

Court File No. CV-16-11567-00CL

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

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

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

Respondents

AND

Court File No. CV-17-11689-00CL

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

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

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

**MOTION RECORD
(Returnable April 28, 2017)**

Volume 4 of 5

April 18, 2017

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*Lawyers for Grant Thornton Limited, in its capacity
as the court-appointed trustee of the Tier 1 Trustee
Corporations*

TAB 34

SCHEDULE "A"

LOAN AGREEMENT

THIS AGREEMENT is made as of the 2nd day of January, 2013

B E T W E E N:

2223947 ONTARIO LIMITED, a corporation incorporated under
the laws of Canada

(hereinafter referred to as the "**Lender**")

AND

LEGACY LANE INVESTMENTS LTD., a corporation
incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "**Borrower**")

WHEREAS the Lender, on the terms and conditions hereinafter set forth, has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the sum of **Three Million Five Hundred Thousand (\$3,500,000.00) Dollars** of lawful money of Canada (the "**Principal Sum**") for a term of Three (3) years (the "**Term**") in connection with the development and construction by the Borrower of a condominium project on the lands and premises situated at 16 Legacy Lane, Huntsville, Ontario, P1H 0B1, and more particularly described in Schedule "A" attached hereto (the "**Property**").

AND WHEREAS the Borrower agrees to pay to the Lender interest on the Principal Sum at the Loan Rate (as hereinafter defined), calculated annually and payable quarterly during the Term along with the Additional Loan Payment as more particularly described in Schedule "D" attached hereto;

AND WHEREAS the Borrower has agreed to allow a Charge/Mortgage of Land in addition to the other Security Documents, on the terms set out herein, to be registered against the Property in first priority and in favour of the Lender (the "**Mortgage**"), as security for repayment of the Principal Sum with interest at the Loan Rate and the payment of the Additional Loan Payment;

AND WHEREAS the Borrower agrees to repay to the Lender the Principal Sum and interest at the Loan Rate and the payment of the Additional Loan Payment on or before the expiry of the Term, as specified herein;

AND WHEREAS the Lender and the Borrower (collectively, the "**Parties**") wish to evidence their agreement in respect of the Loan;

AND WHEREAS the Lender acknowledges that the Mortgage shall be granted, *inter alia*, in the form of a syndicated first Charge/Mortgage of Land as more fully described herein and shall be in form and substance satisfactory to the Lender;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants, agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

**ARTICLE 1
RECITALS**

The Parties to this Agreement acknowledge and agree that the recitals to this Agreement are true and correct in substance and in fact are incorporated into and form an integral part of this Agreement.

**ARTICLE 2
DEFINITIONS AND TERMS**

2.01 The following words and phrases have the following meanings when used in this Agreement:

- (a) "Acceleration Date" means the date on which an Acceleration Event occurs;
- (b) "Acceleration Event" means the earlier of: (i) the occurrence of an Insolvency Event; and (ii) the delivery by the Lender to the Borrower of a written notice that the Borrowers Liabilities or any part thereof are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event;
- (c) "Additional Loan Payment" has the same meaning as set forth in Section 4.11 hereof;
- (d) "Agreement", means this Agreement entitled "Loan Agreement", and all instruments supplemental hereto or in amendment or confirmation hereof; "hereof", "hereto" and "hereunder" and similar expressions refer to this Agreement, and where relevant, to any particular article, section or paragraph hereof; "Article", "Section" and "paragraph" mean and refer to the specified article, section or paragraph of this Agreement;
- (e) "BIA" means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time;
- (f) "Borrower's Books and Records" shall have the same meaning as set forth in Section 7.04 hereof.
- (g) "Borrower's Liabilities", refers collectively to the Loan, all interest from time to time accruing thereon as set forth in this Agreement, and all liabilities and indebtedness now or hereafter owing, arising, due or payable by the Borrower to the Lender whether under this Agreement or the Security Documents and including the Additional Loan Payment;

- (h) "Borrower's Solicitors" shall mean Harris + Harris LLP, or such other solicitors that the Borrower may in writing designate;
- (i) "Business Day", refers to any day other than a Saturday, Sunday or Statutory Holiday in Toronto, Ontario;
- (j) "Closing Date" or "Closing", or similar references means the date of the initial Loan Instalment or the date, as the context requires, of any other Loan Instalments made pursuant hereto;
- (k) "Commodity Taxes" means all commodity taxes, including all sales, use, retail, goods and services, harmonized sales, value-added and similar taxes imposed, levied or assessed by any Governmental Authority;
- (l) "Default" means any event, act, omission or condition which with the giving of notice or the passage of time, or both, would result in an Event of Default;
- (m) "Distributable Cash Proceeds" means all amounts received by the Borrower arising out of the Property or the sale or operation thereof or of the sale of condominium units for the period including but not limited to the following:
 - (i) all revenues derived from the sale of condominium units or any part or all of the Property (including all premiums, upgrade costs (net of commissions) and applicable harmonized sales tax or goods and services tax rebates);
 - (ii) all gross receipts derived from all rents and fees payable by tenants, licensees and concessionaires;
 - (iii) the gross amount, if any, of any insurance proceeds received by the Borrower, including business interruption payments;
 - (iv) the net proceeds of any refinancing, if any, received by the Borrower, other than any construction loan which contains terms prohibiting the use of such loan proceeds to repay existing indebtedness (net of repayments of existing mortgage financing being refinanced); and
 - (v) the gross amount, if any, from partial or total expropriations of all or part of the Property,but excluding: (i) Commodity Taxes which the Borrower is required by law to collect from purchasers, tenants, concessionaires or licensees and remit to an applicable taxing authority.
- (n) "Distribution" means any amount paid to or on behalf of the employees, directors, officers, shareholders, partners or unitholders of the Borrower, by way of salary, bonus, commission, management fees, directors' fees, dividends, redemption of shares, distribution of profits or otherwise, and whether payments are made to such Persons in their capacity as shareholders, partners, unitholders, directors, officers, employees, owners or creditors of the Borrower or otherwise, or any

other direct or indirect payment in respect of the earnings or capital of the Borrower;

- (o) "Event of Default" is defined in Section 9.01 hereof;
- (p) "Expenses", means all expenses relating to the Loan and all fees and expenses for legal services relative to the preparation, review and enforcement of this Agreement and the Security Documents, the making of Loan Instalments and the repayment of the Borrower's Liabilities and the release of the security therefore;
- (q) "Fiscal Year" means the fiscal year end of the Borrower, being December 31st in every year;
- (r) "GAAP" means generally accepted accounting principles in Canada as approved by the Canadian Institute of Chartered Accountants in effect from time to time; and for greater certainty if international financial reporting standards are adopted by the Canadian Institute of Chartered Accountants in replacement for generally accepted accounting principles, each reference to "GAAP" herein shall be deemed to refer to such international financial reporting standards;
- (s) "Governmental Authority" means any: (i) federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; or (iii) any quasi-governmental, judicial or administrative body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (t) "General Security Agreement" means a general security agreement executed by the Borrower in favour of the Lender over all the assets, undertaking of the Borrower granting a first-ranking security interest in favour of the Lender;
- (u) "Hazardous Materials" means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law;
- (v) "Indemnitees" means the Lender and its successors and permitted assignees, any agent of any of them (specifically including a receiver or receiver-manager) and its officers, directors, employees, beneficial owners and shareholders;
- (w) "Insolvency Event" means, in respect of any Person:
 - (i) such Person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the BIA); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under

Insolvency Legislation; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation; or takes any corporate action for the purpose of effecting any of the foregoing; or

- (ii) any proceeding or filing is commenced against such Person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets; unless (i) such Person is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Lender and (ii) such proceeding does not in the reasonable opinion of the Lender materially adversely affect the ability of such Person to carry on its business and to perform and satisfy all of its obligations hereunder;
- (x) "Insolvency Legislation" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the BIA, the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada);
- (y) "Interest Reserve" means the amounts set aside or deducted as contemplated in Section 4.12 hereof to fund the obligations of the Borrower to pay interest as set forth in this Agreement on the Loan Instalments that may from time to time be made by the Lender to the Borrower.
- (z) "Laws" means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of such laws, including general principles of common and civil law and equity or policies or guidelines, to the extent such policies or guidelines have the force of law, binding on the Person referred to in the context in which such word is used; and "Law" means any of the foregoing;
- (aa) "Lender's Solicitors" shall mean Nancy Elliott, Barrister & Solicitor, or such other solicitors that the Lender may in writing designate;
- (bb) "Lien" means: (i) a lien, charge, mortgage, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing;

- (cc) "Loan", means the aggregate amount, not to exceed Three Million Five Hundred Thousand (\$3,500,000.00) Dollars, of all Loan Instalments made from time to time hereunder by the Lender to the Borrower, less the amount, if any, repaid from time to time by the Borrower to the Lender;
- (dd) "Loan Instalment" has the same meaning as set forth in Sub-Section 4.08(a) hereof, with each Loan Instalment to be made in the sole and absolute discretion of the Lender;
- (ee) "Loan Rate", means the annual rate of interest applicable to any particular amount outstanding pursuant to this Agreement being Eight (8%) percent per annum;
- (ff) "Material Adverse Change" means any change or event which: (i) constitutes a material adverse change in the business, operations, condition (financial or otherwise) or properties of the Borrower taken as a whole; or (ii) could materially impair the Borrower's ability to timely and fully perform its obligations under this Agreement or the Security Documents, or materially impair the ability of the Lender to enforce its rights and remedies under this Agreement or the Security Documents;
- (gg) "Material Agreement" means, in respect of the Borrower, any agreement made between the Borrower and another Person which the Lender, in its sole and absolute discretion, determines to be material to the Borrower;
- (hh) "Maturity Date" shall have the same meaning as set forth in Section 4.04 hereof;
- (ii) "Mortgage" has the same meaning as set forth in Sub-Section 5.01(c) hereof;
- (jj) "Note" shall mean the promissory note executed by the Borrower in favour of the Lender in the sum of Three Million Five Hundred Thousand (\$3,500,000.00) Dollars which Note shall be in form and substance satisfactory to the solicitors of the Lender;
- (kk) "Outstanding Encumbrances and Liens" shall have the same meaning as set forth in Sub-Section 7.01(l) hereof;
- (ll) "Person", means a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality;
- (mm) "Permitted Encumbrances" are those Liens described in Schedule "E" attached hereto and any construction financing subsequently acquired by the Borrower for the construction of the condominium project of the Property;
- (nn) "Requirements of Environmental Law" means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) requirements announced by a Governmental Authority as having immediate effect (provided that at the time of making such announcement the government also states its intention of enacting legislation to confirm such requirements retroactively); (iv) all directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent

such directives, policies or guidelines have the force of law; (v) all permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation and (B) exposure to Hazardous Materials;

- (oo) "Security" means all guarantees, security agreements, mortgages, debentures and other documents mentioned comprising the Security Documents or otherwise and all other documents and agreements delivered by the Borrower or other Persons to the Lender for the benefit of the Lender from time to time as security for the payment and performance of the Borrowers Liabilities, and the security interests, assignments and Liens constituted by the foregoing;
- (pp) "Security Documents", refers collectively to this Agreement, the Mortgage, those documents and instruments referred to in Section 5.01 hereof and any and other documents, agreements or writings delivered to the Lender as contemplated in this Agreement whether as security for the Loan or otherwise. At the option of the Lender, the Security Documents may reflect a fixed rate of interest as designated by the Lender's counsel. Notwithstanding the same, the provisions with respect to the payment of interest as set out in this Agreement shall prevail;
- (qq) "Statutory Lien" means a Lien in respect of any property or assets of a Company created by or arising pursuant to any applicable legislation in favour of any Person (such as but not limited to a Governmental Authority), including a Lien for the purpose of securing the Borrower's obligation to deduct and remit employee source deductions and goods and services tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan* (Canada), the *Employment Insurance Act* (Canada) and any federal or provincial legislation similar to or enacted in replacement of the foregoing from time to time; and,
- (rr) "Subsidiary" means a business entity which is controlled by another business entity (as used herein, "business entity" includes a corporation, company, partnership, limited partnership, trust or joint venture).

2.02 Unless otherwise provided herein, all financial terms used in this Agreement shall be determined in accordance with GAAP in effect at the date of such determination. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with GAAP applied on a consistent basis, unless otherwise indicated.

2.03 All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

2.04 Whenever in this Agreement reference is made to a statute or regulations made pursuant to a statute, such reference shall, unless otherwise specified, be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations.

2.05 Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by the Lender (including phrases such as "in the discretion of", "in the opinion of", "in its opinion", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

ARTICLE 3 SCHEDULES

3.01 *The following are the schedules attached to and incorporated in this Agreement by reference and deemed to be a part thereof:*

Schedule "A" – Lands to be Charged/Mortgaged

Schedule "B" – Schedule of Interest Payments

Schedule "C" – Expenses

Schedule "D" – Additional Loan Payment

Schedule "E" – Permitted Encumbrances

Schedule "F" – Outstanding Encumbrances and Liens

ARTICLE 4 THE LOAN, INTEREST, EXPENSES, AND PAYMENT THEREOF

4.01 Subject to the terms and conditions hereof, the Lender agrees to provide to the Borrower the Loan.

4.02 The Borrower and the Lender acknowledge and confirm that, notwithstanding any rate of interest set out in the Security Documents or any of them, the provisions of this Agreement regarding the Loan Rate shall govern the rate of interest payable on the Loan. The Borrower and the Lender further acknowledge and confirm that the Security Documents shall be in form and substance satisfactory to the Lender.

4.03 Interest on the Loan Rate shall be determined daily and shall be due, payable and compounded quarterly, not in advance, on the 1st day of each month during such quarterly period, as well after as before demand, maturity, default and judgment, together with interest on overdue interest determined daily (if relevant) and compounded quarterly at the same rate applicable until

the Borrower's Liabilities have been paid in full. Interest shall be calculated on the basis of a three hundred and sixty-five (365) day year. Interest on the Loan at the Loan Rate and calculated as aforesaid shall accrue as of the date of the first Loan Instalment. Any disputes on the determination and calculation of interest of the Interest Rate shall be resolved by the Lender, in its opinion but acting reasonably. The first payment of interest and all subsequent payments of interest as aforesaid shall be payable in the amounts and on the dates as set forth in Schedule "B" attached hereto.

4.04 The Loan, together with all accrued and outstanding interest and other charges in connection therewith as set forth in this Agreement and the Security Documents including without limiting the generality of the foregoing the Additional Loan Payment and all other Borrower's Liabilities, shall become fully due and repayable on the third anniversary of the first Loan Instalment (the "Maturity Date").

4.05 Any payment provided hereunder to be made by the Borrower to the Lender shall be in certified funds or bank draft and shall be payable to the Borrower's Solicitors, in trust, and delivered to the Borrower's Solicitors, or any other payee or office designated by the Lender from time to time. The Borrower's Solicitors shall coordinate further delivery of such funds with the Lender's Solicitors. Any payment as aforesaid received after two o'clock (2:00) p.m. Toronto time shall be deemed to have been received on the next following Business Day.

4.06 This Agreement shall constitute evidence of the obligation of the Borrower to repay all the Borrower's Liabilities in accordance with the terms hereof. The Borrower shall repay the Loan and the Borrower's Liabilities in full on the Maturity Date, and until then shall pay interest at the time or times and in the manner provided herein.

4.07 All Loan Instalments and Expenses as and when advanced or incurred shall be and become secured by the Security Documents and Expenses may be paid by the Lender and be deducted from Loan Instalments which would otherwise have been made to the Borrower. The Security Documents shall be in addition to any other security which the Lender may now have or subsequently acquire for the performance of the Borrower's Liabilities. The Expenses listed in Schedule "C" attached hereto are a list of Expenses (but by no means an exhaustive list of all Expenses) that shall be deducted from the Loan Instalments.

4.08 The Lender and the Borrower mutually acknowledge, confirm, represent and covenant as follows:

- (a) Any amounts advanced by the Lender, in its sole and absolute discretion, to the Borrower pursuant to this Agreement shall occur in tranches (the "**Loan Instalments**") with the first Loan Instalment to be in the amount of not less than One Million Five Hundred Thousand (\$1,500,000.00) Dollars;
- (b) the initial face value of the Mortgage will be \$3,500,000.00; and,
- (c) prior to the release of any funds by the Lender's Solicitors to the solicitor(s) for the Borrower, each Party hereby irrevocably acknowledges and directs that their respective solicitors are authorized to and shall cause to be registered any such instruments on title to the Lands which in the opinion of the solicitor for the Lender may be required as evidence of any sums advanced to the Borrower on the security of this Agreement or the Security Documents.

4.09 The Borrower may not prepay all or any portion of the Borrower's Liabilities hereunder.

4.10 Notwithstanding anything to the contrary contained in this Agreement, any Loan Instalment made by the Lender and the Borrower shall be at the Lender's sole and absolute discretion and the Lender shall not be obligated at any time or times to make any Loan Instalment to the Borrower.

4.11 In addition to the payment by the Borrower of the Loan plus interest as set forth in this Agreement, the Borrower shall also pay to the Lender, in certified funds or Bank Draft, forthwith after the determination is made by the Lender in its opinion that the Additional Loan Payment is payable, the amount of the Additional Loan Payment calculated as described in Schedule "D" attached hereto in the same manner as contemplated in Section 4.05 hereof. Notwithstanding the foregoing, the Lender, at its option, may also deduct from the Distributable Cash Proceeds, at any time and from time to time, all or any part of the Additional Loan Payment that the Lender, in its opinion, believes is due and payable.

4.12 The parties hereto acknowledge, confirm, covenant and agree that the Lender shall be deducting from the first Loan Instalment and any subsequent Loan Instalments an amount equal to the projected interest on the amount of such Loan Instalment for 12 months which shall be a contribution of the Borrower to the Interest Reserve. The parties hereto further acknowledge, confirm, covenant and agree that the Lender may from time to time and at any time, acting reasonably, deduct from the funds held in trust by the Lender's Solicitors or received from the Borrower, whether from the Distributable Cash Proceeds or otherwise, such amounts that in its opinion is necessary or appropriate to replenish the Interest Reserve. The Borrower covenants and agrees that the amount in the Interest Reserve shall be applied by the Lender against the obligations of the Borrower to pay interest hereunder on the Loan Instalments and that once applied or deducted by the Lender from the Loan Instalments, the Distributable Cash Proceeds or otherwise, the Borrower shall have no claim against the funds in the Interest Reserve. The Lender agrees to provide monthly reports on the disposition, if any, of funds set aside and in the Lender's Solicitors trust account.

ARTICLE 5 SECURITY

5.01 The Borrower agrees to provide the Security Documents listed below to the Lender, as continuing security for the payment and performance of all of its present and future, direct and indirect obligations to the Lender, specifically including the Loan, the Borrowers Liabilities and its direct indebtedness and obligations to the Lender arising under this Agreement:

- (a) The General Security Agreement;
- (b) The Note;
- (c) A mortgage in the amount of the Principal Sum ranking as a first mortgage; provided that the mortgage shall be subordinated to any construction financing obtained by the Borrower related to construction of the condominium project on the Property (the "Mortgage");
- (d) if requested by the Lender from time to time, security agreements creating an assignment security interest in respect of its rights to and interest in Material

Agreements to which it is a party, together with any necessary consents from the other parties thereto, which security interest may not be a first ranking security interest;

- (e) an assignment of its interest in all policies of insurance, specifically including the right to receive any refunds of premiums paid thereunder; and
- (f) such other security and further assurances as the Lender may reasonably require from time to time.

5.02 The Security Documents shall be in form and substance satisfactory to the Lender, acting reasonably. The Lender may require that any item of Security Documents be governed by the laws of the jurisdiction where the property subject to such item of Security Documents is located. The Security Documents shall be registered by the Lender or, at the request of the Lender, by the Borrower, all at the Borrower's cost and expense, where necessary or desirable to record and perfect the charges contained therein, as determined by the Lender in its sole and absolute discretion.

5.03 The Borrower shall cause to be delivered to the Lender prior to each Loan Instalment the opinion of the solicitors for the Borrower regarding its corporate status, the due authorization, execution and delivery of the Security Documents provided by it, all registrations in respect of the Security Documents, the results of all applicable searches in respect of them, and the enforceability of such Security Documents and any other matters requested by the Lender in its opinion; all such opinions to be in form and substance satisfactory to the Lender.

5.04 The Borrower shall execute and deliver from time to time all such further documents and assurances as may be reasonably required by the Lender from time to time in order to provide the Security Documents contemplated hereunder, specifically including supplemental or additional security agreements which shall include lists of specific assets to be subject to the security interests required hereunder.

5.05 If insurance proceeds become payable in respect of loss of or damage to any property owned by the Borrower the Lender shall apply such proceeds against the Borrower's Liabilities (allocated amongst the components of the Borrower's Liabilities, at all times, by the Lender in its sole and absolute discretion).

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

6.01 The Borrower represents and warrants to the Lender as follows (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which are a continuing condition of the advance of the Loan Instalments and the Borrower hereby acknowledges, confirms and agrees that the Lender is relying on such representations and warranties:

- (a) The Borrower is a validly subsisting corporation under the *Business Corporations Act* (Ontario), and is duly qualified to carry on its business in the jurisdiction in which it carries on business and has the power and authority to enter into and

perform its obligations under this Agreement, is the registered owner of the Property and is legally entitled to carry on its business as currently conducted or as currently contemplated.

- (b) The Borrower has obtained all material licenses, permits and approvals from all governments, governmental commissions, boards and other agencies of jurisdictions in which it carries on (or contemplates carrying on) business which are required and which will allow for the development of the Property.
- (c) The Borrower or its solicitor has delivered to the Lender, or its solicitor, copies of the constating documents of the Borrower and the Lender's solicitor has obtained a legal opinion from the Borrower's solicitor that the Borrower is authorized to enter into this Agreement and the Security Documents.
- (d) The execution, delivery and performance of this Agreement and the Security Documents has been duly authorized by all requisite action on the part of the Borrower; and this Agreement and the Security Documents have been, or will be, duly executed and delivered by the Borrower, and this Agreement and the Security Documents delivered or to be delivered pursuant hereto and thereto constitutes, or when delivered will constitute, a valid and binding obligation of the Borrower and enforceable against the Borrower in accordance with their terms, subject to the application of bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and the fact that the right to obtain judicial orders requiring specific performance or other equitable remedies is in the discretion of the court.
- (e) The Borrower shall and does indemnify and hold harmless the Lender and the Indemnitees from and against all losses, claims, damages, liabilities, and expenses, to which any such person or entity may become subject arising out of or in connection with this Agreement, the use of proceeds, or any related transaction or any claim, litigation, investigation or proceeding, relating to any of the foregoing, regardless of whether the Lender is a party thereto, and to reimburse the Lender, forthwith upon demand for any reasonable, legal or other expenses incurred in connection with investigating or defending any of the foregoing.
- (f) The Borrower acknowledges that neither its execution nor delivery of this Agreement or the Security Documents the consummation of the transactions herein contemplated nor compliance with the terms, conditions and provisions hereof or thereof does not and will not conflict with, and does not and will not result in any breach of or constitutes a default under any of the provisions of the constating documents or by-laws of the Borrower or any applicable Law including applicable securities laws, rules, policies and regulations or any contract or agreement upon or to which the Borrower is a party.
- (g) The Borrower has good and marketable title to the Property and its assets free from all mortgages, security interests, Liens, pledges, charges, encumbrances, title retention agreements, options or adverse claims, other than the permitted encumbrances as identified in Schedule "D" attached hereto (the "Permitted Encumbrances") and the Outstanding Encumbrances and Liens.

- (h) The Borrower has filed or caused to be filed, in a timely manner all tax returns, reports and declarations, which are required to be filed by it. All information in such tax returns, reports and declarations is complete and accurate in all material respects. The Borrower has paid or caused to be paid all taxes due and payable or claimed due and payable in any assessment received by it, except taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to the said Borrower and with respect to which adequate reserves have been set aside on its books. Adequate provision has been made for the payment of all accrued and unpaid federal, provincial, local, foreign and other taxes whether or not yet due and payable and whether or not disputed.
- (i) All representations and warranties of the Borrower contained in this Agreement or in any of the Security Documents shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to the Lender on the date of each Loan Instalment pursuant to this Agreement and shall be conclusively presumed to have been relied on by the Lender regardless of any investigation made or information possessed by the Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which the Borrower shall now or hereafter give, or cause to be given, to the Lender.
- (j) The Borrower further acknowledges and agrees that the terms of this Agreement shall override the terms of any previous loan agreements to which the Borrower and the Lender may be or may have been Parties.
- (k) The Borrower acknowledges that the Lender may have executed a loan agreement that has been amended to accommodate the beneficial owners of the Lender and the Borrower agrees to abide by the specific terms of each of said Agreements.
- (l) The Borrower has no Subsidiaries.
- (m) no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of the Borrower out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of the Borrower.
- (n) The Borrower is in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and is duly licensed, registered and qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the property owned or leased by it make such qualification necessary; and all such licences, registrations and qualifications are valid and subsisting and in good standing.
- (o) The Borrower owns, possesses and has a good and marketable title to its undertaking, property and assets, free and clear of any and all Liens except for Permitted Encumbrances and the Outstanding Encumbrances and Liens. The Borrower does not have any commitment or obligation (contingent or otherwise)

to grant any Liens except for the Permitted Encumbrances. No event has occurred which constitutes, or which with the giving of notice, lapse of time or both.

- (p) The Borrower have placed insurance, including property, boiler and machinery, business interruption and liability insurance, in appropriate amounts and for appropriate risks as would be considered prudent for similar business.
- (q) The Borrower and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials. The Borrower holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with (i) air emissions; (ii) discharges to surface or groundwater; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all other Requirements of Environmental Law. There has been no material emission, spill, release, or discharge into or upon (i) the air; (ii) soils, or any improvements located thereon; (iii) surface water or groundwater; or (iv) the sewer, septic system or waste treatment, storage or disposal system servicing the premises, of any Hazardous Materials at or from the Property, and there has been no complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person with respect to (i) air emissions; (ii) spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing the Property; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation, or disposal of Hazardous Materials; or (vi) other Requirements of Environmental Law affecting the Property. There are no legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the Properties, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion with any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims. The Borrower has no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials (including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal).
- (r) Save and except for the and the Outstanding Encumbrances and Liens, there are no actions, suits or proceedings now pending, or to the Borrower's knowledge, threatened, against the Borrower in any court or before or by any federal, provincial, municipal or other Governmental Authority.
- (s) No guarantees have been granted by the Borrower.
- (t) The Borrower has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries

relating to income tax, employment insurance and Canada Pension Plan contributions), goods and services and Harmonized Sales tax and all other amounts which if not paid when due could result in the creation of a Statutory Lien against any of the Borrower's property including the Property, except for Permitted Encumbrances.

- (u) Save and except for and the Outstanding Encumbrances and Lien, no Default, Event of Default or Material Adverse Change has occurred and is continuing.
- (v) All financial and other information furnished by or in respect of the Borrower to the Lender for the purposes of or in connection with this Agreement or the Security Documents are true and accurate in all material respects and is not incomplete by omitting to state any fact necessary to make such information not misleading. There are no facts known to the Borrower which could materially adversely affect the Borrower's ability to observe and perform their obligations under the Security Documents, or which if known to the Lender could reasonably be expected to deter the Lender from making any Loan Instalments hereunder on the terms and conditions contained herein.

ARTICLE 7 COVENANTS

7.01 The Borrower hereby covenants and agrees with the Lender that it will:

- (a) pay all principal, interest and other amounts due hereunder including the Borrowers Liabilities at the times and in the manner specified herein;
- (b) maintain its corporate existence in good standing, continue to carry on its business, preserve its rights, powers, licences, privileges, franchises and goodwill, exercise any rights of renewal or extensions of any leases, licences, concessions, franchises or any other rights whatsoever which are material to the conduct of its business, maintain all qualifications to carry on business in each jurisdiction in which such qualifications are required, and carry on and conduct its business in a proper and efficient manner so as to protect its property and income; and not materially change the nature of its business;
- (c) comply in all material respects with all applicable Laws (specifically including, for greater certainty, all applicable Requirements of Environmental Law), use the proceeds of all Loan Instalments hereunder for legal and proper purposes in connection with the purposes set out in the first recital of this Agreement, and obtain and maintain in good standing all material leases, licences, permits and approvals from any and all Governmental Authorities required in respect of its business and operations;
- (d) pay when due all rents, taxes, rates, levies, assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its property which are material to the conduct of its business, and deliver to the Lender upon request receipts evidencing such payments;
- (e) maintain adequate books, accounts and records in accordance with GAAP;

- (f) keep the Property and its assets in good repair and working condition;
- (g) permit the Lender and its employees, representatives and agents (during normal business hours and in a manner which does not materially interfere with its business) to enter upon and inspect the Property and its properties, assets, books and records from time to time and make copies of and abstracts from such books and records, and discuss its affairs, finances and accounts with its officers, directors, accountants and auditors; such access shall be on 48 hours' prior notice unless a Default has occurred and is continuing in which event no notice shall be required;
- (h) obtain from financially responsible insurance company and maintain liability insurance, all-risks property insurance on a replacement cost basis (less a reasonable deductible not to exceed amounts customary in the industry for similar businesses and properties), business interruption insurance and insurance in respect of such other risks as the Lender may reasonably require from time to time; all of which policies of insurance shall be in such amounts as may be reasonably required by the Lender and shall include a standard mortgage clause approved by the Insurance Bureau of Canada; and the Lender's interest shall be noted as an additional insured on all liability insurance policies and as second mortgagee and loss payee on all other insurance policies; and the Lender shall be provided with certificates of insurance and certified copies of such policies from time to time upon request;
- (i) fulfil all covenants and obligations required to be performed by it under this Agreement and the Security Documents to which it is a party and any other agreement or undertaking now or hereafter made between it and the Lender;
- (j) provide prompt notice to the Lender of: (i) the occurrence of any Default or Event of Default; (ii) the incorrectness of any representation or warranty contained herein or any Security Documents in any material respect; (iii) any material contravention of or non-compliance by any Borrower with any terms and conditions of this Agreement or any Security Document; (iv) any Material Adverse Change; (v) any litigation affecting the Borrower; (vi) any material labour dispute affecting the Borrower; or (vii) any notice in respect of the termination or suspension of, or a material default under, any Material Contract;
- (k) provide the Lender with such further information, financial data, documentation and other assurances as the Lender may reasonably require from time to time in order to ensure ongoing compliance with the terms of this Agreement and the Security Documents and to achieve the spirit and intent of this Agreement;
- (l) The Borrower hereby covenants and agrees with the Lender that the first Loan Instalment will be used to fund, payoff and discharge the encumbrances and liens set out in Schedule "F" attached hereto (the "Outstanding Encumbrances and Liens") which are currently registered on title to the Property. The Borrower acknowledges that no funds will be disbursed directly to the Borrower until all amounts hereunder that are required to be paid by the Borrower are in fact paid

and the Outstanding Encumbrances and Liens have been discharged from title to the Property.

7.02 The Borrower hereby covenants and agrees with the Lender that it will not without the prior written consent of the Lender (which consent may be withheld in the sole and absolute discretion of the Lender):

- (a) grant or suffer to exist any Liens in respect of any of its property and assets including the Property, except the Permitted Encumbrances;
- (b) directly or indirectly sell or otherwise dispose of any of its assets save and except in the ordinary course of its business or further save and except to sales of dwelling units to bona fide arm's length third party purchasers of Lots;
- (c) make any Distributions;
- (d) not materially change the nature of its business, maintain a place of business or any material assets in any jurisdiction other than the Province of Ontario, or enter into any transaction whereby all or a substantial portion of its undertaking, property and assets would become the property of any other Person, whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, in each case without the prior written consent of the Lender in its sole and absolute discretion;
- (e) change its Fiscal Year (which for greater certainty presently ends on the last day of December in each year);
- (f) change its Accountants except with the prior written consent of the Lender which consent shall not be unreasonably withheld; and,
- (g) use the proceeds of any Loan Instalment for any purposes other than the development and construction of residential townhouses on the Property.

7.03 The Borrower shall deliver by courier delivery to the Lender the following financial and other information at the times indicated below:

- (a) the annual Year-end Financial Statements of the Borrower, by the 120th day after the end of the Fiscal Year accompanied by a Compliance Certificate certified by the Chief Financial Officer of the Borrower or other senior officer of the Borrower acceptable to the Lender;
- (b) within the first 120 days after the start of each Fiscal Year, a business plan for the Borrower in respect of such Fiscal Year, which shall disclose all material assumptions utilized and shall include the following items set out on a quarterly basis: balance sheet, income statement, cashflow statement, Capital Expenditures and tax liabilities; and
- (c) such additional information and documents as the Lender may reasonably require from time to time.

7.04 Full, true and accurate accounting and financial information shall be kept by the Borrower in accordance with GAAP as of the date hereof until at least after eighteen (18) months after the Borrower's Liabilities have been repaid. The Lender or anyone designated by the Lender shall have access to the books, records, financial information, financial statements and data of the Borrower (the "Borrower's Books and Records") at any and all times during regular business hours for the purpose of examining and reviewing the Borrower's Books and Records. The Lender shall not disclose any confidential information so obtained except to the extent that disclosure is reasonable in the conduct of the Lender's business.

7.05 The Lender hereby covenants with the Borrower, that the Lender shall execute any necessary documents and register such documents as may be reasonably requested by any construction financier to subordinate the Lender's Mortgage security and personal property security to any mortgage or other security granted by the construction financier to the Borrower, for the purposes of funding the Borrower's construction of the condominium project on the Property; and the Lender appoints the Borrower as the Lender's power of attorney to execute any required documents on behalf of the Lender to evidence the foregoing.

ARTICLE 8 CONDITIONS PRECEDENT

8.01 The Lender shall have no obligation to make the first Loan Instalment hereunder or any Loan Instalments thereafter on the Closing Date unless at the time of making such Loan Instalment the following terms and conditions (which are condition precedents in favour of the Lender) shall have been satisfied in the opinion of the Lender:

- (a) the Lender shall have completed and shall be satisfied with its due diligence in respect of the Property;
- (b) all representations and warranties made by the Borrower contained in this Agreement or the Security Documents shall be true, correct and complete in all material respects;
- (c) all Security Documents required to be provided at the time of the first Loan Instalment shall have been executed and delivered, all registrations necessary or desirable in connection therewith shall have been made, and all legal opinions and other documentation required by the Lender in connection therewith shall have been executed and delivered, all in form and substance satisfactory to the Lender in its sole and absolute discretion;
- (d) the Lender shall have received satisfactory evidence that there are no Liens affecting the Borrower or its assets, except for Permitted Encumbrances and the Outstanding Encumbrances and Liens which shall be paid in full and deducted from the First Loan Instalment on the Closing Date;
- (e) the Lender shall have received particulars of all Permitted Encumbrances, specifically including the assets encumbered thereby, the amounts due thereunder, and confirmation from the holders thereof that the terms thereof are being complied with;

- (f) the property and assets of the Borrower shall be insured on the Closing Date; the terms and conditions of such insurance to be in compliance with the requirements of this Agreement in the opinion of the Lender;
- (g) the Lender shall have received an officer's certificate and certified copies of resolutions of the board of directors of the Borrower concerning the due authorization, execution and delivery of the Security Documents to which it is a party, and such related matters as the Lender may reasonably require;
- (h) the Lender shall have received from the Borrower a certificate of status as of the Closing Date or the date of any Loan Instalment, as the case may be, certificate of compliance or similar certificate for the Borrower issued by its governing jurisdiction and each other jurisdiction in which it carries on business or holds any material assets;
- (i) the Lender shall have received such additional evidence, documents or undertakings as it may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein;
- (j) All Realty Taxes related to the Property are up-to-date as of the Closing Date; and
- (k) All mortgages, charges, Liens and encumbrances have been discharged, on the Closing Date and prior to any Loan Instalment being made.

8.02 The Borrower hereby acknowledges, confirms, covenants and agrees that the Lender is syndicating the Loan and therefore, the Lender shall have no obligation to make the first Loan Instalment hereunder on the Closing Date or any Loan Instalment thereafter unless at the time of making such Loan Instalment the syndication of the Loan has been completed in the opinion of the Lender.

ARTICLE 9 DEFAULT AND REMEDIES

9.01 The occurrence of any one or more of the following events, after the expiry of any applicable cure period set out below, shall constitute an event of default under this Agreement (an "Event of Default"):

- (a) the Borrower fails to pay any principal, interest, Expenses or any other amount payable hereunder when due under the terms of this Agreement or any of the Security Documents;
- (b) any representation, warranty or statement made to the Borrower herein or in any Security Documents is incorrect in any material respect on the date on which such representation, warranty or statement was made or deemed to have been made, or subsequently becomes incorrect in any material respect; provided that if such representation, warranty or statement is capable of being corrected within twenty (20) days, the Borrower diligently attempts to take all such action as may be necessary in order that such representation, warranty or statement will become correct and diligently keep the Lender informed of its efforts in this regard, and

such representation, warranty or statement is correct by not later than the expiry of such twenty (20) day period on the opinion of the Lender, then the incorrectness of such representation, warranty or statement shall not constitute an Event of Default;

- (c) the Borrower fails to perform or comply with any of the covenants or obligations set out in this Agreement;
- (d) the Borrower fails to perform or comply with any of its covenants or obligations contained in any of the Security Documents, in each case, following receipt of notice of such non-compliance from the Lender; provided that if such non-compliance is capable of remedy within twenty (20) days, the Borrower diligently attempts to remedy such non-compliance and diligently keeps the Lender informed of its efforts in this regard, and such non-compliance is remedied within such twenty (20) day period in the opinion of the Lender, then such non-compliance shall not constitute an Event of Default;
- (e) an Insolvency Event occurs in respect of the Borrower;
- (f) any document constituting part of the Security Documents shall for any reason cease to be in full force and effect or shall be declared in a final judgment of a court of competent jurisdiction to be null and void; or the Borrower contests the validity or enforceability thereof or denies it has any further liability or obligation thereunder; or any document constituting part of the Security Documents shall for any reason fail to create a valid and perfected First-Ranking Security Interest subject to Permitted Encumbrances in the opinion of the Lender, in and to the property purported to be subject thereto, except that if such failure is capable of remedy within thirty (30) days, the Borrower diligently attempts to remedy such failure and diligently informs the Lender of its efforts in this regard, and the failure is remedied within such thirty (30) day period in the opinion of the Lender, then the failure shall not constitute an Event of Default;
- (g) any Person takes possession, or threatens to take possession, of any property of the Borrower including the Property by way of or in contemplation of enforcement of any security it may hold, or a distress or execution or similar process is levied or enforced against any such property; and,
- (h) any Governmental Authority shall take any action or proceeding to condemn, seize or appropriate any property of the Borrower that is material to its financial condition, business or operations.

9.02 Upon the occurrence of an Insolvency Event, the Borrower's Liabilities shall become immediately due and payable, without the necessity of any demand upon or notice to the Borrower by the Lender. Upon the occurrence and during the continuation of any Event of Default other than an Insolvency Event, the Lender may by written notice to the Borrower declare the Borrower's Liabilities to be immediately due and payable. Upon the occurrence and during the continuation of an Event of Default, both before and after the Acceleration Date, all outstanding Loan Instalments shall bear interest at the Loan Rate plus two percent (2%) per annum in order to compensate the Lender for the additional risk.

9.03 Upon the occurrence and during the continuation of an Event of Default, the Lender may apply any proceeds of realization from any Security or related to this Agreement or the Security Documents, against any portion or portions of the Borrower's Liabilities, and the Borrower may not require any different application. The taking of a judgment or any other action or dealing whatsoever by the Lender in respect of the Security Documents shall not operate as a merger of any of the Borrower's Liabilities hereunder or in any way affect or prejudice the rights, remedies and powers which the Lender may have, and the foreclosure, surrender, cancellation or any other dealing with any Security Documents or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Borrower's Liabilities.

9.04 The Lender shall not be obliged to make any further Loan Instalments from and after the earliest to occur of the following: (i) delivery by the Lender to the Borrower of a written notice that a Default or an Event of Default has occurred and is continuing (whether or not such notice also requires immediate repayment of the Borrower's Liabilities); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Borrower of any garnishment notice or other notice of similar effect in respect of the Borrower pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute.

9.05 All of the rights and remedies granted to the Lender in this Agreement and the Security Documents, and any other rights and remedies available to the Lender at law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

9.06 If the Borrower fails to perform any covenant or obligation to be performed by it pursuant to this Agreement or the Security Documents, the Lender may in its sole and absolute discretion, after written notice to the Borrower, perform any of the said obligations but shall be under no obligation to do so; and any amounts expended or advanced by the Lender for such purpose shall be payable by the Borrower upon demand together with interest at the Interest Rate.

9.07 If the Borrower intends to take the benefit of any Insolvency Legislation, including making an assignment for the general benefit of creditors, making a proposal or filing a notice of intention to make a proposal under Insolvency Legislation, the Borrower covenants and agrees to provide the Lender with five (5) Business Days' prior written notice before any of the aforementioned proceedings are commenced. As soon as possible prior to the commencement of any such proceedings, the Borrower shall provide to the Lender copies of all relevant filing materials, including copies of draft court orders, plans of compromise, proposals and notices of intention. During this notice period the Lender may, in its sole discretion, elect to exercise any and all rights and remedies which may be available to it at that time as set out in this Agreement.

ARTICLE 10 GENERAL CONTRACT TERMS

10.01 The failure or delay by the Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by the Borrower and any course of action on the part of the Lender, shall not operate as a waiver of any rights of the Lender unless made in writing by the Lender. Any such waiver shall be effective only in the specific instance and for

the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Lender with respect to any other or future non-compliance.

10.02 In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees on a solicitor and his own client basis) of any kind or nature whatsoever (but excluding any consequential damages and damages for loss of profit) which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate or arise out of or result from:

- (a) any failure by the Borrower to pay and satisfy its obligations hereunder and the Security Documents including the Borrower's Liabilities; and,
- (b) any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Loan Instalment
- (c) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the failure of the Borrower to comply with all Requirements of Environmental Law;
- (d) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any property owned by the Borrower including the Property or upon which it carries on business; and
- (e) any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any property owned by the Borrower including the Property or upon which it carries on business, or the discharge, emission, spill, radiation or disposal by the Borrower of any Hazardous Material into or upon the Property, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter;

10.03 The termination of this Agreement shall not relieve the Borrower from its obligations to the Lender arising prior to such termination, such as but not limited to obligations arising as a result of or in connection with any breach of this Agreement or the Security Documents, any failure to comply with this Agreement or the Security Documents or the inaccuracy of any representations and warranties made or deemed to have been made prior to such termination, and obligations arising pursuant to all indemnity obligations contained herein.

10.04 If the Borrower fails to pay when due any Expenses or other amounts paid by the Lender hereunder (other than principal or interest on any Loan Instalment), the Borrower agrees to pay interest on such unpaid amount from the time such amount is due until paid at the Loan Rate.

10.05 Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by prepaid private courier or sent by telecopy to the applicable address and to the attention of the officer of the addressee as follows:

(i) to the Borrower:

Legacy Lane Investments Ltd.
c/o Harris + Harris LLP
2355 Skymark Avenue, Suite 300
Mississauga, Ontario, L4W 4Y6

E-mail: bwstewart@rogers.com

Attention: Bruce Stewart

with a copy to:

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

Attention: Mr. Gregory H. Harris
Fax No. 905-629-4350
Email: gregharris@harrisandharris.com

(ii) to the Lender:

c/o Tier 1 Transaction Advisory Services Inc.
3655 Kingston Road
Toronto, ON M1M 1S2

Attention: Raj Singh
Fax Number: 416-218-0236

with a copy to:

Nancy Elliott, Barrister & Solicitor

5000 Yonge Street
Suite 1901
Toronto, Ontario
M2N 7E9

Attention: Ms. Nancy Elliott
Fax Number: (416) 628-5597

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by telecopy shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

10.06 Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof; and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.07 The Borrower shall from time to time at its own expense promptly execute and deliver or cause to be executed and delivered to the Lender all such other and further documents, agreements, opinions, certificates and instruments which may be requested by the Lender if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein, or to make any recording, file any notice or obtain any consent.

10.08 Time shall be of the essence of this Agreement.

10.09 The Borrower may not assign any of its rights or obligations under this Agreement without the prior written consent of the Lender. The Lender may grant participations in all or any portion of its rights under this Agreement from time to time without notice to or obtaining the prior written consent of the Borrower. The Borrower agrees to co-operate fully with the Lender in connection with any assignment or participation pursuant to this section, and agrees to execute and deliver from time to time in favour of the Lender and any such assignee or participant such documents and assurances as may be reasonably required by the Lender or the assignee or participant in connection with such assignment or participation.

10.10 This Agreement and any other documents or instruments contemplated herein or therein shall constitute the entire agreement and understanding between the Borrower and the Lender relating to the subject-matter hereof. For greater certainty and without limiting the generality of the foregoing, this Agreement supersedes all discussion papers previously issued by the Lender relating to the proposed establishment of the Loan, which have no force or effect.

10.11 To the extent that there is any inconsistency between a provision of this Agreement and a provision of any document constituting part of the Security including the Security Documents, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of any Security Document shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the Security Document imposes more onerous obligations or restrictions than the corresponding provision in this Agreement (excluding fees and Expenses).

10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

10.13 This Agreement 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 Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall be deemed to be equivalent to an original signature for all purposes.

10.14 This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date written on the first page hereof.

2223947 ONTARIO LIMITED

Per: _____

Name: Raj Singh

Title: President

I have authority to bind the corporation

LEGACY LANE INVESTMENTS LTD.

Per: _____

Name: Bruce Stewart

Title: President

I have authority to bind the corporation

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date written on the first page hereof.

2223947 ONTARIO LIMITED

Per: 

Name: Raj Singh

Title: President

I have authority to bind the corporation

LEGACY LANE INVESTMENTS LTD.

Per: 

Name: Bruce Stewart

Title: President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

DESCRIPTION: PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN FAVOUR OF PT 1-4, 6, 8, 10 , 12 , 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 & 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE

SCHEDULE "B"
SCHEDULE OF INTEREST PAYMENTS

Interest payments shall be calculated at an annual interest rate of EIGHT PERCENT (8%), paid quarterly in trust to the Lender's Solicitor, commencing on or about April 1, 2013. All funds advanced after January 1, 2013 will receive an initial payment pro rated up to and including April 1, 2013 and full payments quarterly until the maturity date anticipated to be on or about December 31, 2015.

