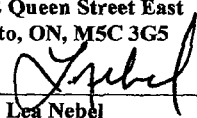
Loan Balance as of March 1, 2017	\$2,795,635.06
Interest (13 days @ 10% per annum)	\$ 10,722.98
KingSett Discharge Fee	\$ 1,000.00
Legal costs up to and including the service of this notice only, and thereafter such further costs and disbursements will be charged as may be proper:	\$ 5,000.00
Total	<u>\$2,812,358.04</u>

AND UNLESS the said sums, together with interest thereon at the rate of 10% per annum calculated on the outstanding balance, and any further costs and disbursements incurred in these proceedings, are paid on or before the 19th day of April, 2017, the Mortgagee shall sell the property covered by the said Mortgage under the provisions contained in it.

THIS NOTICE is given to you as you appear to have an interest in the mortgaged property and may be entitled to redeem the same.

DATED the 15th day of March, 2017.

KingSett Mortgage Corporation
by its solicitors
BLANEY McMURTRY, LLP
1500-2 Queen Street East
Toronto, ON, M5C 3G5


Per: Lea Nebel
(416) 593-3914 (Tel)
(416) 593-2969 (Fax)

SCHEDULE "A"

TO:

**Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, ON L4K 4G3**

**Walter Thompson
c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3**

**John Davies
c/o Textbook (256 Rideau Street) Inc.
51-A Caldari Road
Unit 1M
Vaughan, Ontario L4K 4G3**

**Doran Contractors Limited
3187 Albion Road South
Ottawa, Ontario K1V 8Y3**

EXHIBIT "B"

POST OFFICE REGISTERED RECEIPT (BULK)
AND COURIER CONFIRMATION



Registered Receipt (Bulk)

This receipt is necessary if enquiry is desired. Fragile and perishable articles are not indemnified against damage. Identity and fees information is available on request from your Postal Outlet.

Expéditeur

Diana D
107 855-0033 \$9.92
x4

Sender Instructions - Note: Bulk Receipt is to be completed for 3 or more items. Present mailings at any Postal Outlet.

- A. Complete and remove customer receipt.
- B. Remove paper backing from receipt.
- C. Affix receipt to this form.

Delivery confirmation may be obtained by calling 1-888-550-6333 or through the internet at www.canadapost.ca

Instructions pour l'expéditeur - Avis : Rééplissé en nombre, pour 3 articles et plus. Doit être complété avant de déposer à l'installation postale.

- A. Remplissez et retirez le rééplissé du client.
- B. Retirez le pellicule protectrice du rééplissé.
- C. Collez le rééplissé sur cette formule.

Une confirmation de la livraison peut être obtenue en composant le 1 800 550-6333 ou par Internet au www.postescanada.ca.

(1)

CANADA POST **POSTES CANADA**

REGISTERED DOMESTIC **RECOMMANDÉ RÉGIME INTÉRIEUR**

CUSTOMER RECEIPT **REÇU DU CLIENT**

No. 2017-03-15

FOR DELIVERY CONFIRMATION DE LA LIVRAISON
www.canadapost.ca www.postescanada.ca
OR/OU 1 888 550-6333
CPC Tracking Number Numéro de suivi de la CPC

Destinataire
Name: Walter Testbook
Address: 256 Rideau Street
City / Prov. / Postal Code: A-1 A Calgary Road Unit 1M Vancouver, Ontario L4K 4G3

Declared Value / Valeur déclarée \$ 33-086-584 (14-06) RN 198 120 865 CA

(2)

CANADA POST **POSTES CANADA**

REGISTERED DOMESTIC **RECOMMANDÉ RÉGIME INTÉRIEUR**

CUSTOMER RECEIPT **REÇU DU CLIENT**

No. 2017-03-15

FOR DELIVERY CONFIRMATION DE LA LIVRAISON
www.canadapost.ca www.postescanada.ca
OR/OU 1 888 550-6333
CPC Tracking Number Numéro de suivi de la CPC

Destinataire
Name: Testbook Inc
Address: 256 Rideau Street
City / Prov. / Postal Code: A-1 A Calgary Road Unit 1M Vancouver, Ontario L4K 4G3

Declared Value / Valeur déclarée \$ 33-086-584 (14-06) RN 198 120 865 CA

(3)

CANADA POST **POSTES CANADA**

REGISTERED DOMESTIC **RECOMMANDÉ RÉGIME INTÉRIEUR**

CUSTOMER RECEIPT **REÇU DU CLIENT**

No. 2017-03-15

FOR DELIVERY CONFIRMATION DE LA LIVRAISON
www.canadapost.ca www.postescanada.ca
OR/OU 1 888 550-6333
CPC Tracking Number Numéro de suivi de la CPC