**SCHEDULE "C"
EXPENSES**

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$35,000 payable to First Commonwealth Mortgage Corporation;
- b) Referral and Related Fees of \$525,000 payable on account of fees and commission incurred in relation to the Loan which shall be paid as the Mortgage Broker may in writing direct (based on a minimum mortgage advance of \$3,500,000; where the actual mortgage advance is less than \$3,500,000, the referral and related fees will be proportionately reduced); and,
- c) Legal Fees. Legal Fees of \$20,000.00 plus HST plus disbursements (which shall include Title Insurance and other Expenses) shall be payable to the Lender's Solicitors which shall be deducted from the first Loan Instalment. In the event that there is more than one (1) Loan Instalments, then additional legal fees of \$3,000 plus HST plus disbursements shall be paid to the Lender's Solicitors on each additional Loan Instalment. The fees, taxes and disbursements of the Borrower's Solicitors shall be paid in addition to the fees, taxes and disbursements of the Lender's Solicitors. It is estimated the fees of the Borrower's Solicitors shall be \$25,000 for the first Loan Instalment and \$15,000 for each Loan Instalment thereafter.

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

The Additional Loan Payment shall be an amount equal to four (4%) per cent per annum of the face value of the Mortgage and shall be payable for such time as the Loan remains outstanding, as determined by the Lender (the "Additional Loan Payment"). The Additional Loan Payment shall be payable by the Borrower from the Distributable Cash Proceeds or from the proceeds being held by the Lender's Solicitor, in trust. The payment of the Additional Loan Payment may be paid at any time and from time to time to the Lender after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement. If the face amount of the Mortgage is less than \$3,500,000.00, the Additional Loan Payment shall be reduced accordingly. The Additional Loan Payment will be paid after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement as determined by the Lender, acting reasonably.

For the sake of clarity, if the face amount of the Mortgage is \$3,500,000.00 and the Borrower's Liabilities have not been paid until the third anniversary of the first Loan Instalment, then the amount of the Additional Loan Payment payable by the Borrower to the Lender shall be \$420,000, or 4% per annum for each year the Mortgage is outstanding; which interest amount shall not be compounded from time to time. Notwithstanding the foregoing, the calculation of the Additional Loan Payment and the timing of the payments thereof shall be determined by the Lender, acting reasonably.

The Lender shall provide to the Borrower reasonable notice of any payments made on account of the Additional Loan Payment.

SCHEDULE "E"
PERMITTED ENCUMBRANCES

1. Liens for municipal property taxes, local improvement assessments or taxes, or other taxes, assessments or recoveries relating to the Property which are not at the time due;
2. The reservations, limitations, exceptions, provisos and conditions, if any expressed in any original grants from the Crown including, without limitation, the reservations of any mines and minerals in the Crown or in any other person.
3. Any registered or unregistered licenses, easements, rights-of-way, rights in the nature of easements and agreements with respect thereof which relate to the provisions of utilities or services or easements or rights of way in favour of any governmental authority, any private or public utility, any railway company or any adjoining owner to the Property (including, without limitation, agreements, easements, licenses, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraphic conduits, poles, wires, and cables).
4. Title defects or irregularities, which are of a minor nature and in the aggregate will not materially adversely impair the use or marketability of the Real Property or that part thereof affected by the defect or irregularity for the purposes for which it is presently used.
5. The exceptions, limitations and qualifications of the Land Titles Act and any amendments thereto.

SCHEDULE "F"
OUTSTANDING ENCUMBRANCES AND LIENS

A mortgage on the property in the registered amount of \$425,000.00 which shall be discharged on the closing of the Mortgage transaction contemplated in this Agreement.

LOAN AGREEMENT

THIS AGREEMENT is made as of the 5th day of October, 2015.

B E T W E E N:

**TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION**, a corporation incorporated under
the laws of the Province of Ontario

(hereinafter referred to as the "Lender")

AND

TEXTBOOK (525 PRINCESS STREET) INC., a corporation
incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "Borrower")

WHEREAS the Lender, on the terms and conditions hereinafter set forth, has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the sum of up to **Six Million Four Hundred Thousand (\$6,400,000) Dollars** of lawful money of Canada (the "Principal Sum") for a term of Three (3) years, subject to extensions as provided herein, (the "Term") in connection with the development and construction by the Borrower of a condominium project on the lands and premises situated at 525 Princess Street, Kingston, Ontario, 531 Princess Street, Kingston, Ontario, 349 Alfred Street, Kingston, Ontario and 351 Alfred Street, Kingston, Ontario, and more particularly described in Schedule "A" attached hereto (the "Property").

AND WHEREAS the Borrower agrees to pay to the Lender interest on the Principal Sum at the Loan Rate (as hereinafter defined), calculated annually and payable quarterly during the Term along with the Additional Loan Payment as more particularly described in Schedule "D" attached hereto;

AND WHEREAS the Borrower has agreed to allow a Charge/Mortgage of Land in addition to the other Security Documents, on the terms set out herein, to be registered against the Property in first position and in favour of the Lender (the "Mortgage"), as security for repayment of the Principal Sum with interest at the Loan Rate and the payment of the Additional Loan Payment;

AND WHEREAS the Borrower agrees to repay to the Lender the Principal Sum and interest at the Loan Rate and the payment of the Additional Loan Payment on or before the expiry of the Term, as specified herein;

AND WHEREAS the Lender and the Borrower (collectively, the "Parties") wish to evidence their agreement in respect of the Loan;

AND WHEREAS the Lender acknowledges that the Mortgage shall be granted, *inter alia*, in the form of a syndicated first Charge/Mortgage of Land as more fully described herein and shall be in form and substance satisfactory to the Lender;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants, agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 RECITALS

1.01 The Parties to this Agreement acknowledge and agree that the recitals to this Agreement are true and correct in substance and in fact are incorporated into and form an integral part of this Agreement.

ARTICLE 2 DEFINITIONS AND TERMS

2.01 The following words and phrases have the following meanings when used in this Agreement:

- (a) "Acceleration Date" means the date on which an Acceleration Event occurs;
- (b) "Acceleration Event" means the earlier of: (i) the occurrence of an Insolvency Event; and (ii) the delivery by the Lender to the Borrower of a written notice that the Borrowers Liabilities or any part thereof are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event;
- (c) "Additional Loan Payment" has the same meaning as set forth in Section 4.11 hereof;
- (d) "Agreement", means this Agreement entitled "Loan Agreement", and all instruments supplemental hereto or in amendment or confirmation hereof; "hereof", "hereto" and "hereunder" and similar expressions refer to this Agreement, and where relevant, to any particular article, section or paragraph hereof; "Article", "Section" and "paragraph" mean and refer to the specified article, section or paragraph of this Agreement;
- (e) "BIA" means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time;
- (f) "Borrower's Books and Records" shall have the same meaning as set forth in Section 7.04 hereof.
- (g) "Borrower's Liabilities", refers collectively to the Loan, all interest from time to time accruing thereon as set forth in this Agreement, and all liabilities and indebtedness now or hereafter owing, arising, due or payable by the Borrower to the Lender whether

under this Agreement or the Security Documents and including the Additional Loan Payment;

- (h) "Borrower's Solicitors" shall mean Harris + Harris LLP, or such other solicitors that the Borrower may in writing designate;
- (i) "Business Day", refers to any day other than a Saturday, Sunday or Statutory Holiday in Toronto, Ontario;
- (j) "Closing Date" or "Closing", or similar references means the date of the initial Loan Instalment or the date, as the context requires, of any other Loan Instalments made pursuant hereto;
- (k) "Commodity Taxes" means all commodity taxes, including all sales, use, retail, goods and services, harmonized sales, value-added and similar taxes imposed, levied or assessed by any Governmental Authority;
- (l) "Default" means any event, act, omission or condition which with the giving of notice or the passage of time, or both, would result in an Event of Default;
- (m) "Distributable Cash Proceeds" means all amounts received by the Borrower arising out of the Property or the sale or operation thereof or of the sale of condominium units for the period including but not limited to the following:
 - (i) all revenues derived from the sale of condominium units or any part or all of the Property (including all premiums, upgrade costs (net of commissions) and applicable harmonized sales tax or goods and services tax rebates);
 - (ii) all gross receipts derived from all rents and fees payable by tenants, licensees and concessionaires;
 - (iii) the gross amount, if any, of any insurance proceeds received by the Borrower, including business interruption payments;
 - (iv) the net proceeds of any refinancing, if any, received by the Borrower, other than any construction loan which contains terms prohibiting the use of such loan proceeds to repay existing indebtedness (net of repayments of existing mortgage financing being refinanced); and
 - (v) the gross amount, if any, from partial or total expropriations of all or part of the Property,

but excluding: (i) Commodity Taxes which the Borrower is required by law to collect from purchasers, tenants, concessionaires or licensees and remit to an applicable taxing authority.

- (n) "Distribution" means, other than as specifically provided for elsewhere in this Agreement or in any other acknowledgement or direction executed by the Lender prior to the advance of the Loan, any amount paid to or on behalf of the employees, directors, officers, shareholders, partners or unitholders of the Borrower, by way of salary, bonus, commission, management fees, directors' fees, dividends, redemption of shares, distribution of profits or otherwise, other than ordinary course payment of amounts related to the management, development and operation of the Property, provided such payments are in amounts reasonable for the services rendered, and whether payments are made to such Persons in their capacity as shareholders, partners, unitholders, directors, officers, employees, owners or creditors of the Borrower or otherwise, or any other direct or indirect payment in respect of the earnings or capital of the Borrower;
- (o) "Event of Default" is defined in Section 9.01 hereof;
- (p) "Expenses", means all expenses relating to the Loan and all fees and expenses for legal services relative to the preparation, review and enforcement of this Agreement and the Security Documents, the making of Loan Instalments and the repayment of the Borrower's Liabilities and the release of the security therefore;
- (q) "Fiscal Year" means the fiscal year end of the Borrower, being December 31st in every year;
- (r) "GAAP" means generally accepted accounting principles in Canada as approved by the Canadian Institute of Chartered Accountants in effect from time to time; and for greater certainty if international financial reporting standards are adopted by the Canadian Institute of Chartered Accountants in replacement for generally accepted accounting principles, each reference to "GAAP" herein shall be deemed to refer to such international financial reporting standards;
- (s) "Governmental Authority" means any: (i) federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; or (iii) any quasi-governmental, judicial or administrative body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (t) "Hazardous Materials" means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law;

- (u) "Indemnitees" means the Lender and its successors and permitted assignees, any agent of any of them (specifically including a receiver or receiver-manager) and its officers, directors, employees, beneficial owners and shareholders;
- (v) "Insolvency Event" means, in respect of any Person:
 - (i) such Person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the BIA); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under Insolvency Legislation; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation; or takes any corporate action for the purpose of effecting any of the foregoing; or
 - (ii) any proceeding or filing is commenced against such Person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets; unless (i) such Person is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Lender and (ii) such proceeding does not in the reasonable opinion of the Lender materially adversely affect the ability of such Person to carry on its business and to perform and satisfy all of its obligations hereunder;
- (w) "Insolvency Legislation" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the BIA, the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada);
- (x) "Interest Reserve" means the amounts set aside or deducted as contemplated in Section 4.12 hereof to fund the obligations of the Borrower to pay interest as set forth in this Agreement on the Loan Instalments that may from time to time be made by the Lender to the Borrower.
- (y) "Laws" means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of such laws, including general principles of common and civil law and equity or policies or guidelines, to the extent such policies or guidelines have the force of law, binding on

the Person referred to in the context in which such word is used; and "Law" means any of the foregoing;

- (z) "Lender's Solicitors" shall mean Nancy Elliott, Barrister & Solicitor, or such other solicitors that the Lender may in writing designate;
- (aa) "Lien" means: (i) a lien, charge, mortgage, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing;
- (bb) "Loan", means the aggregate amount, not to exceed Six Million Four Hundred Thousand (\$6,400,000) Dollars, of all Loan Instalments made from time to time hereunder by the Lender to the Borrower, less the amount, if any, repaid from time to time by the Borrower to the Lender;
- (cc) "Loan Instalment" has the same meaning as set forth in Sub-Section 4.08(a) hereof, with each Loan Instalment to be made in the sole and absolute discretion of the Lender;
- (dd) "Loan Rate", means the annual rate of interest applicable to any particular amount outstanding pursuant to this Agreement being Eight (8%) percent per annum;
- (ee) "Material Adverse Change" means any change or event which: (i) constitutes a material adverse change in the business, operations, condition (financial or otherwise) or properties of the Borrower taken as a whole; or (ii) could materially impair the Borrower's ability to timely and fully perform its obligations under this Agreement or the Security Documents, or materially impair the ability of the Lender to enforce its rights and remedies under this Agreement or the Security Documents;
- (ff) "Material Agreement" means, in respect of the Borrower, any agreement made between the Borrower and another Person which the Lender, in its sole and absolute discretion, determines to be material to the Borrower;
- (gg) "Maturity Date" shall have the same meaning as set forth in Section 4.04 hereof;
- (hh) "Mortgage" has the same meaning as set forth in Sub-Section 5.01(c) hereof;
- (ii) "Note" shall mean the promissory note executed by the Borrower in favour of the Lender in the sum of up to Six Million Four Hundred Thousand (\$6,400,000) Dollars which Note shall be in form and substance satisfactory to the solicitors of the Lender;
- (jj) "Outstanding Encumbrances and Liens" shall have the same meaning as set forth in Sub-Section 7.01(l) hereof;
- (kk) "Person", means a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality;

- (ll) "Permitted Encumbrances" are those Liens described in Schedule "E" attached hereto and any construction financing (including Tarrion bonding company insurance mortgage security) subsequently acquired by the Borrower for the construction of the condominium project on the Property not exceeding Thirty Million (\$30,000,000) Dollars;
- (mm) "Requirements of Environmental Law" means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) requirements announced by a Governmental Authority as having immediate effect (provided that at the time of making such announcement the government also states its intention of enacting legislation to confirm such requirements retroactively); (iv) all directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (v) all permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation and (B) exposure to Hazardous Materials;
- (nn) "Security" means all guarantees, security agreements, mortgages, debentures and other documents mentioned comprising the Security Documents or otherwise and all other documents and agreements delivered by the Borrower or other Persons to the Lender for the benefit of the Lender from time to time as security for the payment and performance of the Borrowers Liabilities, and the security interests, assignments and Liens constituted by the foregoing;
- (oo) "Security Documents", refers collectively to this Agreement, the Mortgage, those documents and instruments referred to in Section 5.01 hereof and any and other documents, agreements or writings delivered to the Lender as contemplated in this Agreement whether as security for the Loan or otherwise. At the option of the Lender, the Security Documents may reflect a fixed rate of interest as designated by the Lender's counsel. Notwithstanding the same, the provisions with respect to the payment of interest as set out in this Agreement shall prevail;
- (pp) "Statutory Lien" means a Lien in respect of any property or assets of a Company created by or arising pursuant to any applicable legislation in favour of any Person (such as but not limited to a Governmental Authority), including a Lien for the purpose of securing the Borrower's obligation to deduct and remit employee source deductions and goods and services tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the Canada Pension Plan (Canada), the *Employment Insurance Act* (Canada) and any federal or provincial legislation similar to or enacted in replacement of the foregoing from time to time; and,

(qq) "Subsidiary" means a business entity which is controlled by another business entity (as used herein, "business entity" includes a corporation, company, partnership, limited partnership, trust or joint venture).

2.02 Unless otherwise provided herein, all financial terms used in this Agreement shall be determined in accordance with GAAP in effect at the date of such determination. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with GAAP applied on a consistent basis, unless otherwise indicated.

2.03 All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

2.04 Whenever in this Agreement reference is made to a statute or regulations made pursuant to a statute, such reference shall, unless otherwise specified, be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations.

2.05 Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by the Lender (including phrases such as "in the discretion of", "in the opinion of", "in its opinion", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

ARTICLE 3 SCHEDULES

3.01 The following are the schedules attached to and incorporated in this Agreement by reference and deemed to be a part thereof:

Schedule "A" - Lands to be Charged/Mortgaged

Schedule "B" - Schedule of Interest Payments

Schedule "C" - Expenses

Schedule "D" - Additional Loan Payment

Schedule "E" - Permitted Encumbrances

ARTICLE 4
THE LOAN, INTEREST, EXPENSES, AND PAYMENT THEREOF

4.01 Subject to the terms and conditions hereof, the Lender agrees to provide to the Borrower the Loan.

4.02 The Borrower and the Lender acknowledge and confirm that, notwithstanding any rate of interest set out in the Security Documents or any of them, the provisions of this Agreement regarding the Loan Rate shall govern the rate of interest payable on the Loan. The Borrower and the Lender further acknowledge and confirm that the Security Documents shall be in form and substance satisfactory to the Lender.

4.03 Interest on the Loan Rate shall be determined daily and shall be due, payable and compounded quarterly, not in advance, on the 1st day of each month during such quarterly period, as well after as before demand, maturity, default and judgment, together with interest on overdue interest determined daily (if relevant) and compounded quarterly at the same rate applicable until the Borrower's Liabilities have been paid in full. Interest shall be calculated on the basis of a three hundred and sixty-five (365) day year. Interest on the Loan at the Loan Rate and calculated as aforesaid shall accrue as of the date of the first Loan Instalment. Any disputes on the determination and calculation of interest of the Interest Rate shall be resolved by the Lender, in its opinion but acting reasonably. The first payment of interest and all subsequent payments of interest as aforesaid shall be payable in the amounts and on the dates as set forth in Schedule "B" attached hereto.

4.04 The Loan, together with all accrued and outstanding interest and other charges in connection therewith as set forth in this Agreement and the Security Documents including without limiting the generality of the foregoing the Additional Loan Payment and all other Borrower's Liabilities, shall become fully due and repayable on the third anniversary of the first Loan Instalment, unless extended as set out in this Agreement (the "Maturity Date"). The Maturity Date may be extended for up to two six month extension periods, by notice in writing delivered by the Borrower to the Lender at least 60 days prior to the scheduled Maturity Date, or extended Maturity Date, in the case of a second six month extension. During any extension of the Term, all of the provisions in this Agreement shall remain in full force and effect and interest shall continue to be payable and accrue during any extension to the Term, on the same terms and conditions as interest is calculated and payable prior to any extension of the Term. The Maturity Date shall be deemed amended to the date which is six months from the date of the prior Maturity Date, or first amended Maturity Date in the case of a second six month extension.

4.05 Any payment provided hereunder to be made by the Borrower to the Lender shall be in certified funds or Bank Draft and shall be payable to the Borrower's Solicitors, in trust, and delivered to the Borrower's Solicitors, or any other payee or office designated by the Lender from time to time. The Borrower's Solicitors shall coordinate further delivery of such funds with the Lender's Solicitors. Any payment as aforesaid received after two o'clock (2:00) p.m. Toronto time shall be deemed to have been received on the next following Business Day.

4.06 This Agreement shall constitute evidence of the obligation of the Borrower to repay all the Borrower's Liabilities in accordance with the terms hereof. The Borrower shall repay the Loan and

the Borrower's Liabilities in full on the Maturity Date, and until then shall pay interest at the time or times and in the manner provided herein.

4.07 All Loan Instalments and Expenses as and when advanced or incurred shall be and become secured by the Security Documents and Expenses may be paid by the Lender and be deducted from Loan Instalments which would otherwise have been made to the Borrower. The Security Documents shall be in addition to any other security which the Lender may now have or subsequently acquire for the performance of the Borrower's Liabilities. The Expenses listed in Schedule "C" attached hereto are a list of Expenses (but by no means an exhaustive list of all Expenses) that shall be deducted from the Loan Instalments.

4.08 The Lender and the Borrower mutually acknowledge, confirm, represent and covenant as follows:

- (a) Any amounts advanced by the Lender, in its sole and absolute discretion, to the Borrower pursuant to this Agreement, may occur in tranches (the "Loan Instalments") with the anticipated first Loan Instalment to be in the amount of not less than Four Million Five Hundred and Fifty Thousand (\$4,550,000) Dollars. The second or further Loan Installments are expected to be in the aggregate amount of One Million Eight Hundred and Fifty Thousand (\$1,850,000) Dollars; and
- (b) prior to the release of any funds by the Lender's Solicitors to the solicitor(s) for the Borrower, each Party hereby irrevocably acknowledges and directs that their respective solicitors are authorized to and shall cause to be registered any such instruments on title to the Lands which in the opinion of the solicitor for the Lender may be required as evidence of any sums advanced to the Borrower on the security of this Agreement or the Security Documents.

4.09 The Borrower may not prepay all or any portion of the Borrower's Liabilities hereunder, other than pursuant to Section 4.13 hereof.

4.10 Notwithstanding anything to the contrary contained in this Agreement, any Loan Instalment made by the Lender and the Borrower shall be at the Lender's sole and absolute discretion and the Lender shall not be obligated at any time or times to make any Loan Instalment to the Borrower.

4.11 In addition to the payment by the Borrower of the Loan plus interest as set forth in this Agreement, the Borrower shall also pay to the Lender, in certified funds or Bank Draft, forthwith after the determination is made by the Lender in its opinion that the Additional Loan Payment is payable, the amount of the Additional Loan Payment calculated as described in Schedule "D" attached hereto in the same manner as contemplated in Section 4.05 hereof. Notwithstanding the foregoing, the Lender, at its option, may also deduct from the Distributable Cash Proceeds, at any time and from time to time, all or any part of the Additional Loan Payment that the Lender, in its opinion, believes is due and payable.

4.12 The parties hereto acknowledge, confirm, covenant and agree that the Lender shall be deducting from the first Loan Instalment and any subsequent Loan Instalments an amount equal

to the projected interest on the amount of such Loan Instalment for 12 months which shall be a contribution of the Borrower to the Interest Reserve. The parties hereto further acknowledge, confirm, covenant and agree that the Lender may from time to time and at any time, acting reasonably, deduct from the funds held in trust by the Lender's Solicitors or received from the Borrower, whether from the Distributable Cash Proceeds or otherwise, such amounts that in its opinion is necessary or appropriate to replenish the Interest Reserve. The Borrower covenants and agrees that the amount in the Interest Reserve shall be applied by the Lender against the obligations of the Borrower to pay interest hereunder on the Loan Instalments and that once applied or deducted by the Lender from the Loan Instalments, the Distributable Cash Proceeds or otherwise, the Borrower shall have no claim against the funds in the Interest Reserve.

4.13 The Borrower, at any time after the second anniversary hereof, shall be entitled to repay all or a portion of the Loan without penalty, notice or bonus and the interest at the rate of 8% per annum on the principal outstanding ceasing at the date of prepayment; provided that the Lender shall continue to be entitled to the Additional Loan Payment for all three years of this Loan, even though the Loan shall have been prepaid prior to the three year term expiry (to also be paid at the time of prepayment) plus the prepayment amount; but shall not be entitled to any additional interest Payment for the third year of the Term of this Loan nor any compensation for loss of interest after the date of such prepayment.

ARTICLE 5 SECURITY

5.01 The Borrower agrees to provide the Security Documents listed below to the Lender, as continuing security for the payment and performance of all of its present and future, direct and indirect obligations to the Lender, specifically including the Loan, the Borrowers Liabilities and its direct indebtedness and obligations to the Lender arising under this Agreement:

- (a) The Note;
- (b) A mortgage in the amount of the Principal Sum (or such lesser amount as determined by the Lender in its sole and unfettered discretion and provided that the Principal Sum shall not exceed the result of \$6,400,000 less any other mortgages registered against the Property) ranking as a first mortgage; provided that said mortgage shall also be subordinated to (i) any construction and related financing (in one or multiple tranches) not exceeding in the aggregate Thirty Million (\$30,000,000) Dollars obtained by the Borrower related to construction of the condominium project on the Property and for the hard and soft costs related thereto, including any Tarion warranty bond mortgage security (the "Mortgage");
- (c) if requested by the Lender from time to time, security agreements creating an assignment security interest in respect of its rights to and interest in Material Agreements to which it is a party, together with any necessary consents from the other parties thereto which security interest may not be a first ranking security interest;

- (d) an assignment of its interest in all policies of insurance, specifically including the right to receive any refunds of premiums paid thereunder, which security interest may not be a first ranking security interest; and
- (e) such other security and further assurances as the Lender may reasonably require from time to time, which security interests may not be first ranking security interests.

5.02 The Security Documents shall be in form and substance satisfactory to the Lender, acting reasonably. The Lender may require that any item of Security Documents be governed by the laws of the jurisdiction where the property subject to such item of Security Documents is located. The Security Documents shall be registered by the Lender or, at the request of the Lender, by the Borrower, all at the Borrower's cost and expense, where necessary or desirable to record and perfect the charges contained therein, as determined by the Lender in its sole and absolute discretion.

5.03 The Borrower shall cause to be delivered to the Lender prior to each Loan Instalment the opinion of the solicitors for the Borrower regarding its corporate status, the due authorization, execution and delivery of the Security Documents provided by it, all registrations in respect of the Security Documents, the results of all applicable searches in respect of them, and the enforceability of such Security Documents and any other matters requested by the Lender in its opinion; all such opinions to be in form and substance satisfactory to the Lender.

5.04 The Borrower shall execute and deliver from time to time all such further documents and assurances as may be reasonably required by the Lender from time to time in order to provide the Security Documents contemplated hereunder, specifically including supplemental or additional security agreements which shall include lists of specific assets to be subject to the security interests required hereunder.

5.05 If insurance proceeds become payable in respect of loss of or damage to any property owned by the Borrower the Lender shall apply such proceeds against the Borrower's Liabilities (allocated amongst the components of the Borrower's Liabilities, at all times, by the Lender in its sole and absolute discretion).

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

6.01 The Borrower represents and warrants to the Lender as follows (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which are a continuing condition of the advance of the Loan Instalments and the Borrower hereby acknowledges, confirms and agrees that the Lender is relying on such representations and warranties:

- (a) The Borrower is a validly subsisting corporation under the *Business Corporations Act* (Ontario), and is duly qualified to carry on its business in the jurisdiction in which it carries on business and has the power and authority to enter into and perform its obligations under this Agreement, is the registered owner of the

Property and is legally entitled to carry on its business as currently conducted or as currently contemplated.

- (b) The Borrower has obtained all material licenses, permits and approvals from all governments, governmental commissions, boards and other agencies of jurisdictions in which it carries on (or contemplates carrying on) business which are required and which will allow for the development of the Property.
- (c) The Borrower or its solicitor has delivered to the Lender, or its solicitor, copies of the constating documents of the Borrower and the Lender's solicitor has obtained a legal opinion from the Borrower's solicitor that the Borrower is authorized to enter into this Agreement and the Security Documents.
- (d) The execution, delivery and performance of this Agreement and the Security Documents has been duly authorized by all requisite action on the part of the Borrower; and this Agreement and the Security Documents have been, or will be, duly executed and delivered by the Borrower, and this Agreement and the Security Documents delivered or to be delivered pursuant hereto and thereto constitutes, or when delivered will constitute, a valid and binding obligation of the Borrower and enforceable against the Borrower in accordance with their terms, subject to the application of bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and the fact that the right to obtain judicial orders requiring specific performance or other equitable remedies is in the discretion of the court.
- (e) The Borrower shall and does indemnify and hold harmless the Lender and the Indemnitees from and against all losses, claims, damages, liabilities, and expenses, to which any such person or entity may become subject arising out of or in connection with this Agreement, the use of proceeds, or any related transaction or any claim, litigation, investigation or proceeding, relating to any of the foregoing, regardless of whether the Lender is a party thereto, and to reimburse the Lender, forthwith upon demand for any reasonable, legal or other expenses incurred in connection with investigating or defending any of the foregoing.
- (f) The Borrower acknowledges that neither its execution nor delivery of this Agreement or the Security Documents the consummation of the transactions herein contemplated nor compliance with the terms, conditions and provisions hereof or thereof does not and will not conflict with, and does not and will not result in any breach of or constitutes a default under any of the provisions of the constating documents or by-laws of the Borrower or any applicable Law including applicable securities laws, rules, policies and regulations or any contract or agreement upon or to which the Borrower is a party.
- (g) The Borrower has good and marketable title to the Property and its assets free from all mortgages, security interests, Liens, pledges, charges, encumbrances, title retention agreements, options or adverse claims, other than the permitted

encumbrances as identified in Schedule "E" attached hereto (the "**Permitted Encumbrances**") and the Outstanding Encumbrances and Liens.

- (h) The Borrower has filed or caused to be filed, in a timely manner all tax returns, reports and declarations, which are required to be filed by it. All information in such tax returns, reports and declarations is complete and accurate in all material respects. The Borrower has paid or caused to be paid all taxes due and payable or claimed due and payable in any assessment received by it, except taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to the said Borrower and with respect to which adequate reserves have been set aside on its books. Adequate provision has been made for the payment of all accrued and unpaid federal, provincial, local, foreign and other taxes whether or not yet due and payable and whether or not disputed.
- (i) All representations and warranties of the Borrower contained in this Agreement or in any of the Security Documents shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to the Lender on the date of each Loan Instalment pursuant to this Agreement and shall be conclusively presumed to have been relied on by the Lender regardless of any investigation made or information possessed by the Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which the Borrower shall now or hereafter give, or cause to be given, to the Lender.
- (j) The Borrower further acknowledges and agrees that the terms of this Agreement shall override the terms of any previous loan agreements to which the Borrower and the Lender may be or may have been Parties.
- (k) The Borrower acknowledges that the Lender may have executed a loan agreement that has been amended to accommodate the beneficial owners of the Lender and the Borrower agrees to abide by the specific terms of each of said Agreements.
- (l) The Borrower has no Subsidiaries.
- (m) no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of the Borrower out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of the Borrower.
- (n) The Borrower is in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and is duly licensed, registered and qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the property owned or leased by it make such qualification necessary; and all such licences, registrations and qualifications are valid and subsisting and in good standing.

- (o) The Borrower owns, possesses and has a good and marketable title to its undertaking, property and assets, free and clear of any and all Liens except for Permitted Encumbrances and the Outstanding Encumbrances and Liens. The Borrower does not have any commitment or obligation (contingent or otherwise) to grant any Liens except for the Permitted Encumbrances. No event has occurred which constitutes, or which with the giving of notice, lapse of time or both.
- (p) The Borrower has/will place(d) insurance, including property, boiler and machinery, business interruption and liability insurance, in appropriate amounts and for appropriate risks as would be considered prudent for similar business.
- (q) The Borrower and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials. The Borrower holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with (i) air emissions; (ii) discharges to surface or groundwater; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all other Requirements of Environmental Law. There has been no material emission, spill, release, or discharge into or upon (i) the air; (ii) soils, or any improvements located thereon; (iii) surface water or groundwater; or (iv) the sewer, septic system or waste treatment, storage or disposal system servicing the premises, of any Hazardous Materials at or from the Property, and there has been no complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person with respect to (i) air emissions; (ii) spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing the Property; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation, or disposal of Hazardous Materials; or (vi) other Requirements of Environmental Law affecting the Property. There are no legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the Properties, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion with any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims. The Borrower has no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials (including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal).
- (r) Save and except for the Outstanding Encumbrances and Liens, there are no actions, suits or proceedings now pending, or to the Borrower's knowledge,

threatened, against the Borrower in any court or before or by any federal, provincial, municipal or other Governmental Authority.

- (s) No guarantees have been granted by the Borrower.
- (t) The Borrower has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax, employment insurance and Canada Pension Plan contributions), goods and services and Harmonized Sales tax and all other amounts which if not paid when due could result in the creation of a Statutory Lien against any of the Borrower's property including the Property, except for Permitted Encumbrances.
- (u) Save and except for the Outstanding Encumbrances and Lien, no Default, Event of Default or Material Adverse Change has occurred and is continuing.
- (v) All financial and other information furnished by or in respect of the Borrower to the Lender for the purposes of or in connection with this Agreement or the Security Documents are true and accurate in all material respects and is not incomplete by omitting to state any fact necessary to make such information not misleading. There are no facts known to the Borrower which could materially adversely affect the Borrower's ability to observe and perform their obligations under the Security Documents, or which if known to the Lender could reasonably be expected to deter the Lender from making any Loan Instalments hereunder on the terms and conditions contained herein.

ARTICLE 7 COVENANTS

7.01 The Borrower hereby covenants and agrees with the Lender that it will:

- (a) pay all principal, interest and other amounts due hereunder including the Borrowers Liabilities at the times and in the manner specified herein;
- (b) maintain its corporate existence in good standing, continue to carry on its business, preserve its rights, powers, licences, privileges, franchises and goodwill, exercise any rights of renewal or extensions of any leases, licences, concessions, franchises or any other rights whatsoever which are material to the conduct of its business, maintain all qualifications to carry on business in each jurisdiction in which such qualifications are required, and carry on and conduct its business in a proper and efficient manner so as to protect its property and income; and not materially change the nature of its business;
- (c) comply in all material respects with all applicable Laws (specifically including, for greater certainty, all applicable Requirements of Environmental Law), use the proceeds of all Loan Instalments hereunder for legal and proper purposes in connection with the purposes set out in the first recital of this Agreement, and obtain and maintain in good standing all material leases, licences, permits and approvals

from any and all Governmental Authorities required in respect of its business and operations;

- (d) pay when due all rents, taxes, rates, levies, assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its property which are material to the conduct of its business, and deliver to the Lender upon request receipts evidencing such payments;
- (e) maintain adequate books, accounts and records in accordance with GAAP;
- (f) keep the Property and its assets in good repair and working condition;
- (g) permit the Lender and its employees, representatives and agents (during normal business hours and in a manner which does not materially interfere with its business) to enter upon and inspect the Property and its properties, assets, books and records from time to time and make copies of and abstracts from such books and records, and discuss its affairs, finances and accounts with its officers, directors, accountants and auditors; such access shall be on 48 hours' prior notice unless a Default has occurred and is continuing in which event no notice shall be required;
- (h) obtain from financially responsible insurance company and maintain liability insurance, all-risks property insurance on a replacement cost basis (less a reasonable deductible not to exceed amounts customary in the industry for similar businesses and properties), business interruption insurance and insurance in respect of such other risks as the Lender may reasonably require from time to time; all of which policies of insurance shall be in such amounts as may be reasonably required by the Lender and shall include a standard mortgage clause approved by the Insurance Bureau of Canada; and the Lender's interest shall be noted as an additional insured on all liability insurance policies and as second mortgagee and loss payee on all other insurance policies; and the Lender shall be provided with certificates of insurance and certified copies of such policies from time to time upon request;
- (i) fulfil all covenants and obligations required to be performed by it under this Agreement and the Security Documents to which it is a party and any other agreement or undertaking now or hereafter made between it and the Lender;
- (j) provide prompt notice to the Lender of: (i) the occurrence of any Default or Event of Default; (ii) the incorrectness of any representation or warranty contained herein or any Security Documents in any material respect; (iii) any material contravention of or non-compliance by any Borrower with any terms and conditions of this Agreement or any Security Document; (iv) any Material Adverse Change; (v) any litigation affecting the Borrower; (vi) any material labour dispute affecting the Borrower; or (vii) any notice in respect of the termination or suspension of, or a material default under, any Material Contract;
- (k) provide the Lender with such further information, financial data, documentation and other assurances as the Lender may reasonably require from time to time in order to

ensure ongoing compliance with the terms of this Agreement and the Security Documents and to achieve the spirit and intent of this Agreement;

- (l) The Borrower hereby covenants and agrees with the Lender that the first Loan Instalment will be used to purchase the Property free and clear of any encumbrances and liens;
- (m) From any excess proceeds available after the Property has been acquired, the Borrower intends to pay a dividend of \$250,000 to each of its four shareholders, in compensation of expenses incurred and efforts in locating suitable property, negotiating and structuring the purchase transaction and matters ancillary thereto which shall not be a Distribution for the purposes of this Agreement.

7.02 The Borrower hereby covenants and agrees with the Lender that it will not without the prior written consent of the Lender (which consent may be withheld in the sole and absolute discretion of the Lender):

- (a) grant or suffer to exist any Liens in respect of any of its property and assets including the Property, except the Permitted Encumbrances;
- (b) directly or indirectly sell or otherwise dispose of any of its assets save and except in the ordinary course of its business or further save and except to sales of dwelling units to bona fide arm's length third party purchasers of such units;
- (c) make any Distributions;
- (d) not materially change the nature of its business, maintain a place of business or any material assets in any jurisdiction other than the Province of Ontario, or enter into any transaction whereby all or a substantial portion of its undertaking, property and assets would become the property of any other Person, whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, in each case without the prior written consent of the Lender in its sole and absolute discretion;
- (e) change its Fiscal Year (which for greater certainty presently ends on the last day of December in each year);
- (f) change its Accountants except with the prior written consent of the Lender which consent shall not be unreasonably withheld; and,
- (g) use the proceeds of any Loan Instalment for any purposes other than the development and construction of a condominium project on the Property, unless otherwise specified in this Agreement; other than for the purposes of earning interest income on funds which are not immediately required to be expended by the Borrower.

7.03 The Borrower shall deliver by courier delivery to the Lender, upon request by the Lender, the following financial and other information at the times indicated below:

- (a) the annual Year-end Financial Statements of the Borrower, by the 120th day after the end of the Fiscal Year accompanied by a Compliance Certificate certified by the Chief Financial Officer of the Borrower or other senior officer of the Borrower acceptable to the Lender;
- (b) within the first 120 days after the start of each Fiscal Year, a business plan for the Borrower in respect of such Fiscal Year, which shall disclose all material assumptions utilized and shall include the following items set out on a quarterly basis: balance sheet, income statement, cashflow statement, Capital Expenditures and tax liabilities; and
- (c) such additional information and documents as the Lender may reasonably require from time to time.

7.04 Full, true and accurate accounting and financial information shall be kept by the Borrower in accordance with GAAP as of the date hereof until at least after eighteen (18) months after the Borrower's Liabilities have been repaid. The Lender or anyone designated by the Lender shall have access to the books, records, financial information, financial statements and data of the Borrower (the "Borrower's Books and Records") at any and all times during regular business hours for the purpose of examining and reviewing the Borrower's Books and Records. The Lender shall not disclose any confidential information so obtained except to the extent that disclosure is reasonable in the conduct of the Lender's business.

7.05 The Lender hereby covenants with the Borrower, that the Lender shall execute any necessary documents and register such documents as may be reasonably requested by any construction financier to subordinate the Lender's Mortgage security to any mortgage or other security granted by the construction financier or Tarion warranty bonding company to the Borrower, for the purposes of funding the Borrower's construction of the project on the Property (which shall include demolition costs and professional fees in furtherance of such construction (architectural, engineering, etc.)) or the provision Tarion insurance coverage, as the case may be; and the Lender appoints the Borrower as the Lender's power of attorney to execute any required documents on behalf of the Lender to evidence the foregoing.

ARTICLE 8 CONDITIONS PRECEDENT

8.01 The Lender shall have no obligation to make the first Loan Instalment hereunder or any Loan Instalments thereafter on the Closing Date unless at the time of making such Loan Instalment the following terms and conditions (which are condition precedents in favour of the Lender) shall have been satisfied in the opinion of the Lender:

- (a) the Lender shall have completed and shall be satisfied with its due diligence in respect of the Property;
- (b) all representations and warranties made by the Vendor contained in this Agreement or the Security Documents shall be true, correct and complete in all material respects;

- (c) all Security Documents required to be provided at the time of the first Loan Instalment shall have been executed and delivered, all registrations necessary or desirable in connection therewith shall have been made, and all legal opinions and other documentation required by the Lender in connection therewith shall have been executed and delivered, all in form and substance satisfactory to the Lender in its sole and absolute discretion;
- (d) the Lender shall have received satisfactory evidence that there are no Liens affecting the Borrower or its assets, except for Permitted Encumbrances which shall be paid in full and deducted from the First Loan Instalment on the Closing Date;
- (e) the Lender shall have received particulars of all Permitted Encumbrances, specifically including the assets encumbered thereby, the amounts due thereunder, and confirmation from the holders thereof that the terms thereof are being complied with;
- (f) the property and assets of the Borrower shall be insured on the Closing Date; the terms and conditions of such insurance to be in compliance with the requirements of this Agreement in the opinion of the Lender;
- (g) the Lender shall have received an officer's certificate and certified copies of resolutions of the board of directors of the Borrower concerning the due authorization, execution and delivery of the Security Documents to which it is a party, and such related matters as the Lender may reasonably require;
- (h) the Lender shall have received from the Borrower a certificate of status as of the Closing Date or the date of any Loan Instalment, as the case may be, certificate of compliance or similar certificate for the Borrower issued by its governing jurisdiction and each other jurisdiction in which it carries on business or holds any material assets;
- (i) the Lender shall have received such additional evidence, documents or undertakings as it may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein;
- (j) All Realty Taxes related to the Property are up-to-date as of the Closing Date; and
- (k) All mortgages, charges, Liens and encumbrances have been discharged, on the Closing Date and prior to any Loan Instalment being made.

8.02 The Borrower hereby acknowledges, confirms, covenants and agrees that the Lender is syndicating the Loan and therefore, the Lender shall have no obligation to make the first Loan Instalment hereunder on the Closing Date or any Loan Instalment thereafter unless at the time of making such Loan Instalment the syndication of the Loan has been completed in the opinion of the Lender.

**ARTICLE 9
DEFAULT AND REMEDIES**

9.01 The occurrence of any one or more of the following events, after the expiry of any applicable cure period set out below, shall constitute an event of default under this Agreement (an "Event of Default"):

- (a) the Borrower fails to pay any principal, interest, Expenses or any other amount payable hereunder when due under the terms of this Agreement or any of the Security Documents;
- (b) any representation, warranty or statement made to the Borrower herein or in any Security Documents is incorrect in any material respect on the date on which such representation, warranty or statement was made or deemed to have been made, or subsequently becomes incorrect in any material respect; provided that if such representation, warranty or statement is capable of being corrected within twenty (20) days, the Borrower diligently attempts to take all such action as may be necessary in order that such representation, warranty or statement will become correct and diligently keep the Lender informed of its efforts in this regard, and such representation, warranty or statement is correct by not later than the expiry of such twenty (20) day period on the opinion of the Lender, then the incorrectness of such representation, warranty or statement shall not constitute an Event of Default;
- (c) the Borrower fails to perform or comply with any of the covenants or obligations set out in this Agreement;
- (d) the Borrower fails to perform or comply with any of its covenants or obligations contained in any of the Security Documents, in each case, following receipt of notice of such non-compliance from the Lender; provided that if such non-compliance is capable of remedy within twenty (20) days, the Borrower diligently attempts to remedy such non-compliance and diligently keeps the Lender informed of its efforts in this regard, and such non-compliance is remedied within such twenty (20) day period in the opinion of the Lender, then such non-compliance shall not constitute an Event of Default;
- (e) an Insolvency Event occurs in respect of the Borrower;
- (f) any document constituting part of the Security Documents shall for any reason cease to be in full force and effect or shall be declared in a final judgment of a court of competent jurisdiction to be null and void; or the Borrower contests the validity or enforceability thereof or denies it has any further liability or obligation thereunder; or any document constituting part of the Security Documents shall for any reason fail to create a valid and perfected First-Ranking Security Interest subject to Permitted Encumbrances in the opinion of the Lender, in and to the property purported to be subject thereto, except that if such failure is capable of remedy within thirty (30) days, the Borrower diligently attempts to remedy such failure and diligently informs the Lender of its efforts in this regard, and the failure is remedied within such thirty

(30) day period in the opinion of the Lender, then the failure shall not constitute an Event of Default;

- (g) any Person takes possession, or threatens to take possession, of any property of the Borrower including the Property by way of or in contemplation of enforcement of any security it may hold, or a distress or execution or similar process is levied or enforced against any such property; and,
- (h) any Governmental Authority shall take any action or proceeding to condemn, seize or appropriate any property of the Borrower that is material to its financial condition, business or operations.

9.02 Upon the occurrence of an Insolvency Event, the Borrower's Liabilities shall become immediately due and payable, without the necessity of any demand upon or notice to the Borrower by the Lender. Upon the occurrence and during the continuation of any Event of Default other than an Insolvency Event, the Lender may by written notice to the Borrower declare the Borrower's Liabilities to be immediately due and payable. Upon the occurrence and during the continuation of an Event of Default, both before and after the Acceleration Date, all outstanding Loan Instalments shall bear interest at the Loan Rate plus two percent (2%) per annum in order to compensate the Lender for the additional risk.

9.03 Upon the occurrence and during the continuation of an Event of Default, the Lender may apply any proceeds of realization from any Security or related to this Agreement or the Security Documents, against any portion or portions of the Borrower's Liabilities, and the Borrower may not require any different application. The taking of a judgment or any other action or dealing whatsoever by the Lender in respect of the Security Documents shall not operate as a merger of any of the Borrower's Liabilities hereunder or in any way affect or prejudice the rights, remedies and powers which the Lender may have, and the foreclosure, surrender, cancellation or any other dealing with any Security Documents or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Borrower's Liabilities.

9.04 The Lender shall not be obliged to make any further Loan Instalments from and after the earliest to occur of the following: (i) delivery by the Lender to the Borrower of a written notice that a Default or an Event of Default has occurred and is continuing (whether or not such notice also requires immediate repayment of the Borrower's Liabilities); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Borrower of any garnishment notice or other notice of similar effect in respect of the Borrower pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute.

9.05 All of the rights and remedies granted to the Lender in this Agreement and the Security Documents, and any other rights and remedies available to the Lender at law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

9.06 If the Borrower fails to perform any covenant or obligation to be performed by it pursuant to this Agreement or the Security Documents, the Lender may in its sole and absolute

discretion, after written notice to the Borrower, perform any of the said obligations but shall be under no obligation to do so; and any amounts expended or advanced by the Lender for such purpose shall be payable by the Borrower upon demand together with interest at the Interest Rate.

9.07 If the Borrower intends to take the benefit of any Insolvency Legislation, including making an assignment for the general benefit of creditors, making a proposal or filing a notice of intention to make a proposal under Insolvency Legislation, the Borrower covenants and agrees to provide the Lender with five (5) Business Days' prior written notice before any of the aforementioned proceedings are commenced. As soon as possible prior to the commencement of any such proceedings, the Borrower shall provide to the Lender copies of all relevant filing materials, including copies of draft court orders, plans of compromise, proposals and notices of intention. During this notice period the Lender may, in its sole discretion, elect to exercise any and all rights and remedies which may be available to it at that time as set out in this Agreement.

ARTICLE 10 GENERAL CONTRACT TERMS

10.01 The failure or delay by the Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by the Borrower and any course of action on the part of the Lender, shall not operate as a waiver of any rights of the Lender unless made in writing by the Lender. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Lender with respect to any other or future non-compliance.

10.02 In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees on a solicitor and his own client basis) of any kind or nature whatsoever (but excluding any consequential damages and damages for loss of profit) which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate or arise out of or result from:

- (a) any failure by the Borrower to pay and satisfy its obligations hereunder and the Security Documents including the Borrower's Liabilities;
- (b) any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Loan Instalment;
- (c) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the failure of the Borrower to comply with all Requirements of Environmental Law;
- (d) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any

property owned by the Borrower including the Property or upon which it carries on business; and

- (e) any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any property owned by the Borrower including the Property or upon which it carries on business, or the discharge, emission, spill, radiation or disposal by the Borrower of any Hazardous Material into or upon the Property, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter;

10.03 The termination of this Agreement shall not relieve the Borrower from its obligations to the Lender arising prior to such termination, such as but not limited to obligations arising as a result of or in connection with any breach of this Agreement or the Security Documents, any failure to comply with this Agreement or the Security Documents or the inaccuracy of any representations and warranties made or deemed to have been made prior to such termination, and obligations arising pursuant to all indemnity obligations contained herein.

10.04 If the Borrower fails to pay when due any Expenses or other amounts paid by the Lender hereunder (other than principal or interest on any Loan Instalment), the Borrower agrees to pay interest on such unpaid amount from the time such amount is due until paid at the Loan Rate.

10.05 Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by prepaid private courier or sent by telecopy to the applicable address and to the attention of the officer of the addressee as follows:

- (i) to the Borrower:

Textbook (525 Princess Street) Inc.
51 Caldari Road, Suite A1M
Concord, Ontario, L4K 4G3

Attention: John Davies

with a copy to:

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

Attention: Mr. Gregory H. Harris
Fax Number: 905-629-4350

(ii) if to the Lender:

c/o Tier 1 Transaction Advisory Services Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario, L3R 8T3

Attention: Mr. Raj Singh
Fax Number: 647-689-2374

with a copy to:

Nancy Elliott, Barrister & Solicitor
5000 Yonge Street
Suite 1901
Toronto, Ontario, M2N 7E9

Attention: Ms. Nancy Elliott
Fax Number: (416) 628-5597

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by telecopy shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

10.06 Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof; and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.07 The Borrower shall from time to time at its own expense promptly execute and deliver or cause to be executed and delivered to the Lender all such other and further documents, agreements, opinions, certificates and instruments which may be requested by the Lender if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein, or to make any recording, file any notice or obtain any consent.

10.08 Time shall be of the essence of this Agreement.

10.09 The Borrower may not assign any of its rights or obligations under this Agreement without the prior written consent of the Lender. The Lender may grant participations in all or any portion of its rights under this Agreement from time to time without notice to or obtaining the prior written consent of the Borrower. The Borrower agrees to co-operate fully with the Lender in connection with any assignment or participation pursuant to this section, and agrees to

execute and deliver from time to time in favour of the Lender and any such assignee or participant such documents and assurances as may be reasonably required by the Lender or the assignee or participant in connection with such assignment or participation.

10.10 This Agreement and any other documents or instruments contemplated herein or therein shall constitute the entire agreement and understanding between the Borrower and the Lender relating to the subject-matter hereof. For greater certainty and without limiting the generality of the foregoing, this Agreement supersedes all discussion papers previously issued by the Lender relating to the proposed establishment of the Loan, which have no force or effect.

10.11 To the extent that there is any inconsistency between a provision of this Agreement and a provision of any document constituting part of the Security including the Security Documents, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of any Security Document shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the Security Document imposes more onerous obligations or restrictions than the corresponding provision in this Agreement (excluding fees and Expenses).

10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

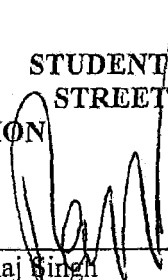
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall be deemed to be equivalent to an original signature for all purposes.

10.14 This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date written on the first page hereof.

TEXTBOOK STUDENT SUITES (525
PRINCESS STREET) TRUSTEE
CORPORATION

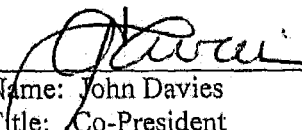
Per: _____


Name: Raj Singh
Title: President

I have authority to bind the corporation

TEXTBOOK (525 PRINCESS STREET) INC.

Per: _____


Name: John Davies
Title: Co-President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

525 Princess Street, Kingston, Ontario
PT LT 637-638 PL A12 KINGSTON CITY PT 1 13R6390; T/W FR412426; KINGSTON; THE
COUNTY OF FRONTENAC
PIN 36071-0118 (LT)

531 Princess Street, Kingston, Ontario
PT LT 637-638 PL A12 KINGSTON CITY AS IN FR218760 & FR142138 EXCEPT THE
EASEMENT THEREIN SECONDLY & THIRDLY DESCRIBED IN FR142138 AND
EXCEPT THE EASEMENT THEREIN FIRSTLY DESCRIBED IN FR218760; S/T FR218760
& FR142138; KINGSTON ; THE COUNTY OF FRONTENAC
36071-0117 (LT)

349 Alfred Street, Kingston, Ontario
PT LT 636 PL A12 KINGSTON CITY AS IN FR151313; S/T FR151313; KINGSTON; THE
COUNTY OF FRONENAC
36071-0116 (LT)

351 Alfred Street, Kingston, Ontario
PT LT 636 PL A12 KINGSTON CITY AS IN FR183198; T/W FR183198; S/T THE RIGHTS
OF OWNERS OF ADJOINING PARCELS IF ANY UNDER FR391069; KINGSTON
36071-0115 (LT)

Municipal Description:

525 Princess Street, Kingston, Ontario, 531 Princess Street, Kingston, Ontario, 349 Alfred Street,
Kingston, Ontario and 351 Alfred Street, Kingston, Ontario

SCHEDULE "B"
SCHEDULE OF INTEREST PAYMENTS

Interest payments shall be calculated at an annual interest rate of EIGHT PERCENT (8%), paid quarterly in trust to the Borrower's Solicitor, commencing on or about December 15, 2015. All funds advanced by the Lender between the Closing Date (on or about December 15, 2015) to April 1, 2016 shall receive an initial payment pro rated for the period from the date of the advance by the Lender to April 1, 2016 and full payments quarterly thereafter until the maturity date, anticipated to be on or about December 15, 2018.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$64,000 payable to First Commonwealth Mortgage Corporation and Tier 1 Mortgage Corporation (collectively, referred to as the "Mortgage Broker"); (based on a maximum mortgage advance of \$6,400,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$1,024,000 payable on account of fees and commission incurred in relation to the Loan which shall be paid as the Mortgage Broker may in writing direct (based on a maximum mortgage advance of \$6,400,000 where the actual mortgage advance is less than \$6,400,000, the referral and related fees will be proportionately reduced); and,
- c) Legal Fees. Legal Fees of \$20,000 plus HST plus Disbursements (which shall include Title Insurance and other Expenses) shall be payable to the Lender's Solicitors which shall be deducted from the first Loan Instalment. In the event that there is more than one (1) Loan Instalments, then additional legal fees of \$3,000 plus HST plus Disbursements shall be paid to the Lender's Solicitors on each additional Loan Instalment. The fees, taxes and disbursements of the Borrower's Solicitors shall be paid in addition to the fees, taxes and disbursements of the Lender's Solicitors. It is estimated the fees of the Borrower's Solicitors shall be \$35,000 (plus HST and disbursements) for the first Loan Instalment and \$20,000 (plus HST and disbursements) for each Loan Instalment thereafter, exclusive of the costs of preparation of any offering documents in jurisdictions where such documents are required.

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

The Additional Loan Payment shall be an amount equal to four (4%) per cent per annum of the principal amount of the Mortgage advanced to the Borrower and shall be payable for such time as the Loan remains outstanding, as determined by the Lender (the "Additional Loan Payment"). The Additional Loan Payment shall be payable by the Borrower from the Distributable Cash Proceeds. The payment of the Additional Loan Payment may be paid at any time and from time to time to the Lender after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement. If the principal amount advanced to the Borrower is less than \$6,400,000, the Additional Loan Payment shall be reduced accordingly. The Additional Loan Payment will be paid after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement as determined by the Lender, acting reasonably.

For the sake of clarity, if the face amount of the Mortgage is \$6,400,000 and the Borrower's Liabilities have not been paid until the third anniversary of the first Loan Instalment, then the amount of the Additional Loan Payment payable by the Borrower to the Lender shall be \$768,000, or 4% per annum for each year the Mortgage is outstanding; which interest amount shall not be compounded from time to time. Notwithstanding the foregoing, the calculation of the Additional Loan Payment and the timing of the payments thereof shall be determined by the Lender, acting reasonably.

The Lender shall provide to the Borrower reasonable notice of any payments made on account of the Additional Loan Payment. If the Borrower exercises its right to prepay all or a portion of the Loan, then the 4% per annum Additional Loan Payment for the third year (or any additional extensions) of the term of this Loan shall continue to be payable, in full, notwithstanding any prepayment, from Distributable Cash Proceeds.

SCHEDULE "E"
PERMITTED ENCUMBRANCES

1. Liens for municipal property taxes, local improvement assessments or taxes, or other taxes, assessments or recoveries relating to the Property which are not at the time due.
2. The reservations, limitations, exceptions, provisos and conditions, if any expressed in any original grants from the Crown including, without limitation, the reservations of any mines and minerals in the Crown or in any other person.
3. Any registered or unregistered licenses, easements, rights-of-way, rights in the nature of easements and agreements with respect thereof which relate to the provisions of utilities or services or easements or rights of way in favour of any governmental authority, any private or public utility, any railway company or any adjoining owner to the Property (including, without limitation, agreements, easements, licenses, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraphic conduits, poles, wires, and cables).
4. Title defects or irregularities, which are of a minor nature and in the aggregate will not materially adversely impair the use or marketability of the Real Property or that part thereof affected by the defect or irregularity for the purposes for which it is presently used.
5. The exceptions, limitations and qualifications of the *Land Titles Act* and any amendments thereto.

LOAN AGREEMENT

THIS AGREEMENT is made as of the 17th day of August, 2015.

B E T W E E N:

**TEXTBOOK STUDENT SUITES (555 PRINCESS STREET)
TRUSTEE CORPORATION**, a corporation incorporated under
the laws of the Province of Ontario

(hereinafter referred to as the "**Lender**")

AND

TEXTBOOK (555 PRINCESS STREET) INC., a corporation
incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "**Borrower**")

WHEREAS the Lender, on the terms and conditions hereinafter set forth, has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the sum of up to **Eight Million (\$8,000,000) Dollars** of lawful money of Canada (the "**Principal Sum**") for a term of Three (3) years, subject to extensions as provided herein, (the "**Term**") in connection with the development and construction by the Borrower of a condominium project on the lands and premises situated at 555 Princess Street, Kingston, Ontario, and more particularly described in Schedule "A" attached hereto (the "**Property**").

AND WHEREAS the Borrower agrees to pay to the Lender interest on the Principal Sum at the Loan Rate (as hereinafter defined), calculated annually and payable quarterly during the Term along with the Additional Loan Payment as more particularly described in Schedule "D" attached hereto;

AND WHEREAS the Borrower has agreed to allow a Charge/Mortgage of Land in addition to the other Security Documents, on the terms set out herein, to be registered against the Property in first position and in favour of the Lender (the "**Mortgage**"), as security for repayment of the Principal Sum with interest at the Loan Rate and the payment of the Additional Loan Payment;

AND WHEREAS the Borrower agrees to repay to the Lender the Principal Sum and interest at the Loan Rate and the payment of the Additional Loan Payment on or before the expiry of the Term, as specified herein;

AND WHEREAS the Lender and the Borrower (collectively, the "**Parties**") wish to evidence their agreement in respect of the Loan;

AND WHEREAS the Lender acknowledges that the Mortgage shall be granted, *inter alia*, in the form of a syndicated first Charge/Mortgage of Land as more fully described herein and shall be in form and substance satisfactory to the Lender;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants, agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 RECITALS

1.01 The Parties to this Agreement acknowledge and agree that the recitals to this Agreement are true and correct in substance and in fact are incorporated into and form an integral part of this Agreement.

ARTICLE 2 DEFINITIONS AND TERMS

2.01 The following words and phrases have the following meanings when used in this Agreement:

- (a) "Acceleration Date" means the date on which an Acceleration Event occurs;
- (b) "Acceleration Event" means the earlier of: (i) the occurrence of an Insolvency Event; and (ii) the delivery by the Lender to the Borrower of a written notice that the Borrowers Liabilities or any part thereof are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event;
- (c) "Additional Loan Payment" has the same meaning as set forth in Section 4.11 hereof;
- (d) "Agreement", means this Agreement entitled "Loan Agreement", and all instruments supplemental hereto or in amendment or confirmation hereof; "hereof", "hereto" and "hereunder" and similar expressions refer to this Agreement, and where relevant, to any particular article, section or paragraph hereof; "Article", "Section" and "paragraph" mean and refer to the specified article, section or paragraph of this Agreement;
- (e) "BIA" means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time;
- (f) "Borrower's Books and Records" shall have the same meaning as set forth in Section 7.04 hereof.
- (g) "Borrower's Liabilities", refers collectively to the Loan, all interest from time to time accruing thereon as set forth in this Agreement, and all liabilities and indebtedness now or hereafter owing, arising, due or payable by the Borrower to the Lender whether

under this Agreement or the Security Documents and including the Additional Loan Payment;

- (h) "Borrower's Solicitors" shall mean Harris + Harris LLP, or such other solicitors that the Borrower may in writing designate;
- (i) "Business Day", refers to any day other than a Saturday, Sunday or Statutory Holiday in Toronto, Ontario;
- (j) "Closing Date" or "Closing", or similar references means the date of the initial Loan Instalment or the date, as the context requires, of any other Loan Instalments made pursuant hereto;
- (k) "Commodity Taxes" means all commodity taxes, including all sales, use, retail, goods and services, harmonized sales, value-added and similar taxes imposed, levied or assessed by any Governmental Authority;
- (l) "Default" means any event, act, omission or condition which with the giving of notice or the passage of time, or both, would result in an Event of Default;
- (m) "Distributable Cash Proceeds" means all amounts received by the Borrower arising out of the Property or the sale or operation thereof or of the sale of condominium units for the period including but not limited to the following:
 - (i) all revenues derived from the sale of condominium units or any part or all of the Property (including all premiums, upgrade costs (net of commissions) and applicable harmonized sales tax or goods and services tax rebates);
 - (ii) all gross receipts derived from all rents and fees payable by tenants, licensees and concessionaires;
 - (iii) the gross amount, if any, of any insurance proceeds received by the Borrower, including business interruption payments;
 - (iv) the net proceeds of any refinancing, if any, received by the Borrower, other than any construction loan which contains terms prohibiting the use of such loan proceeds to repay existing indebtedness (net of repayments of existing mortgage financing being refinanced); and
 - (v) the gross amount, if any, from partial or total expropriations of all or part of the Property,

but excluding: (i) Commodity Taxes which the Borrower is required by law to collect from purchasers, tenants, concessionaires or licensees and remit to an applicable taxing authority.

- (n) "Distribution" means, other than as specifically provided for elsewhere in this Agreement or in any other acknowledgement or direction executed by the Lender prior to the advance of the Loan, any amount paid to or on behalf of the employees, directors, officers, shareholders, partners or unitholders of the Borrower, by way of salary, bonus, commission, management fees, directors' fees, dividends, redemption of shares, distribution of profits or otherwise, other than ordinary course payment of amounts related to the management, development and operation of the Property, provided such payments are in amounts reasonable for the services rendered, and whether payments are made to such Persons in their capacity as shareholders, partners, unitholders, directors, officers, employees, owners or creditors of the Borrower or otherwise, or any other direct or indirect payment in respect of the earnings or capital of the Borrower;
- (o) "Event of Default" is defined in Section 9.01 hereof;
- (p) "Expenses", means all expenses relating to the Loan and all fees and expenses for legal services relative to the preparation, review and enforcement of this Agreement and the Security Documents, the making of Loan Instalments and the repayment of the Borrower's Liabilities and the release of the security therefore;
- (q) "Fiscal Year" means the fiscal year end of the Borrower, being December 31st in every year;
- (r) "GAAP" means generally accepted accounting principles in Canada as approved by the Canadian Institute of Chartered Accountants in effect from time to time; and for greater certainty if international financial reporting standards are adopted by the Canadian Institute of Chartered Accountants in replacement for generally accepted accounting principles, each reference to "GAAP" herein shall be deemed to refer to such international financial reporting standards;
- (s) "Governmental Authority" means any: (i) federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; or (iii) any quasi-governmental, judicial or administrative body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (t) "Hazardous Materials" means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law;

- (u) "Indemnitees" means the Lender and its successors and permitted assignees, any agent of any of them (specifically including a receiver or receiver-manager) and its officers, directors, employees, beneficial owners and shareholders;
- (v) "Insolvency Event" means, in respect of any Person:
 - (i) such Person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the BIA); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under Insolvency Legislation; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation; or takes any corporate action for the purpose of effecting any of the foregoing; or
 - (ii) any proceeding or filing is commenced against such Person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets; unless (i) such Person is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Lender and (ii) such proceeding does not in the reasonable opinion of the Lender materially adversely affect the ability of such Person to carry on its business and to perform and satisfy all of its obligations hereunder;
- (w) "Insolvency Legislation" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the BIA, the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada);
- (x) "Interest Reserve" means the amounts set aside or deducted as contemplated in Section 4.12 hereof to fund the obligations of the Borrower to pay interest as set forth in this Agreement on the Loan Instalments that may from time to time be made by the Lender to the Borrower.
- (y) "Laws" means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of such laws, including general principles of common and civil law and equity or policies or guidelines, to the extent such policies or guidelines have the force of law, binding on

the Person referred to in the context in which such word is used; and "Law" means any of the foregoing;

- (z) "Lender's Solicitors" shall mean Nancy Elliott, Barrister & Solicitor, or such other solicitors that the Lender may in writing designate;
- (aa) "Lien" means: (i) a lien, charge, mortgage, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing;
- (bb) "Loan", means the aggregate amount, not to exceed Eight Million (\$8,000,000) Dollars, of all Loan Instalments made from time to time hereunder by the Lender to the Borrower, less the amount, if any, repaid from time to time by the Borrower to the Lender;
- (cc) "Loan Instalment" has the same meaning as set forth in Sub-Section 4.08(a) hereof, with each Loan Instalment to be made in the sole and absolute discretion of the Lender;
- (dd) "Loan Rate", means the annual rate of interest applicable to any particular amount outstanding pursuant to this Agreement being Eight (8%) percent per annum;
- (ee) "Material Adverse Change" means any change or event which: (i) constitutes a material adverse change in the business, operations, condition (financial or otherwise) or properties of the Borrower taken as a whole; or (ii) could materially impair the Borrower's ability to timely and fully perform its obligations under this Agreement or the Security Documents, or materially impair the ability of the Lender to enforce its rights and remedies under this Agreement or the Security Documents;
- (ff) "Material Agreement" means, in respect of the Borrower, any agreement made between the Borrower and another Person which the Lender, in its sole and absolute discretion, determines to be material to the Borrower;
- (gg) "Maturity Date" shall have the same meaning as set forth in Section 4.04 hereof;
- (hh) "Mortgage" has the same meaning as set forth in Sub-Section 5.01(c) hereof;
- (ii) "Note" shall mean the promissory note executed by the Borrower in favour of the Lender in the sum of up to Eight Million (\$8,000,000) Dollars which Note shall be in form and substance satisfactory to the solicitors of the Lender;
- (jj) "Outstanding Encumbrances and Liens" shall have the same meaning as set forth in Sub-Section 7.01(l) hereof;
- (kk) "Person", means a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality;

- (ll) "Permitted Encumbrances" are those Liens described in Schedule "E" attached hereto and any construction financing (including Tarion bonding company insurance mortgage security) subsequently acquired by the Borrower for the construction of the condominium project on the Property not exceeding Thirty-One Million Five Hundred Thousand (\$31,500,000) Dollars;
- (mm) "Requirements of Environmental Law" means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) requirements announced by a Governmental Authority as having immediate effect (provided that at the time of making such announcement the government also states its intention of enacting legislation to confirm such requirements retroactively); (iv) all directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (v) all permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation and (B) exposure to Hazardous Materials;
- (nn) "Security" means all guarantees, security agreements, mortgages, debentures and other documents mentioned comprising the Security Documents or otherwise and all other documents and agreements delivered by the Borrower or other Persons to the Lender for the benefit of the Lender from time to time as security for the payment and performance of the Borrowers Liabilities, and the security interests, assignments and Liens constituted by the foregoing;
- (oo) "Security Documents", refers collectively to this Agreement, the Mortgage, those documents and instruments referred to in Section 5.01 hereof and any and other documents, agreements or writings delivered to the Lender as contemplated in this Agreement whether as security for the Loan or otherwise. At the option of the Lender, the Security Documents may reflect a fixed rate of interest as designated by the Lender's counsel. Notwithstanding the same, the provisions with respect to the payment of interest as set out in this Agreement shall prevail;
- (pp) "Statutory Lien" means a Lien in respect of any property or assets of a Company created by or arising pursuant to any applicable legislation in favour of any Person (such as but not limited to a Governmental Authority), including a Lien for the purpose of securing the Borrower's obligation to deduct and remit employee source deductions and goods and services tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the Canada Pension Plan (Canada), the *Employment Insurance Act* (Canada) and any federal or provincial legislation similar to or enacted in replacement of the foregoing from time to time; and,

(qq) "Subsidiary" means a business entity which is controlled by another business entity (as used herein, "business entity" includes a corporation, company, partnership, limited partnership, trust or joint venture).

2.02 Unless otherwise provided herein, all financial terms used in this Agreement shall be determined in accordance with GAAP in effect at the date of such determination. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with GAAP applied on a consistent basis, unless otherwise indicated.

2.03 All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

2.04 Whenever in this Agreement reference is made to a statute or regulations made pursuant to a statute, such reference shall, unless otherwise specified, be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations.

2.05 Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by the Lender (including phrases such as "in the discretion of", "in the opinion of", "in its opinion", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

ARTICLE 3 SCHEDULES

3.01 The following are the schedules attached to and incorporated in this Agreement by reference and deemed to be a part thereof:

Schedule "A" – Lands to be Charged/Mortgaged

Schedule "B" – Schedule of Interest Payments

Schedule "C" – Expenses

Schedule "D" – Additional Loan Payment

Schedule "E" – Permitted Encumbrances

ARTICLE 4
THE LOAN, INTEREST, EXPENSES, AND PAYMENT THEREOF

4.01 Subject to the terms and conditions hereof, the Lender agrees to provide to the Borrower the Loan.

4.02 The Borrower and the Lender acknowledge and confirm that, notwithstanding any rate of interest set out in the Security Documents or any of them, the provisions of this Agreement regarding the Loan Rate shall govern the rate of interest payable on the Loan. The Borrower and the Lender further acknowledge and confirm that the Security Documents shall be in form and substance satisfactory to the Lender.

4.03 Interest on the Loan Rate shall be determined daily and shall be due, payable and compounded quarterly, not in advance, on the 1st day of each month during such quarterly period, as well after as before demand, maturity, default and judgment, together with interest on overdue interest determined daily (if relevant) and compounded quarterly at the same rate applicable until the Borrower's Liabilities have been paid in full. Interest shall be calculated on the basis of a three hundred and sixty-five (365) day year. Interest on the Loan at the Loan Rate and calculated as aforesaid shall accrue as of the date of the first Loan Instalment. Any disputes on the determination and calculation of interest of the Interest Rate shall be resolved by the Lender, in its opinion but acting reasonably. The first payment of interest and all subsequent payments of interest as aforesaid shall be payable in the amounts and on the dates as set forth in Schedule "B" attached hereto.

4.04 The Loan, together with all accrued and outstanding interest and other charges in connection therewith as set forth in this Agreement and the Security Documents including without limiting the generality of the foregoing the Additional Loan Payment and all other Borrower's Liabilities, shall become fully due and repayable on the third anniversary of the first Loan Instalment, unless extended as set out in this Agreement (the "Maturity Date"). The Maturity Date may be extended for up to two six month extension periods, by notice in writing delivered by the Borrower to the Lender at least 60 days prior to the scheduled Maturity Date, or extended Maturity Date, in the case of a second six month extension. During any extension of the Term, all of the provisions in this Agreement shall remain in full force and effect and interest shall continue to be payable and accrue during any extension to the Term, on the same terms and conditions as interest is calculated and payable prior to any extension of the Term. The Maturity Date shall be deemed amended to the date which is six months from the date of the prior Maturity Date, or first amended Maturity Date in the case of a second six month extension.

4.05 Any payment provided hereunder to be made by the Borrower to the Lender shall be in certified funds or Bank Draft and shall be payable to the Borrower's Solicitors, in trust, and delivered to the Borrower's Solicitors, or any other payee or office designated by the Lender from time to time. The Borrower's Solicitors shall coordinate further delivery of such funds with the Lender's Solicitors. Any payment as aforesaid received after two o'clock (2:00) p.m. Toronto time shall be deemed to have been received on the next following Business Day.

4.06 This Agreement shall constitute evidence of the obligation of the Borrower to repay all the Borrower's Liabilities in accordance with the terms hereof. The Borrower shall repay the Loan and

the Borrower's Liabilities in full on the Maturity Date, and until then shall pay interest at the time or times and in the manner provided herein.

4.07 All Loan Instalments and Expenses as and when advanced or incurred shall be and become secured by the Security Documents and Expenses may be paid by the Lender and be deducted from Loan Instalments which would otherwise have been made to the Borrower. The Security Documents shall be in addition to any other security which the Lender may now have or subsequently acquire for the performance of the Borrower's Liabilities. The Expenses listed in Schedule "C" attached hereto are a list of Expenses (but by no means an exhaustive list of all Expenses) that shall be deducted from the Loan Instalments.

4.08 The Lender and the Borrower mutually acknowledge, confirm, represent and covenant as follows:

- (a) Any amounts advanced by the Lender, in its sole and absolute discretion, to the Borrower pursuant to this Agreement, may occur in tranches (the "Loan Instalments") with the anticipated first Loan Instalment to be in the amount of not less than Four Million (\$4,000,000) Dollars. The second or further Loan Installments are expected to be in the aggregate amount of Four Million (\$4,000,000) Dollars; and
- (b) prior to the release of any funds by the Lender's Solicitors to the solicitor(s) for the Borrower, each Party hereby irrevocably acknowledges and directs that their respective solicitors are authorized to and shall cause to be registered any such instruments on title to the Lands which in the opinion of the solicitor for the Lender may be required as evidence of any sums advanced to the Borrower on the security of this Agreement or the Security Documents.

4.09 The Borrower may not prepay all or any portion of the Borrower's Liabilities hereunder, other than pursuant to Section 4.13 hereof.

4.10 Notwithstanding anything to the contrary contained in this Agreement, any Loan Instalment made by the Lender and the Borrower shall be at the Lender's sole and absolute discretion and the Lender shall not be obligated at any time or times to make any Loan Instalment to the Borrower.

4.11 In addition to the payment by the Borrower of the Loan plus interest as set forth in this Agreement, the Borrower shall also pay to the Lender, in certified funds or Bank Draft, forthwith after the determination is made by the Lender in its opinion that the Additional Loan Payment is payable, the amount of the Additional Loan Payment calculated as described in Schedule "D" attached hereto in the same manner as contemplated in Section 4.05 hereof. Notwithstanding the foregoing, the Lender, at its option, may also deduct from the Distributable Cash Proceeds, at any time and from time to time, all or any part of the Additional Loan Payment that the Lender, in its opinion, believes is due and payable.

4.12 The parties hereto acknowledge, confirm, covenant and agree that the Lender shall be deducting from the first Loan Instalment and any subsequent Loan Instalments an amount equal to the projected interest on the amount of such Loan Instalment for 12 months which shall be a

contribution of the Borrower to the Interest Reserve. The parties hereto further acknowledge, confirm, covenant and agree that the Lender may from time to time and at any time, acting reasonably, deduct from the funds held in trust by the Lender's Solicitors or received from the Borrower, whether from the Distributable Cash Proceeds or otherwise, such amounts that in its opinion is necessary or appropriate to replenish the Interest Reserve. The Borrower covenants and agrees that the amount in the Interest Reserve shall be applied by the Lender against the obligations of the Borrower to pay interest hereunder on the Loan Instalments and that once applied or deducted by the Lender from the Loan Instalments, the Distributable Cash Proceeds or otherwise, the Borrower shall have no claim against the funds in the Interest Reserve.

4.13 The Borrower, at any time after the second anniversary hereof, shall be entitled to repay all or a portion of the Loan without penalty, notice or bonus and the interest at the rate of 8% per annum on the principal outstanding ceasing at the date of prepayment; provided that the Lender shall continue to be entitled to the Additional Loan Payment for all three years of this Loan, even though the Loan shall have been prepaid prior to the three year term expiry (to also be paid at the time of prepayment) plus the prepayment amount; but shall not be entitled to any additional interest Payment for the third year of the Term of this Loan nor any compensation for loss of interest after the date of such prepayment.

ARTICLE 5 SECURITY

5.01 The Borrower agrees to provide the Security Documents listed below to the Lender, as continuing security for the payment and performance of all of its present and future, direct and indirect obligations to the Lender, specifically including the Loan, the Borrowers Liabilities and its direct indebtedness and obligations to the Lender arising under this Agreement:

- (a) The Note;
- (b) A mortgage in the amount of the Principal Sum (or such lesser amount as determined by the Lender in its sole and unfettered discretion and provided that the Principal Sum shall not exceed the result of \$8,000,000 less any other mortgages registered against the Property) ranking as a first mortgage; provided that said mortgage shall also be subordinated to (i) any construction and related financing (in one or multiple tranches) not exceeding in the aggregate Thirty-One Million Five Hundred Thousand (\$31,500,000) Dollars obtained by the Borrower related to construction of the condominium project on the Property and for the hard and soft costs related thereto, including any Tarion warranty bond mortgage security (the "Mortgage");
- (c) if requested by the Lender from time to time, security agreements creating an assignment security interest in respect of its rights to and interest in Material Agreements to which it is a party, together with any necessary consents from the other parties thereto which security interest may not be a first ranking security interest;
- (d) an assignment of its interest in all policies of insurance, specifically including the right to receive any refunds of premiums paid thereunder; and

- (e) such other security and further assurances as the Lender may reasonably require from time to time.

5.02 The Security Documents shall be in form and substance satisfactory to the Lender, acting reasonably. The Lender may require that any item of Security Documents be governed by the laws of the jurisdiction where the property subject to such item of Security Documents is located. The Security Documents shall be registered by the Lender or, at the request of the Lender, by the Borrower, all at the Borrower's cost and expense, where necessary or desirable to record and perfect the charges contained therein, as determined by the Lender in its sole and absolute discretion.

5.03 The Borrower shall cause to be delivered to the Lender prior to each Loan Instalment the opinion of the solicitors for the Borrower regarding its corporate status, the due authorization, execution and delivery of the Security Documents provided by it, all registrations in respect of the Security Documents, the results of all applicable searches in respect of them, and the enforceability of such Security Documents and any other matters requested by the Lender in its opinion; all such opinions to be in form and substance satisfactory to the Lender.

5.04 The Borrower shall execute and deliver from time to time all such further documents and assurances as may be reasonably required by the Lender from time to time in order to provide the Security Documents contemplated hereunder, specifically including supplemental or additional security agreements which shall include lists of specific assets to be subject to the security interests required hereunder.

5.05 If insurance proceeds become payable in respect of loss of or damage to any property owned by the Borrower the Lender shall apply such proceeds against the Borrower's Liabilities (allocated amongst the components of the Borrower's Liabilities, at all times, by the Lender in its sole and absolute discretion).

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

6.01 The Borrower represents and warrants to the Lender as follows (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which are a continuing condition of the advance of the Loan Instalments and the Borrower hereby acknowledges, confirms and agrees that the Lender is relying on such representations and warranties:

- (a) The Borrower is a validly subsisting corporation under the *Business Corporations Act* (Ontario), and is duly qualified to carry on its business in the jurisdiction in which it carries on business and has the power and authority to enter into and perform its obligations under this Agreement, is the registered owner of the Property and is legally entitled to carry on its business as currently conducted or as currently contemplated.
- (b) The Borrower has obtained all material licenses, permits and approvals from all governments, governmental commissions, boards and other agencies of

jurisdictions in which it carries on (or contemplates carrying on) business which are required and which will allow for the development of the Property.

- (c) The Borrower or its solicitor has delivered to the Lender, or its solicitor, copies of the constating documents of the Borrower and the Lender's solicitor has obtained a legal opinion from the Borrower's solicitor that the Borrower is authorized to enter into this Agreement and the Security Documents.
- (d) The execution, delivery and performance of this Agreement and the Security Documents has been duly authorized by all requisite action on the part of the Borrower; and this Agreement and the Security Documents have been, or will be, duly executed and delivered by the Borrower, and this Agreement and the Security Documents delivered or to be delivered pursuant hereto and thereto constitutes, or when delivered will constitute, a valid and binding obligation of the Borrower and enforceable against the Borrower in accordance with their terms, subject to the application of bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights generally and the fact that the right to obtain judicial orders requiring specific performance or other equitable remedies is in the discretion of the court.
- (e) The Borrower shall and does indemnify and hold harmless the Lender and the Indemnitees from and against all losses, claims, damages, liabilities, and expenses, to which any such person or entity may become subject arising out of or in connection with this Agreement, the use of proceeds, or any related transaction or any claim, litigation, investigation or proceeding, relating to any of the foregoing, regardless of whether the Lender is a party thereto, and to reimburse the Lender, forthwith upon demand for any reasonable, legal or other expenses incurred in connection with investigating or defending any of the foregoing.
- (f) The Borrower acknowledges that neither its execution nor delivery of this Agreement or the Security Documents the consummation of the transactions herein contemplated nor compliance with the terms, conditions and provisions hereof or thereof does not and will not conflict with, and does not and will not result in any breach of or constitutes a default under any of the provisions of the constating documents or by-laws of the Borrower or any applicable Law including applicable securities laws, rules, policies and regulations or any contract or agreement upon or to which the Borrower is a party.
- (g) The Borrower has good and marketable title to the Property and its assets free from all mortgages, security interests, Liens, pledges, charges, encumbrances, title retention agreements, options or adverse claims, other than the permitted encumbrances as identified in Schedule "E" attached hereto (the "Permitted Encumbrances") and the Outstanding Encumbrances and Liens.
- (h) The Borrower has filed or caused to be filed, in a timely manner all tax returns, reports and declarations, which are required to be filed by it. All information in such tax returns, reports and declarations is complete and accurate in all material

respects. The Borrower has paid or caused to be paid all taxes due and payable or claimed due and payable in any assessment received by it, except taxes the validity of which are being contested in good faith by appropriate proceedings diligently pursued and available to the said Borrower and with respect to which adequate reserves have been set aside on its books. Adequate provision has been made for the payment of all accrued and unpaid federal, provincial, local, foreign and other taxes whether or not yet due and payable and whether or not disputed.

- (i) All representations and warranties of the Borrower contained in this Agreement or in any of the Security Documents shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to the Lender on the date of each Loan Instalment pursuant to this Agreement and shall be conclusively presumed to have been relied on by the Lender regardless of any investigation made or information possessed by the Lender. The representations and warranties set forth herein shall be cumulative and in addition to any other representations or warranties which the Borrower shall now or hereafter give, or cause to be given, to the Lender.
- (j) The Borrower further acknowledges and agrees that the terms of this Agreement shall override the terms of any previous loan agreements to which the Borrower and the Lender may be or may have been Parties.
- (k) The Borrower acknowledges that the Lender may have executed a loan agreement that has been amended to accommodate the beneficial owners of the Lender and the Borrower agrees to abide by the specific terms of each of said Agreements.
- (l) The Borrower has no Subsidiaries.
- (m) no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of the Borrower out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of the Borrower.
- (n) The Borrower is in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and is duly licensed, registered and qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the property owned or leased by it make such qualification necessary; and all such licences, registrations and qualifications are valid and subsisting and in good standing.
- (o) The Borrower owns, possesses and has a good and marketable title to its undertaking, property and assets, free and clear of any and all Liens except for Permitted Encumbrances and the Outstanding Encumbrances and Liens. The Borrower does not have any commitment or obligation (contingent or otherwise)

to grant any Liens except for the Permitted Encumbrances. No event has occurred which constitutes, or which with the giving of notice, lapse of time or both.

- (p) The Borrower has/will place(d) insurance, including property, boiler and machinery, business interruption and liability insurance, in appropriate amounts and for appropriate risks as would be considered prudent for similar business.
- (q) The Borrower and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials. The Borrower holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with (i) air emissions; (ii) discharges to surface or groundwater; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all other Requirements of Environmental Law. There has been no material emission, spill, release, or discharge into or upon (i) the air; (ii) soils, or any improvements located thereon; (iii) surface water or groundwater; or (iv) the sewer, septic system or waste treatment, storage or disposal system servicing the premises, of any Hazardous Materials at or from the Property, and there has been no complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person with respect to (i) air emissions; (ii) spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing the Property; (iii) noise emissions; (iv) solid or liquid waste disposal; (v) the use, generation, storage, transportation, or disposal of Hazardous Materials; or (vi) other Requirements of Environmental Law affecting the Property. There are no legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the Properties, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion with any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims. The Borrower has no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials (including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal).
- (r) Save and except for the Outstanding Encumbrances and Liens, there are no actions, suits or proceedings now pending, or to the Borrower's knowledge, threatened, against the Borrower in any court or before or by any federal, provincial, municipal or other Governmental Authority.
- (s) No guarantees have been granted by the Borrower.

- (t) The Borrower has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax, employment insurance and Canada Pension Plan contributions), goods and services and Harmonized Sales tax and all other amounts which if not paid when due could result in the creation of a Statutory Lien against any of the Borrower's property including the Property, except for Permitted Encumbrances.
- (u) Save and except for the Outstanding Encumbrances and Lien, no Default, Event of Default or Material Adverse Change has occurred and is continuing.
- (v) All financial and other information furnished by or in respect of the Borrower to the Lender for the purposes of or in connection with this Agreement or the Security Documents are true and accurate in all material respects and is not incomplete by omitting to state any fact necessary to make such information not misleading. There are no facts known to the Borrower which could materially adversely affect the Borrower's ability to observe and perform their obligations under the Security Documents, or which if known to the Lender could reasonably be expected to deter the Lender from making any Loan Instalments hereunder on the terms and conditions contained herein.

ARTICLE 7 COVENANTS

7.01 The Borrower hereby covenants and agrees with the Lender that it will:

- (a) pay all principal, interest and other amounts due hereunder including the Borrowers Liabilities at the times and in the manner specified herein;
- (b) maintain its corporate existence in good standing, continue to carry on its business, preserve its rights, powers, licences, privileges, franchises and goodwill, exercise any rights of renewal or extensions of any leases, licences, concessions, franchises or any other rights whatsoever which are material to the conduct of its business, maintain all qualifications to carry on business in each jurisdiction in which such qualifications are required, and carry on and conduct its business in a proper and efficient manner so as to protect its property and income; and not materially change the nature of its business;
- (c) comply in all material respects with all applicable Laws (specifically including, for greater certainty, all applicable Requirements of Environmental Law), use the proceeds of all Loan Instalments hereunder for legal and proper purposes in connection with the purposes set out in the first recital of this Agreement, and obtain and maintain in good standing all material leases, licences, permits and approvals from any and all Governmental Authorities required in respect of its business and operations;

- (d) pay when due all rents, taxes, rates, levies, assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its property which are material to the conduct of its business, and deliver to the Lender upon request receipts evidencing such payments;
- (e) maintain adequate books, accounts and records in accordance with GAAP;
- (f) keep the Property and its assets in good repair and working condition;
- (g) permit the Lender and its employees, representatives and agents (during normal business hours and in a manner which does not materially interfere with its business) to enter upon and inspect the Property and its properties, assets, books and records from time to time and make copies of and abstracts from such books and records, and discuss its affairs, finances and accounts with its officers, directors, accountants and auditors; such access shall be on 48 hours' prior notice unless a Default has occurred and is continuing in which event no notice shall be required;
- (h) obtain from financially responsible insurance company and maintain liability insurance, all-risks property insurance on a replacement cost basis (less a reasonable deductible not to exceed amounts customary in the industry for similar businesses and properties), business interruption insurance and insurance in respect of such other risks as the Lender may reasonably require from time to time; all of which policies of insurance shall be in such amounts as may be reasonably required by the Lender and shall include a standard mortgage clause approved by the Insurance Bureau of Canada; and the Lender's interest shall be noted as an additional insured on all liability insurance policies and as second mortgagee and loss payee on all other insurance policies; and the Lender shall be provided with certificates of insurance and certified copies of such policies from time to time upon request;
- (i) fulfil all covenants and obligations required to be performed by it under this Agreement and the Security Documents to which it is a party and any other agreement or undertaking now or hereafter made between it and the Lender;
- (j) provide prompt notice to the Lender of: (i) the occurrence of any Default or Event of Default; (ii) the incorrectness of any representation or warranty contained herein or any Security Documents in any material respect; (iii) any material contravention of or non-compliance by any Borrower with any terms and conditions of this Agreement or any Security Document; (iv) any Material Adverse Change; (v) any litigation affecting the Borrower; (vi) any material labour dispute affecting the Borrower; or (vii) any notice in respect of the termination or suspension of, or a material default under, any Material Contract;
- (k) provide the Lender with such further information, financial data, documentation and other assurances as the Lender may reasonably require from time to time in order to ensure ongoing compliance with the terms of this Agreement and the Security Documents and to achieve the spirit and intent of this Agreement;

- (l) The Borrower hereby covenants and agrees with the Lender that the first Loan Instalment will be used to purchase the Property free and clear of any encumbrances and liens;
- (m) From any excess proceeds available after the Property has been acquired, the Borrower intends to pay a dividend of \$250,000 to each of its four shareholders, in compensation of expenses incurred and efforts in locating suitable property, negotiating and structuring the purchase transaction and matters ancillary thereto which shall not be a Distribution for the purposes of this Agreement.

7.02 The Borrower hereby covenants and agrees with the Lender that it will not without the prior written consent of the Lender (which consent may be withheld in the sole and absolute discretion of the Lender):

- (a) grant or suffer to exist any Liens in respect of any of its property and assets including the Property, except the Permitted Encumbrances;
- (b) directly or indirectly sell or otherwise dispose of any of its assets save and except in the ordinary course of its business or further save and except to sales of dwelling units to bona fide arm's length third party purchasers of such units;
- (c) make any Distributions;
- (d) not materially change the nature of its business, maintain a place of business or any material assets in any jurisdiction other than the Province of Ontario, or enter into any transaction whereby all or a substantial portion of its undertaking, property and assets would become the property of any other Person, whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, in each case without the prior written consent of the Lender in its sole and absolute discretion;
- (e) change its Fiscal Year (which for greater certainty presently ends on the last day of December in each year);
- (f) change its Accountants except with the prior written consent of the Lender which consent shall not be unreasonably withheld; and,
- (g) use the proceeds of any Loan Instalment for any purposes other than the development and construction of a condominium project on the Property, unless otherwise specified in this Agreement; other than for the purposes of earning interest income on funds which are not immediately required to be expended by the Borrower.

7.03 The Borrower shall deliver by courier delivery to the Lender, upon request by the Lender, the following financial and other information at the times indicated below:

- (a) the annual Year-end Financial Statements of the Borrower, by the 120th day after the end of the Fiscal Year accompanied by a Compliance Certificate

certified by the Chief Financial Officer of the Borrower or other senior officer of the Borrower acceptable to the Lender;

- (b) within the first 120 days after the start of each Fiscal Year, a business plan for the Borrower in respect of such Fiscal Year, which shall disclose all material assumptions utilized and shall include the following items set out on a quarterly basis: balance sheet, income statement, cashflow statement, Capital Expenditures and tax liabilities; and
- (c) such additional information and documents as the Lender may reasonably require from time to time.

7.04 Full, true and accurate accounting and financial information shall be kept by the Borrower in accordance with GAAP as of the date hereof until at least after eighteen (18) months after the Borrower's Liabilities have been repaid. The Lender or anyone designated by the Lender shall have access to the books, records, financial information, financial statements and data of the Borrower (the "Borrower's Books and Records") at any and all times during regular business hours for the purpose of examining and reviewing the Borrower's Books and Records. The Lender shall not disclose any confidential information so obtained except to the extent that disclosure is reasonable in the conduct of the Lender's business.

7.05 The Lender hereby covenants with the Borrower, that the Lender shall execute any necessary documents and register such documents as may be reasonably requested by any construction financier to subordinate the Lender's Mortgage security to any mortgage or other security granted by the construction financier or Tarion warranty bonding company to the Borrower, for the purposes of funding the Borrower's construction of the project on the Property (which shall include demolition costs and professional fees in furtherance of such construction (architectural, engineering, etc.)) or the provision Tarion insurance coverage, as the case may be; and the Lender appoints the Borrower as the Lender's power of attorney to execute any required documents on behalf of the Lender to evidence the foregoing.

ARTICLE 8 CONDITIONS PRECEDENT

8.01 The Lender shall have no obligation to make the first Loan Instalment hereunder or any Loan Instalments thereafter on the Closing Date unless at the time of making such Loan Instalment the following terms and conditions (which are condition precedents in favour of the Lender) shall have been satisfied in the opinion of the Lender:

- (a) the Lender shall have completed and shall be satisfied with its due diligence in respect of the Property;
- (b) all representations and warranties made by the Vendor contained in this Agreement or the Security Documents shall be true, correct and complete in all material respects;
- (c) all Security Documents required to be provided at the time of the first Loan Instalment shall have been executed and delivered, all registrations necessary or

desirable in connection therewith shall have been made, and all legal opinions and other documentation required by the Lender in connection therewith shall have been executed and delivered, all in form and substance satisfactory to the Lender in its sole and absolute discretion;

- (d) the Lender shall have received satisfactory evidence that there are no Liens affecting the Borrower or its assets, except for Permitted Encumbrances which shall be paid in full and deducted from the First Loan Instalment on the Closing Date;
- (e) the Lender shall have received particulars of all Permitted Encumbrances, specifically including the assets encumbered thereby, the amounts due thereunder, and confirmation from the holders thereof that the terms thereof are being complied with;
- (f) the property and assets of the Borrower shall be insured on the Closing Date; the terms and conditions of such insurance to be in compliance with the requirements of this Agreement in the opinion of the Lender;
- (g) the Lender shall have received an officer's certificate and certified copies of resolutions of the board of directors of the Borrower concerning the due authorization, execution and delivery of the Security Documents to which it is a party, and such related matters as the Lender may reasonably require;
- (h) the Lender shall have received from the Borrower a certificate of status as of the Closing Date or the date of any Loan Instalment, as the case may be, certificate of compliance or similar certificate for the Borrower issued by its governing jurisdiction and each other jurisdiction in which it carries on business or holds any material assets;
- (i) the Lender shall have received such additional evidence, documents or undertakings as it may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein;
- (j) All Realty Taxes related to the Property are up-to-date as of the Closing Date; and
- (k) All mortgages, charges, Liens and encumbrances have been discharged, on the Closing Date and prior to any Loan Instalment being made.