Destinataire
Name: John Davids
Address: 256 Rideau Street
City / Prov. / Postal Code: A-1 A Calgary Road Unit 1M Vancouver, Ontario L4K 4G3

Declared Value / Valeur déclarée \$ 33-086-584 (14-06) RN 198 120 728 CA

(4)

CANADA POST **POSTES CANADA**

REGISTERED DOMESTIC **RECOMMANDÉ RÉGIME INTÉRIEUR**

CUSTOMER RECEIPT **REÇU DU CLIENT**

No. 2017-03-15

FOR DELIVERY CONFIRMATION DE LA LIVRAISON
www.canadapost.ca www.postescanada.ca
OR/OU 1 888 550-6333
CPC Tracking Number Numéro de suivi de la CPC

Destinataire
Name: Doran Contractors Ltd
Address: 2187 Albion Road South
City / Prov. / Postal Code: A-1 A Toronto, Ontario M9V 8Y5

Declared Value / Valeur déclarée \$ 33-086-584 (14-06) RN 198-120 745 CA

(5)

CANADA POST **POSTES CANADA**

REGISTERED DOMESTIC **RECOMMANDÉ RÉGIME INTÉRIEUR**

CUSTOMER RECEIPT **REÇU DU CLIENT**

No. 2017-03-15

FOR DELIVERY CONFIRMATION DE LA LIVRAISON
www.canadapost.ca www.postescanada.ca
OR/OU 1 888 550-6333
CPC Tracking Number Numéro de suivi de la CPC

Destinataire
Name: Doran Contractors Ltd
Address: 2187 Albion Road South
City / Prov. / Postal Code: A-1 A Toronto, Ontario M9V 8Y5

Declared Value / Valeur déclarée \$ 33-086-584 (14-06) RN 198-120 745 CA

(6)

CANADA POST **POSTES CANADA**

REGISTERED DOMESTIC **RECOMMANDÉ RÉGIME INTÉRIEUR**

CUSTOMER RECEIPT **REÇU DU CLIENT**

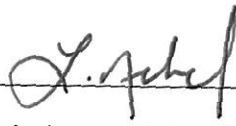
No. 2017-03-15

FOR DELIVERY CONFIRMATION DE LA LIVRAISON
www.canadapost.ca www.postescanada.ca
OR/OU 1 888 550-6333
CPC Tracking Number Numéro de suivi de la CPC

Destinataire
Name: Doran Contractors Ltd
Address: 2187 Albion Road South
City / Prov. / Postal Code: A-1 A Toronto, Ontario M9V 8Y5

Declared Value / Valeur déclarée \$ 33-086-584 (14-06) RN 198-120 745 CA

This is **Exhibit "M"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "J. Seibel", is written over a horizontal line.

A Commissioner, Notary Public, etc.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 6/1/2017
File Currency Date: 05/31/2017
Family(ies): 0
Page(s): 1

SEARCH : Business Debtor : GENERX (BYWARD HALL) INC.

NO MATCH FOUND.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 6/1/2017
File Currency Date: 05/31/2017
Family(ies): 1
Page(s): 4

SEARCH : Business Debtor : TEXTBOOK (256 RIDEAU STREET) INC.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 6/1/2017
File Currency Date: 05/31/2017
Family(ies): 1
Page(s): 4

SEARCH : Business Debtor : TEXTBOOK (256 RIDEAU STREET) INC.

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 4
SEARCH : BD : TEXTBOOK (256 RIDEAU STREET) INC.

00 FILE NUMBER : 711480492 EXPIRY DATE : 04NOV 2020 STATUS :
01 CAUTION FILING : PAGE : 001 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20151104 1407 1862 1788 REG TYP: P PPSA REG PERIOD: 3
02 IND DOB : IND NAME:
03 BUS NAME: TEXTBOOK (256 RIDEAU STREET) INC.

OCN :
04 ADDRESS : 2355 SKYMARK AVENUE, SUITE 300
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4W 4Y6
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
KINGSETT MORTGAGE CORPORATION

09 ADDRESS : TORONTO-DOMINION CENTRE, TD BANK TOWER,
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1H6
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION

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14
15
16 AGENT: BLANEY MCMURTRY LLP (L. DALTON)
17 ADDRESS : 2 QUEEN STREET EAST, SUITE 1500
CITY : TORONTO PROV: ON POSTAL CODE: M5C 3G5

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 4
SEARCH : BD : TEXTBOOK (256 RIDEAU STREET) INC.