8.02 The Borrower hereby acknowledges, confirms, covenants and agrees that the Lender is syndicating the Loan and therefore, the Lender shall have no obligation to make the first Loan Instalment hereunder on the Closing Date or any Loan Instalment thereafter unless at the time of making such Loan Instalment the syndication of the Loan has been completed in the opinion of the Lender.

**ARTICLE 9
DEFAULT AND REMEDIES**

9.01 The occurrence of any one or more of the following events, after the expiry of any applicable cure period set out below, shall constitute an event of default under this Agreement (an "Event of Default"):

- (a) the Borrower fails to pay any principal, interest, Expenses or any other amount payable hereunder when due under the terms of this Agreement or any of the Security Documents;
- (b) any representation, warranty or statement made to the Borrower herein or in any Security Documents is incorrect in any material respect on the date on which such representation, warranty or statement was made or deemed to have been made, or subsequently becomes incorrect in any material respect; provided that if such representation, warranty or statement is capable of being corrected within twenty (20) days, the Borrower diligently attempts to take all such action as may be necessary in order that such representation, warranty or statement will become correct and diligently keep the Lender informed of its efforts in this regard, and such representation, warranty or statement is correct by not later than the expiry of such twenty (20) day period on the opinion of the Lender, then the incorrectness of such representation, warranty or statement shall not constitute an Event of Default;
- (c) the Borrower fails to perform or comply with any of the covenants or obligations set out in this Agreement;
- (d) the Borrower fails to perform or comply with any of its covenants or obligations contained in any of the Security Documents, in each case, following receipt of notice of such non-compliance from the Lender; provided that if such non-compliance is capable of remedy within twenty (20) days, the Borrower diligently attempts to remedy such non-compliance and diligently keeps the Lender informed of its efforts in this regard, and such non-compliance is remedied within such twenty (20) day period in the opinion of the Lender, then such non-compliance shall not constitute an Event of Default;
- (e) an Insolvency Event occurs in respect of the Borrower;
- (f) any document constituting part of the Security Documents shall for any reason cease to be in full force and effect or shall be declared in a final judgment of a court of competent jurisdiction to be null and void; or the Borrower contests the validity or enforceability thereof or denies it has any further liability or obligation thereunder; or any document constituting part of the Security Documents shall for any reason fail to create a valid and perfected First-Ranking Security Interest subject to Permitted Encumbrances in the opinion of the Lender, in and to the property purported to be subject thereto, except that if such failure is capable of remedy within thirty (30) days, the Borrower diligently attempts to remedy such failure and diligently informs the Lender of its efforts in this regard, and the failure is remedied within such thirty

(30) day period in the opinion of the Lender, then the failure shall not constitute an Event of Default;

- (g) any Person takes possession, or threatens to take possession, of any property of the Borrower including the Property by way of or in contemplation of enforcement of any security it may hold, or a distress or execution or similar process is levied or enforced against any such property; and,
- (h) any Governmental Authority shall take any action or proceeding to condemn, seize or appropriate any property of the Borrower that is material to its financial condition, business or operations.

9.02 Upon the occurrence of an Insolvency Event, the Borrower's Liabilities shall become immediately due and payable, without the necessity of any demand upon or notice to the Borrower by the Lender. Upon the occurrence and during the continuation of any Event of Default other than an Insolvency Event, the Lender may by written notice to the Borrower declare the Borrower's Liabilities to be immediately due and payable. Upon the occurrence and during the continuation of an Event of Default, both before and after the Acceleration Date, all outstanding Loan Instalments shall bear interest at the Loan Rate plus two percent (2%) per annum in order to compensate the Lender for the additional risk.

9.03 Upon the occurrence and during the continuation of an Event of Default, the Lender may apply any proceeds of realization from any Security or related to this Agreement or the Security Documents, against any portion or portions of the Borrower's Liabilities, and the Borrower may not require any different application. The taking of a judgment or any other action or dealing whatsoever by the Lender in respect of the Security Documents shall not operate as a merger of any of the Borrower's Liabilities hereunder or in any way affect or prejudice the rights, remedies and powers which the Lender may have, and the foreclosure, surrender, cancellation or any other dealing with any Security Documents or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Borrower's Liabilities.

9.04 The Lender shall not be obliged to make any further Loan Instalments from and after the earliest to occur of the following: (i) delivery by the Lender to the Borrower of a written notice that a Default or an Event of Default has occurred and is continuing (whether or not such notice also requires immediate repayment of the Borrower's Liabilities); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Borrower of any garnishment notice or other notice of similar effect in respect of the Borrower pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute.

9.05 All of the rights and remedies granted to the Lender in this Agreement and the Security Documents, and any other rights and remedies available to the Lender at law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

9.06 If the Borrower fails to perform any covenant or obligation to be performed by it pursuant to this Agreement or the Security Documents, the Lender may in its sole and absolute

discretion, after written notice to the Borrower, perform any of the said obligations but shall be under no obligation to do so; and any amounts expended or advanced by the Lender for such purpose shall be payable by the Borrower upon demand together with interest at the Interest Rate.

9.07 If the Borrower intends to take the benefit of any Insolvency Legislation, including making an assignment for the general benefit of creditors, making a proposal or filing a notice of intention to make a proposal under Insolvency Legislation, the Borrower covenants and agrees to provide the Lender with five (5) Business Days' prior written notice before any of the aforementioned proceedings are commenced. As soon as possible prior to the commencement of any such proceedings, the Borrower shall provide to the Lender copies of all relevant filing materials, including copies of draft court orders, plans of compromise, proposals and notices of intention. During this notice period the Lender may, in its sole discretion, elect to exercise any and all rights and remedies which may be available to it at that time as set out in this Agreement.

ARTICLE 10 GENERAL CONTRACT TERMS

10.01 The failure or delay by the Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by the Borrower and any course of action on the part of the Lender, shall not operate as a waiver of any rights of the Lender unless made in writing by the Lender. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Lender with respect to any other or future non-compliance.

10.02 In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees on a solicitor and his own client basis) of any kind or nature whatsoever (but excluding any consequential damages and damages for loss of profit) which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate or arise out of or result from:

- (a) any failure by the Borrower to pay and satisfy its obligations hereunder and the Security Documents including the Borrower's Liabilities;
- (b) any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Loan Instalment;
- (c) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the failure of the Borrower to comply with all Requirements of Environmental Law;
- (d) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any

property owned by the Borrower including the Property or upon which it carries on business; and

- (e) any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any property owned by the Borrower including the Property or upon which it carries on business, or the discharge, emission, spill, radiation or disposal by the Borrower of any Hazardous Material into or upon the Property, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter;

10.03 The termination of this Agreement shall not relieve the Borrower from its obligations to the Lender arising prior to such termination, such as but not limited to obligations arising as a result of or in connection with any breach of this Agreement or the Security Documents, any failure to comply with this Agreement or the Security Documents or the inaccuracy of any representations and warranties made or deemed to have been made prior to such termination, and obligations arising pursuant to all indemnity obligations contained herein.

10.04 If the Borrower fails to pay when due any Expenses or other amounts paid by the Lender hereunder (other than principal or interest on any Loan Instalment), the Borrower agrees to pay interest on such unpaid amount from the time such amount is due until paid at the Loan Rate.

10.05 Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by prepaid private courier or sent by telecopy to the applicable address and to the attention of the officer of the addressee as follows:

- (i) to the Borrower:

Textbook (555 Princess Street) Inc.
51 Caldari Road, Suite A1M
Concord, Ontario, L4K 4G3

Attention: John Davies

with a copy to:

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

Attention: Mr. Gregory H. Harris
Fax Number: 905-629-4350

(ii) if to the Lender:

c/o Tier 1 Transaction Advisory Services Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario, L3R 8T3

Attention: Mr. Raj Singh
Fax Number: 647-689-2374

with a copy to:

Nancy Elliott, Barrister & Solicitor
5000 Yonge Street
Suite 1901
Toronto, Ontario, M2N 7E9

Attention: Ms. Nancy Elliott
Fax Number: (416) 628-5597

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by telecopy shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

10.06 Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof; and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.07 The Borrower shall from time to time at its own expense promptly execute and deliver or cause to be executed and delivered to the Lender all such other and further documents, agreements, opinions, certificates and instruments which may be requested by the Lender if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein, or to make any recording, file any notice or obtain any consent.

10.08 Time shall be of the essence of this Agreement.

10.09 The Borrower may not assign any of its rights or obligations under this Agreement without the prior written consent of the Lender. The Lender may grant participations in all or any portion of its rights under this Agreement from time to time without notice to or obtaining the prior written consent of the Borrower. The Borrower agrees to co-operate fully with the Lender in connection with any assignment or participation pursuant to this section, and agrees to

execute and deliver from time to time in favour of the Lender and any such assignee or participant such documents and assurances as may be reasonably required by the Lender or the assignee or participant in connection with such assignment or participation.

10.10 This Agreement and any other documents or instruments contemplated herein or therein shall constitute the entire agreement and understanding between the Borrower and the Lender relating to the subject-matter hereof. For greater certainty and without limiting the generality of the foregoing, this Agreement supersedes all discussion papers previously issued by the Lender relating to the proposed establishment of the Loan, which have no force or effect.

10.11 To the extent that there is any inconsistency between a provision of this Agreement and a provision of any document constituting part of the Security including the Security Documents, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of any Security Document shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the Security Document imposes more onerous obligations or restrictions than the corresponding provision in this Agreement (excluding fees and Expenses).

10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

10.13 This Agreement 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 Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall be deemed to be equivalent to an original signature for all purposes.

10.14 This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date written on the first page hereof.

TEXTBOOK STUDENT SUITES (555
PRINCESS STREET) TRUSTEE
CORPORATION

Per: 

Name: Raj Singh

Title: President

I have authority to bind the corporation

TEXTBOOK (555 PRINCESS STREET)INC.

Per: 

Name: ~~John Davics~~ *John Davics*

Title: Co-President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

PT LT 626-627 PL A12 KINGSTON CITY AS IN CK40869 EXCEPT FR568186; KINGSTON;
THE COUNTY OF FRONTENAC

BEING THE WHOLE OF PIN 36072-0135(LT)

Municipal Description:

555 Princess Street, Kingston, Ontario

SCHEDULE "B"
SCHEDULE OF INTEREST PAYMENTS

Interest payments shall be calculated at an annual interest rate of EIGHT PERCENT (8%), paid quarterly in trust to the Borrower's Solicitor, commencing on or about November 20, 2015. All funds advanced by the Lender between the Closing Date (on or about November 20, 2015) to January 1, 2016 shall receive an initial payment pro rated for the period from the date of the advance by the Lender to December 31, 2015 and full payments quarterly thereafter until the maturity date, anticipated to be on or about November 20, 2018.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$80,000 payable to First Commonwealth Mortgage Corporation and Tier 1 Mortgage Corporation (collectively, referred to as the "Mortgage Broker"); (based on a maximum mortgage advance of \$8,000,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$1,280,000 payable on account of fees and commission incurred in relation to the Loan which shall be paid as the Mortgage Broker may in writing direct (based on a maximum mortgage advance of \$8,000,000 where the actual mortgage advance is less than \$8,000,000, the referral and related fees will be proportionately reduced); and,
- c) Legal Fees. Legal Fees of \$20,000.00 plus HST plus Disbursements (which shall include Title Insurance and other Expenses) shall be payable to the Lender's Solicitors which shall be deducted from the first Loan Instalment. In the event that there is more than one (1) Loan Instalments, then additional legal fees of \$3,000 plus HST plus Disbursements shall be paid to the Lender's Solicitors on each additional Loan Instalment. The fees, taxes and disbursements of the Borrower's Solicitors shall be paid in addition to the fees, taxes and disbursements of the Lender's Solicitors. It is estimated the fees of the Borrower's Solicitors shall be \$35,000 (plus HST and disbursements) for the first Loan Instalment and \$20,000 (plus HST and disbursements) for each Loan Instalment thereafter, exclusive of the costs of preparation of any offering documents in jurisdictions where such documents are required.

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

The Additional Loan Payment shall be an amount equal to four (4%) per cent per annum of the principal amount of the Mortgage advanced to the Borrower and shall be payable for such time as the Loan remains outstanding, as determined by the Lender (the "Additional Loan Payment"). The Additional Loan Payment shall be payable by the Borrower from the Distributable Cash Proceeds. The payment of the Additional Loan Payment may be paid at any time and from time to time to the Lender after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement. If the principal amount advanced to the Borrower is less than \$8,000,000, the Additional Loan Payment shall be reduced accordingly. The Additional Loan Payment will be paid after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement as determined by the Lender, acting reasonably.

For the sake of clarity, if the face amount of the Mortgage is \$8,000,000 and the Borrower's Liabilities have not been paid until the third anniversary of the first Loan Instalment, then the amount of the Additional Loan Payment payable by the Borrower to the Lender shall be \$960,000, or 4% per annum for each year the Mortgage is outstanding; which interest amount shall not be compounded from time to time. Notwithstanding the foregoing, the calculation of the Additional Loan Payment and the timing of the payments thereof shall be determined by the Lender, acting reasonably.

The Lender shall provide to the Borrower reasonable notice of any payments made on account of the Additional Loan Payment. If the Borrower exercises its right to prepay all or a portion of the Loan, then the 4% per annum Additional Loan Payment for the third year (or any additional extensions) of the term of this Loan shall continue to be payable, in full, notwithstanding any prepayment, from Distributable Cash Proceeds.

SCHEDULE "E"
PERMITTED ENCUMBRANCES

1. Liens for municipal property taxes, local improvement assessments or taxes, or other taxes, assessments or recoveries relating to the Property which are not at the time due.
2. The reservations, limitations, exceptions, provisos and conditions, if any expressed in any original grants from the Crown including, without limitation, the reservations of any mines and minerals in the Crown or in any other person.
3. Any registered or unregistered licenses, easements, rights-of-way, rights in the nature of easements and agreements with respect thereof which relate to the provisions of utilities or services or easements or rights of way in favour of any governmental authority, any private or public utility, any railway company or any adjoining owner to the Property (including, without limitation, agreements, easements, licenses, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraphic conduits, poles, wires, and cables).
4. Title defects or irregularities, which are of a minor nature and in the aggregate will not materially adversely impair the use or marketability of the Real Property or that part thereof affected by the defect or irregularity for the purposes for which it is presently used.
5. The exceptions, limitations and qualifications of the *Land Titles Act* and any amendments thereto.

SCHEDULE "B"

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

BETWEEN:

THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED

AND:

2223947 ONTARIO LIMITED

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

THIS AGREEMENT made and effective as of January 2, 2013.

BETWEEN:

**THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED
HERETO**

(herein individually referred to as a "Lender" and collectively, as "Lenders")

AND:

2223947 ONTARIO LIMITED, a company incorporated under
the laws of the Province of Ontario,

(herein referred to as the "Bare Trustee")

RECITALS:

- A. Each of the Lenders have agreed to participate in the Loan (as hereinafter defined) in accordance with the terms of this Mortgage Participation Agreement.
- B. The Bare Trustee will be the holder of the Lender Security (as hereinafter defined) in trust for the Lenders according to their respective Proportionate Share Percentages (as hereinafter defined) and the Bare Trustee will administer the Loan, on behalf of the Lenders, in accordance with this Agreement.
- C. Each of the Lenders and the Bare Trustee wish to enter into this Agreement to set out their respective rights, obligations and agreements with respect to the Loan.

IN CONSIDERATION of the mutual obligations of the Lenders and the Bare Trustee in this Agreement and other good and valuable consideration received by each of the Lenders from the Bare Trustee, the receipt and sufficiency of which is acknowledged, the parties hereto covenant and agree with each other as follows:

PART 1

DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following terms have the following meanings:

- (a) **"Bare Trustee's Solicitors"** means Nancy Elliott, Barrister & Solicitor, 5000 Yonge Street, Suite 1901, Toronto, Ontario, M2N 7E9, or such other law firm that the Bare Trustee may appoint subject to the Lender's right to appoint their solicitors by Ordinary Approval in accordance with this Agreement;

- (b) **"Borrower"** means Legacy Lane Investments Ltd., its successors and assigns;
- (c) **"Borrower's Liabilities"** has the same meaning as set forth in the Loan Agreement;
- (d) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (e) **"GAAP"** has the meaning given to it in Section 1.2 hereof;
- (f) **"Interest Rate"** means Eight (8%) per cent per annum calculated and payable as set forth in the Loan Agreement;
- (g) **"Interest Reserve Account"** means an interest reserve account to be established pursuant to the Loan Agreement and which shall be administered by the Bare Trustee from funds advanced under the Loan which, initially, should be the equivalent to the first year's worth of interest payable by the Borrower pursuant to the Loan Agreement as determined by the Bare Trustee, with the amount of said interest reserve account to be deposited into the Bare Trustee's Solicitors trust account;
- (h) **"Lands"** means the lands and premises more particularly described in Schedule "B" attached hereto;
- (i) **"Lender Security"** or **"Lenders Security"** means, in respect of the Loan, all security and documentation required of the Borrower by the Bare Trustee pursuant to the Loan Agreement, including the Mortgage and the Security Agreement;
- (j) **"Loan"** means the aggregate amount of all advances made from time to time under the Loan Agreement by the Bare Trustee, in trust for the Lenders, to the Borrower, less the amount, if any, repaid from time to time by the Borrower to the Bare Trustee;
- (k) **"Loan Agreement"** means a certain Loan Agreement dated January 2, 2013 by and between the Borrower and the Bare Trustee, a copy of which is attached as Schedule "C" hereto, as may be amended, supplemented or restated from time to time;
- (l) **"Loan Interest"** means each of the Lender's interest in the Borrower's Liabilities;
- (m) **"Major Decisions"** means the following decisions to be made by the Lenders in relation to the Loan:
 - (i) any change in the Interest Rate applicable to the Loan;
 - (ii) any increase in the amount of the Loan;

- (iii) any change to the Borrower's entitlement to prepay the Loan;
 - (iv) any change in the periodic payments or maturity date under the Loan from that set out in the Loan Agreement;
 - (v) any forgiveness of any money owing in respect of the Loan;
 - (vi) any agreement whereby money owing under the Loan is converted to shares or equity of the Borrower or to any other type of security;
 - (vii) any agreement permitting the Borrower to register any mortgage or other debt security as against the Lands, except as allowed under the Loan Agreement;
 - (viii) any cancellation or termination of any of the Lender Security;
 - (ix) any concession, forgiveness or waiver with regard to the payment of the Loan;
 - (x) the incurring of any liability in priority to the Loan except as set forth in the Loan Agreement.
-
- (n) **"Majority of Lenders"** means those Lenders, from time to time, holding or having more than 50.01% of the Proportionate Share Percentage of the Loan;
 - (o) **"Material Event of Default"** means, in respect of the Loan, the "Events of Default" as defined and as set forth in the Loan Agreement.
 - (p) **"Mortgage"** means, in respect of the Loan, the first mortgage registered, or to be registered against title to the Lands in favour of the Bare Trustee in the principal amount of \$3,500,000.00, and all amendments thereto;
 - (q) **"Ordinary Approval"** means the approval of Lenders holding in the aggregate, more than 50.01 % of the Voting Interest;
 - (r) **"Principal"** means, in respect of a Loan, all principal from time to time owing under the Loan;
 - (s) **"Property"** means the Lands and all movable equipment, chattels and other personal property, revenues including without limitation all retail and parking revenues, licenses, leases, permits, approvals, and all other tangible or intangible property and all proceeds from any insurance or sales in respect of the foregoing owned by the Borrower or to which the Borrower is entitled;
 - (t) **"Proportionate Share Percentage"** or **"Proportionate Share Percentages"** means, in respect of the Loan, the proportionate interest of each of the Lenders in respect of the Loan from time to time (expressed as a percentage), which shall be the percentage that the total outstanding advances made by each Lender is of the total of all advances made by all Lenders, as calculated by the Bare Trustee,

acting reasonably, and as may be adjusted by the Bare Trustee, acting reasonably, and with the Proportionate Share Percentages of all the Lenders set forth as of the date first above written in Schedule "D" attached hereto;

- (u) **"Protective Advance"** means advances whether necessary or otherwise, for the protection or preservation of the Loan, the Property or other collateral or to avoid the probability or likelihood of losses to the Lenders under the Loan and the Lender Security, including without limitation advances to pay for property taxes, environmental remediation, legal fees, realization costs, appraisals, consultant's fees, receiver's fees, property manager's fees, insurance or repairs in respect of the Property or other collateral or to discharge any liens, charges or encumbrances ranking in priority to the Lender Security as against the Property or other collateral;
- (v) **"Requisitioning Lenders"** shall have the same meaning as set forth in Sub-Section 8.1(d) hereof;
- (w) **"Security Agreement"** means a Security Agreement entered into by the Borrower and the Bare Trustee, in trust for the Lenders, to secure repayment of the Loan, and all amendments thereto; and,
- (x) **"Voting Interest"** means the number of votes of the Lenders, corresponding to their respective Proportionate Share Percentages but expressed as a whole number to two decimal places if the Bare Trustee, acting reasonably, believes to do so is appropriate under the circumstances, that each Lender has as set out in Schedule "D" attached hereto which may be subject to adjustments from time to time, by the Bare Trustee, acting reasonably.

1.2 Unless specifically provided to the contrary, all accounting and financial terms used in this Agreement shall be interpreted and applied in accordance with generally accepted accounting principles in Canada consistently applied as of the reference date of this Agreement ("GAAP"). Where the Canadian Institute of Chartered Accountants includes a statement in its Handbook on a method of accounting, such statement shall be regarded as the only generally accepted accounting principle applicable to the circumstances that it covers and subject to the immediately preceding sentence, references herein to "GAAP" shall be interpreted accordingly.

1.3 The following schedules (and any other supplementary schedules or exhibits referred to therein) are incorporated by reference in this Agreement and are deemed to form a part hereof:

Schedule "A" - List of Lenders (Address Information for Notices)

Schedule "B" - Legal Description of Lands

Schedule "C" - Loan Agreement

Schedule "D" - Lender's advances, Proportionate Share Percentage and Voting Interests.

PART 2

AGENCY APPOINTMENT AND LIABILITY

2.1 The Lenders hereby appoint the Bare Trustee as their administration agent for the purpose of administering the Loan and carrying out the Lenders' rights, powers and duties under this Agreement, the Loan Agreement and the Lenders Security and the Bare Trustee agrees to carry out and fulfill such appointment in a responsible manner.

2.2 If, in the course of carrying out its rights, powers and duties under this Agreement, the Bare Trustee is, in respect of the Loan, subject to any liability, losses, claims, costs or damages arising under or in relation to the Loan Agreement, the Loan or the Lender Security, the Lenders shall be responsible for same, in proportion to their respective Proportionate Share Percentage, unless same arises as a result of the negligence, misrepresentation or wilful default of the Bare Trustee or from matters arising out of the inaction of the Bare Trustee under this Agreement, the Loan Agreement or the Lenders Security or the actions of the Bare Trustee are beyond the scope of its authority under this Agreement, for which the Bare Trustee shall be solely responsible.

2.3 The Lenders appoint the Bare Trustee to hold the Lenders Security, the Loan and all proceeds received from the Borrower, either directly or indirectly, as bare trustee for the Lenders in accordance with their respective Proportionate Share Percentage.

2.4 The Bare Trustee shall:

- (a) at all times comply with the provisions of this Agreement and follow the directions of the Majority of Lenders;
- (b) act solely on the directions of the Majority of Lenders and not on the directions of an individual Lender; and,
- (c) except as set forth in this Agreement, the Loan Agreement or the Lenders Security, not acquire or hold any property, incur any liability, undertake any obligation or perform any activity except on the directions of the Majority of Lenders.

2.5 The business and affairs of the Bare Trustee shall be managed by the board of directors of the Bare Trustee. Unless otherwise agreed by a Majority of the Lenders, the board of directors of the Bare Trustee shall consist of One (1) director being Raj Singh and Raj Singh shall also serve as President and Secretary of the Bare Trustee.

PART 3

LOAN ADVANCE AND PROTECTIVE ADVANCES

3.1 The Lenders acknowledge, confirm and agree that the advances made by each of the Lenders and each Lender's respective Proportionate Share Percentage is as set forth in Schedule "D" attached hereto.

3.2 If the Lenders determine by Ordinary Approval that an expenditure is required as a Protective Advance, the Bare Trustee shall deliver to the Lenders a written request that same be made, accompanied by such written particulars of same as the Bare Trustee considers appropriate, acting reasonably, and a calculation of the each Lender's share of such Protective Advance based on its respective Proportionate Entitlement. The Lenders may, within ten (10) Business Days after receiving the Bare Trustee's request, pay to the Bare Trustee its proportionate share as determined by the Bare Trustee, acting reasonably, of such Protective Advance. The Bare Trustee shall keep a record of all such Protective Advances made by the Lenders.

PART 4

LOAN ENTITLEMENTS

4.1 Subject to Section 4.3 hereof, the Lenders shall be entitled to receive, to the extent provided by proceeds received from the Borrower or pursuant to the Loan Agreement including the Interest Reserve Account, the repayment of their advances as set forth in Schedule "D" attached hereto with interest thereon at the Interest Rate plus any amounts payable to the Bare Trustee under the Loan Agreement in proportion to their respective Proportionate Share Percentages from time to time. Any partial repayment of the Loan or Borrower's Liabilities to the Lenders will be in accordance with the provisions set out in Loan Agreement or the Lenders Security.

4.2 Subject to Section 4.3 hereof, the Loan Interest of any of the Lenders shall not rank in priority to the Loan Interest of the other Lenders.

4.3 The proceeds of realization, insurance, expropriation and other compensation or other proceeds realized or paid under the Loan Agreement or the Lender Security including Principal with interest thereon in accordance with the Loan Agreement, in respect of the Loan shall be paid out by the Bare Trustee as follows:

- (a) first, by payment to each Lender, if applicable, who has made a Protective Advance, pro-rata, based on the Protective Advances made by any such Lenders; and,
- (b) the balance, by payment to each Lender, pro-rata in accordance with such Lender's respective Proportionate Share Percentages.

The Bare Trustee, acting reasonably, shall determine the above-noted pay-outs or distributions to the Lenders.

PART 5

LENDER SECURITY

5.1 The Lender Security shall be held and where applicable registered in the applicable registry in the name of the Bare Trustee. The Bare Trustee shall hold the Lender Security as bare trustee for and on behalf of the Lenders in accordance with their respective Proportionate Share Percentages.

5.2 The Bare Trustee will cause the Bare Trustee's Solicitors, to:

(a) address its legal opinions in respect of the Lender Security to both the Lenders (if possible) and the Bare Trustee; and

(b) provide each Lender with a document book containing executed copies of the Lender Security and all other material legal documents relating to the Loan (including Declarations of Trust) within a reasonable time after the first advance of the Loan.

If any Lender wishes to engage the services of its own legal counsel or other advisors in connection with the Loan or the Lender Security, the cost of such additional advice shall be at the cost of such Lender.

PART 6

BARE TRUSTEE'S FUNCTIONS AND AUTHORITY

6.1 Subject to the provisions of this Agreement, the Bare Trustee shall administer the Loan and the Lender Security as it deems advisable, consistent with reasonable administration practices and, without limiting the generality of the foregoing, shall perform the following duties:

(a) make reasonable efforts to collect all payments due under the Loan;

(b) forthwith give notices to the Borrower, its successors and assigns, tenants of the Property, if any, and others as are necessary to properly administer the Loan and the Borrower's Obligations under the Loan Agreement and the Lenders Security;

(c) maintain proper records and accounts;

(d) promptly inform each Lender of any default which has occurred under the Loan Agreement or Lender Security and of which it has knowledge and take such action as is required or permitted to be taken under this Agreement, the Loan Agreement or the Lenders Security save and except for the matters that require the Ordinary Approval of the Lenders under this Agreement; and,

(e) agree to modifications of or waivers in respect of the Loan, approved by Ordinary Approval.

6.2 Notwithstanding the foregoing, the Bare Trustee shall not agree to or implement any Major Decisions unless same have been previously approved by an Ordinary Approval of the Lenders. When approved by an Ordinary Approval, such Major Decisions shall be binding on all Lenders; provided the Bare Trustee shall be entitled to execute all documentation necessary to subordinate the Mortgage and other security granted to the Bare Trustee/Lenders by the Borrower to any security granted by the Borrower to a construction lender for the purposes of constructing the condominium project at the Property and the Bare Trustee shall not be obligated to seek approval from the Lenders in this regard and such action shall not be deemed to constitute a Major Decision for the purposes of this Agreement.

6.3 The Bare Trustee shall deal equitably and in a non-discriminatory manner with the Lenders in carrying out its duties under this Agreement.

6.4 The Bare Trustee shall not have any duties or responsibilities in relation to the Loan or the Loan Interests, except as are set out in this Agreement.

6.5 The Borrower shall be instructed by the Bare Trustee to direct to the Bare Trustee all correspondence, communications, notices, statements and reports, requests for advances and other payments and all other matters whatsoever relating to the Loan, the Loan Agreement and the Lender Security.

PART 7

REMITTANCE OF PAYMENTS

7.1 The Bare Trustee shall receive all payments made by the Borrower under the Loan in trust for the Lenders in accordance with their respective Proportionate Share Percentages, subject to the provisions of this Agreement. At the option of the Bare Trustee, the Bare Trustee may direct the Borrower to pay any payments under the Loan to the Bare Trustee's Solicitors, in trust. The Bare Trustee shall remit, or cause the Bare Trustee's Solicitors to remit, to the Lenders its respective share of such payments in accordance with this Agreement promptly after receipt of such funds. All funds received and processed by the Bare Trustee on behalf of the Lenders shall, if not otherwise deposited into the Trust Account of the Bare Trustee's Solicitors, be accounted for separately from the Bare Trustee's own funds, shall be processed through and/or held in a segregated account, and shall not be commingled with the Bare Trustee's own funds.

7.2 The Lenders acknowledge that the Bare Trustee is irrevocably authorized and directed to deduct and retain or pay from any payments received by it from the Borrower in respect of the Loan any amounts owing by a Lender to the Bare Trustee under this Agreement or paid by the Bare Trustee in behalf of such Lender on their behalf in fulfillment of the Lender's obligations hereunder.

PART 8

LENDERS MEETINGS

8.1 A Meeting of the Lenders shall be called in the following circumstances:

- (a) By the Bare Trustee, if there is a Default under the Loan Agreement which Default has not been cured as determined by the Bare Trustee, acting reasonably;
- (b) By the Bare Trustee, if a Major Decision is required to be made as determined by the Bare Trustee, acting reasonably;
- (c) By the Bare Trustee, if Lenders, in the aggregate, having or holding Proportionate Share Percentages of more than Ten (10%) per cent and such Lenders request that the Bare Trustee have a Meeting of the Lenders; and,
- (d) By the requisitioning Lenders if Lenders, holding more than ten (10%) per cent of Proportionate Share Percentages (the "Requisitioning Lenders") in

writing requisition the Bare Trustee to hold a Meeting of Lenders and the Bare Trustee does not call a Meeting of the Lenders within Seven (7) days of receipt of such requisition.

Notwithstanding the foregoing, the Bare Trustee may call a Meeting of the Lenders at any time.

- 8.2 Meetings of Lenders shall be held at such location as determined by the Bare Trustee or the Requisitioning Lenders, as the case may be, in the Notice of the Meeting of Lenders provided such location is in the Greater Toronto Area. All costs and expenses related to the holding of the Meeting of Lenders shall be deducted from the amounts received from the Borrower under the Loan Agreement as the Bare Trustee may, acting reasonably determine.
- 8.3 Notice of the time and place of each meeting of the Lenders along with a brief Agenda shall be given not less than 10 nor more than 50 days before the date of the meeting to each Lender. A Lender may in any manner waive notice of or otherwise consent to a meeting of Lenders.
- 8.4 A meeting of Lenders may be held without notice at any time and at any place if all the Lenders are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held so long as the Lenders present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- 8.5 The Chairman and Secretary of any meeting of Lenders shall be appointed by the Bare Trustee unless a Majority of Lenders decide otherwise.
- 8.6 The only persons entitled to be present at a meeting of Lenders shall be the Lenders or their duly-appointed proxies or representatives as contemplated herein. Any other person may be admitted to a Meeting of Lenders only on the invitation of the Chairman or with the consent of a Majority of Lenders.
- 8.7 A quorum for the transaction of business at any meeting of Lenders shall be those Lenders holding Thirty (30%) per cent or more of the Proportionate Share Percentage present in person, or a duly appointed proxyholder or representative for a Lender so entitled. For the sake of clarity, if a quorum is present at the opening of any meeting of Lenders, the Lenders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the time appointed for a meeting of Lenders, or within such reasonable time thereafter as the Lenders present may determine, the Lenders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business. If Meeting of Lenders is adjourned as aforesaid, then the Meeting of the Lenders arising from said adjournment shall have no quorum requirements.
- 8.8 Every Lender may appoint a proxy-holder, or one or more alternate proxyholders, to attend and act as his or her representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the Lender or his attorney and shall be suitable to the Bare Trustee or the Bare Trustee's Solicitors, acting reasonably.

- 8.9 If two or more persons comprise a Lender or hold a Loan Interest jointly, any one of them present in person or duly represented at a meeting of Lenders may, in the absence of the other or others, vote the Voting Interest; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.
- 8.10 At any meeting of Lenders every Lender shall be entitled to exercise votes equal to his or her respective Voting Interest.
- 8.11 At any Meeting of Lenders, every question shall be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the Chairman shall be entitled to a second or casting vote.
- 8.12 Any question at a meeting of Lenders shall, at the discretion of the Chairman, be decided by a show of hands or a ballot. Upon a show of hands every Lender who is present and entitled to vote shall have such number of votes equal to his or her Voting Interest. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the Chairman that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Lenders upon the said question.
- 8.13 On any question proposed for consideration at a meeting of Lenders, and whether or not a show of hands has been taken thereon, the Chairman may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the Chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of his or her Voting Interest which he or she is entitled to vote at the meeting upon the question, to that number of votes and the result of the ballot, by simple majority of the Voting Interest so taken shall be the decision of the Lenders upon the said question.
- 8.14 The Chairman may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of Lenders is adjourned for less than 30 days, it shall not be necessary to give notice of the resumption of the adjourned meeting, other than by announcement at the earlier meeting that is adjourned. If a meeting of Lenders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.
- 8.15 Notwithstanding the foregoing, a resolution in writing signed by all the Lenders is as valid as if it had been passed at a meeting of Lenders. A resolution in writing, signed by fax and/or in counterpart by all the Lenders, is as valid as if a single copy thereof had been signed by all the Lenders.

PART 9

LOAN IN DEFAULT

9.1 The Bare Trustee shall give the Lenders written notice that a Material Event of Default has occurred (the "Default Notice") after becoming aware of the Material Event of Default.

9.2 If a Majority of the Lenders, in writing, do not dispute that a Material Event of Default has occurred within ten (10) Business Days of receipt of the Default Notice, then the Bare Trustee will promptly exercise whatever remedies that are available at law or under the Loan Agreement or Lenders Security (as applicable), as the Bare Trustee considers reasonable in the circumstances including institute the realization of the Loan, unless a Majority of the Lenders otherwise agree in writing. During any realization proceedings the Bare Trustee will provide a regular report on the status of the realization to the Lenders.

9.3 Notwithstanding anything to the contrary contained in this Agreement, the Bare Trustee may be permitted to take any action, initiate any steps or make any decision related to the Loan, the Loan Agreement and the Lenders Security, including enforcement thereof, that it considers to be reasonable in the circumstances.

PART 10

RELIANCE ON EXPERTS

10.1 The Bare Trustee shall be entitled to employ legal counsel, appraisers, accountants, or other experts (which experts have been approved by the Lenders by Ordinary Approval or by a Majority of Lenders) all at the Lenders' expense in proportion to their respective Proportionate Share Percentages, in connection with the performance of its duties under this Agreement, other than its standard administrative duties set out herein. Notwithstanding the foregoing, all of the parties hereto acknowledge and agree that unless the Bare Trustee agrees otherwise, any and all payments to be paid to the Bare Trustee shall be directed to be paid to the Bare Trustee's Solicitors. The Bare Trustee may rely and act upon the opinion or advice of such persons and shall not be responsible to the Lenders for any loss resulting from any action or non-action in accordance with such opinion or advice.

PART 11

NO WARRANTY OR LIABILITY

11.1 The Bare Trustee makes no representations, warranties or agreements with respect to the advisability, soundness, potential income, profitability, return, security of the Loan any other matter or aspect relating or pertaining to the Loan, the Property, the Loan Agreement, the Lender Security or the Borrower except as are expressly set out in this Agreement. **EACH OF THE LENDERS ACKNOWLEDGES AND AGREES THAT ITS PARTICIPATION IN THE LOAN IS AT ITS OWN RISK AND THAT IT IS THE SOLE OBLIGATION OF EACH LENDER TO INDEPENDENTLY INVESTIGATE AND SATISFY ITSELF AS TO ALL ASPECTS OF THE LOAN, THE PROPERTY, THE LOAN AGREEMENT, THE LENDER SECURITY AND THE BORROWER.**

11.2 The Bare Trustee shall not be liable to any Lender for any losses or damages suffered or incurred by any Lender as a result of any deficiency or loss upon realization of the Lender Security unless the same has been occasioned by the negligence or breach of this Agreement by the Bare Trustee.

PART 12

NOTICE

12.1 Any notice, offer, demand, acceptance or other communication (a "Communication") which may be given pursuant to or concerning this Agreement shall be in writing and may be given by personal service or may be given by prepaid first class mail mailed from anywhere within Canada to the respective party concerned at the address hereinafter appearing or at such other address of which written notice may then have been given pursuant to the provisions of this Section 12.1, and if so mailed the same shall be deemed to have been received on the fifth business day next following the date of such mailing provided, however, that if there shall occur any relevant work stoppage, work slowdown or other event which, on a reasonable view of the facts, can be expected to impede for a period of time the normal time of the delivery of the mails from the place where such Communication is posted to the place where the same is addressed, such period of five (5) business days shall be extended by a comparable period of time. Any Communication may also be given by consigning the same to a responsible courier service within Canada for prepaid delivery to the party concerned at the address to which the Communication may then be given by prepaid first class mail, and if so consigned such Communication shall be deemed to have been received by such party on the third day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of such consignment. Any Communication may also be given by transmitting by telefax number hereinafter appearing of which written notice may then have been given pursuant to the provisions of this Section 12.1, in which event such Communication shall be deemed to have been received by such party on the first day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of its transmittal. Any Communication which is deposited at the address to which the Communication may then be mailed shall be deemed to have been received on the first day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of such deposit. Any Communication which is given by personal service shall be deemed to have been received on the date such Communication was given.

Any party who has given a Communication shall upon the request of the party to whom it was addressed provide promptly to such party one copy thereof.

The addresses and telefax numbers of the parties for the purposes of this Section 12.1 are as follows:

to the Bare Trustee: c/o Tier I Transaction Advisory Services Inc.
3655 Kingston Road
Toronto, ON M1M 1S2

Attention: Mr. Raj Singh
Fax Number: 416-218-0236

with a copy to:

Nancy Elliott, Barrister & Solicitor
5000 Yonge Street
Suite 1901
Toronto, Ontario
M2N 7E9

Attention: Ms Nancy Elliott
Fax Number: 416-628-5597

and to the Lenders: As set forth in Schedule "A" attached hereto

PART 13

TERMINATION OF APPOINTMENT OF BARE TRUSTEE

13.1 The Bare Trustee may be relieved of its duties under this Agreement by a Majority of the Lenders.

13.2 If the Bare Trustee is relieved of its duties hereunder as contemplated in Section 13.1 hereof, it shall forthwith at its expense do such things and execute and deliver such documents as may be necessary to give effect to such termination and the appointment of a successor bare trustee to administer the Loan on behalf of the Lenders in accordance with this Agreement and shall deliver to the successor Administrator all documents and records in its possession or under its control relating to the Borrower, the Loan, the Property and the Lender Security and, if possible, to transfer the Lender Security to the successor Administrator. The cost of the successor Bare Trustee shall be borne by the Lenders in proportion to the respective Proportionate Share Percentage outstanding to each of them from time to time.

PART 14

GENERAL CONTRACT PROVISIONS

14.1 If any part or provision of this Agreement is invalid or unenforceable it will be severed from this Agreement and the remainder shall be construed as if such invalid or unenforceable part or provision had been deleted from this Agreement.

14.2 Time shall be of the essence in this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limit for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day. The time limit for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties.

14.3 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and shall enure to the benefit of and shall be binding upon the parties hereto, their respective heirs, legal representatives, successors and assigns, as the case may be.

14.4 In this Agreement, all references to the singular will be construed to include the plural where the context so admits, the masculine to include the feminine and neuter gender and, where necessary, a body corporate and vice versa.

14.5 Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by the Lender (including phrases such as "in the discretion of", "in the opinion of", "in its opinion", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

14.6 The terms "this Agreement", "this Mortgage Participation Agreement", "this Syndicated Mortgage Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto. The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

14.7 The provisions of this Agreement shall survive the execution and delivery of the Loan Agreement, the Lender Security and the funding of the Loan.

14.8 This Agreement shall remain in force until the earlier of the date upon which:

- (a) the Loan has been paid in full and the Lender Security discharged;
- (b) the Lender Security for all of the Loans has been fully realized upon (including prosecution of covenants to pay and realization upon assets in connection therewith) and the proceeds of realization have been fully distributed among the Lenders;
- (c) this Agreement is otherwise mutually terminated by the Bare Trustee and the Lenders by Ordinary Approval.

14.9 The parties hereto acknowledge and agree that facsimile signatures on this Agreement will be valid and binding as if this Agreement had been executed in original by the parties hereto, and receipt of this Agreement bearing a signature by facsimile transmission shall constitute delivery of this Agreement.

This Agreement may be executed (either by original or facsimile signature) in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.10 The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

14.11 The Recitals hereof form an integral part of this Agreement.

14.12 Each Lender and the Bare Trustee shall upon the written request of another party to this agreement execute and deliver to such other party such further documents and assurances and do and cause to be done and performed all such further acts and things as are within its reasonable power to do and as are reasonably necessary or desirable in order to give full effect to this Agreement and the transactions contemplated by it.

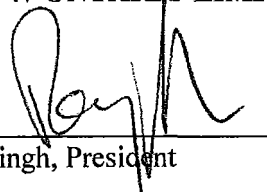
14.13 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and in the instruments and documents to be executed and delivered pursuant to this Agreement, contains all of the representations, undertakings and agreements of the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or oral, with respect to the subject matter of this Agreement.

1.1 14.14 The parties hereto, and each of them, hereby acknowledge that Nancy Elliott, Barrister & Solicitor (the "Firm") has acted for the Bare Trustee in connection with this Agreement, the Loan Agreement and the Lenders Security. The Lenders acknowledge that the Firm has advised and recommended to them that, because the Firm is acting for only the Bare Trustee as aforesaid, that each of the Lenders should obtain legal advice concerning the advisability of entering into this Agreement before executing it.

The parties have duly executed this Agreement as of the date first above written.

2223947 ONTARIO LIMITED


Per:




Raj Singh, President

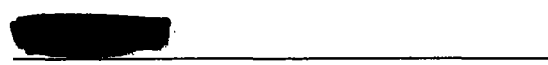
I HAVE AUTHORITY TO BIND THE CORPORATION

**SIGNED, SEALED AND DELIVERED)
in the presence of:)**


Witness Signature:)

JUDE CASSIMY
Witness Name (Print):)


Investor Signature:)


Investor Name (Print):)

SCHEDULE "A"

LIST OF LENDERS (Address Information for Notices)

Name of Lender	Address of Lender

SCHEDULE "B"

LEGAL DESCRIPTION OF LANDS

DESCRIPTION: PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN FAVOUR OF PT 1-4, 6, 8, 10 , 12 , 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 & 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE

SCHEDULE "C"
LOAN AGREEMENT

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

BETWEEN:

THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED

AND:

**TEXTBOOK STUDENT SUITES (525 PRINCESS STREET) TRUSTEE
CORPORATION**

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

THIS AGREEMENT made and effective as of October 5, 2015.

BETWEEN:

**THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED
HERETO**

(herein individually referred to as a "Lender" and collectively, as "Lenders")

AND:

**TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION**, a company incorporated under the
laws of the Province of Ontario,

(herein referred to as the "Bare Trustee")

RECITALS:

A. Each of the Lenders have agreed to participate in the Loan (as hereinafter defined) in accordance with the terms of this Mortgage Participation Agreement.

B. The Bare Trustee will be the holder of the Lender Security (as hereinafter defined) in trust for the Lenders according to their respective Proportionate Share Percentages (as hereinafter defined) and the Bare Trustee will administer the Loan, on behalf of the Lenders, in accordance with this Agreement.

C. Each of the Lenders and the Bare Trustee wish to enter into this Agreement to set out their respective rights, obligations and agreements with respect to the Loan.

IN CONSIDERATION of the mutual obligations of the Lenders and the Bare Trustee in this Agreement and other good and valuable consideration received by each of the Lenders from the Bare Trustee, the receipt and sufficiency of which is acknowledged, the parties hereto covenant and agree with each other as follows:

PART 1

DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following terms have the following meanings: "Bare Trustee's Solicitors" means Nancy Elliott, Barrister & Solicitor, 5000 Yonge Street, Suite 1901, Toronto, Ontario, M2N 7E9, or such other law firm that the Bare Trustee may appoint subject to

the Lender's right to appoint their solicitors by Ordinary Approval in accordance with this Agreement;

- (a) **"Borrower"** means Textbook (525 Princess Street) Inc., its successors and assigns;
- (b) **"Borrower's Liabilities"** has the same meaning as set forth in the Loan Agreement;
- (c) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (d) **"GAAP"** has the meaning given to it in Section 1.2 hereof;
- (e) **"Interest Rate"** means Eight (8%) per cent per annum calculated and payable as set forth in the Loan Agreement.
- (f) **"Interest Reserve Account"** means an interest reserve account to be established pursuant to the Loan Agreement and which shall be administered by the Bare Trustee from funds advanced under the Loan which, initially, should be the equivalent to the first year's worth of interest payable by the Borrower pursuant to the Loan Agreement as determined by the Bare Trustee, with the amount of said interest reserve account to be deposited into the Bare Trustee's Solicitors trust account;
- (g) **"Lands"** means the lands and premises more particularly described in Schedule "B" attached hereto;
- (h) **"Lender Security"** or **"Lenders Security"** means, in respect of the Loan, all security and documentation required of the Borrower by the Bare Trustee pursuant to the Loan Agreement, including the Mortgage;
- (i) **"Loan"** means the aggregate amount of all advances made from time to time under the Loan Agreement by the Bare Trustee, in trust for the Lenders, to the Borrower, less the amount, if any, repaid from time to time by the Borrower to the Bare Trustee;
- (j) **"Loan Agreement"** means a certain Loan Agreement dated as of October 5, 2015 by and between the Borrower and the Bare Trustee, a copy of which is attached as Schedule "C" hereto, as may be amended, supplemented or restated from time to time.
- (k) **"Loan Interest"** means each of the Lender's interest in the Borrower's Liabilities;
- (l) **"Major Decisions"** means the following decisions to be made by the Lenders in relation to the Loan:
 - (i) any change in the Interest Rate applicable to the Loan;
 - (ii) any increase in the amount of the Loan;

- (iii) any change to the Borrower's entitlement to prepay the Loan;
 - (iv) any change in the periodic payments or maturity date under the Loan from that set out in the Loan Agreement;
 - (v) any forgiveness of any money owing in respect of the Loan;
 - (vi) any agreement whereby money owing under the Loan is converted to shares or equity of the Borrower or to any other type of security;
 - (vii) any agreement permitting the Borrower to register any mortgage or other debt security as against the Lands, except as allowed under the Loan Agreement;
 - (viii) any cancellation or termination of any of the Lender Security;
 - (ix) any concession, forgiveness or waiver with regard to the payment of the Loan;
 - (x) the incurring of any liability in priority to the Loan except as set forth in the Loan Agreement.
- (m) **"Majority of Lenders"** means those Lenders, from time to time, holding or having more than 50.01% of the Proportionate Share Percentage of the Loan;
- (n) **"Material Event of Default"** means, in respect of the Loan, the "Events of Default" as defined and as set forth in the Loan Agreement.
- (o) **"Mortgage"** means, in respect of the Loan, the second mortgage registered, or to be registered against title to the Lands in favour of the Bare Trustee in the principal amount of up to \$6,400,000, and all amendments thereto;
- (p) **"Ordinary Approval"** means the approval of Lenders holding in the aggregate, more than 50.01 % of the Voting Interest;
- (q) **"Principal"** means, in respect of a Loan, all principal from time to time owing under the Loan;
- (r) **"Property"** means the Lands and all movable equipment, chattels and other personal property, revenues including without limitation all retail and parking revenues, licenses, leases, permits, approvals, and all other tangible or intangible property and all proceeds from any insurance or sales in respect of the foregoing owned by the Borrower or to which the Borrower is entitled;
- (s) **"Proportionate Share Percentage"** or **"Proportionate Share Percentages"** means, in respect of the Loan, the proportionate interest of each of the Lenders in respect of the Loan from time to time (expressed as a percentage), which shall be the percentage that the total outstanding advances made by each Lender is of the total of all advances made by all Lenders, as calculated by the Bare Trustee, acting reasonably, and as may be

adjusted by the Bare Trustee, acting reasonably, and with the Proportionate Share Percentages of all the Lenders set forth as of the date first above written in Schedule "D" attached hereto;

(t) "Protective Advance" means advances whether necessary or otherwise, for the protection or preservation of the Loan, the Property or other collateral or to avoid the probability or likelihood of losses to the Lenders under the Loan and the Lender Security, including without limitation advances to pay for property taxes, environmental remediation, legal fees, realization costs, appraisals, consultant's fees, receiver's fees, property manager's fees, insurance or repairs in respect of the Property or other collateral or to discharge any liens, charges or encumbrances ranking in priority to the Lender Security as against the Property or other collateral;

(u) "Requisitioning Lenders" shall have the same meaning as set forth in Sub-Section 8.1(d) hereof; and

(v) "Voting Interest" means the number of votes of the Lenders, corresponding to their respective Proportionate Share Percentages but expressed as a whole number to two decimal places if the Bare Trustee, acting reasonably, believes to do so is appropriate under the circumstances, that each Lender has as set out in Schedule "D" attached hereto which may be subject to adjustments from time to time, by the Bare Trustee, acting reasonably.

1.2 Unless specifically provided to the contrary, all accounting and financial terms used in this Agreement shall be interpreted and applied in accordance with generally accepted accounting principles in Canada consistently applied as of the reference date of this Agreement ("GAAP"). Where the Canadian Institute of Chartered Accountants includes a statement in its Handbook on a method of accounting, such statement shall be regarded as the only generally accepted accounting principle applicable to the circumstances that it covers and subject to the immediately preceding sentence, references herein to "GAAP" shall be interpreted accordingly.

1.3 The following schedules (and any other supplementary schedules or exhibits referred to therein) are incorporated by reference in this Agreement and are deemed to form a part hereof:

Schedule "A" - List of Lenders (Address Information for Notices)

Schedule "B" - Legal Description of Lands

Schedule "C" - Loan Agreement

Schedule "D" - Lender's advances, Proportionate Share Percentage and Voting Interests.

PART 2

AGENCY APPOINTMENT AND LIABILITY

2.1 The Lenders hereby appoint the Bare Trustee as their administration agent for the purpose of administering the Loan and carrying out the Lenders' rights, powers and duties under

this Agreement, the Loan Agreement and the Lenders Security and the Bare Trustee agrees to carry out and fulfill such appointment in a responsible manner.

2.2 If, in the course of carrying out its rights, powers and duties under this Agreement, the Bare Trustee is, in respect of the Loan, subject to any liability, losses, claims, costs or damages arising under or in relation to the Loan Agreement, the Loan or the Lender Security, the Lenders shall be responsible for same, in proportion to their respective Proportionate Share Percentage, unless same arises as a result of the negligence, misrepresentation or wilful default of the Bare Trustee or from matters arising out of the inaction of the Bare Trustee under this Agreement, the Loan Agreement or the Lenders Security or the actions of the Bare Trustee are beyond the scope of its authority under this Agreement, for which the Bare Trustee shall be solely responsible.

2.3 The Lenders appoint the Bare Trustee to hold the Lenders Security, the Loan and all proceeds received from the Borrower, either directly or indirectly, as bare trustee for the Lenders in accordance with their respective Proportionate Share Percentage.

2.4 The Bare Trustee shall:

- (a) at all times comply with the provisions of this Agreement and follow the directions of the Majority of Lenders;
- (b) act solely on the directions of the Majority of Lenders and not on the directions of an individual Lender; and,
- (c) except as set forth in this Agreement, the Loan Agreement or the Lenders Security, not acquire or hold any property, incur any liability, undertake any obligation or perform any activity except on the directions of the Majority of Lenders.

2.5 The business and affairs of the Bare Trustee shall be managed by the board of directors of the Bare Trustee. Unless otherwise agreed by a Majority of the Lenders, the board of directors of the Bare Trustee shall consist of One (1) director being Raj Singh and Raj Singh shall also serve as President and Secretary of the Bare Trustee.

PART 3

LOAN ADVANCE AND PROTECTIVE ADVANCES

3.1 The Lenders acknowledge, confirm and agree that the advances made by each of the Lenders and each Lender's respective Proportionate Share Percentage is as set forth in Schedule "D" attached hereto.

3.2 If the Lenders determine by Ordinary Approval that an expenditure is required as a Protective Advance, the Bare Trustee shall deliver to the Lenders a written request that same be made, accompanied by such written particulars of same as the Bare Trustee considers

appropriate, acting reasonably, and a calculation of the each Lender's share of such Protective Advance based on its respective Proportionate Share Percentage. The Lenders may, within ten (10) Business Days after receiving the Bare Trustee's request, pay to the Bare Trustee its Proportionate Share Percentage as determined by the Bare Trustee, acting reasonably, of such Protective Advance. The Bare Trustee shall keep a record of all such Protective Advances made by the Lenders.

PART 4

LOAN ENTITLEMENTS

4.1 Subject to Section 4.3 hereof, the Lenders shall be entitled to receive, to the extent provided by proceeds received from the Borrower or pursuant to the Loan Agreement including the Interest Reserve Account, the repayment of their advances as set forth in Schedule "D" attached hereto with interest thereon at the Interest Rate plus any amounts payable to the Bare Trustee under the Loan Agreement in proportion to their respective Proportionate Share Percentages from time to time. Any partial repayment of the Loan or Borrower's Liabilities to the Lenders will be in accordance with the provisions set out in Loan Agreement or the Lenders Security.

4.2 Subject to Section 4.3 hereof, the Loan Interest of any of the Lenders shall not rank in priority to the Loan Interest of the other Lenders.

4.3 The proceeds of realization, insurance, expropriation and other compensation or other proceeds realized or paid under the Loan Agreement or the Lender Security including Principal with interest thereon in accordance with the Loan Agreement, in respect of the Loan shall be paid out by the Bare Trustee as follows:

- (a) first, by payment to each Lender, if applicable, who has made a Protective Advance, pro-rata, based on the Protective Advances made by any such Lenders; and,
- (b) the balance, by payment to each Lender, pro-rata in accordance with such Lender's respective Proportionate Share Percentages.

The Bare Trustee, acting reasonably, shall determine the above-noted pay-outs or distributions to the Lenders.

PART 5

LENDER SECURITY

5.1 The Lender Security shall be held and where applicable registered in the applicable registry in the name of the Bare Trustee. The Bare Trustee shall hold the Lender Security as bare trustee for and on behalf of the Lenders in accordance with their respective Proportionate Share Percentages.

5.2 The Bare Trustee will cause the Bare Trustee's Solicitors, to:

- (a) address its legal opinions in respect of the Lender Security to both the Lenders (if possible) and the Bare Trustee; and
- (b) provide each Lender with a document book containing executed copies of the Lender Security and all other material legal documents relating to the Loan (including Declarations of Trust) within a reasonable time after the first advance of the Loan.

If any Lender wishes to engage the services of its own legal counsel or other advisors in connection with the Loan or the Lender Security, the cost of such additional advice shall be at the cost of such Lender.

PART 6

BARE TRUSTEE'S FUNCTIONS AND AUTHORITY

6.1 Subject to the provisions of this Agreement, the Bare Trustee shall administer the Loan and the Lender Security as it deems advisable, consistent with reasonable administration practices and, without limiting the generality of the foregoing, shall perform the following duties:

- (a) make reasonable efforts to collect all payments due under the Loan;
- (b) forthwith give notices to the Borrower, its successors and assigns, tenants of the Property, if any, and others as are necessary to properly administer the Loan and the Borrower's Obligations under the Loan Agreement and the Lenders Security;
- (c) maintain proper records and accounts;
- (d) promptly inform each Lender of any default which has occurred under the Loan Agreement or Lender Security and of which it has knowledge and take such action as is required or permitted to be taken under this Agreement, the Loan Agreement or the Lenders Security save and except for the matters that require the Ordinary Approval of the Lenders under this Agreement; and,
- (e) agree to modifications of or waivers in respect of the Loan, approved by Ordinary Approval.

6.2 Notwithstanding the foregoing, the Bare Trustee shall not agree to or implement any Major Decisions unless same have been previously approved by an Ordinary Approval of the Lenders. When approved by an Ordinary Approval, such Major Decisions shall be binding on all Lenders; provided the Bare Trustee shall be entitled to execute all documentation necessary to subordinate the Mortgage and other security granted to the Bare Trustee/Lenders by the Borrower to any security granted by the Borrower to a construction lender for the purposes of constructing the condominium project at the Property and the Bare Trustee shall not be obligated

to seek approval from the Lenders in this regard and such action shall not be deemed to constitute a Major Decision for the purposes of this Agreement.

6.3 The Bare Trustee shall deal equitably and in a non-discriminatory manner with the Lenders in carrying out its duties under this Agreement.

6.4 The Bare Trustee shall not have any duties or responsibilities in relation to the Loan or the Loan Interests, except as are set out in this Agreement.

6.5 The Borrower shall be instructed by the Bare Trustee to direct to the Bare Trustee all correspondence, communications, notices, statements and reports, requests for advances and other payments and all other matters whatsoever relating to the Loan, the Loan Agreement and the Lender Security.

PART 7

REMITTANCE OF PAYMENTS

7.1 The Bare Trustee shall receive all payments made by the Borrower under the Loan in trust for the Lenders in accordance with their respective Proportionate Share Percentages, subject to the provisions of this Agreement. At the option of the Bare Trustee, the Bare Trustee may direct the Borrower to make any payments under the Loan to the Bare Trustee's Solicitors, in trust. The Bare Trustee shall remit, or cause the Bare Trustee's Solicitors to remit, to the Lenders its respective share of such payments in accordance with this Agreement promptly after receipt of such funds. All funds received and processed by the Bare Trustee on behalf of the Lenders shall, if not otherwise deposited into the Trust Account of the Bare Trustee's Solicitors, be accounted for separately from the Bare Trustee's own funds, shall be processed through and/or held in a segregated account, and shall not be commingled with the Bare Trustee's own funds.

7.2 The Lenders acknowledge that the Bare Trustee is irrevocably authorized and directed to deduct and retain or pay from any payments received by it from the Borrower in respect of the Loan any amounts owing by a Lender to the Bare Trustee under this Agreement or paid by the Bare Trustee on behalf of such Lender on their behalf in fulfillment of the Lender's obligations hereunder.

PART 8

LENDERS MEETINGS

8.1 A Meeting of the Lenders shall be called in the following circumstances:

- (a) By the Bare Trustee, if there is a Default under the Loan Agreement which Default has not been cured as determined by the Bare Trustee, acting reasonably;

- (b) By the Bare Trustee, if a Major Decision is required to be made as determined by the Bare Trustee, acting reasonably;
- (c) By the Bare Trustee, if Lenders, in the aggregate, having or holding Proportionate Share Percentages of more than Ten (10%) per cent and such Lenders request that the Bare Trustee have a Meeting of the Lenders; and,
- (d) By the requisitioning Lenders if Lenders, holding more than ten (10%) per cent of Proportionate Share Percentages (the "Requisitioning Lenders") in writing requisition the Bare Trustee to hold a Meeting of Lenders and the Bare Trustee does not call a Meeting of the Lenders within Seven (7) days of receipt of such requisition.

Notwithstanding the foregoing, the Bare Trustee may call a Meeting of the Lenders at any time.

8.2 Meetings of Lenders shall be held at such location as determined by the Bare Trustee or the Requisitioning Lenders, as the case may be, in the Notice of the Meeting of Lenders provided such location is in the Greater Toronto Area. All costs and expenses related to the holding of the Meeting of Lenders shall be deducted from the amounts received from the Borrower under the Loan Agreement as the Bare Trustee may, acting reasonably determine.

8.3 Notice of the time and place of each meeting of the Lenders along with a brief Agenda shall be given not less than 10 nor more than 50 days before the date of the meeting to each Lender. A Lender may in any manner waive notice of or otherwise consent to a meeting of Lenders.

8.4 A meeting of Lenders may be held without notice at any time and at any place if all the Lenders are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held so long as the Lenders present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.5 The Chairman and Secretary of any meeting of Lenders shall be appointed by the Bare Trustee unless a Majority of Lenders decide otherwise.

8.6 The only persons entitled to be present at a meeting of Lenders shall be the Lenders or their duly-appointed proxies or representatives as contemplated herein. Any other person may be admitted to a Meeting of Lenders only on the invitation of the Chairman or with the consent of a Majority of Lenders.

8.7 A quorum for the transaction of business at any meeting of Lenders shall be those Lenders holding Thirty (30%) per cent or more of the Proportionate Share Percentage present in person, or a duly appointed proxyholder or representative for a Lender so entitled. For the sake of clarity, if a quorum is present at the opening of any meeting of Lenders, the Lenders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the time appointed for a meeting of

Lenders, or within such reasonable time thereafter as the Lenders present may determine, the Lenders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business. If Meeting of Lenders is adjourned as aforesaid, then the Meeting of the Lenders arising from said adjournment shall have no quorum requirements.

8.8 Every Lender may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as his or her representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the Lender or his attorney and shall be suitable to the Bare Trustee or the Bare Trustee's Solicitors, acting reasonably.

8.9 If two or more persons comprise a Lender or hold a Loan Interest jointly, any one of them present in person or duly represented at a meeting of Lenders may, in the absence of the other or others, vote the Voting Interest; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.10 At any meeting of Lenders every Lender shall be entitled to exercise votes equal to his or her respective Voting Interest.

8.11 At any Meeting of Lenders, every question shall be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the Chairman shall be entitled to a second or casting vote.

8.12 Any question at a meeting of Lenders shall, at the discretion of the Chairman, be decided by a show of hands or a ballot. Upon a show of hands every Lender who is present and entitled to vote shall have such number of votes equal to his or her Voting Interest. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the Chairman that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Lenders upon the said question.

8.13 On any question proposed for consideration at a meeting of Lenders, and whether or not a show of hands has been taken thereon, the Chairman may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the Chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of his or her Voting Interest which he or she is entitled to vote at the meeting upon the question, to that number of votes and the result of the ballot, by simple majority of the Voting Interest so taken shall be the decision of the Lenders upon the said question.

8.14 The Chairman may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a

meeting of Lenders is adjourned for less than 30 days, it shall not be necessary to give notice of the resumption of the adjourned meeting, other than by announcement at the earlier meeting that is adjourned. If a meeting of Lenders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

8.15 Notwithstanding the foregoing, a resolution in writing signed by all the Lenders is as valid as if it had been passed at a meeting of Lenders. A resolution in writing, signed by fax and/or in counterpart by all the Lenders, is as valid as if a single copy thereof had been signed by all the Lenders.

PART 9

LOAN IN DEFAULT

9.1 The Bare Trustee shall give the Lenders written notice that a Material Event of Default has occurred (the "Default Notice") after becoming aware of the Material Event of Default.

9.2 If a Majority of the Lenders, in writing, do not dispute that a Material Event of Default has occurred within ten (10) Business Days of receipt of the Default Notice, then the Bare Trustee will promptly exercise whatever remedies that are available at law or under the Loan Agreement or Lenders Security (as applicable), as the Bare Trustee considers reasonable in the circumstances including institute the realization of the Loan, unless a Majority of the Lenders otherwise agree in writing. During any realization proceedings the Bare Trustee will provide a regular report on the status of the realization to the Lenders.

9.3 Notwithstanding anything to the contrary contained in this Agreement, the Bare Trustee may be permitted to take any action, initiate any steps or make any decision related to the Loan, the Loan Agreement and the Lenders Security, including enforcement thereof, that it considers to be reasonable in the circumstances.

PART 10

RELIANCE ON EXPERTS

10.1 The Bare Trustee shall be entitled to employ legal counsel, appraisers, accountants, or other experts (which experts have been approved by the Lenders by Ordinary Approval or by a Majority of Lenders) all at the Lenders' expense in proportion to their respective Proportionate Share Percentages, in connection with the performance of its duties under this Agreement, other than its standard administrative duties set out herein. Notwithstanding the foregoing, all of the parties hereto acknowledge and agree that unless the Bare Trustee agrees otherwise, any and all payments to be paid to the Bare Trustee shall be directed to be paid to the Bare Trustee's Solicitors. The Bare Trustee may rely and act upon the opinion or advice of such persons and shall not be responsible to the Lenders for any loss resulting from any action or non-action in accordance with such opinion or advice.

PART 11

NO WARRANTY OR LIABILITY

11.1 The Bare Trustee makes no representations, warranties or agreements with respect to the advisability, soundness, potential income, profitability, return, security of the Loan any other matter or aspect relating or pertaining to the Loan, the Property, the Loan Agreement, the Lender Security or the Borrower except as are expressly set out in this Agreement. **EACH OF THE LENDERS ACKNOWLEDGES AND AGREES THAT ITS PARTICIPATION IN THE LOAN IS AT ITS OWN RISK AND THAT IT IS THE SOLE OBLIGATION OF EACH LENDER TO INDEPENDENTLY INVESTIGATE AND SATISFY ITSELF AS TO ALL ASPECTS OF THE LOAN, THE PROPERTY, THE LOAN AGREEMENT, THE LENDER SECURITY AND THE BORROWER.**

11.2 The Bare Trustee shall not be liable to any Lender for any losses or damages suffered or incurred by any Lender as a result of any deficiency or loss upon realization of the Lender Security unless the same has been occasioned by the negligence or breach of this Agreement by the Bare Trustee.

PART 12

NOTICE

12.1 Any notice, offer, demand, acceptance or other communication (a "Communication") which may be given pursuant to or concerning this Agreement shall be in writing and may be given by personal service or may be given by prepaid first class mail mailed from anywhere within Canada to the respective party concerned at the address hereinafter appearing or at such other address of which written notice may then have been given pursuant to the provisions of this Section 12.1, and if so mailed the same shall be deemed to have been received on the fifth business day next following the date of such mailing provided, however, that if there shall occur any relevant work stoppage, work slowdown or other event which, on a reasonable view of the facts, can be expected to impede for a period of time the normal time of the delivery of the mails from the place where such Communication is posted to the place where the same is addressed, such period of five (5) business days shall be extended by a comparable period of time. Any Communication may also be given by consigning the same to a responsible courier service within Canada for prepaid delivery to the party concerned at the address to which the Communication may then be given by prepaid first class mail, and if so consigned such Communication shall be deemed to have been received by such party on the third day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of such consignment. Any Communication may also be given by transmitting by telefax number hereinafter appearing of which written notice may then have been given pursuant to the provisions of this Section 12.1, in which event such Communication shall be deemed to have been received by such party on the first day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of its transmittal. Any Communication which is deposited at the address to which the Communication may then be mailed shall be deemed to have been received on the first day, excluding Saturdays, Sundays and statutory holidays in

Toronto, next following the date of such deposit. Any Communication which is given by personal service shall be deemed to have been received on the date such Communication was given.

Any party who has given a Communication shall upon the request of the party to whom it was addressed provide promptly to such party one copy thereof.

The addresses and telefax numbers of the parties for the purposes of this Section 12.1 are as follows:

to the Bare Trustee: c/o Tier 1 Transaction Advisory Services Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario, L3R 8T3

Attention: Mr. Raj Singh
Fax Number: 647-689-2374

with a copy to: Nancy Elliott, Barrister & Solicitor
5000 Yonge Street
Suite 1901
Toronto, Ontario
M2N 7E9

Attention: Ms. Nancy Elliott
Fax Number: 416-628-5597

and to the Lenders: As set forth in Schedule "A" attached hereto

PART 13

TERMINATION OF APPOINTMENT OF BARE TRUSTEE

13.1 The Bare Trustee may be relieved of its duties under this Agreement by a Majority of the Lenders.

13.2 If the Bare Trustee is relieved of its duties hereunder as contemplated in Section 13.1 hereof, it shall forthwith at its expense do such things and execute and deliver such documents as may be necessary to give effect to such termination and the appointment of a successor bare trustee to administer the Loan on behalf of the Lenders in accordance with this Agreement and shall deliver to the successor Administrator all documents and records in its possession or under its control relating to the Borrower, the Loan, the Property and the Lender Security and, if possible, to transfer the Lender Security to the successor Administrator.

The cost of the successor Bare Trustee shall be borne by the Lenders in proportion to the respective Proportionate Share Percentage outstanding to each of them from time to time.

PART 14**GENERAL CONTRACT PROVISIONS**

14.1 If any part or provision of this Agreement is invalid or unenforceable it will be severed from this Agreement and the remainder shall be construed as if such invalid or unenforceable part or provision had been deleted from this Agreement.

14.2 Time shall be of the essence in this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limit for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day. The time limit for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties.

14.3 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and shall enure to the benefit of and shall be binding upon the parties hereto, their respective heirs, legal representatives, successors and assigns, as the case may be.

14.4 In this Agreement, all references to the singular will be construed to include the plural where the context so admits, the masculine to include the feminine and neuter gender and, where necessary, a body corporate and vice versa.

14.5 Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by the Lender (including phrases such as "in the discretion of", "in the opinion of", "in its opinion", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

14.6 The terms "this Agreement", "this Mortgage Participation Agreement", "this Syndicated Mortgage Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto. The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

14.7 The provisions of this Agreement shall survive the execution and delivery of the Loan Agreement, the Lender Security and the funding of the Loan.

14.8 This Agreement shall remain in force until the earlier of the date upon which:

- (a) the Loan has been paid in full and the Lender Security discharged;

(b) the Lender Security for all of the Loans has been fully realized upon (including prosecution of covenants to pay and realization upon assets in connection therewith) and the proceeds of realization have been fully distributed among the Lenders;

(c) this Agreement is otherwise mutually terminated by the Bare Trustee and the Lenders by Ordinary Approval.

14.9 The parties hereto acknowledge and agree that facsimile signatures on this Agreement will be valid and binding as if this Agreement had been executed in original by the parties hereto, and receipt of this Agreement bearing a signature by facsimile transmission shall constitute delivery of this Agreement.

This Agreement may be executed (either by original or facsimile signature) in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.10 The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

14.11 The Recitals hereof form an integral part of this Agreement.

14.12 Each Lender and the Bare Trustee shall upon the written request of another party to this agreement execute and deliver to such other party such further documents and assurances and do and cause to be done and performed all such further acts and things as are within its reasonable power to do and as are reasonably necessary or desirable in order to give full effect to this Agreement and the transactions contemplated by it.

14.13 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and in the instruments and documents to be executed and delivered pursuant to this Agreement, contains all of the representations, undertakings and agreements of the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or oral, with respect to the subject matter of this Agreement.

14.14 The parties hereto, and each of them, hereby acknowledge that Nancy Elliott, Barrister & Solicitor (the "Firm") has acted for the Bare Trustee in connection with this Agreement, the Loan Agreement and the Lenders Security. The Lenders acknowledge that the Firm has advised and recommended to them that, because the Firm is acting for only the Bare Trustee as aforesaid, that each of the Lenders should obtain legal advice concerning the advisability of entering into this Agreement before executing it.

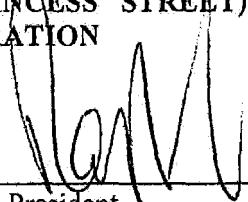
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SIGNATURE PAGE TO FOLLOW

The parties have duly executed this Agreement as of the date first above written.

TEXTBOOK STUDENT SUITES
(525 PRINCESS STREET) TRUSTEE
CORPORATION

Per:



Raj Singh, President

I HAVE AUTHORITY TO BIND THE CORPORATION

SIGNED, SEALED AND DELIVERED)
in the presence of:)

Witness Signature)

Witness Name (Print))

Investor Signature)

Investor Name (Print))

SCHEDULE "B"

LEGAL DESCRIPTION OF LANDS

Legal Description:

525 Princess Street, Kingston, Ontario
PT LT 637-638 PL A12 KINGSTON CITY PT 1 13R6390; T/W FR412426; KINGSTON; THE
COUNTY OF FRONTENAC
PIN 36071-0118 (LT)

531 Princess Street, Kingston, Ontario
PT LT 637-638 PL A12 KINGSTON CITY AS IN FR218760 & FR142138 EXCEPT THE
EASEMENT THEREIN SECONDLY & THIRDLY DESCRIBED IN FR142138 AND
EXCEPT THE EASEMENT THEREIN FIRSTLY DESCRIBED IN FR218760; S/T FR218760
& FR142138; KINGSTON ; THE COUNTY OF FRONTENAC
36071-0117 (LT)

349 Alfred Street, Kingston, Ontario
PT LT 636 PL A12 KINGSTON CITY AS IN FR151313; S/T FR151313; KINGSTON; THE
COUNTY OF FRONENAC
36071-0116 (LT)

351 Alfred Street, Kingston, Ontario
PT LT 636 PL A12 KINGSTON CITY AS IN FR183198; T/W FR183198; S/T THE RIGHTS
OF OWNERS OF ADJOINING PARCELS IF ANY UNDER FR391069; KINGSTON
36071-0115 (LT)

Municipal Description:

525 Princess Street, Kingston, Ontario, 531 Princess Street, Kingston, Ontario, 349 Alfred Street,
Kingston, Ontario and 351 Alfred Street, Kingston, Ontario

SCHEDULE "C"
LOAN AGREEMENT

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

BETWEEN:

THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED

AND:

**TEXTBOOK STUDENT SUITES (555 PRINCESS STREET) TRUSTEE
CORPORATION**

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

THIS AGREEMENT made and effective as of August 17, 2015.

BETWEEN:

**THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED
HERETO**

(herein individually referred to as a "Lender" and collectively, as "Lenders")

AND:

**TEXTBOOK STUDENT SUITES (555 PRINCESS STREET)
TRUSTEE CORPORATION**, a company incorporated under the
laws of the Province of Ontario,

(herein referred to as the "Bare Trustee")

RECITALS:

A. Each of the Lenders have agreed to participate in the Loan (as hereinafter defined) in accordance with the terms of this Mortgage Participation Agreement.

B. The Bare Trustee will be the holder of the Lender Security (as hereinafter defined) in trust for the Lenders according to their respective Proportionate Share Percentages (as hereinafter defined) and the Bare Trustee will administer the Loan, on behalf of the Lenders, in accordance with this Agreement.

C. Each of the Lenders and the Bare Trustee wish to enter into this Agreement to set out their respective rights, obligations and agreements with respect to the Loan.

IN CONSIDERATION of the mutual obligations of the Lenders and the Bare Trustee in this Agreement and other good and valuable consideration received by each of the Lenders from the Bare Trustee, the receipt and sufficiency of which is acknowledged, the parties hereto covenant and agree with each other as follows:

PART 1

DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, the following terms have the following meanings: "**Bare Trustee's Solicitors**" means Nancy Elliott, Barrister & Solicitor, 5000 Yonge Street, Suite 1901, Toronto, Ontario, M2N 7E9, or such other law firm that the Bare Trustee may appoint subject to the Lender's right to appoint their solicitors by Ordinary Approval in accordance with this Agreement;

- (a) **"Borrower"** means Textbook (555 Princess Street) Inc., its successors and assigns;
- (b) **"Borrower's Liabilities"** has the same meaning as set forth in the Loan Agreement;
- (c) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (d) **"GAAP"** has the meaning given to it in Section 1.2 hereof;
- (e) **"Interest Rate"** means Eight (8%) per cent per annum calculated and payable as set forth in the Loan Agreement.
- (f) **"Interest Reserve Account"** means an interest reserve account to be established pursuant to the Loan Agreement and which shall be administered by the Bare Trustee from funds advanced under the Loan which, initially, should be the equivalent to the first year's worth of interest payable by the Borrower pursuant to the Loan Agreement as determined by the Bare Trustee, with the amount of said interest reserve account to be deposited into the Bare Trustee's Solicitors trust account;
- (g) **"Lands"** means the lands and premises more particularly described in Schedule "B" attached hereto;
- (h) **"Lender Security"** or **"Lenders Security"** means, in respect of the Loan, all security and documentation required of the Borrower by the Bare Trustee pursuant to the Loan Agreement, including the Mortgage;
- (i) **"Loan"** means the aggregate amount of all advances made from time to time under the Loan Agreement by the Bare Trustee, in trust for the Lenders, to the Borrower, less the amount, if any, repaid from time to time by the Borrower to the Bare Trustee;
- (j) **"Loan Agreement"** means a certain Loan Agreement dated as of August 17, 2015 by and between the Borrower and the Bare Trustee, a copy of which is attached as Schedule "C" hereto, as may be amended, supplemented or restated from time to time.
- (k) **"Loan Interest"** means each of the Lender's interest in the Borrower's Liabilities;
- (l) **"Major Decisions"** means the following decisions to be made by the Lenders in relation to the Loan:
- (i) any change in the Interest Rate applicable to the Loan;
 - (ii) any increase in the amount of the Loan;
 - (iii) any change to the Borrower's entitlement to prepay the Loan;

- (iv) any change in the periodic payments or maturity date under the Loan from that set out in the Loan Agreement;
 - (v) any forgiveness of any money owing in respect of the Loan;
 - (vi) any agreement whereby money owing under the Loan is converted to shares or equity of the Borrower or to any other type of security;
 - (vii) any agreement permitting the Borrower to register any mortgage or other debt security as against the Lands, except as allowed under the Loan Agreement;
 - (viii) any cancellation or termination of any of the Lender Security;
 - (ix) any concession, forgiveness or waiver with regard to the payment of the Loan;
 - (x) the incurring of any liability in priority to the Loan except as set forth in the Loan Agreement.
- (m) **“Majority of Lenders”** means those Lenders, from time to time, holding or having more than 50.01% of the Proportionate Share Percentage of the Loan;
- (n) **“Material Event of Default”** means, in respect of the Loan, the “Events of Default” as defined and as set forth in the Loan Agreement.
- (o) **“Mortgage”** means, in respect of the Loan, the second mortgage registered, or to be registered against title to the Lands in favour of the Bare Trustee in the principal amount of up to \$8,000,000, and all amendments thereto;
- (p) **“Ordinary Approval”** means the approval of Lenders holding in the aggregate, more than 50.01 % of the Voting Interest;
- (q) **“Principal”** means, in respect of a Loan, all principal from time to time owing under the Loan;
- (r) **“Property”** means the Lands and all movable equipment, chattels and other personal property, revenues including without limitation all retail and parking revenues, licenses, leases, permits, approvals, and all other tangible or intangible property and all proceeds from any insurance or sales in respect of the foregoing owned by the Borrower or to which the Borrower is entitled;
- (s) **“Proportionate Share Percentage”** or **“Proportionate Share Percentages”** means, in respect of the Loan, the proportionate interest of each of the Lenders in respect of the Loan from time to time (expressed as a percentage), which shall be the percentage that the total outstanding advances made by each Lender is of the total of all advances made by all Lenders, as calculated by the Bare Trustee, acting reasonably, and as may be adjusted by the Bare Trustee, acting reasonably, and with the Proportionate Share

Percentages of all the Lenders set forth as of the date first above written in Schedule "D" attached hereto;

(t) **"Protective Advance"** means advances whether necessary or otherwise, for the protection or preservation of the Loan, the Property or other collateral or to avoid the probability or likelihood of losses to the Lenders under the Loan and the Lender Security, including without limitation advances to pay for property taxes, environmental remediation, legal fees, realization costs, appraisals, consultant's fees, receiver's fees, property manager's fees, insurance or repairs in respect of the Property or other collateral or to discharge any liens, charges or encumbrances ranking in priority to the Lender Security as against the Property or other collateral;

(u) **"Requisitioning Lenders"** shall have the same meaning as set forth in Sub-Section 8.1(d) hereof; and

(v) **"Voting Interest"** means the number of votes of the Lenders, corresponding to their respective Proportionate Share Percentages but expressed as a whole number to two decimal places if the Bare Trustee, acting reasonably, believes to do so is appropriate under the circumstances, that each Lender has as set out in Schedule "D" attached hereto which may be subject to adjustments from time to time, by the Bare Trustee, acting reasonably.

1.2 Unless specifically provided to the contrary, all accounting and financial terms used in this Agreement shall be interpreted and applied in accordance with generally accepted accounting principles in Canada consistently applied as of the reference date of this Agreement ("GAAP"). Where the Canadian Institute of Chartered Accountants includes a statement in its Handbook on a method of accounting, such statement shall be regarded as the only generally accepted accounting principle applicable to the circumstances that it covers and subject to the immediately preceding sentence, references herein to "GAAP" shall be interpreted accordingly.

1.3 The following schedules (and any other supplementary schedules or exhibits referred to therein) are incorporated by reference in this Agreement and are deemed to form a part hereof:

Schedule "A" - List of Lenders (Address Information for Notices)

Schedule "B" - Legal Description of Lands

Schedule "C" - Loan Agreement

Schedule "D" - Lender's advances, Proportionate Share Percentage and Voting Interests.

PART 2

AGENCY APPOINTMENT AND LIABILITY

2.1 The Lenders hereby appoint the Bare Trustee as their administration agent for the purpose of administering the Loan and carrying out the Lenders' rights, powers and duties under this Agreement, the Loan Agreement and the Lenders Security and the Bare Trustee agrees to carry out and fulfill such appointment in a responsible manner.

2.2 If, in the course of carrying out its rights, powers and duties under this Agreement, the Bare Trustee is, in respect of the Loan, subject to any liability, losses, claims, costs or damages arising under or in relation to the Loan Agreement, the Loan or the Lender Security, the Lenders shall be responsible for same, in proportion to their respective Proportionate Share Percentage, unless same arises as a result of the negligence, misrepresentation or wilful default of the Bare Trustee or from matters arising out of the inaction of the Bare Trustee under this Agreement, the Loan Agreement or the Lenders Security or the actions of the Bare Trustee are beyond the scope of its authority under this Agreement, for which the Bare Trustee shall be solely responsible.

2.3 The Lenders appoint the Bare Trustee to hold the Lenders Security, the Loan and all proceeds received from the Borrower, either directly or indirectly, as bare trustee for the Lenders in accordance with their respective Proportionate Share Percentage.

2.4 The Bare Trustee shall:

(a) at all times comply with the provisions of this Agreement and follow the directions of the Majority of Lenders;

(b) act solely on the directions of the Majority of Lenders and not on the directions of an individual Lender; and,

(c) except as set forth in this Agreement, the Loan Agreement or the Lenders Security, not acquire or hold any property, incur any liability, undertake any obligation or perform any activity except on the directions of the Majority of Lenders.

2.5 The business and affairs of the Bare Trustee shall be managed by the board of directors of the Bare Trustee. Unless otherwise agreed by a Majority of the Lenders, the board of directors of the Bare Trustee shall consist of One (1) director being Raj Singh and Raj Singh shall also serve as President and Secretary of the Bare Trustee.

PART 3

LOAN ADVANCE AND PROTECTIVE ADVANCES

3.1 The Lenders acknowledge, confirm and agree that the advances made by each of the Lenders and each Lender's respective Proportionate Share Percentage is as set forth in Schedule "D" attached hereto.

3.2 If the Lenders determine by Ordinary Approval that an expenditure is required as a Protective Advance, the Bare Trustee shall deliver to the Lenders a written request that same be made, accompanied by such written particulars of same as the Bare Trustee considers appropriate, acting reasonably, and a calculation of the each Lender's share of such Protective Advance based on its respective Proportionate Share Percentage. The Lenders may, within ten (10) Business Days after receiving the Bare Trustee's request, pay to the Bare Trustee its

Proportionate Share Percentage as determined by the Bare Trustee, acting reasonably, of such Protective Advance. The Bare Trustee shall keep a record of all such Protective Advances made by the Lenders.

PART 4

LOAN ENTITLEMENTS

4.1 Subject to Section 4.3 hereof, the Lenders shall be entitled to receive, to the extent provided by proceeds received from the Borrower or pursuant to the Loan Agreement including the Interest Reserve Account, the repayment of their advances as set forth in Schedule "D" attached hereto with interest thereon at the Interest Rate plus any amounts payable to the Bare Trustee under the Loan Agreement in proportion to their respective Proportionate Share Percentages from time to time. Any partial repayment of the Loan or Borrower's Liabilities to the Lenders will be in accordance with the provisions set out in Loan Agreement or the Lenders Security.

4.2 Subject to Section 4.3 hereof, the Loan Interest of any of the Lenders shall not rank in priority to the Loan Interest of the other Lenders.

4.3 The proceeds of realization, insurance, expropriation and other compensation or other proceeds realized or paid under the Loan Agreement or the Lender Security including Principal with interest thereon in accordance with the Loan Agreement, in respect of the Loan shall be paid out by the Bare Trustee as follows:

- (a) first, by payment to each Lender, if applicable, who has made a Protective Advance, pro-rata, based on the Protective Advances made by any such Lenders; and,
- (b) the balance, by payment to each Lender, pro-rata in accordance with such Lender's respective Proportionate Share Percentages.

The Bare Trustee, acting reasonably, shall determine the above-noted pay-outs or distributions to the Lenders.

PART 5

LENDER SECURITY

5.1 The Lender Security shall be held and where applicable registered in the applicable registry in the name of the Bare Trustee. The Bare Trustee shall hold the Lender Security as bare trustee for and on behalf of the Lenders in accordance with their respective Proportionate Share Percentages.

5.2 The Bare Trustee will cause the Bare Trustee's Solicitors, to:

- (a) address its legal opinions in respect of the Lender Security to both the Lenders (if possible) and the Bare Trustee; and
- (b) provide each Lender with a document book containing executed copies of the Lender Security and all other material legal documents relating to the Loan (including Declarations of Trust) within a reasonable time after the first advance of the Loan.

If any Lender wishes to engage the services of its own legal counsel or other advisors in connection with the Loan or the Lender Security, the cost of such additional advice shall be at the cost of such Lender.

PART 6

BARE TRUSTEE'S FUNCTIONS AND AUTHORITY

6.1 Subject to the provisions of this Agreement, the Bare Trustee shall administer the Loan and the Lender Security as it deems advisable, consistent with reasonable administration practices and, without limiting the generality of the foregoing, shall perform the following duties:

- (a) make reasonable efforts to collect all payments due under the Loan;
- (b) forthwith give notices to the Borrower, its successors and assigns, tenants of the Property, if any, and others as are necessary to properly administer the Loan and the Borrower's Obligations under the Loan Agreement and the Lenders Security;
- (c) maintain proper records and accounts;
- (d) promptly inform each Lender of any default which has occurred under the Loan Agreement or Lender Security and of which it has knowledge and take such action as is required or permitted to be taken under this Agreement, the Loan Agreement or the Lenders Security save and except for the matters that require the Ordinary Approval of the Lenders under this Agreement; and,
- (e) agree to modifications of or waivers in respect of the Loan, approved by Ordinary Approval.

6.2 Notwithstanding the foregoing, the Bare Trustee shall not agree to or implement any Major Decisions unless same have been previously approved by an Ordinary Approval of the Lenders. When approved by an Ordinary Approval, such Major Decisions shall be binding on all Lenders; provided the Bare Trustee shall be entitled to execute all documentation necessary to subordinate the Mortgage and other security granted to the Bare Trustee/Lenders by the Borrower to any security granted by the Borrower to a construction lender for the purposes of constructing the condominium project at the Property and the Bare Trustee shall not be obligated

to seek approval from the Lenders in this regard and such action shall not be deemed to constitute a Major Decision for the purposes of this Agreement.

6.3 The Bare Trustee shall deal equitably and in a non-discriminatory manner with the Lenders in carrying out its duties under this Agreement.

6.4 The Bare Trustee shall not have any duties or responsibilities in relation to the Loan or the Loan Interests, except as are set out in this Agreement.

6.5 The Borrower shall be instructed by the Bare Trustee to direct to the Bare Trustee all correspondence, communications, notices, statements and reports, requests for advances and other payments and all other matters whatsoever relating to the Loan, the Loan Agreement and the Lender Security.

PART 7

REMITTANCE OF PAYMENTS

7.1 The Bare Trustee shall receive all payments made by the Borrower under the Loan in trust for the Lenders in accordance with their respective Proportionate Share Percentages, subject to the provisions of this Agreement. At the option of the Bare Trustee, the Bare Trustee may direct the Borrower to make any payments under the Loan to the Bare Trustee's Solicitors, in trust. The Bare Trustee shall remit, or cause the Bare Trustee's Solicitors to remit, to the Lenders its respective share of such payments in accordance with this Agreement promptly after receipt of such funds. All funds received and processed by the Bare Trustee on behalf of the Lenders shall, if not otherwise deposited into the Trust Account of the Bare Trustee's Solicitors, be accounted for separately from the Bare Trustee's own funds, shall be processed through and/or held in a segregated account, and shall not be commingled with the Bare Trustee's own funds.

7.2 The Lenders acknowledge that the Bare Trustee is irrevocably authorized and directed to deduct and retain or pay from any payments received by it from the Borrower in respect of the Loan any amounts owing by a Lender to the Bare Trustee under this Agreement or paid by the Bare Trustee on behalf of such Lender on their behalf in fulfillment of the Lender's obligations hereunder.

PART 8

LENDERS MEETINGS

8.1 A Meeting of the Lenders shall be called in the following circumstances:

- (a) By the Bare Trustee, if there is a Default under the Loan Agreement which Default has not been cured as determined by the Bare Trustee, acting reasonably;

- (b) By the Bare Trustee, if a Major Decision is required to be made as determined by the Bare Trustee, acting reasonably;
- (c) By the Bare Trustee, if Lenders, in the aggregate, having or holding Proportionate Share Percentages of more than Ten (10%) per cent and such Lenders request that the Bare Trustee have a Meeting of the Lenders; and,
- (d) By the requisitioning Lenders if Lenders, holding more than ten (10%) per cent of Proportionate Share Percentages (the "Requisitioning Lenders") in writing requisition the Bare Trustee to hold a Meeting of Lenders and the Bare Trustee does not call a Meeting of the Lenders within Seven (7) days of receipt of such requisition.

Notwithstanding the foregoing, the Bare Trustee may call a Meeting of the Lenders at any time.

8.2 Meetings of Lenders shall be held at such location as determined by the Bare Trustee or the Requisitioning Lenders, as the case may be, in the Notice of the Meeting of Lenders provided such location is in the Greater Toronto Area. All costs and expenses related to the holding of the Meeting of Lenders shall be deducted from the amounts received from the Borrower under the Loan Agreement as the Bare Trustee may, acting reasonably determine.

8.3 Notice of the time and place of each meeting of the Lenders along with a brief Agenda shall be given not less than 10 nor more than 50 days before the date of the meeting to each Lender. A Lender may in any manner waive notice of or otherwise consent to a meeting of Lenders.

8.4 A meeting of Lenders may be held without notice at any time and at any place if all the Lenders are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to such meeting being held so long as the Lenders present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.5 The Chairman and Secretary of any meeting of Lenders shall be appointed by the Bare Trustee unless a Majority of Lenders decide otherwise.

8.6 The only persons entitled to be present at a meeting of Lenders shall be the Lenders or their duly-appointed proxies or representatives as contemplated herein. Any other person may be admitted to a Meeting of Lenders only on the invitation of the Chairman or with the consent of a Majority of Lenders.

8.7 A quorum for the transaction of business at any meeting of Lenders shall be those Lenders holding Thirty (30%) per cent or more of the Proportionate Share Percentage present in person, or a duly appointed proxyholder or representative for a Lender so entitled. For the sake of clarity, if a quorum is present at the opening of any meeting of Lenders, the Lenders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the time appointed for a meeting of

Lenders, or within such reasonable time thereafter as the Lenders present may determine, the Lenders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business. If Meeting of Lenders is adjourned as aforesaid, then the Meeting of the Lenders arising from said adjournment shall have no quorum requirements.

8.8 Every Lender may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as his or her representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the Lender or his attorney and shall be suitable to the Bare Trustee or the Bare Trustee's Solicitors, acting reasonably.

8.9 If two or more persons comprise a Lender or hold a Loan Interest jointly, any one of them present in person or duly represented at a meeting of Lenders may, in the absence of the other or others, vote the Voting Interest; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.10 At any meeting of Lenders every Lender shall be entitled to exercise votes equal to his or her respective Voting Interest.