00 FILE NUMBER : 711480492 EXPIRY DATE : 04NOV 2020 STATUS :
01 CAUTION FILING : PAGE : 002 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20151104 1407 1862 1788 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:

OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : 66 WELLINGTON STREET WEST, P.O. BOX 163,
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 YEAR MAKE MODEL V.I.N.

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13 GENERAL COLLATERAL DESCRIPTION

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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 1 OF 1 ENQUIRY PAGE : 3 OF 4
SEARCH : BD : TEXTBOOK (256 RIDEAU STREET) INC.

00 FILE NUMBER : 711480492 EXPIRY DATE : 04NOV 2020 STATUS :
01 CAUTION FILING : PAGE : 003 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20151104 1407 1862 1788 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:

OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : SUITE 4400
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION

13
14
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

FAMILY : 1 OF 1
SEARCH : BD : TEXTBOOK (256 RIDEAU STREET) INC.

ENQUIRY PAGE : 4 OF 4

FILE NUMBER 711480492

01 REGISTRATION NUMBER : 20151112 0831 1862 2295

31 REF FILE NUM: 711480492 CHANGE CODE: B RENEWAL RENEWAL YEARS: 2

32 REF IND NAME:

33 REF BUS NAME: TEXTBOOK (256 RIDEAU STREET) INC.

OCN :

SECURED PARTY/LIEN CLAIMANT/REGISTERING AGENT :

08/16 NAME

BLANEY MCMURTRY LLP (K. STASIUK)

09/17 ADDRESS : 2 QUEEN STREET EAST, SUITE 1500

CITY : TORONTO

PROV : ON

POSTAL CODE : M5C 3G5

This is **Exhibit "N"** referred to in the
AFFIDAVIT OF JUSTIN WALTON
SWORN before me this 9th day of June, 2017

A handwritten signature in cursive script, appearing to read "L. Spivey", is written over a horizontal line.

A Commissioner, Notary Public, etc.



COURT FILE NO: CV-17-11689-00CL

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

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

AND IN THE MATTER OF A MOTION PURSUANT TO SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED

**THIRD REPORT OF
KSV KOFMAN INC.
AS RECEIVER AND MANAGER**

MAY 16, 2017

1.0 Introduction

1. This report ("Report") is filed by KSV Kofman Inc. ("KSV") as receiver and manager of the real property ("Real Property") registered on title as being owned by Scollard Development Corporation ("Scollard"), Memory Care Investments (Kitchener) Ltd. ("Kitchener"), Memory Care Investments (Oakville) Ltd. ("Oakville"), 1703858 Ontario Inc. ("Burlington"), Legacy Lane Investments Ltd. ("Legacy Lane"), Textbook (525 Princess Street) Inc. ("525 Princess") and Textbook (555 Princess Street) Inc. ("555 Princess") (each of the foregoing a "Company", and collectively the "Companies"), and of all of the assets, undertakings and properties of the Companies acquired for or used in relation to the Real Property (together with the Real Property, the "Property").

2. Pursuant to an order of the Ontario Superior Court of Justice (“Court”) dated October 27, 2016, Grant Thornton Ltd. was appointed Trustee (“Trustee”) of eleven entities¹ (collectively, the “Trustee Corporations”) which raised monies from investors through syndicated mortgage investments. The Trustee Corporations then advanced these monies on a secured basis pursuant to loan agreements between the Trustee Corporation and the applicable Davies Developer (as defined below).
3. On January 21, 2017, the Trustee brought a motion for an order (“Receivership Order”) appointing KSV as receiver and manager (“Receiver”) of the property owned by Scollard. On February 2, 2017, the Court made the Receivership Order.
4. On April 18, 2017, the Trustee brought a motion, *inter alia*, seeking orders:
 - a) amending and restating the Receivership Order to include the real property registered on title as being owned by Kitchener, Oakville, Burlington, Legacy Lane, 525 Princess and 555 Princess, as well as all of the assets, undertakings and properties of these entities acquired for or used in relation to their real property (the “Amended and Restated Receivership Order”); and
 - b) compelling John Davies and the eleven mortgagors to the Trustee Corporations for which John Davies is a principal (collectively, the “Davies Developers” and each a “Davies Developer”) to immediately deliver to the Trustee all bank statements for the Davies Developers (the “Production Order”). The Trustee has provided the Receiver with copies of the documents produced to the Trustee pursuant to the Production Order.
5. On April 28, 2017, the Court made the Amended and Restated Receivership Order and the Production Order. The Amended and Restated Receivership Order was further amended and restated by a Court order made on May 2, 2017 to rectify certain clerical errors.