8.11 At any Meeting of Lenders, every question shall be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the Chairman shall be entitled to a second or casting vote.

8.12 Any question at a meeting of Lenders shall, at the discretion of the Chairman, be decided by a show of hands or a ballot. Upon a show of hands every Lender who is present and entitled to vote shall have such number of votes equal to his or her Voting Interest. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the Chairman that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Lenders upon the said question.

8.13 On any question proposed for consideration at a meeting of Lenders, and whether or not a show of hands has been taken thereon, the Chairman may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the Chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of his or her Voting Interest which he or she is entitled to vote at the meeting upon the question, to that number of votes and the result of the ballot, by simple majority of the Voting Interest so taken shall be the decision of the Lenders upon the said question.

8.14 The Chairman may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a

meeting of Lenders is adjourned for less than 30 days, it shall not be necessary to give notice of the resumption of the adjourned meeting, other than by announcement at the earlier meeting that is adjourned. If a meeting of Lenders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

8.15 Notwithstanding the foregoing, a resolution in writing signed by all the Lenders is as valid as if it had been passed at a meeting of Lenders. A resolution in writing, signed by fax and/or in counterpart by all the Lenders, is as valid as if a single copy thereof had been signed by all the Lenders.

PART 9

LOAN IN DEFAULT

9.1 The Bare Trustee shall give the Lenders written notice that a Material Event of Default has occurred (the "Default Notice") after becoming aware of the Material Event of Default.

9.2 If a Majority of the Lenders, in writing, do not dispute that a Material Event of Default has occurred within ten (10) Business Days of receipt of the Default Notice, then the Bare Trustee will promptly exercise whatever remedies that are available at law or under the Loan Agreement or Lenders Security (as applicable), as the Bare Trustee considers reasonable in the circumstances including institute the realization of the Loan, unless a Majority of the Lenders otherwise agree in writing. During any realization proceedings the Bare Trustee will provide a regular report on the status of the realization to the Lenders.

9.3 Notwithstanding anything to the contrary contained in this Agreement, the Bare Trustee may be permitted to take any action, initiate any steps or make any decision related to the Loan, the Loan Agreement and the Lenders Security, including enforcement thereof, that it considers to be reasonable in the circumstances.

PART 10

RELIANCE ON EXPERTS

10.1 The Bare Trustee shall be entitled to employ legal counsel, appraisers, accountants, or other experts (which experts have been approved by the Lenders by Ordinary Approval or by a Majority of Lenders) all at the Lenders' expense in proportion to their respective Proportionate Share Percentages, in connection with the performance of its duties under this Agreement, other than its standard administrative duties set out herein. Notwithstanding the foregoing, all of the parties hereto acknowledge and agree that unless the Bare Trustee agrees otherwise, any and all payments to be paid to the Bare Trustee shall be directed to be paid to the Bare Trustee's Solicitors. The Bare Trustee may rely and act upon the opinion or advice of such persons and shall not be responsible to the Lenders for any loss resulting from any action or non-action in accordance with such opinion or advice.

PART 11

NO WARRANTY OR LIABILITY

11.1 The Bare Trustee makes no representations, warranties or agreements with respect to the advisability, soundness, potential income, profitability, return, security of the Loan any other matter or aspect relating or pertaining to the Loan, the Property, the Loan Agreement, the Lender Security or the Borrower except as are expressly set out in this Agreement. **EACH OF THE LENDERS ACKNOWLEDGES AND AGREES THAT ITS PARTICIPATION IN THE LOAN IS AT ITS OWN RISK AND THAT IT IS THE SOLE OBLIGATION OF EACH LENDER TO INDEPENDENTLY INVESTIGATE AND SATISFY ITSELF AS TO ALL ASPECTS OF THE LOAN, THE PROPERTY, THE LOAN AGREEMENT, THE LENDER SECURITY AND THE BORROWER.**

11.2 The Bare Trustee shall not be liable to any Lender for any losses or damages suffered or incurred by any Lender as a result of any deficiency or loss upon realization of the Lender Security unless the same has been occasioned by the negligence or breach of this Agreement by the Bare Trustee.

PART 12

NOTICE

12.1 Any notice, offer, demand, acceptance or other communication (a "Communication") which may be given pursuant to or concerning this Agreement shall be in writing and may be given by personal service or may be given by prepaid first class mail mailed from anywhere within Canada to the respective party concerned at the address hereinafter appearing or at such other address of which written notice may then have been given pursuant to the provisions of this Section 12.1, and if so mailed the same shall be deemed to have been received on the fifth business day next following the date of such mailing provided, however, that if there shall occur any relevant work stoppage, work slowdown or other event which, on a reasonable view of the facts, can be expected to impede for a period of time the normal time of the delivery of the mails from the place where such Communication is posted to the place where the same is addressed, such period of five (5) business days shall be extended by a comparable period of time. Any Communication may also be given by consigning the same to a responsible courier service within Canada for prepaid delivery to the party concerned at the address to which the Communication may then be given by prepaid first class mail, and if so consigned such Communication shall be deemed to have been received by such party on the third day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of such consignment. Any Communication may also be given by transmitting by telefax number hereinafter appearing of which written notice may then have been given pursuant to the provisions of this Section 12.1, in which event such Communication shall be deemed to have been received by such party on the first day, excluding Saturdays, Sundays and statutory holidays in Toronto, next following the date of its transmittal. Any Communication which is deposited at the address to which the Communication may then be mailed shall be deemed to have been received on the first day, excluding Saturdays, Sundays and statutory holidays in

Toronto, next following the date of such deposit. Any Communication which is given by personal service shall be deemed to have been received on the date such Communication was given.

Any party who has given a Communication shall upon the request of the party to whom it was addressed provide promptly to such party one copy thereof.

The addresses and telefax numbers of the parties for the purposes of this Section 12.1 are as follows:

to the Bare Trustee: c/o Tier I Transaction Advisory Services Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario, L3R 8T3

Attention: Mr. Raj Singh
Fax Number: 647-689-2374

with a copy to: Nancy Elliott, Barrister & Solicitor
5000 Yonge Street
Suite 1901
Toronto, Ontario
M2N 7E9

Attention: Ms. Nancy Elliott
Fax Number: 416-628-5597

and to the Lenders: As set forth in Schedule "A" attached hereto

PART 13

TERMINATION OF APPOINTMENT OF BARE TRUSTEE

13.1 The Bare Trustee may be relieved of its duties under this Agreement by a Majority of the Lenders.

13.2 If the Bare Trustee is relieved of its duties hereunder as contemplated in Section 13.1 hereof, it shall forthwith at its expense do such things and execute and deliver such documents as may be necessary to give effect to such termination and the appointment of a successor bare trustee to administer the Loan on behalf of the Lenders in accordance with this Agreement and shall deliver to the successor Administrator all documents and records in its possession or under its control relating to the Borrower, the Loan, the Property and the Lender Security and, if possible, to transfer the Lender Security to the successor Administrator.

The cost of the successor Bare Trustee shall be borne by the Lenders in proportion to the respective Proportionate Share Percentage outstanding to each of them from time to time.

PART 14**GENERAL CONTRACT PROVISIONS**

14.1 If any part or provision of this Agreement is invalid or unenforceable it will be severed from this Agreement and the remainder shall be construed as if such invalid or unenforceable part or provision had been deleted from this Agreement.

14.2 Time shall be of the essence in this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. If the time limit for the performance or completion of any matter under this Agreement expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day. The time limit for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties.

14.3 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and shall enure to the benefit of and shall be binding upon the parties hereto, their respective heirs, legal representatives, successors and assigns, as the case may be.

14.4 In this Agreement, all references to the singular will be construed to include the plural where the context so admits, the masculine to include the feminine and neuter gender and, where necessary, a body corporate and vice versa.

14.5 Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to the exercise of discretion by the Lender (including phrases such as "in the discretion of", "in the opinion of", "in its opinion", "to the satisfaction of" and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

14.6 The terms "this Agreement", "this Mortgage Participation Agreement", "this Syndicated Mortgage Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto. The parties hereto acknowledges that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

14.7 The provisions of this Agreement shall survive the execution and delivery of the Loan Agreement, the Lender Security and the funding of the Loan.

14.8 This Agreement shall remain in force until the earlier of the date upon which:

- (a) the Loan has been paid in full and the Lender Security discharged;

(b) the Lender Security for all of the Loans has been fully realized upon (including prosecution of covenants to pay and realization upon assets in connection therewith) and the proceeds of realization have been fully distributed among the Lenders;

(c) this Agreement is otherwise mutually terminated by the Bare Trustee and the Lenders by Ordinary Approval.

14.9 The parties hereto acknowledge and agree that facsimile signatures on this Agreement will be valid and binding as if this Agreement had been executed in original by the parties hereto, and receipt of this Agreement bearing a signature by facsimile transmission shall constitute delivery of this Agreement.

This Agreement may be executed (either by original or facsimile signature) in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.10 The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

14.11 The Recitals hereof form an integral part of this Agreement.

14.12 Each Lender and the Bare Trustee shall upon the written request of another party to this agreement execute and deliver to such other party such further documents and assurances and do and cause to be done and performed all such further acts and things as are within its reasonable power to do and as are reasonably necessary or desirable in order to give full effect to this Agreement and the transactions contemplated by it.

14.13 This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as stated in this Agreement and in the instruments and documents to be executed and delivered pursuant to this Agreement, contains all of the representations, undertakings and agreements of the parties. This Agreement supersedes all prior negotiations or agreements between the parties, whether written or oral, with respect to the subject matter of this Agreement.

14.14 The parties hereto, and each of them, hereby acknowledge that Nancy Elliott, Barrister & Solicitor (the "Firm") has acted for the Bare Trustee in connection with this Agreement, the Loan Agreement and the Lenders Security. The Lenders acknowledge that the Firm has advised and recommended to them that, because the Firm is acting for only the Bare Trustee as aforesaid, that each of the Lenders should obtain legal advice concerning the advisability of entering into this Agreement before executing it.

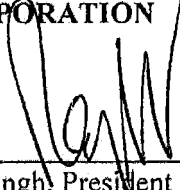
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK -

SIGNATURE PAGE TO FOLLOW]

The parties have duly executed this Agreement as of the date first above written.

**TEXTBOOK STUDENT SUITES (555
PRINCESS STREET) TRUSTEE
CORPORATION**

Per:



Raj Singh, President

I HAVE AUTHORITY TO BIND THE CORPORATION

SIGNED, SEALED AND DELIVERED)
in the presence of:)



Witness Signature)



Witness Name (Print):)



Investor Signature)



Investor Name (Print):)

SCHEDULE "B"

LEGAL DESCRIPTION OF LANDS

Legal Description:

PT LT 626-627 PL A12 KINGSTON CITY AS IN CK40869 EXCEPT FR568186; KINGSTON;
THE COUNTY OF FRONTENAC

BEING THE WHOLE OF PIN 36072-0135(LT)

Municipal Description:

555 Princess Street, Kingston, Ontario

SCHEDULE "C"
LOAN AGREEMENT

Properties

PIN 48079 - 0670 LT *Interest/Estate* Fee Simple
Description PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO
 PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12
 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER
 WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739
 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN
 FAVOUR OF PT 1-4, 6, 8, 10, 12, 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 &
 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE
Address 16 LEGACY LANE
 HUNTSVILLE

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 LEGACY LANE INVESTMENTS LTD.
Address for Service c/o Harris + Harris LLP
 Barristers and Solicitors
 2355 Skymark Avenue, Suite 300
 Mississauga, Ontario L4W 4Y6

I, John Davies, Authorized Signing Officer, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name 2223947 ONTARIO LIMITED
Address for Service c/o Tier 1 Capital Management Inc.
 3655 Kingston Road
 Toronto, Ontario
 M1m 1S2

Statements

Schedule: See Schedules

Provisions

Principal \$3,500,000.00 *Currency* CDN
Calculation Period See Schedule
Balance Due Date See Schedule
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date See Schedule
First Payment Date
Last Payment Date
Standard Charge Terms
Insurance Amount full insurable value
Guarantor

Additional Provisions

Payments: Interest Only.

Signed By

Maria Da Silva 2355 Skymark Ave, Ste 300 acting for Chargor Signed 2013 04 02
 Mississauga (s)
 L4W 4Y6

Tel 9056297800

Signed By

Fax 9056294350

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

2013 04 02

Tel 9056297800

Fax 9056294350

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Chargor Client File Number : 12378

PROVIDED THIS CHARGE/MORTGAGE OF LAND TO BE VOID upon payment at the office of the Chargee at 5000 Yonge Street, Suite 1901, Toronto, Ontario, M2N 7E9 of Three Million Five Hundred Thousand (\$3,500,000.00) Dollars of lawful money of Canada with interest at the rate of eight percent (8.00%) per annum, calculated daily and payable on the earlier of demand or quarterly as herein set forth, as well after as before maturity and both before and after default plus the Additional Loan Payment (as defined and payable in accordance with the Loan Agreement) as follows: the whole of said principal sum of \$3,500,000.00 then outstanding shall become due and payable on December 31, 2015 and interest at the rate and calculated aforesaid on the amount advanced from time to time shall become due and payable on the earlier of demand or quarterly on the first day of the first month in each quarter (or three-month period as determined by the Chargee, acting reasonably) from and including April 1, 2013 to and including the day that the aforesaid principal sum is repaid in full. The first payment of interest to be computed from the date of the first advance to become due and payable on the first day of the third month or quarter (as determined by the Chargee, acting reasonably) immediately following the month that the first advance takes place which, for the sake of clarity, if the first advance is made in January of 2013, then the first payment of interest payable by the Chargor under this Charge shall be April 1, 2013.

AND taxes; and observance and performance of all covenants, provisos and conditions herein contained.

AND it is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one (1) month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said lands.

(10) **STANDARD CHARGE TERMS**

10.1 **Defined Terms** – Unless otherwise expressly defined or otherwise required by the context, the following words and phrases shall have the following meanings when used in this Charge:

- (a) **“Charge”** means the Charge/Mortgage to which these Standard Charge Terms are attached as a schedule or which refers to the filing number of these Standard Charge Terms, as the case may be, and all schedules attached to such Charge/Mortgage of Land, and all amendments thereto and replacements thereof from time to time;
- (b) **“Chargee”** means all persons in whose favour this Charge is given and who is or are named in this Charge as Chargee;
- (c) **“Chargor”** means all persons who have given this Charge and who have executed the same as Chargor;
- (d) **“Costs”** includes all costs and expenses of every nature and kind whatsoever incurred by the Chargee or paid by the Chargee to any other party or Person in connection with the protection and preservation of the Lands or any other security held by the Chargee whether pursuant to this Charge, the Loan Agreement or otherwise, or for the purpose of preserving and maintaining the enforceability and priority of this Charge and any such other security, or in connection with any and all demands and enforcement proceedings of every nature and kind made or carried out by or on behalf of the Chargee under or pursuant to this Charge or the Loan Agreement, and includes, without limitation, legal costs incurred by the Chargee on a solicitor and client scale;
- (e) **“Covenantor”** means any party to this Charge expressly defined as such and any and all Persons who have directly, indirectly, as principal debtor or as surety covenanted to pay or guaranteed payment of the whole

or any part of the amount or amounts secured by this Charge or which are owing under the loan facilities referred to in the Loan Agreement or who have covenanted to perform or guaranteed performance by the Chargor of its obligations under this Charge or under the Loan Agreement or under any security given in connection therewith;

- (f) **“Environmental Laws”** means any and all applicable statutes, laws, by-laws, regulations, rules, codes, orders, directives, guidelines, permits and other lawful requirements, now or hereafter in effect, of any federal, provincial, municipal or other governmental authority having jurisdiction in connection with or pertaining to any Hazardous Substance or to the protection of the natural environment or the health or welfare of any living thing;
- (g) **“Hazardous Substance”** means any pollutant, contaminant, waste or other substance (i) the store, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is prohibited, controlled on regulated or licensed under any Environmental Law; or (ii) which in the Chargee’s opinion, acting reasonably, may, immediately or in the future, directly or indirectly, cause harm or degradation to the environment or to the health or welfare of any living thing;
- (h) **“Lands”** means the lands, tenements, hereditaments and appurtenances and any estate or interest therein described in this Charge, and all buildings and improvements now or hereafter situate or constructed thereon, and all easements, rights-of-way and other appurtenances thereto, and all structures, additions, improvements, machinery, equipment, decorations and other fixtures of every nature and kind (whether or not affixed in law) attached thereto or placed, installed or erected thereon or used in connection therewith;
- (i) **“Loan Agreement”** means a certain loan agreement dated as of the 2nd day of January, 2013 by and between the Chargor and the Chargee, as may be amended or restated from time to time;
- (j) **“Person”** means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization;
- (k) **“Receiver”** means any receiver, receiver and manager, receiver-manager or trustee of the Lands as may be appointed from time to time by the Chargee pursuant to the provisions of this Charge or by any court of competent jurisdiction; and,
- (l) **“Taxes”** means all taxes, rates, assessments, local improvement charges, levies, penalties and other charges imposed upon or in respect of the Lands by any governmental authority having jurisdiction.

10.2 **Statutory References** – Unless expressly stipulated or otherwise required by the context, all references in this Charge to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended from time to time.

10.3 **Exclusion of Statutory Covenants** – The implied covenants deemed to be included in a charge under sub-section 7(1) of the Land Registration Reform Act (Ontario) shall be and are hereby expressly excluded and replaced by the terms hereof which are covenants by the Chargor, for and on behalf of the Chargor, with the Chargee.

10.4 **Short Form of Mortgages Act** – If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the Short Form of Mortgages Act, R.S.O. 1980, c. 474, and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as

if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this Charge shall be interpreted as if the said Act was still in full force and effect.

10.5 **Proviso for Redemption** – Provided this Charge to be void upon payment of the principal sum hereby secured, in lawful money of Canada, with interest as herein provided and taxes and performance of statute labour and performance of all covenants and agreements contained in this Charge.

10.6 **Release** – The Chargor releases to the Chargee all its claims upon the Lands subject to the proviso for redemption herein.

10.7 **Advance of Funds** – The Chargor agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the monies hereby secured, nor shall the advance of a part of the principal sum herein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor, and the expenses of the examination of the title and of this Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the Lands, and shall be without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies herein shall be exercisable.

10.8 **Chargor's Covenants** – The Chargor covenants with the Chargee as follows:

- (a) that the Chargor will pay the principal sum herein and interest and the Additional Loan Payment and observe the proviso for redemption herein, and will pay as they fall due all Taxes and when required by the Chargee, shall transmit the receipts therefor to the Chargee;
- (b) that the Chargor will pay all amounts which are payable hereunder or which are capable of being added to the principal sum herein pursuant to the provisions of this Charge or the Loan Agreement including, without limiting the generality of the foregoing, all servicing or other fees, Costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the Lands; all Costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Lands; all Costs incurred by the Chargee, including legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the Chargee arising out of, or in any way related to this Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the Lands and any and all Costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise;
- (c) that the Chargor has a good title in fee simple to the Lands and has good right, full power and lawful and absolute authority to charge the Lands and to give this Charge to the Chargee upon the covenants contained in this Charge;
- (d) that the Chargor has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose; and free from all encumbrances except as may be permitted by the Chargee, acting reasonably or as set forth in the Loan Agreement;
- (e) that the Chargor will execute such further assurances of the Lands as may be requisite; and
- (f) that the Chargor will produce the title deeds and allow copies to be made at the expense of the Chargor.

10.9 **Compliance with Laws and Regulations** – The Chargor shall, in its ownership, operation and use of the Lands, promptly and at all times observe, execute and comply with all laws, Environmental Laws, rules, requirements, orders, directions, ordinances, and regulations of every governmental authority or agency having jurisdiction with respect to the same, and further agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10.10 **Change of Use** – The Chargor will not change or permit to be changed the existing use or uses of the Lands without the prior written consent of the Chargee.

10.11 **Repair** – The Chargor will keep the Lands including the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the Lands, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Chargor neglects to keep the Lands in good condition and repair, or commits or permits any act of waste on the Lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the principal sum herein shall, at the option of the Chargee, forthwith become due and payable, and in default of payment thereof with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Chargee may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to this Charge.

10.12 **Alterations or Additions** – Except as contemplated in Section 10.57 hereof, the Chargor will not make or permit to be made any alterations or additions to the Lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to compliance with such terms and conditions at the cost of the Chargor as the Chargee may impose.

10.13 **Lands Include All Additions** – The Lands shall include all structures and installations brought or placed on the Lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereof whether or not affixed in law to the Lands including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and that the same shall become fixtures and an accession to the freeholder and a part of the realty.

10.14 **INTENTIONALLY DELETED**

10.15 **Inspection** – The Chargee shall have access to and the right to inspect the Lands at all reasonable times.

10.16 **Taxes** – With respect to Taxes, the Chargor covenants and agrees with the Chargee that:

- (a) The Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay all Taxes which have become due and payable during any calendar year.
- (b) The Chargee may at its sole option estimate the amount of the Taxes payable in each year and the Chargor shall forthwith upon demand of the Chargee pay to the Chargee one-twelfth (1/12) of the estimated annual amount of such Taxes on the 1st day of each and every month during the term of this Charge commencing with the 1st day of the first full month of the term of this Charge. The Chargee may at its option apply such payments to the Taxes so long as the Chargor is not in default under any covenant or agreement contained

in this Charge, but nothing herein contained shall obligate the Chargee to apply such payments on account of Taxes more often than yearly. Provided however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of Taxes, and if before such payments have been so applied by the Chargee, there shall be default by the Chargor in respect of any payment of principal or interest as herein provided, the Chargee may at its option apply such sum or sums in or towards payment of the principal and interest in default. If the Chargor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Taxes, the Chargor may pay to the Chargee such additional amounts as are required for that purpose.

- (c) In the event that the Taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amounts required to make up the deficiency. The Chargee may at its option, pay any of the Taxes when payable, either before or after they are due, without notice, or may make advances therefor in excess of the then amount of credit held by the Chargee for Taxes. Any excess amount advanced by the Chargee shall be secured as an additional principal sum under this Charge and shall bear interest at the rate as provided for in this Charge until repaid by the Chargor.
- (d) The Chargor shall transmit and deliver to the Chargee all assessment notices, tax bills and other notices pertaining to the imposition of Taxes forthwith after receipt thereof.
- (e) The Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future liability for Taxes.
- (f) In no event shall the Chargee be liable for any interest on any amount paid to it on account of Taxes and the monies so received may be held with its own funds pending payment or application thereof as herein provided; provided that in the event that the Chargee does not utilize the funds received on account of Taxes in any calendar year, such amount or amounts may be held by the Chargee on account of any pre-estimate of Taxes required for the next succeeding calendar year, or at the Chargee's option the Chargee may repay such amount to the Chargor without any interest.
- (g) The Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any arrears of Taxes or any late payment of current instalments thereof, and at no time shall such penalties be the responsibility of the Chargee.
- (h) In the event the Chargee does not collect payments on account of Taxes as aforesaid, the Chargor shall deliver to the Chargee or on before December 31st in each calendar year or such other times or dates that the Chargee requests, written evidence from all taxing authorities having jurisdiction to the effect that all Taxes for the then current calendar year and any preceding calendar years have been paid in full, failing which, the Chargee shall be entitled to charge a servicing fee for each written inquiry directed to such taxing authorities or the Chargor for the purpose of ascertaining the status of the Taxes together with any costs payable to such taxing authorities for such information.

10.17 **Utilities** – The Chargor covenants that it will pay all utility and fuel charges related to the Lands as and when they are due. Except as may be necessary during the course of construction upon the Lands, the Chargor will not allow or cause the supply of utilities or fuel to the Lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, the Chargor will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith.

10.18 **Insurance** – The Chargor will insure and keep insured during the term of this Charge the buildings and other improvements on the Lands (now or hereafter erected) on an all-risks basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal

money herein, with no co-insurance provisions and with the Chargee's standard mortgage clause forming part of such insurance policy. The Chargor shall carry such liability, rental, boiler, plate glass and other insurance coverage as is required by the Chargee to be placed with such insurance companies and in such amounts and in such forms as may be acceptable to the Chargee. All such policies shall provide for loss payable to the Chargee and contain such additional clauses and provisions as the Chargee may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been bound and/or extended for a minimum period of at least one year and that all premiums with respect to such term of such coverage have been paid in full, shall be produced to the Chargee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Chargee may provide thereof and charge the premium paid thereof and interest thereon at the aforesaid rate to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the Lands and secured by this Charge. It is further agreed that the Chargee may at any time require any insurance on the said buildings to be cancelled and new insurance effected with a company to be named by it, and also may, of its own accord, effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be forthwith payable to it, together with interest at the rate aforesaid by the Chargor (together with any costs of the Chargee as herein set out), and shall be a charge upon the Lands and secured by this Charge.

In the event that the evidence of continuation of such insurance as herein required has not been delivered to the Chargee within the required time, the Chargee shall be entitled to a servicing fee for each written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provision arranges insurance coverage with respect to the Lands, the Chargee, in addition to the aforesaid servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

In the event of any loss or damage, the Chargor shall forthwith notify the Chargee in writing and notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Chargee may, at its option, require the said monies to be applied by the Chargor in making good the loss or damage in respect of which the monies is received, or in the alternative, may require that any or all of the monies so received be applied in or towards satisfaction of any or all of the indebtedness hereby secured whether or not such indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee in any event.

The Chargor, upon demand, will transfer all policies of insurance provided for herein and the indemnity which may become due therefrom to the Chargee. The Chargee shall have a lien for the indebtedness hereby secured on all the said insurance proceeds and policies, and may elect to have these monies applied as it may deem appropriate, including payment of monies secured hereby, whether due or not, but the Chargee shall not be bound to accept the said monies in payment of any principal not yet due.

10.19 **Remittance and Application of Payments** – All payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at the Chargee's address for service as set out in this Charge or at such other place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by this Charge are forwarded to the Chargee by mail, payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay. Notwithstanding anything herein to the contrary, in the event of any default under this Charge, the Chargee may apply any payments received in whatever order the Chargee may elect as between principal, interest, realty taxes, insurance premiums, repairs, costs and any other advances or payments made by the Chargee hereunder.

10.20 **Receipt of Payment** – Any payment received after 2:00 p.m. on any date shall be deemed, for the purpose of calculation of interest to have been made and received on the next bank business day and the Chargee

shall be entitled to interest on the amount due it, to and including the date on which the payment is deemed by this provision to have been received.

10.21 **No Deemed Re-investment** – Except in the case where this Charge provides for blended payments of principal and interest whether paid monthly or otherwise, the parties hereto agree that the Chargee shall not be deemed to reinvest any monthly or other payments received by it hereunder.

10.22 **INTENTIONALLY DELETED**

10.23 **Postdated Cheques** – The Chargor shall, if and when required by the Chargee, deliver to the Chargee upon the first advance of moneys hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the term of this Charge, postdated cheques for the payments of principal, interest and estimated realty taxes required to be made herein during the twelve month period commencing on each such anniversary date. In the event of default by the Chargor in delivery to the Chargee of the postdated cheques as herein provided, this Charge shall be deemed in default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option. In addition, the Chargee upon the Chargor's failure to deliver such postdated cheques as required hereunder shall be entitled to a servicing fee for each written request that it makes to the Chargor for the purpose of obtaining such postdated cheques. Any step taken by the Chargee hereunder by way of a request for further postdated cheques shall be without prejudice to the Chargee's rights hereunder to declare the Charge to be in default in the event that such postdated cheques are not delivered within the required time.

10.24 **Dishonoured Cheques** – In the event that any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

10.25 **Financial and Operating Statements** – The Chargor covenants that, within the periods of time hereinafter specified, or within such other period(s) of time as may be specified by the Loan Agreement, the Chargor shall deliver or cause to be delivered to the Chargee the following:

- (a) within 60 days after the end of each fiscal quarter of operation to the Lands, quarterly financial reports, including the balance sheet and statement of income for the quarter and on a year-to-date basis, with details of accounts payable and all priority payables, certified as accurate by an appropriate corporate officer;
- (b) within 120 days after the end of each fiscal year of operation of the Lands, an annual operating statement in respect of the Lands for the immediately preceding fiscal year setting forth the gross rents and other income derived from the Lands, the cost and expenses of operation and maintenance of the Lands and such other information and explanations in respect of the same as may be required by the Chargee;
- (c) within 120 days after the end of each fiscal year of each Chargor and Covenantor which is a corporation, the annual financial statements of each such corporation for its immediately preceding fiscal year including, without limitation, the balance sheet of the corporation as at its fiscal year end with comparative figures for prior years, statements of earnings, retained earnings and changes in financial position as at the fiscal year end with comparative figures for prior fiscal years, any supporting schedules and notes thereto and such other information and explanations as may be required by the Chargee;
- (d) with respect to each Chargor and Covenantor who is an individual and within 30 days after each anniversary of the date of the Loan Agreement, an annual updated net worth statement of each such

individual in such form and including such content and other information and explanations as may be required by the Chargee; and

- (e) such further or other information as the Chargee may reasonably require from time to time in the monitoring and managements of its risk.

All such operating and financial statements shall be prepared at the expense of the Chargor and in accordance with generally accepted accounting principles applied on a consistent basis and on a review engagement basis by a duly qualified chartered accountant or certified public accountant which is acceptable to the Chargee, and the completeness and correctness of such statements shall be supported by an affidavit of an unauthorized officer of the Chargor or Covenantor, as the case may be.

10.26 **Estoppel Acknowledgements** – If and whenever the Chargee requests an acknowledgement from the Chargor as to the statement of account with respect to this Charge or the status of the terms and conditions of this Charge, the Chargor shall execute such an acknowledgement in such form as may be required by the Chargee provided that the contents of such form are correct, and the Chargor shall do so forthwith upon request and without cost to the Chargee and shall return such acknowledgement duly executed within forty-eight (48) hours of such request.

10.27 **Statements of Account** – The Chargor shall be entitled to receive upon written request, a statement of account with respect to this Charge as of any payment date under this Charge and the Chargee shall be entitled to a servicing fee for each such statement.

10.28 **Renewal or Extension of Time** – No renewal or extension of the terms of this Charge given by the Chargee to the Chargor, or anyone claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of the Lands, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured, and this Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount notwithstanding that there may be subsequent encumbrances; and it shall not be necessary to register any such agreement in order to retain priority for this Charge so altered over any instrument registered subsequent to this Charge; provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

Provided further that the terms of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of his interest in the Lands hereby secured, the Chargor will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to this Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof notwithstanding the given of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor.

The Chargor covenants and agrees with the Chargee that no agreement for renewal hereof or for extension of the time for payment of any monies payable hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of this Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only express agreement in writing between the Chargor and the Chargee.

10.29 **Construction Liens** – The Chargee may, at its option, withhold from any advances for which the Chargor may have qualified such amounts as the Chargee, in its sole discretion, considers advisable so as to ensure

the priority of all advances over all liens arising under any construction lien legislation until such time as the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this Charge shall be construed to make the Chargee an "owner" or "payer" as defined under any construction lien legislation, nor shall there be or be deemed to be any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be retained by the "owner" or "payer" pursuant to any construction lien legislation shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of all construction lien legislation.

10.30 **Expropriation** – If the Lands or any part thereof shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation, the principal sum herein remaining unpaid shall at the option of the Chargee forthwith become due and payable together with interest thereon at the rate provided for herein to the date of payment together with a bonus equal to the aggregate of (a) three months' interest at the same rate calculation on the amount of the principal remaining unpaid, AND (b) one month's interest at the rate provided for herein calculated on the principal remaining unpaid, for each full year of the term of this Charge or any part of such year from the said date of payment to the date the said principal sum or balance thereof remaining unpaid would otherwise under the provisions of this Charge become due and payable and in any event all the proceeds of any expropriation shall be paid to the Chargee at its option in priority to the claims of any other party.

10.31 **INTENTIONALLY DELETED**

10.32 **Sale or Change of Control** – In the event of a further encumbrance or a sale, conveyance or transfer of the Lands or any portion thereof, or a change in control of the Chargor or a change in the beneficial ownership of the Lands or any portion thereof or a lease of the whole of the Lands, all sums secured hereunder shall, at the Chargee's option, become due and payable forthwith unless the written consent of the Chargee has been first obtained, which consent shall not be unreasonably withheld. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any person claiming through or under him and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision. No permitted sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured. The foregoing shall not apply to any sale to a bona fide arm's length purchaser for value of a single family residential lot or condominium unit intended to be used by such purchaser for residential purposes.

10.33 **Event of Default** – Without limiting any of the provisions of this Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon and all amounts due hereunder shall immediately become due and payable at the option of the Chargee exercised by notice in writing to the Chargor:

- (a) Failure by the Chargor or any Covenantor to pay any instalment of principal, interest and/or any amounts owing under the Loan Agreement or this Charge including without limiting the generality of the foregoing, taxes under this Charge or under any charge or other encumbrance of the Lands, on the date upon which any of the payments for same become due;
- (b) Failure by the Chargor or any Covenantor to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application or Loan Agreement for the loan secured by this Charge, the provisions of this Charge, or any other document giving contractual relationship as between them or any of them or if it is found at any time that any representation to the Chargee with respect to the loan secured by this Charge or in any way related thereto is incorrect or misleading;

- (c) Default by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in the Loan Agreement or any charge or other encumbrance affecting the Lands, whether or not it has priority over this Charge;
- (d) Upon the registration of any construction lien against the Lands which is not discharged or vacated on or before the date which is the earlier of 21 days after the date of registration of such construction lien and the day immediately preceding the last date upon which a legal action can be commenced in respect of such construction lien;
- (e) In the event that any Hazardous Substance is discovered in, on or under the Lands or any part thereof and the Chargee does not within seven (7) days after demand therefor by the Chargee immediately commence and thereafter diligently proceed to completely remove the same to the entire satisfaction of the Chargee;
- (f) In the event that the Lands are abandoned or there is any cessation of the business activities or any material part thereof now being conducted upon the Lands by the Chargor or the beneficial owner of the Lands or any of their respective officers, agents, employees, tenants or invitees;
- (g) If the Chargor or any Covenantor commits an act of bankruptcy or becomes insolvent or has a receiver or receiver and manager appointed for it or over any of its assets or if any creditor takes possession of any of its assets or if any execution, distress or other like process is levied or enforced upon the Lands or any part thereof or if any compromise or arrangement with creditors is made by any of them;
- (h) If the Chargor or any Covenantor shall fail to maintain reasonable currency with respect to the government priority payables.

10.34 **Default** – The Chargee may, on default of payment or in the performance of any covenant in this Charge contained or implied by law or statute, enter on and lease the Lands or in default of payment or in default in performance of any covenant in this Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days' notice sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided under the Mortgages Act, as amended from time to time. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands if unoccupied, or at the option of the Chargee, by mailing in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the Lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by person service upon such representatives.

Provided further, without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in the payment of the said principal or interest or any part thereof and such default continues for two months after any payment of either principal or interest falls due, the Chargee may exercise the powers given under the preceding proviso with or without entry on the Lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. And that the Chargee may sell the whole or any part or parts of the Lands by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Lands or by reason of non-payment or procuring payments of monies secured hereby or otherwise; and that the Chargee may sell any of the Lands on such terms as to credit and

otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.

And it is hereby agreed between the parties hereto that the Chargee may pay all premiums of insurance and all Taxes which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering and keeping possession of the Lands, and of negotiating this loan, investigating title, and registering this Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security, (including legal fees, real estate commissions, appraisal costs and other costs incurred in leasing or selling the Lands or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate aforesaid and shall be a charge upon the Lands in favour of the Chargee and that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers in this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

Provided that wherever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the persons to whom notice of exercising such power shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no such conflict, the provisions of this Charge shall remain unchanged.

Provided that the Chargee may lease or sell as aforesaid without entering into possession of the Lands.

Provided that the Chargee may distrain for arrears of interest and that the Chargee may distrain for arrears of principal and arrears of Taxes in the same manner as if the same were arrears of interest.

Provided that in default of the payment of the interest hereby secured the principal hereby secured shall become payable at the option of the Chargee, together with interest thereon.

Provided that upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

Provided that, upon default under this Charge, the Chargee shall be entitled and shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of this Charge or at any time thereafter.

Provided that until default hereunder the Chargor shall have quiet possession of the Lands.

And that on default the Chargee shall have quiet possession of the Lands.

Provided that the Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.

And it is further agreed by and between the parties that the Chargee may at its discretion at any time, release any part or parts of the Lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from this Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the Lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

It is further agreed that the Chargee may exercise all remedies provided for in this Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its rights under any other provisions contained in this Charge.

And without limiting any other provision of this Charge, the Chargor acknowledges and agrees that, upon the occurrence of any default under this Charge and whether or not the monies hereby secured have been fully advanced, the Chargee may, at any time and from time to time as the Chargee shall determine at its sole option and discretion, advance such further sums under this Charge as are necessary to pay any arrears of Taxes, utilities or other charges capable of constituting a lien upon the Lands *pari passu* with or in priority to this Charge, to pay all amounts due under any encumbrance having priority over this Charge, to pay all amounts required to discharge or vacate any construction lien registered against the Lands whether or not priority is claimed over this Charge, to maintain in good standing any policies of insurance in respect of the Lands, to maintain, repair, operate and/or manage the Lands and any or all improvements thereon, to complete construction or renovation of any improvements on the Lands, to realize upon any security held by the Chargee for the loan secured by this Charge and generally to enforce all of the Chargee's rights, title and interest hereunder and to protect the Lands and to preserve the enforceability and priority of this Charge, and to pay any and all Costs; and all amounts advanced by the Chargee for any of the purposes as aforesaid shall bear interest at the rate applicable under this Charge from the date so advanced until repaid in full and shall be secured by this Charge in the same priority as the principal amount hereof.

10.35 **Right of Chargee to Repair** – The Chargor covenants and agrees with the Chargee that in the event of default in the payment of an instalment or other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained, after all or any of the monies hereby secured have been advanced, the Chargee may, at such time or times as the Chargee may deem necessary and without the concurrence of any person, enter upon the Lands and may make such arrangements for completing the construction of, repairing

or putting in order any buildings or other improvements on the Lands or for inspecting, taking care of, leasing, collecting the rents of and generally managing the Lands, as the Chargee may deem expedient; and all reasonable costs, charges and expenses including, but not limited to, allowances for the time and services of any employee of the Chargee or other person appointed for the above purposes, and a servicing fee shall be forthwith payable to the Chargee by the Chargor and shall be a charge upon the Lands and shall bear interest at the aforesaid rate until paid.

10.36 **Appointment of a Receiver** – It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the Lands appoint in writing a Receiver of the Lands, or any part thereof, and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the Mortgages Act (Ontario), the Construction Lien Act (Ontario), or the Trustee Act (Ontario) as the Chargee may at its sole option require. Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Lands or any part thereof and the Chargor hereby consents to a Court Order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee at its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the Lands and/or to complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing encumbrances affecting the Lands, including without limitation, charges and construction lien claims. Upon the appointment of any such Receiver from time to time the following provisions shall apply:

- (a) A Statutory Declaration made by the Chargee or by any authorized representative 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 to the Lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;
- (c) The Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the Lands, and may be paid out of the income therefrom or the proceeds of sale thereof;
- (d) 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 Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a chargee in possession in respect of the Lands or any part thereof;
- (e) The Receiver shall have the power to rent any portion of the Lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the Lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the Lands;
- (f) In all instances, the Receiver shall be acting as the attorney or agent of the Chargor;
- (g) Every such Receiver shall have full power to complete any unfinished construction upon the Lands;

- (h) Such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Lands or any part thereof in the name of the Chargor for the purposes of securing the payment of rental from the Lands or any part thereof;
- (i) The Receiver shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of this Charge or at any time thereafter;
- (j) The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the Lands including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges, mortgages and other encumbrances which may be registered against the Lands from time to time, whether or not any of the same are prior to the interest of the Chargee in the Lands; sale of the Lands; borrowing money on the security of the Lands; applying for and executing all documents in any way related to any re-zoning applications, severance of lands pursuant to the provisions of the Planning Act, as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the Lands, including grants of lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the Lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act (Ontario) or pursuant to the Certification of Titles Act (Ontario); and for all and every of the purposes aforesaid it does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the Lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the Lands, as fully and effectually to all intents and purposes as it itself could do if personally present and acting therein.
- (k) Such Receiver shall not be liable to the Chargor to account for monies or damages other than cash received by it in respect of the Lands or any part thereof and out of such cash so received every such Receiver shall pay in the following order: (i) its remuneration; (ii) all payments made or incurred by it in the exercise of its powers hereunder; and (iii) any payment of interest, principal and other money which may from time to time be or become charged upon the Lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Lands or any part thereof.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Lands in the same manner as if such documentation was duly executed by the Chargor himself.

10.37 **Chargee Not to Be Deemed Chargee in Possession** – The Chargor acknowledges and agrees that, in exercising any of the rights given to the Chargee under this Charge, the Chargee shall be deemed not to be a chargee or mortgagee in possession.

10.38 **Enforcement of Additional Security** – In the event that, in addition to the Lands charged hereby, the Chargee holds further security on account of the monies secured hereby, it is agreed that no single or partial exercise of any of the Chargee's powers hereunder or under any of such security, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such security. The Chargee shall at all times have the right to proceed against all, any, or any portion of such security in such order and in such manner as it shall in its

sole discretion deem fit, without waiving any rights which the Chargee may have with respect to any and all of such security, and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining security, provided however, that upon payment of the full indebtedness secured hereunder the rights of the Chargee with respect to any and all such security shall be at an end.

10.39 **Taking of Judgement Not a Merger** – The taking of a judgement or judgements on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and further that the same judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgement shall have been fully paid and satisfied.

10.40 **Bankruptcy and Insolvency Act** – The Chargor hereby acknowledges and agrees that:

- (a) the security held by the Chargee is not all or substantially all of the inventory, accounts receivable or other property of the Chargor acquired for or used in relation to any business carried on by the Chargor;
- (b) notwithstanding any act of the Chargee by way of appointment of any person or persons for the purposes of taking possession of the Lands as agent on behalf of the Chargor or otherwise or by taking possession of the Lands itself pursuant to any rights that the Chargee may have with respect thereto shall not constitute the Chargee or any such person, a receiver within the meaning of subsection 243(2) of the Bankruptcy and Insolvency Act (Canada), and that any and all requirements of Part XI of the said Act as it may pertain to obligations of receivers shall not be applicable to the Chargee with respect to the transaction pursuant to which this Charge has been given or with respect to enforcement of this Charge or any other security held by the Chargee; and,
- (c) any and all Costs as may be incurred from time to time by the Chargee in order to effect compliance or avoid any adverse ramifications of the Bankruptcy and Insolvency Act (Canada) shall be entirely for the account of the Chargor; and the Chargee shall be entitled to incur any such Costs, including any costs of its personnel in administering any requirements of the said Act and to add the same to the indebtedness owing pursuant hereto and the same shall be secured hereunder and under any and all security held by the Chargee for the indebtedness owing to the Chargee in the same manner and in the same priority as the principal secured hereunder.

10.41 **Permissible Interest Rate** – It is not the intention of this Charge to violate any provisions of the Interest Act (Canada), the Criminal Code (Canada) or any other statute dealing with permitted rates of interest in the Province of Ontario or in Canada. Notwithstanding any provisions set out herein, in no event shall the "interest" (as that term is defined in the Criminal Code) exceed the "criminal rate" (as defined therein) of interest on the "credit advanced" (as defined therein) lawfully permitted under the said legislation. In the event that it is determined at any time that, by virtue of the Loan Agreement, this Charge or any other document given as security for the herein contemplated loan, the payments of interest required to be made by the Chargor exceed the "criminal rate", then the Chargor shall only be required to pay interest at the highest rate permitted by law. Nothing herein shall invalidate any requirements for payment pursuant to the Loan Agreement, this Charge or such other security documents, and any excess interest paid to the Chargee shall be refunded to the Chargor and the provisions of this Charge shall in all respects be deemed to be amended accordingly.

10.42 **Non-Merger** – Notwithstanding the registration of this Charge and the advance of funds pursuant hereto, the terms and conditions of the Loan Agreement shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and delivered to the Chargee in connection with the transaction contemplated by the Loan Agreement, and the terms of the Loan Agreement are incorporated herein by

reference. In the event of any inconsistencies or ambiguities between the provisions of this Charge and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

10.43 **Notices** – All notices or other communications to be given pursuant to or in connection with this Charge shall be in writing, signed by the party giving such notice or by its solicitors, and shall be personally delivered or sent by registered mail or facsimile transmission to the party or parties intended at its or their respective addresses for service as set out in this Charge. Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

10.44 **Priority over Vendor's Lien** – The Chargor hereby acknowledges that this Charge is intended to be prior to any vendor's lien, whether in favour of the Chargor or otherwise, and the Chargor covenants that he has done no act to give priority over this Charge to any vendor's lien, nor is he aware of any circumstances that could create a vendor's lien. Further, the Chargor covenants to do all acts and execute or cause to be executed all documents required to give this Charge priority over any vendor's lien and to give effect to the intent of this clause.

10.45 **Consent of Chargee** – Wherever the Chargor is required by this Charge to obtain the consent or approval of the Chargee, it is agreed that, subject to any other specific provision contained in this Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion, and the Chargee shall not be liable to the Chargor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs obtaining such approval shall be for the account of the Chargor.

10.46 **Family Law Act (Ontario)** – The Chargor shall forthwith after any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, (b) the qualification of the Lands or any part thereof as a matrimonial home within the meaning of Part II of the Family Law Act (Ontario), (c) the ownership of the equity of redemption in the Lands or any part thereof, and (d) a shareholder of the Chargor obtaining rights to occupy the Lands or any part thereof by virtue of shareholding within the meaning of Section 18(2) of the Family Law Act (Ontario), or any successor provision thereof, as the case may be, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the Lands by virtue of Section 19 of the Family Law Act (Ontario) or any successor provision thereof. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) (c), and (d) above as the Chargee may from time to time request.

10.47 **Independent Legal Advice** – The Chargor and Covenantor(s) acknowledge that they have full knowledge of the purpose and essence of this transaction, and that they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agreed to provide to the Chargee a Certificate of Independent Legal Advice as and when same may be required, regarding their knowledge and understanding of this transaction.

10.48 **Discharge** – The Chargee shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of this Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized. If this Charge, the Loan Agreement or any other document provides for the giving of partial discharges of this Charge, it is agreed that, notwithstanding any other provision to the contrary, the

Chargor shall not be entitled to request or receive any such partial discharge if and for so long as the Chargor is in default under this Charge, the Loan Agreement or such other document.

10.49 **Servicing Fees** – All servicing and administration fees as herein provided are intended to and shall be in an amount sufficient in the sole opinion of the Chargee to compensation the Chargee for its administrative costs and shall not be deemed a penalty. The amount of such servicing and administration fees if not paid shall be added to the principal amount secured hereunder, and shall bear interest at the rate aforesaid and the Chargee shall have the same rights with respect to collection of same as it does with respect to collection of principal and interest hereunder or at law. Such servicing and administration fees shall include, but shall not be limited to, the following:

- (a) The Chargee's fee (currently \$350.00) for each mortgage statement provided by the Chargee at the request of the Chargor;
- (b) The Chargee's fee (currently \$350.00) for each payment hereunder made by the Chargor which his not honoured by its bank (in addition to all bank charges incurred in connection with the same);
- (c) The Chargee's fee (currently \$400.00) for each demand letter or other communication sent by the Chargee to the Chargor in consequence of any default by the Chargor hereunder (in addition to all legal and other professional costs incurred in connection therewith);
- (d) The Chargee's fee (currently \$300.00) for each draw request or request for advance of funds under this Charge and pursuant to the Loan Agreement;
- (e) The Chargee's fee (currently \$300.00) for each wire or electronic transfer of funds to the Chargor or as it may otherwise direct in writing in connection with each draw request for advance of funds under this Charge and pursuant to the Loan Agreement;
- (f) The sum of \$300.00 for each residential condominium unit (together with any related parking, locker or other units) in respect of which the Chargee gives a partial discharge of this Charge, payable at the time of the Chargee giving such partial discharge together with all reasonable legal costs incurred by the Chargee in such regard.

10.50 **Interpretation** – Provided and it is hereby agreed that, in construing this Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where any of the Chargor, the Chargee and any Covenantor is more than one person, their respective covenants shall be deemed to be joint and several, and the provisions of this Charge shall be read and construed with all changes of gender and number as required by the context.

10.51 **Headings** – The headings with respect to the various paragraphs of this Charge are intended to be for identification of the various provisions of this Charge only and the wording of such headings is not intended to have any legal effect.

10.52 **Invalidity** – If any of the covenants or conditions in this Charge inclusive of all schedules forming a part hereof shall be void for any reason it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

10.53 **Counterparts** – This Charge may be executed and/or registered in counterparts, each of which, so executed, and/or registered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, and notwithstanding their date of execution shall be deemed to bear date as of the date above written.

10.54 **Restriction on Further Financing** – The Chargor agrees not to enter into any further financing of the Lands and not to further encumber same in any manner without the prior written approval of the Chargee.

10.55 Intentionally Deleted

10.56 **Loan Syndication** – The Chargor acknowledges that the Chargee will be administering the loan secured by this Charge and holding one or more interests therein as manager and/or trustee on behalf of certain investors, participants, co-lenders or other persons (including, without limitation, any mortgage broker, agent or other party who or which may have assisted in arranging the loan) whose interest may or may not be shown on the loan documents, and the Chargor agrees to pay all reasonable costs incurred by the Chargee in connection therewith.

10.57 **Construction Loan Provisions** – In the event that any of the monies advanced or to be advanced under this Charge are intended to finance any improvement to the Lands, the parties hereto covenant and agree that the following conditions shall apply:

- (a) All construction on the Lands shall be carried out by reputable contractors having experience which is commensurate to nature and size of the project to be constructed.
- (b) The renovations to the building and structures located on the Lands having been commenced shall be continued in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to the Chargee and to the satisfaction of all governmental and regulatory authorities having jurisdiction.
- (c) Provided that should construction on the project on the Lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Chargor excepted), for a period of ten (10) consecutive days (Saturdays, Sundays and Statutory holidays excepted), then, at the option of the Chargee, this Charge 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 construction of the said project in such manner and on such terms as it deems advisable. The cost of completion of the said project by the Chargee and all expenses incidental thereto shall be added to the principal amount of this Charge, together with a management fee of fifteen percent (15%) of the costs of the construction completed by the Chargee. All costs and expenses, as well as the management fee of fifteen percent (15%) added to the principal amount of this Charge shall bear interest at the rate as herein provided for and shall form part of the principal sum herein 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 all times there shall be sufficient funds unadvanced under this Charge and retained by the Chargee to complete the construction and/or renovation of the project on the Lands and as may be necessary to retain the Chargee's priority with respect to any deficiency in the holdbacks required by the Chargor under the Construction Lien Act (Ontario).
- (e) This Charge will be advanced in stages as construction upon the Lands proceeds or as the conditions as enumerated by the Loan Agreement are complied with.
- (f) All advances which are made from time to time hereunder shall be based on certificates of a duly qualified architect, engineer, quantity surveyor, cost consultant or other consultant(s) retained for the purpose of reviewing and advising the Chargee with respect to the said project and the progress thereof, whose fees and costs shall be for the account of the Chargor regardless of by whom such person has been retained. All such 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 renovation to the date of such certificate shall be in accordance with the approved plans and specifications

for the said construction and further, in accordance with the building permits issued for such construction and in accordance with all municipal and other governmental requirements of all authorities having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the Lands. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the building.

- (g) The Chargor shall pay to the Chargee on each occasion when an inspection of the Lands is required to confirm construction costs to date and compliance with conditions for further advances, an inspection fee in such reasonable amount as the Chargee 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 collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law.
- (h) The Chargor covenants and agrees upon completion of the project to be erected on the Lands to deliver as further security for the loan herein secured, a General Security Agreement covering the goods, equipment and chattels to be installed in the same building, said General Security Agreement to be in a form approved by the solicitor for the Chargee.

10.58 **Condominium Provisions** – Provided that if all or any part of the Lands is or becomes a condominium unit pursuant to the provisions of the Condominium Act (Ontario), the following covenants and provisions shall apply in addition to all other covenants and provisions set forth in this Charge:

- (a) For the purposes of all parts of the Lands comprising one or more such condominium units, all references in this Charge to the Lands shall include the Chargor's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;
- (b) The Chargor shall at all times comply with the Condominium Act (Ontario) and shall forward to the Chargee proof of such compliance as the Chargee may request from time to time including, without limitation, status certificates issued by the Condominium Corporation; and if the Chargor fails to so comply in any respect, the Chargee may do so at its option and all costs and expenses incurred by the Chargee in connection therewith shall be secured by this Charge and payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;
- (c) The Chargor shall pay, when due, all monies payable by the Chargor or with respect to the Lands in accordance with the provisions of the Condominium Act (Ontario) and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Chargee upon request; and if the Chargor fails to make such payment, the Chargee may do so at its option and all amounts so paid by the Chargee shall be secured by this Charge and shall be payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;
- (d) The Chargor hereby irrevocably appoints, authorizes and empowers the Chargee to exercise the rights of the Chargor to vote or to consent as an owner within the meaning of the Condominium Act (Ontario) with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:
 - (i) the Chargee may at any time and from time to time give notice in writing to the Chargor and to the Condominium Corporation that the Chargee does not intend to exercise such right to vote or to consent, in which case the Chargor may exercise its right to vote or to consent for so long as such

notice remains effective or until such notice is revoked by the Chargee; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;

- (ii) the Chargee shall not be under any obligation to vote or to consent or to protect the interests of the Chargor; and
 - (iii) the exercise by the Chargee of its right to vote or to consent or to abstain from doing so shall not constitute the Chargee as a mortgagee or charge in possession and shall not give rise to any liability on the part of the Chargee;
- (e) The Chargor shall forward to the Chargee by delivery or by prepaid registered mail copies of every notice, assessment, claim, demand, by-law, rule, request for consent and other communication relating to all or any part of the Lands or the common elements or affairs of the Condominium Corporation on or before the date which is the earlier of:
- (i) fourteen (14) days after receipt of the same by the Chargor;
 - (ii) seven (7) days prior to the date set for any meeting of the Condominium Corporation or any committee thereof;
 - (iii) seven (7) days prior to the due date of any claim or demand for payment; and
 - (iv) within twenty-four (24) hours after becoming aware of any information concerning termination of any insurance policy, insurance trust agreement or management agreement relating to the Condominium Corporation or any of its assets;
- (f) The Chargor hereby authorizes and directs the Condominium Corporation to permit the Chargee to inspect the records of the Condominium Corporation at any reasonable time; and
- (g) In addition to and notwithstanding any other provisions of this Charge, the outstanding principal amount and all accrued interest and other charges secured by this Charge shall, at the Chargee's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:
- (i) the government of the Condominium Corporation or the government of the Lands by the Condominium Corporation is terminated;
 - (ii) a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Lands, or any part of the same is expropriated;
 - (iii) the Condominium Corporation fails to comply with any provision of the Condominium Corporation (Ontario) or its declaration or any of its by-laws and rules; and
 - (iv) the Condominium Corporation fails to insure its assets, including the Lands, in accordance with the Condominium Corporation (Ontario) and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

10.59 **Condominium Registration** – Replacement or Additional Security – The Chargee acknowledges that the Chargor intends to register the Lands as a condominium project and agrees to consent to such registration subject to the following conditions: (i) compliance by the Chargor with all requirements of all applicable laws and

all governmental authorities; (ii) delivery to the Chargee of replacement or additional security for the loan secured by this Charge (including new mortgage(s), charge(s), assignment(s) and other security, opinion letters and an amended or replacement title insurance policy) as required by the Chargee in its sole discretion to be registered immediately following registration of the Lands as a condominium project and to constitute evidence of and security for the said loan in place of or in addition to the security delivered at the time of the first advance under this Charge, and the security delivered at the time of the first advance under this Charge will remain in place or may be discharged at the sole option and discretion of the Chargee; (iii) escrow and other arrangements satisfactory to the Chargee and its solicitors are entered into between all relevant parties (including registration of a temporary caution prohibiting any dealings with the Lands without the Chargee's consent) so as to ensure that the replacement or additional security is registered immediately following registration of the Lands as a condominium project, with the net effect that the condominium registration and registration of the replacement or additional security shall be, effectively, simultaneous events and that the condominium registration will not occur unless registration of the replacement or additional security occurs immediately thereafter; (iv) all such replacement or additional security will, after registration thereof, have the same effective priority and effect as the security delivered at the time of the first advance under this Charge; (v) the Chargor shall pay or reimburse the Chargee for all third party costs and expenses incurred by it in connection with the foregoing; and (vi) prior to the Chargee proceeding with any of the foregoing, the Chargor shall pay to the Chargee an amount as determined by the Chargee, acting reasonably, which it estimates to be sufficient to cover all such third party costs and expenses, and any surplus thereof shall be refunded to the Chargor.

10.60

Additional Provisions

- (a) Notwithstanding anything to the contrary contained in this Charge, any amount advanced under this Charge made by the Chargee shall be at the Chargee's sole and absolute discretion and the Chargee shall not be obligated at any time or times to make any advance under this Charge to the Chargor.
- (b) In addition to the payment by the Chargor of the principal amount owing from time to time under this Charge plus interest as set forth herein, the Chargor shall also pay to the Chargee, in certified funds or Bank Draft, forthwith after the determination is made by the Chargee in its opinion that the Additional Loan Payment is payable, the amount of the Additional Loan Payment calculated as set forth in Schedule "D" of the Loan Agreement in the same manner as contemplated in Section 4.05 of the Loan Agreement. Notwithstanding the foregoing, the Chargee, at its option, may also deduct from the Distributable Cash Proceeds (as the term is defined in the Loan Agreement), at any time and from time to time, all or any part of the Additional Loan Payment that the Chargee, in its opinion, believes is due and payable.
- (c) The Chargor acknowledges, confirms, covenants and agrees that the Chargee shall be deducting from the first advance under this Charge and any additional advance an amount equal to 12 month's projected interest at the interest rate contemplated herein, at the time of such advance(s) which shall be a contribution of the Chargor to the Interest Reserve (as the term is defined in the Loan Agreement). The Chargor further acknowledges, confirms, covenants and agrees that the Chargee may from time to time and at any time, acting reasonably, deduct from the funds held in trust by the Chargee's Solicitors (as the term is defined in the Loan Agreement) or received from the Chargor, whether from the Distributable Cash Proceeds or otherwise, such amounts that in its opinion is necessary or appropriate to replenish the Interest Reserve. The Chargor covenants and agrees that the amount in the Interest Reserve shall be applied by the Chargee against the obligations of the Chargor to pay interest hereunder, pursuant to the Loan Agreement or on the Loan Installments (as the term is defined in the Loan Agreement) and that once applied or deducted by the Chargee from the

Loan Installments, the Distributable Cash Proceeds or otherwise, the Chargor shall have no claim against the funds in the Interest Reserve.

Properties

PIN 48079 - 0670 LT
Description PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN FAVOUR OF PT 1-4, 6, 8, 10, 12, 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 & 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE
Address 16 LEGACY LANE
 HUNTSVILLE

Source Instruments

Registration No.	Date	Type of Instrument
MT124116	2013 04 02	Charge/Mortgage

Transferor(s)

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

Name 2223947 ONTARIO LIMITED
Address for Service c/o Tier 1 Capital Management Inc.
 3655 Kingston Road
 Toronto, Ontario
 M1M 1S2

I, Raj Singh, President, have the authority to bind the corporation.

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

Transferee(s)

	Capacity	Share
Name OLYMPIA TRUST COMPANY		As to \$1,172,200.00, Interest
Address for Service OLYMPIA TRUST COMPANY IN TRUST FOR RRSP - See Schedule Attached 2200, 125 9th Ave. S. E. Calgary, Alberta T2G 0P6		
Name 2223947 ONTARIO LIMITED		As to \$2,327,800.00 Interest
Address for Service c/o Tier 1 Capital Management Inc. 3655 Kingston Road Toronto, Ontario M1M 1S2		

Statements

The chargee transfers the selected charge for \$ 1,172,200.00

Schedule: See Schedules

This document relates to registration no.(s)MT124116

Signed By

Maria Da Silva	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferor(s)	Signed	2013 04 02
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Tel 9056297800

Fax 9056294350

I have the authority to sign and register the document on behalf of all parties to the document.

Maria Da Silva	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferee(s)	Signed	2013 04 02
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Signed By

Tel 9056297800

Fax 9056294350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

2013 04 02

Tel 9056297800

Fax 9056294350

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Transferor Client File Number : 12378

**SCHEDULE
TO
TRANSFER OF CHARGE**

Additional Transferee(s):

Transferee (s):	Capacity	Share
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #106331 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$32,500.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #106533 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$47,500.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107344 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$24,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107343 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$132,600.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #106333 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$26,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #106032 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$243,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #108092 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$67,000.00 interest

Name:	OLYMPIA TRUST COMPANY	As to \$35,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #105620 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$16,800.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #106335 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$46,500.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107547 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #108632 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$93,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107346 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$26,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107932 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$26,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107930 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107913 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #108971 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$19,400.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107915 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #108313 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$37,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107576 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$22,500.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #105622 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107347 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$32,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107349 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107574 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

Name:	OLYMPIA TRUST COMPANY	As to \$28,800.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107593 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$16,600.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107592 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107923 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #107914 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

Statements: The Chargee transfers the selected Charge for \$1,172,200.00.

Properties

PIN 48079 - 0670 LT
Description PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN FAVOUR OF PT 1-4, 6, 8, 10, 12, 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 & 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE
Address 16 LEGACY LANE
 HUNTSVILLE

Source Instruments

Registration No.	Date	Type of Instrument
MT124116	2013 04 02	Charge/Mortgage

Transferor(s)

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

Name 2223947 ONTARIO LIMITED
Address for Service c/o Tier 1 Capital Management Inc.
 3655 Kingston Road
 Toronto, Ontario
 M1M 1S2

I, Raj Singh, President, have the authority to bind the corporation.

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

Transferee(s)

Name	Capacity	Share
OLYMPIA TRUST COMPANY		As to \$1,495,800.00 Interest
Address for Service OLYMPIA TRUST COMPANY IN TRUST FOR RRSP - See Schedule Attached 2200, 125 9TH Ave. S. E. Calgary, Alberta T2G 0P6		
2223947 ONTARIO LIMITED		As to \$2,004,200.00 Interest
Address for Service c/o Tier 1 Capital Management Inc. 3655 Kingston Road Toronto, Ontario M1M 1S2		

Statements

The charge transfers the selected charge for \$323,600.00

Schedule: See Schedules

Signed By

Maria Da Silva 2355 Skymark Ave, Ste 300 acting for Signed 2013 04 26
 Mississauga Transferor(s)
 L4W 4Y6

Tel 9056297800

Fax 9056294350

I have the authority to sign and register the document on behalf of all parties to the document.

Maria Da Silva 2355 Skymark Ave, Ste 300 acting for Signed 2013 04 26
 Mississauga Transferee(s)
 L4W 4Y6

Tel 9056297800

Signed By

Fax 9056294350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

2013 04 26

Tel 9056297800

Fax 9056294350

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Transferor Client File Number : 12378

**SCHEDULE
TO
TRANSFER OF CHARGE**

Additional Transferee(s):

Transferee (s):	Capacity	Share
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109191 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$39,800.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110067 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$50,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109693 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$50,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109492 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$25,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109531 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$30,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109692 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$25,000.00 interest
Name: OLYMPIA TRUST COMPANY Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #103921 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6		As to \$33,000.00 interest

Name:	OLYMPIA TRUST COMPANY	As to \$45,800.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109680 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #109490 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

Statements: The Chargee transfers the selected Charge for \$323,600.00.

Properties

PIN 48079 - 0670 LT
Description PT OF BLK 23 PLAN 35M-694 PTS 1, 2, 3, 4, 5, 6, 7, 8 AND 12 35R22739; S/T TO PT 4 - 6 35R22739 EASEMENTS AS IN MT203, MT270; S/T PT 1 - 8 & 12 35R22739 AS IN MT43285; T/W PT 15 35R21206 AS IN MT26274;; TOGETHER WITH AN EASEMENT OVER PT 4, 6 AND 20 ON 35R21206 & PT 10 ON 35R22739 AS IN MT89198; SUBJECT TO AN EASEMENT OVER PT 2, 4, 5, 6 & 8 35R22739 IN FAVOUR OF PT 1-4, 6, 8, 10, 12, 14, 16, 17, 19 & 20 35R21206 EXCEPT PT 1-8 & 12 ON 35R22739 AS IN MT89198; TOWN OF HUNTSVILLE
Address 16 LEGACY LANE
HUNTSVILLE

Source Instruments

Registration No.	Date	Type of Instrument
MT124116	2013 04 02	Charge/Mortgage

Transferor(s)

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

Name 2223947 ONTARIO LIMITED
Address for Service c/o Tier 1 Capital Management Inc.
3655 Kingston Road
Toronto, Ontario
M1M 1S2

I, Raj Singh, President, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Transferee(s)

Name	Capacity	Share
OLYMPIA TRUST COMPANY		As to \$2,020,200.00 interest
Address for Service OLYMPIA TRUST COMPANY IN TRUST FOR RRSP - See Schedule Attached 2200, 125 9TH Ave. S. E. Calgary, Alberta T2G 0P6		
2223947 ONTARIO LIMITED		As to \$1,479,800.00 interest
Address for Service c/o Tier 1 Capital Management Inc. 3655 Kingston Road Toronto, Ontario M1M 1S2		

Statements

The chargee transfers the selected charge for \$524,400.00
Schedule: See Schedules

Signed By

Maria Da Silva	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferor(s)	Signed	2013 06 19
Tel 905-629-7800				
Fax 905-629-4350				
I have the authority to sign and register the document on behalf of all parties to the document.				
Maria Da Silva	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferee(s)	Signed	2013 06 19
Tel 905-629-7800				

**SCHEDULE
TO
TRANSFER OF CHARGE**

Additional Transferee(s):

Transferee (s):	Capacity	Share
Name: OLYMPIA TRUST COMPANY		As to \$30,000.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110831 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
Name: OLYMPIA TRUST COMPANY		As to \$30,500.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110460 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
Name: OLYMPIA TRUST COMPANY		As to \$25,000.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110217 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
Name: OLYMPIA TRUST COMPANY		As to \$50,000.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110467 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
Name: OLYMPIA TRUST COMPANY		As to \$27,900.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110689 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
Name: OLYMPIA TRUST COMPANY		As to \$50,000.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110471 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
Name: OLYMPIA TRUST COMPANY		As to \$35,000.00 interest
Address for Service: OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110066 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta		

T2G 0P6		
Name:	OLYMPIA TRUST COMPANY	As to \$24,600.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110458 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$116,500.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110475 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$25,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110469 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$36,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110687 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$40,000.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110623 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	
Name:	OLYMPIA TRUST COMPANY	As to \$33,900.00 interest
Address for Service:	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #110473 2200, 125 – 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

(Optional) Statements: The Chargee transfers the selected Charge for \$ 524,400.00.

Signed By

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

2014 01 16

Tel 905-629-7800

Fax 905-629-4350

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Transferor Client File Number : 12378

Properties

PIN 36071 - 0115 LT *Interest/Estate* Fee Simple
Description PT LT 638 PL A12 KINGSTON CITY AS IN FR183198; T/W FR183198; S/T THE RIGHTS OF OWNERS OF ADJOINING PARCELS IF ANY UNDER FR391069; KINGSTON
Address 351 ALFRED STREET
KINGSTON

PIN 36071 - 0116 LT *Interest/Estate* Fee Simple
Description PT LT 636 PL A12 KINGSTON CITY AS IN FR151313; S/T FR151313; KINGSTON ; THE COUNTY OF FRONTENAC
Address 347 /349 ALFRED ST
KINGSTON

PIN 36071 - 0117 LT *Interest/Estate* Fee Simple
Description PT LT 637-638 PL A12 KINGSTON CITY AS IN FR218760 & FR142138 EXCEPT THE EASEMENT THEREIN SECONDLY & THIRDLY DESCRIBED IN FR142138 AND EXCEPT THE EASEMENT THEREIN FIRSTLY DESCRIBED IN FR218760; S/T FR218760 & FR142138; KINGSTON ; THE COUNTY OF FRONTENAC
Address 531 PRINCESS ST
KINGSTON

PIN 36071 - 0118 LT *Interest/Estate* Fee Simple
Description PT LT 637-638 PL A12 KINGSTON CITY PT 1 13R6390; T/W FR412426; KINGSTON ; THE COUNTY OF FRONTENAC
Address 525 /527 PRINCESS ST
KINGSTON

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 (525 PRINCESS STREET) INC.
Address for Service 51 Caldari Road, Unit # A1M
Concord, 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 TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION
Address for Service c/o Tier 1 Transaction Advisory Services Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario
L3R 8T3

Statements

Schedule: See Schedules

Provisions

Principal \$6,400,000.00 *Currency* CDN
Calculation Period
Balance Due Date 2018/12/15
Interest Rate 8.0%
Payments
Interest Adjustment Date
Payment Date
First Payment Date 2016 04 01
Last Payment Date 2018 10 01
Standard Charge Terms 200033

Provisions

Insurance Amount full insurable value
Guarantor

Signed By

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Chargor Signed 2015 12 15
Mississauga (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 12 16
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 : 13896

PROVIDED THIS CHARGE/MORTGAGE OF LAND TO BE VOID upon payment at the office of the Chargee at 2355 Skymark Avenue, Suite 300, Mississauga, Ontario L4W 4Y6 of Six Million Four Hundred Thousand (\$6,400,000) Dollars of lawful money of Canada with interest at the rate of eight percent (8.00%) per annum, calculated daily and payable on the earlier of demand or quarterly as herein set forth, as well after as before maturity and both before and after default plus the Additional Loan Payment (as defined and payable in accordance with the Loan Agreement) as follows: the whole of said principal sum of \$6,400,000 then outstanding shall become due and payable on the third anniversary of the first advance, expected to be on or about December 15, 2018 (subject to two six month extensions on the same terms and conditions as set out herein, on written notice from the Chargor to the Chargee at least 60 days prior to the then applicable maturity date, or extended maturity date, as the case may be; and interest at the rate and calculated aforesaid on the amount advanced from time to time shall become due and payable on the earlier of demand as provided for in the Loan Agreement or quarterly on the first day of the first month in each quarter (or three-month period as determined by the Chargee, acting reasonably) from and including April 1, 2016 to and including the day that the aforesaid principal sum is repaid in full. The first payment of interest to be computed from the date of the first advance to become due and payable on the first day of the second quarter (as determined by the Chargee, acting reasonably) immediately following the month that the first advance takes place which, for the sake of clarity, if the first advance is made in December of 2015, then the first payment of interest payable by the Chargor under this Charge shall be April 1, 2016.

AND taxes; and observance and performance of all covenants, provisos and conditions herein contained.

AND it is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one (1) month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said lands.

(10) **STANDARD CHARGE TERMS**

10.1 **Defined Terms** – Unless otherwise expressly defined or otherwise required by the context, the following words and phrases shall have the following meanings when used in this Charge:

- (a) **“Charge”** means the Charge/Mortgage to which these Standard Charge Terms are attached as a schedule or which refers to the filing number of these Standard Charge Terms, as the case may be, and all schedules attached to such Charge/Mortgage of Land, and all amendments thereto and replacements thereof from time to time;
- (b) **“Chargee”** means all persons in whose favour this Charge is given and who is or are named in this Charge as Chargee;
- (c) **“Chargor”** means all persons who have given this Charge and who have executed the same as Chargor;
- (d) **“Costs”** includes all costs and expenses of every nature and kind whatsoever incurred by the Chargee or paid by the Chargee to any other party or Person in connection with the protection and preservation of the Lands or any other security held by the Chargee whether pursuant to this Charge, the Loan Agreement or otherwise, or for the purpose of preserving and maintaining the enforceability and priority of this Charge and any such other security, or in connection with any and all demands and enforcement proceedings of every nature and kind made or carried out by or on behalf of the Chargee under or pursuant to this Charge or the Loan Agreement, and includes, without limitation, legal costs incurred by the Chargee on a solicitor and client scale;

- (e) **“Covenantor”** means any party to this Charge expressly defined as such and any and all Persons who have directly, indirectly, as principal debtor or as surety covenanted to pay or guaranteed payment of the whole or any part of the amount or amounts secured by this Charge or which are owing under the loan facilities referred to in the Loan Agreement or who have covenanted to perform or guaranteed performance by the Chargor of its obligations under this Charge or under the Loan Agreement or under any security given in connection therewith;
- (f) **“Environmental Laws”** means any and all applicable statutes, laws, by-laws, regulations, rules, codes, orders, directives, guidelines, permits and other lawful requirements, now or hereafter in effect, of any federal, provincial, municipal or other governmental authority having jurisdiction in connection with or pertaining to any Hazardous Substance or to the protection of the natural environment or the health or welfare of any living thing;
- (g) **“Hazardous Substance”** means any pollutant, contaminant, waste or other substance (i) the store, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is prohibited, controlled on regulated or licensed under any Environmental Law; or (ii) which in the Chargee’s opinion, acting reasonably, may, immediately or in the future, directly or indirectly, cause harm or degradation to the environment or to the health or welfare of any living thing;
- (h) **“Lands”** means the lands, tenements, hereditaments and appurtenances and any estate or interest therein described in this Charge, and all buildings and improvements now or hereafter situate or constructed thereon, and all easements, rights-of-way and other appurtenances thereto, and all structures, additions, improvements, machinery, equipment, decorations and other fixtures of every nature and kind (whether or not affixed in law) attached thereto or placed, installed or erected thereon or used in connection therewith;
- (i) **“Loan Agreement”** means a certain loan agreement dated as of the 5th day of October, 2015 by and between the Chargor and the Chargee, as may be amended or restated from time to time;
- (j) **“Person”** means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization;
- (k) **“Receiver”** means any receiver, receiver and manager, receiver-manager or trustee of the Lands as may be appointed from time to time by the Chargee pursuant to the provisions of this Charge or by any court of competent jurisdiction; and,
- (l) **“Taxes”** means all taxes, rates, assessments, local improvement charges, levies, penalties and other charges imposed upon or in respect of the Lands by any governmental authority having jurisdiction.

10.2 **Statutory References** – Unless expressly stipulated or otherwise required by the context, all references in this Charge to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended from time to time.

10.3 **Exclusion of Statutory Covenants** – The implied covenants deemed to be included in a charge under sub-section 7(1) of the Land Registration Reform Act (Ontario) shall be and are hereby expressly excluded and replaced by the terms hereof which are covenants by the Chargor, for and on behalf of the Chargor, with the Chargee.

10.4 **Short Form of Mortgages Act** – If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the Short Form of Mortgages Act, R.S.O. 1980, c. 474, and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this Charge shall be interpreted as if the said Act was still in full force and effect.

10.5 **Proviso for Redemption** – Provided this Charge to be void upon payment of the principal sum hereby secured, in lawful money of Canada, with interest as herein provided and taxes and performance of statute labour and performance of all covenants and agreements contained in this Charge.

10.6 **Release** – The Chargor releases to the Chargee all its claims upon the Lands subject to the proviso for redemption herein.

10.7 **Advance of Funds** – The Chargor agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the monies hereby secured, nor shall the advance of a part of the principal sum herein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor, and the expenses of the examination of the title and of this Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the Lands, and shall be without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies herein shall be exercisable.

10.8 **Chargor's Covenants** – The Chargor covenants with the Chargee as follows:

- (a) that the Chargor will pay the principal sum herein and interest and the Additional Loan Payment and observe the proviso for redemption herein, and will pay as they fall due all Taxes and when required by the Chargee, shall transmit the receipts therefor to the Chargee;
- (b) that the Chargor will pay all amounts which are payable hereunder or which are capable of being added to the principal sum herein pursuant to the provisions of this Charge or the Loan Agreement including, without limiting the generality of the foregoing, all servicing or other fees, Costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the Lands; all Costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Lands; all Costs incurred by the Chargee, including legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the Chargee arising out, of or in any way related to this Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the Lands and any and all Costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise;
- (c) that the Chargor has a good title in fee simple to the Lands and has good right, full power and lawful and absolute authority to charge the Lands and to give this Charge to the Chargee upon the covenants contained in this Charge;
- (d) that the Chargor has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose; and free from all encumbrances except as may be permitted by the Chargee, acting reasonably or as set forth in the Loan Agreement;
- (e) that the Chargor will execute such further assurances of the Lands as may be requisite; and

(f) that the Chargor will produce the title deeds and allow copies to be made at the expense of the Chargor.

10.9 **Compliance with Laws and Regulations** – The Chargor shall, in its ownership, operation and use of the Lands, promptly and at all times observe, execute and comply with all laws, Environmental Laws, rules, requirements, orders, directions, ordinances, and regulations of every governmental authority or agency having jurisdiction with respect to the same, and further agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10.10 **Change of Use** – The Chargor will not change or permit to be changed the existing use or uses of the Lands without the prior written consent of the Chargee.

10.11 **Repair** – The Chargor will keep the Lands including the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the Lands, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Chargor neglects to keep the Lands in good condition and repair, or commits or permits any act of waste on the Lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the principal sum herein shall, at the option of the Chargee, forthwith become due and payable, and in default of payment thereof with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Chargee may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to this Charge.

10.12 **Alterations or Additions** – Except as contemplated in Section 10.57 hereof, the Chargor will not make or permit to be made any alterations or additions to the Lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to compliance with such terms and conditions at the cost of the Chargor as the Chargee may impose.

10.13 **Lands Include All Additions** – The Lands shall include all structures and installations brought or placed on the Lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereof whether or not affixed in law to the Lands including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and that the same shall become fixtures and an accession to the freeholder and a part of the realty.

10.14 **INTENTIONALLY DELETED**

10.15 **Inspection** – The Chargee shall have access to and the right to inspect the Lands at all reasonable times.

10.16 **Taxes** – With respect to Taxes, the Chargor covenants and agrees with the Chargee that:

- (a) The Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay all Taxes which have become due and payable during any calendar year.
- (b) The Chargee may at its sole option estimate the amount of the Taxes payable in each year and the Chargor shall forthwith upon demand of the Chargee pay to the Chargee one-twelfth (1/12) of the estimated annual amount of such Taxes on the 1st day of each and every month during the term of this Charge commencing

with the 1st day of the first full month of the term of this Charge. The Chargee may at its option apply such payments to the Taxes so long as the Chargor is not in default under any covenant or agreement contained in this Charge, but nothing herein contained shall obligate the Chargee to apply such payments on account of Taxes more often than yearly. Provided however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of Taxes, and if before such payments have been so applied by the Chargee, there shall be default by the Chargor in respect of any payment of principal or interest as herein provided, the Chargee may at its option apply such sum or sums in or towards payment of the principal and interest in default. If the Chargor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Taxes, the Chargor may pay to the Chargee such additional amounts as are required for that purpose.

- (c) In the event that the Taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amounts required to make up the deficiency. The Chargee may at its option, pay any of the Taxes when payable, either before or after they are due, without notice, or may make advances therefor in excess of the then amount of credit held by the Chargee for Taxes. Any excess amount advanced by the Chargee shall be secured as an additional principal sum under this Charge and shall bear interest at the rate as provided for in this Charge until repaid by the Chargor.
- (d) The Chargor shall transmit and deliver to the Chargee all assessment notices, tax bills and other notices pertaining to the imposition of Taxes forthwith after receipt thereof.
- (e) The Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future liability for Taxes.
- (f) In no event shall the Chargee be liable for any interest on any amount paid to it on account of Taxes and the monies so received may be held with its own funds pending payment or application thereof as herein provided; provided that in the event that the Chargee does not utilize the funds received on account of Taxes in any calendar year, such amount or amounts may be held by the Chargee on account of any pre-estimate of Taxes required for the next succeeding calendar year, or at the Chargee's option the Chargee may repay such amount to the Chargor without any interest.
- (g) The Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any arrears of Taxes or any late payment of current instalments thereof, and at no time shall such penalties be the responsibility of the Chargee.
- (h) In the event the Chargee does not collect payments on account of Taxes as aforesaid, the Chargor shall deliver to the Chargee or on before December 31st in each calendar year or such other times or dates that the Chargee requests, written evidence from all taxing authorities having jurisdiction to the effect that all Taxes for the then current calendar year and any preceding calendar years have been paid in full, failing which, the Chargee shall be entitled to charge a servicing fee for each written inquiry directed to such taxing authorities or the Chargor for the purpose of ascertaining the status of the Taxes together with any costs payable to such taxing authorities for such information.

10.17 **Utilities** – The Chargor covenants that it will pay all utility and fuel charges related to the Lands as and when they are due. Except as may be necessary during the course of construction upon the Lands, the Chargor will not allow or cause the supply of utilities or fuel to the Lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, the Chargor will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith.

10.18 **Insurance** – The Chargor will insure and keep insured during the term of this Charge the buildings and other improvements on the Lands (now or hereafter erected) on an all-risks basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money herein, with no co-insurance provisions and with the Chargee's standard mortgage clause forming part of such insurance policy. The Chargor shall carry such liability, rental, boiler, plate glass and other insurance coverage as is required by the Chargee to be placed with such insurance companies and in such amounts and in such forms as may be acceptable to the Chargee. All such policies shall provide for loss payable to the Chargee and contain such additional clauses and provisions as the Chargee may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been bound and/or extended for a minimum period of at least one year and that all premiums with respect to such term of such coverage have been paid in full, shall be produced to the Chargee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Chargee may provide thereof and charge the premium paid thereof and interest thereon at the aforesaid rate to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the Lands and secured by this Charge. It is further agreed that the Chargee may at any time require any insurance on the said buildings to be cancelled and new insurance effected with a company to be named by it, and also may, of its own accord, effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be forthwith payable to it, together with interest at the rate aforesaid by the Chargor (together with any costs of the Chargee as herein set out), and shall be a charge upon the Lands and secured by this Charge.

In the event that the evidence of continuation of such insurance as herein required has not been delivered to the Chargee within the required time, the Chargee shall be entitled to a servicing fee for each written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provision arranges insurance coverage with respect to the Lands, the Chargee, in addition to the aforesaid servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

In the event of any loss or damage, the Chargor shall forthwith notify the Chargee in writing and notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Chargee may, at its option, require the said monies to be applied by the Chargor in making good the loss or damage in respect of which the monies is received, or in the alternative, may require that any or all of the monies so received be applied in or towards satisfaction of any or all of the indebtedness hereby secured whether or not such indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee in any event.

The Chargor, upon demand, will transfer all policies of insurance provided for herein and the indemnity which may become due therefrom to the Chargee. The Chargee shall have a lien for the indebtedness hereby secured on all the said insurance proceeds and policies, and may elect to have these monies applied as it may deem appropriate, including payment of monies secured hereby, whether due or not, but the Chargee shall not be bound to accept the said monies in payment of any principal not yet due.

10.19 **Remittance and Application of Payments** – All payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at the Chargee's address for service as set out in this Charge or at such other place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by this Charge are forwarded to the Chargee by mail, payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay. Notwithstanding anything herein to the contrary, in the event of any default under this Charge, the Chargee may apply any payments received in whatever order the Chargee may elect as between principal, interest, realty taxes, insurance premiums, repairs, costs and any other advances or payments made by the Chargee hereunder.

10.20 **Receipt of Payment** – Any payment received after 2:00 p.m. on any date shall be deemed, for the purpose of calculation of interest to have been made and received on the next bank business day and the Chargee shall be entitled to interest on the amount due it, to and including the date on which the payment is deemed by this provision to have been received.

10.21 **No Deemed Re-investment** – Except in the case where this Charge provides for blended payments of principal and interest whether paid monthly or otherwise, the parties hereto agree that the Chargee shall not be deemed to reinvest any monthly or other payments received by it hereunder.

10.22 **INTENTIONALLY DELETED**

10.23 **Postdated Cheques** – The Chargor shall, if and when required by the Chargee, deliver to the Chargee upon the first advance of moneys hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the term of this Charge, postdated cheques for the payments of principal, interest and estimated realty taxes required to be made herein during the twelve month period commencing on each such anniversary date. In the event of default by the Chargor in delivery to the Chargee of the postdated cheques as herein provided, this Charge shall be deemed in default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option. In addition, the Chargee upon the Chargor's failure to deliver such postdated cheques as required hereunder shall be entitled to a servicing fee for each written request that it makes to the Chargor for the purpose of obtaining such postdated cheques. Any step taken by the Chargee hereunder by way of a request for further postdated cheques shall be without prejudice to the Chargee's rights hereunder to declare the Charge to be in default in the event that such postdated cheques are not delivered within the required time.

10.24 **Dishonoured Cheques** – In the event that any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

10.25 **Financial and Operating Statements** – The Chargor covenants that, within the periods of time hereinafter specified, or within such other period(s) of time as may be specified by the Loan Agreement, the Chargor shall deliver or cause to be delivered to the Chargee, on request by the Chargee, the following:

- (a) within 60 days after the end of each fiscal quarter of operation to the Lands, quarterly financial reports, including the balance sheet and statement of income for the quarter and on a year-to-date basis, with details of accounts payable and all priority payables, certified as accurate by an appropriate corporate officer;
- (b) within 120 days after the end of each fiscal year of operation of the Lands, an annual operating statement in respect of the Lands for the immediately preceding fiscal year setting forth the gross rents and other income derived from the Lands, the cost and expenses of operation and maintenance of the Lands and such other information and explanations in respect of the same as may be required by the Chargee;
- (c) within 120 days after the end of each fiscal year of each Chargor and Covenantor which is a corporation, the annual financial statements of each such corporation for its immediately preceding fiscal year including, without limitation, the balance sheet of the corporation as at its fiscal year end with comparative figures for prior years, statements of earnings, retained earnings and changes in financial position as at the fiscal year end with comparative figures for prior fiscal years, any supporting schedules and notes thereto and such other information and explanations as may be required by the Chargee;

- (d) with respect to each Chargor and Covenantor who is an individual and within 30 days after each anniversary of the date of the Loan Agreement, an annual updated net worth statement of each such individual in such form and including such content and other information and explanations as may be required by the Chargee; and
- (e) such further or other information as the Chargee may reasonably require from time to time in the monitoring and managements of its risk.

All such operating and financial statements shall be prepared at the expense of the Chargor and in accordance with generally accepted accounting principles applied on a consistent basis and on a review engagement basis by a duly qualified chartered accountant or certified public accountant which is acceptable to the Chargee, and the completeness and correctness of such statements shall be supported by an affidavit of an unauthorized officer of the Chargor or Covenantor, as the case may be.

10.26 **Estoppel Acknowledgements** – If and whenever the Chargee requests an acknowledgement from the Chargor as to the statement of account with respect to this Charge or the status of the terms and conditions of this Charge, the Chargor shall execute such an acknowledgement in such form as may be required by the Chargee provided that the contents of such form are correct, and the Chargor shall do so forthwith upon request and without cost to the Chargee and shall return such acknowledgement duly executed within forty-eight (48) hours of such request.

10.27 **Statements of Account** – The Chargor shall be entitled to receive upon written request, a statement of account with respect to this Charge as of any payment date under this Charge and the Chargee shall be entitled to a servicing fee for each such statement.

10.28 **Renewal or Extension of Time** – No renewal or extension of the terms of this Charge given by the Chargee to the Chargor, or anyone claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of the Lands, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured, and this Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount notwithstanding that there may be subsequent encumbrances; and it shall not be necessary to register any such agreement in order to retain priority for this Charge so altered over any instrument registered subsequent to this Charge; provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

Provided further that the terms of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of his interest in the Lands hereby secured, the Chargor will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to this Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof notwithstanding the given of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor.

The Chargor covenants and agrees with the Chargee that no agreement for renewal hereof or for extension of the time for payment of any monies payable hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of this Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only express agreement in writing between the Chargor and the Chargee.

Notwithstanding the foregoing, the Chargor and Chargee agree that the Chargor may extend the term of this Charge for up to two six month extension periods; provided the Chargor shall provide the Chargee with notice of such extension(s) at least 60 days prior to the scheduled maturity date or extended maturity date for a second six month extension. The extended term(s) shall be on the same terms and conditions as contained in this Charge prior to any such extension(s), including those related to the calculation and payment of interest.

10.29 **Construction Liens** – The Chargee may, at its option, withhold from any advances for which the Chargor may have qualified such amounts as the Chargee, at its sole discretion, considers advisable so as to ensure the priority of all advances over all liens arising under any construction lien legislation until such time as the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this Charge shall be construed to make the Chargee an “owner” or “payer” as defined under any construction lien legislation, nor shall there be or be deemed to be any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be retained by the “owner” or “payer” pursuant to any construction lien legislation shall remain solely the Chargor’s obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of all construction lien legislation.

10.30 **Expropriation** – If the Lands or any part thereof shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation, the principal sum herein remaining unpaid shall at the option of the Chargee forthwith become due and payable together with interest thereon at the rate provided for herein to the date of payment together with a bonus equal to the aggregate of (a) three months’ interest at the same rate calculation on the amount of the principal remaining unpaid, AND (b) one month’s interest at the rate provided for herein calculated on the principal remaining unpaid, for each full year of the term of this Charge or any part of such year from the said date of payment to the date the said principal sum or balance thereof remaining unpaid would otherwise under the provisions of this Charge become due and payable and in any event all the proceeds of any expropriation shall be paid to the Chargee at its option in priority to the claims of any other party.

10.31 **INTENTIONALLY DELETED**

10.32 **Sale or Change of Control** – In the event of a further encumbrance or a sale, conveyance or transfer of the Lands or any portion thereof, or a change in control of the Chargor or a change in the beneficial ownership of the Lands or any portion thereof or a lease of the whole of the Lands, all sums secured hereunder shall, at the Chargee’s option, become due and payable forthwith unless the written consent of the Chargee has been first obtained, which consent shall not be unreasonably withheld. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any person claiming through or under him and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision. No permitted sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured. The foregoing shall not apply to any sale to a bona fide arm’s length purchaser for value of a single family residential lot or condominium unit intended to be used by such purchaser for residential purposes.

10.33 **Event of Default** – Without limiting any of the provisions of this Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon and all amounts due hereunder shall immediately become due and payable at the option of the Chargee exercised by notice in writing to the Chargor:

- (a) Failure by the Chargor or any Covenantor to pay any instalment of principal, interest and/or any amounts owing under the Loan Agreement or this Charge including without limiting the generality of the foregoing,

taxes under this Charge or under any charge or other encumbrance of the Lands, on the date upon which any of the payments for same become due;

- (b) Failure by the Chargor or any Covenantor to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application or Loan Agreement for the loan secured by this Charge, the provisions of this Charge, or any other document giving contractual relationship as between them or any of them or if it is found at any time that any representation to the Chargee with respect to the loan secured by this Charge or in any way related thereto is incorrect or misleading;
- (c) Default by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in the Loan Agreement or any charge or other encumbrance affecting the Lands, whether or not it has priority over this Charge;
- (d) Upon the registration of any construction lien against the Lands which is not discharged or vacated on or before the date which is the earlier of 21 days after the date of registration of such construction lien and the day immediately preceding the last date upon which a legal action can be commenced in respect of such construction lien;
- (e) In the event that any Hazardous Substance is discovered in, on or under the Lands or any part thereof and the Chargee does not within seven (7) days after demand therefor by the Chargee immediately commence and thereafter diligently proceed to completely remove the same to the entire satisfaction of the Chargee;
- (f) In the event that the Lands are abandoned or there is any cessation of the business activities or any material part thereof now being conducted upon the Lands by the Chargor or the beneficial owner of the Lands or any of their respective officers, agents, employees, tenants or invitees;
- (g) If the Chargor or any Covenantor commits an act of bankruptcy or becomes insolvent or has a receiver or receiver and managed appointed for it or over any of its assets or if any creditor takes possession of any of its assets or if any execution, distress or other like process is levied or enforced upon the Lands or any part thereof or if any compromise or arrangement with creditors is made by any of them;
- (h) If the Chargor or any Covenantor shall fail to maintain reasonable currency with respect to the government priority payables.

10.34 **Default** – The Chargee may, on default of payment or in the performance of any covenant in this Charge contained or implied by law or statute, enter on and lease the Lands or in default of payment or in default in performance of any covenant in this Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days' notice sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided under the Mortgages Act, as amended from time to time. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands if unoccupied, or at the option of the Chargee, by mailing in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the Lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by person service upon such representatives.

Provided further, without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in the payment of the said principal or interest or any part thereof and such default continues for two

months after any payment of either principal or interest falls due, the Chargee may exercise the powers given under the preceding proviso with or without entry on the Lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. And that the Chargee may sell the whole or any part or parts of the Lands by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Lands or by reason of non-payment or procuring payments of monies secured hereby or otherwise; and that the Chargee may sell any of the Lands on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.

And it is hereby agreed between the parties hereto that the Chargee may pay all premiums of insurance and all Taxes which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering and keeping possession of the Lands, and of negotiating this loan, investigating title, and registering this Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security, (including legal fees, real estate commissions, appraisal costs and other costs incurred in leasing or selling the Lands or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate aforesaid and shall be a charge upon the Lands in favour of the Chargee and that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers in this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

Provided that wherever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the persons to whom notice of exercising such power shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no such conflict, the provisions of this Charge shall remain unchanged.