1.1 Restrictions

1. In preparing this Report, the Receiver has reviewed the following information:
 - a) unaudited financial information of the Companies, including financial statements;
 - b) accounting records and bank statements for Scollard, Kitchener, Oakville, Burlington, Legacy Lane, 525 Princess, 555 Princess, which were provided to the Receiver by management of the Companies; and

¹ Textbook Student Suites (525 Princess Street) Trustee Corporation, Textbook Student Suites (555 Princess Street) Trustee Corporation, Textbook Student Suites (Ross Park) Trustee Corporation, 2223947 Ontario Limited, MC Trustee (Kitchener) Ltd., Scollard Trustee Corporation, Textbook Student Suites (774 Bronson Avenue) Trustee Corporation, 7743718 Canada Inc., Keele Medical Trustee Corporation, Textbook Student Suites (445 Princess Street) Trustee Corporation and Hazelton 4070 Dixie Road Trustee Corporation

- c) bank statements for Textbook Ross Park Inc. ("Ross Park"), Textbook (445 Princess Street) Inc. ("445 Princess") and Textbook (774 Bronson Avenue) Inc. ("Bronson")², which were provided by management of the Davies Developers to the Trustee pursuant to the Production Order, and which were provided subsequently by the Trustee to the Receiver.
2. The Receiver has not performed an audit of the foregoing information. The financial information discussed herein is preliminary and remains subject to further review. The Receiver is only partially through its review of the information noted above. The Receiver expresses no opinion or other form of assurance with respect to the financial information presented in this Report.
3. The Receiver does not have access to the books and records of Rideau.
4. The Receiver has not discussed or corresponded with John Davies or Walter Thompson regarding this Report, including in respect of its findings.

2.0 Rideau Property

1. Textbook (256 Rideau Street) Inc. ("Rideau") is neither subject to these receivership proceedings nor is it a Davies Developer.
2. Rideau is the registered owner of real properties municipally described as 256 Rideau Street, Ottawa and 211 Besserer Street, Ottawa (jointly, the "Ottawa Property").
3. The officers and directors of Rideau are John Davies and Walter Thompson, who are also the sole officers and directors of 525 Princess, 555 Princess, 445 Princess, Bronson and Ross Park. John Davies is the sole officer and director of Kitchener, Burlington, Oakville, Scollard and Legacy Lane. Corporate profile reports for each of these entities are provided in Appendix "A".
4. As the Receiver has not been able to review the books and records of Rideau, the Receiver does not have knowledge of the ownership structure of Rideau.

2.1 Purchase of the Property

1. According to title searches, the Ottawa Property was purchased by Rideau for \$11 million on or around November 6, 2015. Kingsett Mortgage Corporation has two mortgages totalling \$8.25 million registered on title to the Ottawa Property. The mortgages were registered on title on November 6, 2015. Copies of the title searches for the Ottawa Property are collectively attached as Appendix "B".

² None of these entities is subject to the receivership proceedings.

2. The Receiver is performing a review of the receipts and disbursements for each of the Companies. In performing this exercise, the Receiver identified that on October 27, 2015, shortly prior to Rideau's acquisition of the Ottawa Property, 555 Princess transferred \$1.39 million to Rideau, and Kitchener transferred \$111,000 to Rideau, both by way of cheque.³
3. In addition, the Trustee has advised the Receiver that on October 27, 2015, Ross Park⁴ transferred \$1.25 million to Rideau by way of cheque. The Receiver has reviewed the Ross Park bank statements and cancelled cheque and has confirmed this payment.
4. In all cases, the cheques were signed by John Davies. A copy of the relevant bank statements and cancelled cheques for 555 Princess, Kitchener and Ross Park are provided in Appendix "C".
5. As the Receiver has not been able to review the books and records of Rideau, the Receiver cannot know with certainty the use of the funds which were transferred to Rideau on October 27, 2015. As is described below, however, the timing and amount of the transfer causes the Receiver to suspect that the funds transferred to Rideau were used to help finance the acquisition of the Ottawa Property.

2.2 Other Payments to Rideau

1. The Receiver has also identified that \$61,200 was transferred to Rideau by 555 Princess, 525 Princess and Burlington subsequent to Rideau's acquisition of the Ottawa Property, as follows:

(unaudited; \$)	
Date of Payment	Amount
<i>555 Princess</i>	
December 17, 2015	36,000
May 31, 2016	7,000
	43,000
<i>525 Princess</i>	
June 20, 2016	16,000
<i>Burlington</i>	
November 5, 2015 ⁵	2,200
Total	61,200

³ These transfers (and the subsequent transfers by certain of the Companies referred to below) were recorded in the applicable Companies' general ledger as "loans" to Textbook Student Suites Inc. or Textbook Suites Inc. (or just "Textbook" in the case of Kitchener), notwithstanding that the funds appear to have been transferred from the applicable entity directly to Rideau.

⁴ Ross Park is not subject to these receivership proceedings, as noted above.

⁵ Payment made on the date the Ottawa Property was purchased. This payment is reflected in Burlington's bank statement as an "online banking payment". No details are provided in the bank statement regarding the recipient. Burlington's general ledger reflects that this payment was made to Rideau.

2. Copies of the relevant bank statements and cancelled cheques for each of the payments in the table above are provided in Appendix "D".
3. The Trustee has advised the Receiver that \$839,700 was transferred to Rideau by 445 Princess, Bronson and Ross Park subsequent to the acquisition of the Ottawa Property, as follows:

(unaudited; \$)	
Date of Payment	Amount
<i>445 Princess</i>	
July 27, 2016	35,000
August 3, 2016	37,000
August 4, 2016	5,000
August 16, 2016	33,000
August 25, 2016	370,000
August 26, 2016	60,000
September 1, 2016	3,000
September 7, 2016	21,000
September 15, 2016	2,600
September 22, 2016	2,000
September 29, 2016	61,000
September 30, 2016	8,000
October 12, 2016	2,300
October 12, 2016	30,000
October 28, 2016	61,000
November 3, 2016	33,000
December 13, 2016	2,600
	766,500
<i>Bronson</i>	
April 1, 2016	30,000
April 29, 2016	25,000
May 2, 2016	1,200
	56,200
<i>Ross Park</i>	
February 29, 2016	17,000
Total	839,700

4. The Receiver has reviewed the bank statements and cancelled cheques in respect of the foregoing. Copies of the relevant bank statements and cancelled cheques for the payments in the table above are provided in Appendix "E".

5. Pursuant to Section 7.02 (g) of the loan agreements referred to above entered into by the Companies, 445 Princess, Bronson and Ross Park with the various Trustee Corporations in connection with the syndicated mortgage investments (the "Loan Agreements"), the Companies, 445 Princess, Bronson and Ross Park each covenanted not to use the loan proceeds from the Trustee Corporations for any purpose other than the development and construction of such entity's respective real estate project, with certain limited carve-outs⁶ provided in certain of the Loan Agreements. One such carve-out is "for the purposes of earning interest income on funds which are not immediately required to be expended by the Borrower." The Receiver has reviewed the income statements provided to it by the relevant Companies, and notes that there has been no interest received or accrued with respect to the transfers to Rideau. The Receiver has also not seen any other document or information to suggest interest was payable on such transfers. Copies of each of the Loan Agreements are provided in Appendix "F".
6. The Receiver has not corresponded or discussed with John Davies or Walter Thompson the purpose of the above transfers; Mr. Davies could potentially provide an explanation for such transfers. However, the Receiver can think of no commercial or legitimate purpose for the transfers in violation of the covenants.
7. In discussions with a realtor on May 10, 2017 in connection with the Receiver's intention to market the Real Property, the realtor advised the Receiver that it had recently been contacted in respect of a potential engagement to sell the Ottawa Property.
8. Based on the information presented in this Report, and after discussions with counsel, the Receiver believes it and the Trustee have a proprietary interest in the Ottawa Property, and the Receiver is commencing an action against Rideau to assert its proprietary interest in the Ottawa Property and seek certificates of pending litigation and related relief.

3.0 Conclusion

1. In order to take steps to protect the interests of the Receiver, 555 Princess, Kitchener and the other entities noted herein that advanced funds to Rideau in contravention of the express provisions of the Loan Agreements, the Receiver believes that it is appropriate that the Court issue an order authorizing the Receiver to file certificates of pending litigation on title to the Ottawa Property. Such relief is particularly important and time sensitive given the Receiver's understanding that the Ottawa Property is being (or is about to be) marketed for sale.

⁶ In addition to the carve-out set out above, Section 7.02 (g) of certain of the Loan Agreements provide an additional carve-out for any other use specified in the Loan Agreements. The Receiver and its counsel have reviewed each of the Loan Agreements and does not believe the transfers are permitted by any other sections of the Loan Agreements.

* * *

All of which is respectfully submitted,

KSV Kofman Inc

**KSV KOFMAN INC.
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE
INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD.,
1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS
STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

KINGSETT MORTGAGE CORPORATION

and

Court File No.
GENERX (BYWARD HALL) INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

Proceeding commenced at Toronto

**AFFIDAVIT OF JUSTIN WALTON
(Sworn June 9, 2017)**

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