Provided that the Chargee may lease or sell as aforesaid without entering into possession of the Lands.

Provided that the Chargee may distrain for arrears of interest and that the Chargee may distrain for arrears of principal and arrears of Taxes in the same manner as if the same were arrears of interest.

Provided that in default of the payment of the interest hereby secured the principal hereby secured shall become payable at the option of the Chargee, together with interest thereon.

Provided that upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

Provided that, upon default under this Charge, the Chargee shall be entitled and shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of this Charge or at any time thereafter.

Provided that until default hereunder the Chargor shall have quiet possession of the Lands.

And that on default the Chargee shall have quiet possession of the Lands.

Provided that the Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.

And it is further agreed by and between the parties that the Chargee may at its discretion at any time, release any part or parts of the Lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from this Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the Lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

It is further agreed that the Chargee may exercise all remedies provided for in this Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its rights under any other provisions contained in this Charge.

And without limiting any other provision of this Charge, the Chargor acknowledges and agrees that, upon the occurrence of any default under this Charge and whether or not the monies hereby secured have been fully advanced, the Chargee may, at any time and from time to time as the Chargee shall determine at its sole option and discretion, advance such further sums under this Charge as are necessary to pay any arrears of Taxes, utilities or other charges capable of constituting a lien upon the Lands pari passu with or in priority to this Charge, to pay all amounts due under any encumbrance having priority over this Charge, to pay all amounts required to discharge or vacate any construction lien registered against the Lands whether or not priority is claimed over this Charge, to maintain in good standing any policies of insurance in respect of the Lands, to maintain, repair, operate and/or manage the Lands and any or all improvements thereon, to complete construction or renovation of any improvements on the Lands, to realize upon any security held by the Chargee for the loan secured by this Charge and generally to enforce all of the Chargee's rights, title and interest hereunder and to protect the Lands and to preserve the enforceability and priority of this Charge, and to pay any and all Costs; and all amounts advanced by the Chargee for any of the purposes as aforesaid shall bear interest at the rate applicable under this Charge from the

date so advanced until repaid in full and shall be secured by this Charge in the same priority as the principal amount hereof.

10.35 **Right of Chargee to Repair** – The Chargor covenants and agrees with the Chargee that in the event of default in the payment of an instalment or other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained, after all or any of the monies hereby secured have been advanced, the Chargee may, at such time or times as the Chargee may deem necessary and without the concurrence of any person, enter upon the Lands and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Lands or for inspecting, taking care of, leasing, collecting the rents of and generally managing the Lands, as the Chargee may deem expedient; and all reasonable costs, charges and expenses including, but not limited to, allowances for the time and services of any employee of the Chargee or other person appointed for the above purposes, and a servicing fee shall be forthwith payable to the Chargee by the Chargor and shall be a charge upon the Lands and shall bear interest at the aforesaid rate until paid.

10.36 **Appointment of a Receiver** – It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the Lands appoint in writing a Receiver of the Lands, or any part thereof, and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the Mortgages Act (Ontario), the Construction Lien Act (Ontario), or the Trustee Act (Ontario) as the Chargee may at its sole option require. Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Lands or any part thereof and the Chargor hereby consents to a Court Order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee at its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the Lands and/or to complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing encumbrances affecting the Lands, including without limitation, charges and construction lien claims. Upon the appointment of any such Receiver from time to time the following provisions shall apply:

- (a) A Statutory Declaration made by the Chargee or by any authorized representative 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 to the Lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;
- (c) The Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the Lands, and may be paid out of the income therefrom or the proceeds of sale thereof;
- (d) 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 Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a chargee in possession in respect of the Lands or any part thereof;

- (e) The Receiver shall have the power to rent any portion of the Lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the Lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the Lands;
- (f) In all instances, the Receiver shall be acting as the attorney or agent of the Chargor;
- (g) Every such Receiver shall have full power to complete any unfinished construction upon the Lands;
- (h) Such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Lands or any part thereof in the name of the Chargor for the purposes of securing the payment of rental from the Lands or any part thereof;
- (i) The Receiver shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of this Charge or at any time thereafter;
- (j) The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the Lands including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges, mortgages and other encumbrances which may be registered against the Lands from time to time, whether or not any of the same are prior to the interest of the Chargee in the Lands; sale of the Lands; borrowing money on the security of the Lands; applying for and executing all documents in any way related to any re-zoning applications, severance of lands pursuant to the provisions of the Planning Act, as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the Lands, including grants of lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the Lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act (Ontario) or pursuant to the Certification of Titles Act (Ontario); and for all and every of the purposes aforesaid it does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the Lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the Lands, as fully and effectually to all intents and purposes as it itself could do if personally present and acting therein.
- (k) Such Receiver shall not be liable to the Chargor to account for monies or damages other than cash received by it in respect of the Lands or any part thereof and out of such cash so received every such Receiver shall pay in the following order: (i) its remuneration; (ii) all payments made or incurred by it in the exercise of its powers hereunder; and (iii) any payment of interest, principal and other money which may from time to time be or become charged upon the Lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Lands or any part thereof.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Lands in the same manner as if such documentation was duly executed by the Chargor himself.

10.37 **Chargee Not to Be Deemed Chargee in Possession** – The Chargor acknowledges and agrees that, in exercising any of the rights given to the Chargee under this Charge, the Chargee shall be deemed not to be a chargee or mortgagee in possession.

10.38 **Enforcement of Additional Security** – In the event that, in addition to the Lands charged hereby, the Chargee holds further security on account of the monies secured hereby, it is agreed that no single or partial exercise of any of the Chargee's powers hereunder or under any of such security, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such security. The Chargee shall at all times have the right to proceed against all, any, or any portion of such security in such order and in such manner as it shall in its sole discretion deem fit, without waiving any rights which the Chargee may have with respect to any and all of such security, and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining security, provided however, that upon payment of the full indebtedness secured hereunder the rights of the Chargee with respect to any and all such security shall be at an end.

10.39 **Taking of Judgment Not a Merger** – The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and further that the same judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

10.40 **Bankruptcy and Insolvency Act** – The Chargor hereby acknowledges and agrees that:

- (a) the security held by the Chargee is not all or substantially all of the inventory, accounts receivable or other property of the Chargor acquired for or used in relation to any business carried on by the Chargor;
- (b) notwithstanding any act of the Chargee by way of appointment of any person or persons for the purposes of taking possession of the Lands as agent on behalf of the Chargor or otherwise or by taking possession of the Lands itself pursuant to any rights that the Chargee may have with respect thereto shall not constitute the Chargee or any such person, a receiver within the meaning of subsection 243(2) of the Bankruptcy and Insolvency Act (Canada), and that any and all requirements of Part XI of the said Act as it may pertain to obligations of receivers shall not be applicable to the Chargee with respect to the transaction pursuant to which this Charge has been given or with respect to enforcement of this Charge or any other security held by the Chargee; and,
- (c) any and all Costs as may be incurred from time to time by the Chargee in order to effect compliance or avoid any adverse ramifications of the Bankruptcy and Insolvency Act (Canada) shall be entirely for the account of the Chargor; and the Chargee shall be entitled to incur any such Costs, including any costs of its personnel in administering any requirements of the said Act and to add the same to the indebtedness owing pursuant hereto and the same shall be secured hereunder and under any and all security held by the Chargee for the indebtedness owing to the Chargee in the same manner and in the same priority as the principal secured hereunder.

10.41 **Permissible Interest Rate** – It is not the intention of this Charge to violate any provisions of the Interest Act (Canada), the Criminal Code (Canada) or any other statute dealing with permitted rates of interest in the Province of Ontario or in Canada. Notwithstanding any provisions set out herein, in no event shall the "interest" (as that term is defined in the Criminal Code) exceed the "criminal rate" (as defined therein) of interest on the "credit advanced" (as defined therein) lawfully permitted under the said legislation. In the event that it is determined at any time that, by virtue of the Loan Agreement, this Charge or any other document given as security for the herein contemplated loan, the payments of interest required to be made by the Chargor exceed the "criminal rate", then the Chargor shall only be required to pay interest at the highest rate permitted by law. Nothing herein shall invalidate

any requirements for payment pursuant to the Loan Agreement, this Charge or such other security documents, and any excess interest paid to the Chargee shall be refunded to the Chargor and the provisions of this Charge shall in all respects be deemed to be amended accordingly.

10.42 **Non-Merger** – Notwithstanding the registration of this Charge and the advance of funds pursuant hereto, the terms and conditions of the Loan Agreement shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and delivered to the Chargee in connection with the transaction contemplated by the Loan Agreement, and the terms of the Loan Agreement are incorporated herein by reference. In the event of any inconsistencies or ambiguities between the provisions of this Charge and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

10.43 **Notices** – All notices or other communications to be given pursuant to or in connection with this Charge shall be in writing, signed by the party giving such notice or by its solicitors, and shall be personally delivered or sent by registered mail or facsimile transmission to the party or parties intended at its or their respective addresses for service as set out in this Charge. Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

10.44 **Priority over Vendor's Lien** – The Chargor hereby acknowledges that this Charge is intended to be prior to any vendor's lien, whether in favour of the Chargor or otherwise, and the Chargor covenants that he has done no act to give priority over this Charge to any vendor's lien, nor is he aware of any circumstances that could create a vendor's lien. Further, the Chargor covenants to do all acts and execute or cause to be executed all documents required to give this Charge priority over any vendor's lien and to give effect to the intent of this clause.

10.45 **Consent of Chargee** – Wherever the Chargor is required by this Charge to obtain the consent or approval of the Chargee, it is agreed that, subject to any other specific provision contained in this Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion, and the Chargee shall not be liable to the Chargor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs obtaining such approval shall be for the account of the Chargor.

10.46 **Family Law Act (Ontario)** – The Chargor shall forthwith after any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, (b) the qualification of the Lands or any part thereof as a matrimonial home within the meaning of Part II of the Family Law Act (Ontario), (c) the ownership of the equity of redemption in the Lands or any part thereof, and (d) a shareholder of the Chargor obtaining rights to occupy the Lands or any part thereof by virtue of shareholding within the meaning of Section 18(2) of the Family Law Act (Ontario), or any successor provision thereof, as the case may be, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the Lands by virtue of Section 19 of the Family Law Act (Ontario) or any successor provision thereof. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) (c), and (d) above as the Chargee may from time to time request.

10.47 **Independent Legal Advice** – The Chargor and Covenantor(s) acknowledge that they have full knowledge of the purpose and essence of this transaction, and that they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agreed to provide to the Chargee a Certificate of Independent Legal Advice as and when same may be required, regarding their knowledge and understanding of this transaction.

10.48 **Discharge** – The Chargee shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of this Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized. If this Charge, the Loan Agreement or any other document provides for the giving of partial discharges of this Charge, it is agreed that, notwithstanding any other provision to the contrary, the Chargor shall not be entitled to request or receive any such partial discharge if and for so long as the Chargor is in default under this Charge, the Loan Agreement or such other document.

10.49 **Servicing Fees** – All servicing and administration fees as herein provided are intended to and shall be in an amount sufficient in the sole opinion of the Chargee to compensate the Chargee for its administrative costs and shall not be deemed a penalty. The amount of such servicing and administration fees if not paid shall be added to the principal amount secured hereunder, and shall bear interest at the rate aforesaid and the Chargee shall have the same rights with respect to collection of same as it does with respect to collection of principal and interest hereunder or at law. Such servicing and administration fees shall include, but shall not be limited to, the following:

- (a) The Chargee's fee (currently \$350.00) for each mortgage statement provided by the Chargee at the request of the Chargor;
- (b) The Chargee's fee (currently \$350.00) for each payment hereunder made by the Chargor which has not been honored by its bank (in addition to all bank charges incurred in connection with the same);
- (c) The Chargee's fee (currently \$400.00) for each demand letter or other communication sent by the Chargee to the Chargor in consequence of any default by the Chargor hereunder (in addition to all legal and other professional costs incurred in connection therewith);
- (d) The Chargee's fee (currently \$300.00) for each draw request or request for advance of funds under this Charge and pursuant to the Loan Agreement;
- (e) The Chargee's fee (currently \$300.00) for each wire or electronic transfer of funds to the Chargor or as it may otherwise direct in writing in connection with each draw request for advance of funds under this Charge and pursuant to the Loan Agreement;
- (f) The sum of \$300.00 for each residential condominium unit (together with any related parking, locker or other units) in respect of which the Chargee gives a partial discharge of this Charge, payable at the time of the Chargee giving such partial discharge together with all reasonable legal costs incurred by the Chargee in such regard.

10.50 **Interpretation** – Provided and it is hereby agreed that, in construing this Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where any of the Chargor, the Chargee and any Covenantor is more than one person, their respective covenants shall be deemed to be joint and several, and the provisions of this Charge shall be read and construed with all changes of gender and number as required by the context.

10.51 **Headings** – The headings with respect to the various paragraphs of this Charge are intended to be for identification of the various provisions of this Charge only and the wording of such headings is not intended to have any legal effect.

10.52 **Invalidity** – If any of the covenants or conditions in this Charge inclusive of all schedules forming a part hereof shall be void for any reason it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

10.53 **Counterparts** – This Charge may be executed and/or registered in counterparts, each of which, so executed, and/or registered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, and notwithstanding their date of execution shall be deemed to bear date as of the date above written.

10.54 **Restriction on Further Financing** – The Chargor agrees not to enter into any further financing of the Lands and not to further encumber same in any manner without the prior written approval of the Chargee.

10.55 **Construction Financing** – Notwithstanding any other provision in this Charge, the Chargee acknowledges and agrees that this Charge shall be subject to and subordinated to construction financing (in one or multiple tranches) (including any Tarion warranty bond security mortgage) not exceeding in the aggregate \$30,000,000 obtained by the Chargor related to the construction of the condominium project on the Lands and for the hard and costs related thereto.

10.56 **Loan Syndication** – The Chargor acknowledges that the Chargee will be administering the loan secured by this Charge and holding one or more interests therein as manager and/or trustee on behalf of certain investors, participants, co-lenders or other persons (including, without limitation, any mortgage broker, agent or other party who or which may have assisted in arranging the loan) whose interest may or may not be shown on the loan documents, and the Chargor agrees to pay all reasonable costs incurred by the Chargee in connection therewith.

10.57 **Construction Loan Provisions** – In the event that any of the monies advanced or to be advanced under this Charge are intended to finance any improvement to the Lands, the parties hereto covenant and agree that the following conditions shall apply:

- (a) All construction on the Lands shall be carried out by reputable contractors having experience which is commensurate to nature and size of the project to be constructed.
- (b) The renovations to the building and structures located on the Lands having been commenced shall be continued in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to the Chargee and to the satisfaction of all governmental and regulatory authorities having jurisdiction.
- (c) Provided that should construction on the project on the Lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Chargor excepted), for a period of ten (10) consecutive days (Saturdays, Sundays and Statutory holidays excepted), then, at the option of the Chargee, this Charge 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 construction of the said project in such manner and on such terms as it deems advisable. The cost of completion of the said project by the Chargee and all expenses incidental thereto shall be added to the principal amount of this Charge, together with a management fee of fifteen percent (15%) of the costs of the construction completed by the Chargee. All costs and expenses, as well as the management fee of fifteen percent (15%) added to the principal amount of this Charge shall bear interest at the rate as herein provided for and shall form part of the principal sum herein 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 all times there shall be sufficient funds unadvanced under this Charge and retained by the Chargee to complete the construction and/or renovation of the project on the Lands and as may be necessary to retain

the Chargee's priority with respect to any deficiency in the holdbacks required by the Chargor under the Construction Lien Act (Ontario).

- (e) This Charge will be advanced in stages as construction upon the Lands proceeds or as the conditions as enumerated by the Loan Agreement are complied with.
- (f) All advances which are made from time to time hereunder shall be based on certificates of a duly qualified architect, engineer, quantity surveyor, cost consultant or other consultant(s) retained for the purpose of reviewing and advising the Chargee with respect to the said project and the progress thereof, whose fees and costs shall be for the account of the Chargor regardless of by whom such person has been retained. All such 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 renovation to the date of such certificate shall be in accordance with the approved plans and specifications for the said construction and further, in accordance with the building permits issued for such construction and in accordance with all municipal and other governmental requirements of all authorities having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the Lands. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the building.
- (g) The Chargor shall pay to the Chargee on each occasion when an inspection of the Lands is required to confirm construction costs to date and compliance with conditions for further advances, an inspection fee in such reasonable amount as the Chargee 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 collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law.
- (h) The Chargor covenants and agrees upon completion of the project to be erected on the Lands to deliver as further security for the loan herein secured, a General Security Agreement covering the goods, equipment and chattels to be installed in the same building, said General Security Agreement to be in a form approved by the solicitor for the Chargee.

10.58 **Condominium Provisions** – Provided that if all or any part of the Lands is or becomes a condominium unit pursuant to the provisions of the Condominium Act (Ontario), the following covenants and provisions shall apply in addition to all other covenants and provisions set forth in this Charge:

- (a) For the purposes of all parts of the Lands comprising one or more such condominium units, all references in this Charge to the Lands shall include the Chargor's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;
- (b) The Chargor shall at all times comply with the Condominium Act (Ontario) and shall forward to the Chargee proof of such compliance as the Chargee may request from time to time including, without limitation, status certificates issued by the Condominium Corporation; and if the Chargor fails to so comply in any respect, the Chargee may do so at its option and all costs and expenses incurred by the Chargee in connection therewith shall be secured by this Charge and payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;
- (c) The Chargor shall pay, when due, all monies payable by the Chargor or with respect to the Lands in accordance with the provisions of the Condominium Act (Ontario) and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Chargee upon request; and

if the Chargor fails to make such payment, the Chargee may do so at its option and all amounts so paid by the Chargee shall be secured by this Charge and shall be payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;

- (d) The Chargor hereby irrevocably appoints, authorizes and empowers the Chargee to exercise the rights of the Chargor to vote or to consent as an owner within the meaning of the Condominium Act (Ontario) with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:
 - (i) the Chargee may at any time and from time to time give notice in writing to the Chargor and to the Condominium Corporation that the Chargee does not intend to exercise such right to vote or to consent, in which case the Chargor may exercise its right to vote or to consent for so long as such notice remains effective or until such notice is revoked by the Chargee; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
 - (ii) the Chargee shall not be under any obligation to vote or to consent or to protect the interests of the Chargor; and
 - (iii) the exercise by the Chargee of its right to vote or to consent or to abstain from doing so shall not constitute the Chargee as a mortgagee or charge in possession and shall not give rise to any liability on the part of the Chargee;
- (e) The Chargor shall forward to the Chargee by delivery or by prepaid registered mail copies of every notice, assessment, claim, demand, by-law, rule, request for consent and other communication relating to all or any part of the Lands or the common elements or affairs of the Condominium Corporation on or before the date which is the earlier of:
 - (i) fourteen (14) days after receipt of the same by the Chargor;
 - (ii) seven (7) days prior to the date set for any meeting of the Condominium Corporation or any committee thereof;
 - (iii) seven (7) days prior to the due date of any claim or demand for payment; and
 - (iv) within twenty-four (24) hours after becoming aware of any information concerning termination of any insurance policy, insurance trust agreement or management agreement relating to the Condominium Corporation or any of its assets;
- (f) The Chargor hereby authorizes and directs the Condominium Corporation to permit the Chargee to inspect the records of the Condominium Corporation at any reasonable time; and
- (g) In addition to and notwithstanding any other provisions of this Charge, the outstanding principal amount and all accrued interest and other charges secured by this Charge shall, at the Chargee's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:
 - (i) the government of the Condominium Corporation or the government of the Lands by the Condominium Corporation is terminated;
 - (ii) a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Lands, or any part of the same is expropriated;

- (iii) the Condominium Corporation fails to comply with any provision of the Condominium Corporation (Ontario) or its declaration or any of its by-laws and rules; and
- (iv) the Condominium Corporation fails to insure its assets, including the Lands, in accordance with the Condominium Corporation (Ontario) and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

10.59 **Condominium Registration** – Replacement or Additional Security – The Chargee acknowledges that where the Chargor intends to register the Lands as a condominium project, the Chargee agrees to consent to such registration subject to the following conditions: (i) compliance by the Chargor with all requirements of all applicable laws and all governmental authorities; (ii) delivery to the Chargee of replacement or additional security for the loan secured by this Charge (including new mortgage(s), charge(s), assignment(s) and other security, opinion letters and an amended or replacement title insurance policy) as required by the Chargee in its sole discretion to be registered immediately following registration of the Lands as a condominium project and to constitute evidence of and security for the said loan in place of or in addition to the security delivered at the time of the first advance under this Charge, and the security delivered at the time of the first advance under this Charge will remain in place or may be discharged at the sole option and discretion of the Chargee; (iii) escrow and other arrangements satisfactory to the Chargee and its solicitors are entered into between all relevant parties (including registration of a temporary caution prohibiting any dealings with the Lands without the Chargee's consent) so as to ensure that the replacement or additional security is registered immediately following registration of the Lands as a condominium project, with the net effect that the condominium registration and registration of the replacement or additional security shall be, effectively, simultaneous events and that the condominium registration will not occur unless registration of the replacement or additional security occurs immediately thereafter; (iv) all such replacement or additional security will, after registration thereof, have the same effective priority and effect as the security delivered at the time of the first advance under this Charge; (v) the Chargor shall pay or reimburse the Chargee for all third party costs and expenses incurred by it in connection with the foregoing; and (vi) prior to the Chargee proceeding with any of the foregoing, the Chargor shall pay to the Chargee an amount as determined by the Chargee, acting reasonably, which it estimates to be sufficient to cover all such third party costs and expenses, and any surplus thereof shall be refunded to the Chargor.

10.60 **Additional Provisions**

- (a) Notwithstanding anything to the contrary contained in this Charge, any amount advanced under this Charge made by the Chargee shall be at the Chargee's sole and absolute discretion and the Chargee shall not be obligated at any time or times to make any advance under this Charge to the Chargor.
- (b) In addition to the payment by the Chargor of the principal amount owing from time to time under this Charge plus interest as set forth herein, the Chargor shall also pay to the Chargee, in certified funds or Bank Draft, forthwith after the determination is made by the Chargee in its opinion that the Additional Loan Payment is payable, the amount of the Additional Loan Payment calculated as set forth in Schedule "D" of the Loan Agreement in the same manner as contemplated in Section 4.05 of the Loan Agreement. Notwithstanding the foregoing, the Chargee, at its option, may also deduct from the Distributable Cash Proceeds (as the term is defined in the Loan Agreement), at any time and from time to time, all or any part of the Additional Loan Payment that the Chargee, in its opinion, believes is due and payable.
- (c) The Chargor acknowledges, confirms, covenants and agrees that the Chargee shall be deducting from the first advance under this Charge and any additional advance an amount

equal to 12 month's projected interest at the interest rate contemplated herein, at the time of such advance(s) which shall be a contribution of the Chargor to the Interest Reserve (as the term is defined in the Loan Agreement). The Chargor further acknowledges, confirms, covenants and agrees that the Chargee may from time to time and at any time, acting reasonably, deduct from the funds held in trust by the Chargee's Solicitors (as the term is defined in the Loan Agreement) or received from the Chargor, whether from the Distributable Cash Proceeds or otherwise, such amounts that in its opinion is necessary or appropriate to replenish the Interest Reserve. The Chargor covenants and agrees that the amount in the Interest Reserve shall be applied by the Chargee against the obligations of the Chargor to pay interest hereunder, pursuant to the Loan Agreement or on the Loan Installments (as the term is defined in the Loan Agreement) and that once applied or deducted by the Chargee from the Loan Installments, the Distributable Cash Proceeds or otherwise, the Chargor shall have no claim against the funds in the Interest Reserve.

Properties

PIN 36071 - 0115 LT
Description PT LT 636 PL A12 KINGSTON CITY AS IN FR183198; T/W FR183198; S/T THE RIGHTS OF OWNERS OF ADJOINING PARCELS IF ANY UNDER FR391069; KINGSTON
Address 351 ALFRED STREET
 KINGSTON

PIN 36071 - 0116 LT
Description PT LT 636 PL A12 KINGSTON CITY AS IN FR151313; S/T FR151313; KINGSTON ; THE COUNTY OF FRONTENAC
Address 347 /349 ALFRED ST
 KINGSTON

PIN 36071 - 0117 LT
Description PT LT 637-638 PL A12 KINGSTON CITY AS IN FR218760 & FR142138 EXCEPT THE EASEMENT THEREIN SECONDLY & THIRDLY DESCRIBED IN FR142138 AND EXCEPT THE EASEMENT THEREIN FIRSTLY DESCRIBED IN FR218760; S/T FR218760 & FR142138; KINGSTON ; THE COUNTY OF FRONTENAC
Address 531 PRINCESS ST
 KINGSTON

PIN 36071 - 0118 LT
Description PT LT 637-638 PL A12 KINGSTON CITY PT 1 13R6390; T/W FR412426; KINGSTON ; THE COUNTY OF FRONTENAC
Address 525 /527 PRINCESS ST
 KINGSTON

Source Instruments

Registration No.	Date	Type of Instrument
FC212202	2015 12 16	Charge/Mortgage

Transferor(s)

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

Name TEXTBOOK STUDENT SUITES (525 PRINCESS STREET) TRUSTEE CORPORATION
Address for Service c/o Tier 1 Transaction Advisory Services
 Inc.
 3100 Steeles Avenue East, Suite 902
 Markham, Ontario
 L3R 8T3

I, Raj Singh, Authorized Signing Officer, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Transferee(s)

	Capacity	Share
<i>Name</i> TEXTBOOK STUDENT SUITES (525 PRINCESS STREET) TRUSTEE CORPORATION		As to \$3,900,200 interest
<i>Address for Service</i> c/o Tier 1 Transaction Advisory Services Inc. 3100 Steeles Avenue East, Suite 902 Markham, Ontario L3R 8T3		
<i>Name</i> OLYMPIA TRUST COMPANY		As to \$2,499,800 interest
<i>Address for Service</i> OLYMPIA TRUST COMPANY IN TRUST FOR RRSP # - see schedule attached. 2200, 125 9TH Ave. S. E. Calgary, Alberta T2G 0P6		

Statements

The chargee transfers the selected charge for \$2,499,800.00
 Schedule: See Schedules

Signed By

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Signed 2015 12 15
Mississauga Transferor(s)
L4W 4Y6

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Signed 2015 12 15
Mississauga Transferee(s)
L4W 4Y6

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP 2355 Skymark Ave, Ste 300 2015 12 16
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

Transferor Client File Number : 13896

**SCHEDULE TO
TRANSFER OF CHARGE**

Additional Transferees(s) Name & Address For Service	Olympia Trust RRSP Account #	As to Share Interest Amount
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139706	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	134823	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139399	\$31,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138397	\$73,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139423	\$49,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138505	\$64,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139075	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136409	\$27,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138846	\$26,900.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139468	\$28,800.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139467	\$35,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139021	\$54,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139338	\$17,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	100231	\$26,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139415	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138946	\$27,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139373	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138977	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138995	\$33,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139376	\$41,000.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139916	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139915	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	140020	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139337	\$35,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139341	\$17,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139698	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137926	\$62,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139203	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	128114	\$115,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139326	\$49,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta	139550	\$25,000.00

T2G OP6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138437	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	139501	\$100,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	139821	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138715	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138825	\$26,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	139669	\$30,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	139153	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138759	\$28,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	139456	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	139460	\$26,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E.	120214	\$28,000.00

Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138722	\$94,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139664	\$144,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137981	\$56,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135241	\$127,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	123677	\$100,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139454	\$41,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139025	\$36,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	99376	\$51,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138932	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138940	\$39,700.00
OLYMPIA TRUST COMPANY	139243	\$39,700.00

IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139375	\$44,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138867	\$20,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	109644	\$29,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139401	\$29,700.00
TOTAL		\$2,499,800.00

Properties

PIN 36071 - 0115 LT
Description PT LT 636 PL A12 KINGSTON CITY AS IN FR183198; T/W FR183198; S/T THE RIGHTS OF OWNERS OF ADJOINING PARCELS IF ANY UNDER FR391069; KINGSTON
Address 351 ALFRED STREET
 KINGSTON

PIN 36071 - 0116 LT
Description PT LT 636 PL A12 KINGSTON CITY AS IN FR151313; S/T FR151313; KINGSTON ; THE COUNTY OF FRONTENAC
Address 347 /349 ALFRED STREET
 KINGSTON

PIN 36071 - 0117 LT
Description PT LT 637-638 PL A12 KINGSTON CITY AS IN FR218760 & FR142138 EXCEPT THE EASEMENT THEREIN SECONDLY & THIRDLY DESCRIBED IN FR142138 AND EXCEPT THE EASEMENT THEREIN FIRSTLY DESCRIBED IN FR218760; S/T FR218760 & FR142138; KINGSTON ; THE COUNTY OF FRONTENAC
Address 531 PRINCESS STREET
 KINGSTON

PIN 36071 - 0118 LT
Description PT LT 637-638 PL A12 KINGSTON CITY PT 1 13R6390; T/W FR412426; KINGSTON ; THE COUNTY OF FRONTENAC
Address 525 /527 PRINCESS STREET
 KINGSTON

Source Instruments

Registration No.	Date	Type of Instrument
FC212202	2015 12 16	Charge/Mortgage

Transferor(s)

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

Name TEXTBOOK STUDENT SUITES (525 PRINCESS STREET) TRUSTEE CORPORATION
Address for Service c/o Tier 1 Transaction Advisory Services
 Inc.
 3100 Steeles Avenue East
 Suite 902
 Markham, Ontario L3R 8T3

I, Raj Singh, Authorized Signing Officer, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Name OLYMPIA TRUST COMPANY
Address for Service OLYMPIA TRUST COMPANY
 IN TRUST FOR RRSP # - see
 schedule attached.
 2200, 125 9TH Ave. S. E.
 Calgary, Alberta
 T2G 0P6

I, Johnny Luong, Team Lead, and Kelly Revol, Manager, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Transferee(s)

Name	Capacity	Share
TEXTBOOK STUDENT SUITES (525 PRINCESS STREET) TRUSTEE CORPORATION		As to \$3,417,200.00 interest
<i>Address for Service</i> c/o Tier 1 Transaction Advisory Services Inc. 3100 Steeles Avenue East Suite 902 Markham, Ontario L3R 8T3		

Transferee(s)	Capacity	Share
Name	OLYMPIA TRUST COMPANY	As to \$2,982,800.00 interest
Address for Service	OLYMPIA TRUST COMPANY IN TRUST FOR RRSP # - see schedule attached. 2200, 125 9TH Ave. S. E. Calgary, Alberta T2G 0P6	

Statements

The chargee transfers the selected charge for \$483,000.00
Schedule: See Schedules
This document relates to registration no.(s)FC212203.

Signed By

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Signed 2016 01 25
Mississauga Transferor(s)
L4W 4Y6

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Signed 2016 01 25
Mississauga Transferee(s)
L4W 4Y6

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP 2355 Skymark Ave, Ste 300 2016 01 25
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

Transferor Client File Number : 13896

**SCHEDULE TO
TRANSFER OF CHARGE**

Additional Transferees(s) Name & Address For Service	Olympia Trust RRSP Account #	As to Share Interest Amount
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139076	\$6,900.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	140141	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	118596	\$60,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	140295	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139513	\$24,100.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139826	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	110473	\$39,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	140361	\$15,100.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139357	\$39,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139356	\$39,600.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139362	\$41,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139073	\$43,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	118162	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	140646	\$47,500.00
TOTAL		\$483,000.00

W:\H 13001 - 14000\13896\Documents\Transfer of Charge\Schedule.v1 January 20, 2016.docx

Properties

PIN 36072 - 0135 LT *Interest/Estate* Fee Simple
Description PT LT 626-627 PL A12 KINGSTON CITY AS IN CK40869 EXCEPT FR568186;
 KINGSTON ; THE COUNTY OF FRONTENAC
Address 555 PRINCESS STREET
 KINGSTON

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 (555 PRINCESS STREET) INC.
Address for Service 51 Caldari Road, Unit # A1M
 Concord, 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 TEXTBOOK STUDENT SUITES (555 PRINCESS STREET)
 TRUSTEE CORPORATION
Address for Service c/o Tier 1 Transaction Advisory Services Inc.
 3100 Steeles Avenue East, Suite 902
 Markham, Ontario
 L3R 8T3

Statements

Schedule: See Schedules

Provisions

Principal \$8,000,000.00 *Currency* CDN
Calculation Period See Schedule
Balance Due Date 2018/10/20
Interest Rate 8.0%
Payments
Interest Adjustment Date
Payment Date
First Payment Date 2016 04 01
Last Payment Date 2018 10 01
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

Signed By

Amy Carmen Lok 2355 Skymark Ave, Ste 300 acting for Chargor Signed 2015 10 20
 Mississauga (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 10 20
 Mississauga
 L4W 4Y6

Submitted By

Tel 905-629-7800

Fax 905-629-4350

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargor Client File Number : 13847

PROVIDED THIS CHARGE/MORTGAGE OF LAND TO BE VOID upon payment at the office of the Chargee at 2355 Skymark Avenue, Suite 300, Mississauga, Ontario L4W 4Y6 of Eight Million (\$8,000,000) Dollars of lawful money of Canada with interest at the rate of eight percent (8.00%) per annum, calculated daily and payable on the earlier of demand or quarterly as herein set forth, as well after as before maturity and both before and after default plus the Additional Loan Payment (as defined and payable in accordance with the Loan Agreement) as follows: the whole of said principal sum of \$8,000,000 then outstanding shall become due and payable on the third anniversary of the first advance, expected to be on or about October 20, 2018 (subject to two six month extensions on the same terms and conditions as set out herein, on written notice from the Chargor to the Chargee at least 60 days prior to the then applicable maturity date, or extended maturity date, as the case may be; and interest at the rate and calculated aforesaid on the amount advanced from time to time shall become due and payable on the earlier of demand as provided for in the Loan Agreement or quarterly on the first day of the first month in each quarter (or three-month period as determined by the Chargee, acting reasonably) from and including January 1, 2016 to and including the day that the aforesaid principal sum is repaid in full. The first payment of interest to be computed from the date of the first advance to become due and payable on the first day of the second quarter (as determined by the Chargee, acting reasonably) immediately following the month that the first advance takes place which, for the sake of clarity, if the first advance is made in October of 2015, then the first payment of interest payable by the Chargor under this Charge shall be April 1, 2016.

AND taxes; and observance and performance of all covenants, provisos and conditions herein contained.

AND it is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one (1) month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said lands.

(10) **STANDARD CHARGE TERMS**

10.1 **Defined Terms** – Unless otherwise expressly defined or otherwise required by the context, the following words and phrases shall have the following meanings when used in this Charge:

- (a) **“Charge”** means the Charge/Mortgage to which these Standard Charge Terms are attached as a schedule or which refers to the filing number of these Standard Charge Terms, as the case may be, and all schedules attached to such Charge/Mortgage of Land, and all amendments thereto and replacements thereof from time to time;
- (b) **“Chargee”** means all persons in whose favour this Charge is given and who is or are named in this Charge as Chargee;
- (c) **“Chargor”** means all persons who have given this Charge and who have executed the same as Chargor;
- (d) **“Costs”** includes all costs and expenses of every nature and kind whatsoever incurred by the Chargee or paid by the Chargee to any other party or Person in connection with the protection and preservation of the Lands or any other security held by the Chargee whether pursuant to this Charge, the Loan Agreement or otherwise, or for the purpose of preserving and maintaining the enforceability and priority of this Charge and any such other security, or in connection with any and all demands and enforcement proceedings of every nature and kind made or carried out by or on behalf of the Chargee under or pursuant to this Charge or the Loan Agreement, and includes, without limitation, legal costs incurred by the Chargee on a solicitor and client scale;
- (e) **“Covenantor”** means any party to this Charge expressly defined as such and any and all Persons who have directly, indirectly, as principal debtor or as surety covenanted to pay or guaranteed payment of the whole or any part of the amount or amounts secured by this Charge or which are owing under the loan facilities referred to in the Loan Agreement or who have covenanted to perform or guaranteed performance by the Chargor of its obligations under this Charge or under the Loan Agreement or under any security given in connection therewith;
- (f) **“Environmental Laws”** means any and all applicable statutes, laws, by-laws, regulations, rules, codes, orders, directives, guidelines, permits and other lawful requirements, now or hereafter in effect, of any federal, provincial, municipal or other governmental authority having jurisdiction in connection with or pertaining to any Hazardous Substance or to the protection of the natural environment or the health or welfare of any living thing;
- (g) **“Hazardous Substance”** means any pollutant, contaminant, waste or other substance (i) the store, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is prohibited, controlled on regulated or licensed under any Environmental Law; or (ii) which in the

Chargee's opinion, acting reasonably, may, immediately or in the future, directly or indirectly, cause harm or degradation to the environment or to the health or welfare of any living thing;

- (h) **"Lands"** means the lands, tenements, hereditaments and appurtenances and any estate or interest therein described in this Charge, and all buildings and improvements now or hereafter situate or constructed thereon, and all easements, rights-of-way and other appurtenances thereto, and all structures, additions, improvements, machinery, equipment, decorations and other fixtures of every nature and kind (whether or not affixed in law) attached thereto or placed, installed or erected thereon or used in connection therewith;
- (i) **"Loan Agreement"** means a certain loan agreement dated as of the 17th day of August, 2015 by and between the Chargor and the Chargee, as may be amended or restated from time to time;
- (j) **"Person"** means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization;
- (k) **"Receiver"** means any receiver, receiver and manager, receiver-manager or trustee of the Lands as may be appointed from time to time by the Chargee pursuant to the provisions of this Charge or by any court of competent jurisdiction; and,
- (l) **"Taxes"** means all taxes, rates, assessments, local improvement charges, levies, penalties and other charges imposed upon or in respect of the Lands by any governmental authority having jurisdiction.

10.2 **Statutory References** – Unless expressly stipulated or otherwise required by the context, all references in this Charge to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended from time to time.

10.3 **Exclusion of Statutory Covenants** – The implied covenants deemed to be included in a charge under sub-section 7(1) of the Land Registration Reform Act (Ontario) shall be and are hereby expressly excluded and replaced by the terms hereof which are covenants by the Chargor, for and on behalf of the Chargor, with the Chargee.

10.4 **Short Form of Mortgages Act** – If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the Short Form of Mortgages Act, R.S.O. 1980, c. 474, and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this Charge shall be interpreted as if the said Act was still in full force and effect.

10.5 **Proviso for Redemption** – Provided this Charge to be void upon payment of the principal sum hereby secured, in lawful money of Canada, with interest as herein provided and taxes and performance of statute labour and performance of all covenants and agreements contained in this Charge.

10.6 **Release** – The Chargor releases to the Chargee all its claims upon the Lands subject to the proviso for redemption herein.

10.7 **Advance of Funds** – The Chargor agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the monies hereby secured, nor shall the advance of a part of the principal sum herein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor, and the expenses of the examination of the title and of this Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged hereby upon the Lands, and shall be without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies herein shall be exercisable.

10.8 **Chargor's Covenants** – The Chargor covenants with the Chargee as follows:

- (a) that the Chargor will pay the principal sum herein and interest and the Additional Loan Payment and observe the proviso for redemption herein, and will pay as they fall due all Taxes and when required by the Chargee, shall transmit the receipts therefor to the Chargee;
- (b) that the Chargor will pay all amounts which are payable hereunder or which are capable of being added to the principal sum herein pursuant to the provisions of this Charge or the Loan Agreement including, without limiting the generality of the foregoing, all servicing or other fees, Costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the Lands; all Costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Lands; all Costs incurred by the Chargee, including legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the

Chargee arising out, of or in any way related to this Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the Lands and any and all Costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise;

- (c) that the Chargor has a good title in fee simple to the Lands and has good right, full power and lawful and absolute authority to charge the Lands and to give this Charge to the Chargee upon the covenants contained in this Charge;
- (d) that the Chargor has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose; and free from all encumbrances except as may be permitted by the Chargee, acting reasonably or as set forth in the Loan Agreement;
- (e) that the Chargor will execute such further assurances of the Lands as may be requisite; and
- (f) that the Chargor will produce the title deeds and allow copies to be made at the expense of the Chargor.

10.9 **Compliance with Laws and Regulations** – The Chargor shall, in its ownership, operation and use of the Lands, promptly and at all times observe, execute and comply with all laws, Environmental Laws, rules, requirements, orders, directions, ordinances, and regulations of every governmental authority or agency having jurisdiction with respect to the same, and further agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10.10 **Change of Use** – The Chargor will not change or permit to be changed the existing use or uses of the Lands without the prior written consent of the Chargee.

10.11 **Repair** – The Chargor will keep the Lands including the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the Lands, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Chargor neglects to keep the Lands in good condition and repair, or commits or permits any act of waste on the Lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the principal sum herein shall, at the option of the Chargee, forthwith become due and payable, and in default of payment thereof with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Chargee may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to this Charge.

10.12 **Alterations or Additions** – Except as contemplated in Section 10.57 hereof, the Chargor will not make or permit to be made any alterations or additions to the Lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to compliance with such terms and conditions at the cost of the Chargor as the Chargee may impose.

10.13 **Lands Include All Additions** – The Lands shall include all structures and installations brought or placed on the Lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereof whether or not affixed in law to the Lands including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and that the same shall become fixtures and an accession to the freeholder and a part of the realty.

10.14 **INTENTIONALLY DELETED**

10.15 **Inspection** – The Chargee shall have access to and the right to inspect the Lands at all reasonable times.

10.16 **Taxes** – With respect to Taxes, the Chargor covenants and agrees with the Chargee that:

- (a) The Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay all Taxes which have become due and payable during any calendar year.
- (b) The Chargee may at its sole option estimate the amount of the Taxes payable in each year and the Chargor shall forthwith upon demand of the Chargee pay to the Chargee one-twelfth (1/12) of the estimated annual amount of such Taxes on the 1st day of each and every month during the term of this Charge commencing with the 1st day of the first full month of the term of this Charge. The Chargee may at its option apply such

payments to the Taxes so long as the Chargor is not in default under any covenant or agreement contained in this Charge, but nothing herein contained shall obligate the Chargee to apply such payments on account of Taxes more often than yearly. Provided however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of Taxes, and if before such payments have been so applied by the Chargee, there shall be default by the Chargor in respect of any payment of principal or interest as herein provided, the Chargee may at its option apply such sum or sums in or towards payment of the principal and interest in default. If the Chargor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Taxes, the Chargor may pay to the Chargee such additional amounts as are required for that purpose.

- (c) In the event that the Taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amounts required to make up the deficiency. The Chargee may at its option, pay any of the Taxes when payable, either before or after they are due, without notice, or may make advances therefor in excess of the then amount of credit held by the Chargee for Taxes. Any excess amount advanced by the Chargee shall be secured as an additional principal sum under this Charge and shall bear interest at the rate as provided for in this Charge until repaid by the Chargor.
- (d) The Chargor shall transmit and deliver to the Chargee all assessment notices, tax bills and other notices pertaining to the imposition of Taxes forthwith after receipt thereof.
- (e) The Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future liability for Taxes.
- (f) In no event shall the Chargee be liable for any interest on any amount paid to it on account of Taxes and the monies so received may be held with its own funds pending payment or application thereof as herein provided; provided that in the event that the Chargee does not utilize the funds received on account of Taxes in any calendar year, such amount or amounts may be held by the Chargee on account of any pre-estimate of Taxes required for the next succeeding calendar year, or at the Chargee's option the Chargee may repay such amount to the Chargor without any interest.
- (g) The Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any arrears of Taxes or any late payment of current instalments thereof, and at no time shall such penalties be the responsibility of the Chargee.
- (h) In the event the Chargee does not collect payments on account of Taxes as aforesaid, the Chargor shall deliver to the Chargee or on before December 31st in each calendar year or such other times or dates that the Chargee requests, written evidence from all taxing authorities having jurisdiction to the effect that all Taxes for the then current calendar year and any preceding calendar years have been paid in full, failing which, the Chargee shall be entitled to charge a servicing fee for each written inquiry directed to such taxing authorities or the Chargor for the purpose of ascertaining the status of the Taxes together with any costs payable to such taxing authorities for such information.

10.17 **Utilities** – The Chargor covenants that it will pay all utility and fuel charges related to the Lands as and when they are due. Except as may be necessary during the course of construction upon the Lands, the Chargor will not allow or cause the supply of utilities or fuel to the Lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, the Chargor will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith.

10.18 **Insurance** – The Chargor will insure and keep insured during the term of this Charge the buildings and other improvements on the Lands (now or hereafter erected) on an all-risks basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money herein, with no co-insurance provisions and with the Chargee's standard mortgage clause forming part of such insurance policy. The Chargor shall carry such liability, rental, boiler, plate glass and other insurance coverage as is required by the Chargee to be placed with such insurance companies and in such amounts and in such forms as may be acceptable to the Chargee. All such policies shall provide for loss payable to the Chargee and contain such additional clauses and provisions as the Chargee may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been bound and/or extended for a minimum period of at least one year and that all premiums with respect to such term of such coverage have been paid in full, shall be produced to the Chargee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Chargee may provide thereof and charge the premium paid thereof and interest thereon at the aforesaid rate to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the Lands and secured by this Charge. It is further agreed that the Chargee may at any time require any insurance on the said buildings to be cancelled and new insurance effected with a company to be named by it, and also may, of its own accord, effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be forthwith payable to it, together with interest at the rate aforesaid by the Chargor (together with any costs of the Chargee as herein set out), and shall be a charge upon the Lands and secured by this Charge.

In the event that the evidence of continuation of such insurance as herein required has not been delivered to the Chargee within the required time, the Chargee shall be entitled to a servicing fee for each written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provision arranges insurance coverage with respect to the Lands, the Chargee, in addition to the aforementioned servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

In the event of any loss or damage, the Chargor shall forthwith notify the Chargee in writing and notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Chargee may, at its option, require the said monies to be applied by the Chargor in making good the loss or damage in respect of which the monies is received, or in the alternative, may require that any or all of the monies so received by applied in or towards satisfaction of any or all of the indebtedness hereby secured whether or not such indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee in any event.

The Chargor, upon demand, will transfer all policies of insurance provided for herein and the indemnity which may become due therefrom to the Chargee. The Chargee shall have a lien for the indebtedness hereby secured on all the said insurance proceeds and policies, and may elect to have these monies applied as it may deem appropriate, including payment of monies secured hereby, whether due or not, but the Chargee shall not be bound to accept the said monies in payment of any principal not yet due.

10.19 **Remittance and Application of Payments** – All payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at the Chargee's address for service as set out in this Charge or at such other place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by this Charge are forwarded to the Chargee by mail, payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay. Notwithstanding anything herein to the contrary, in the event of any default under this Charge, the Chargee may apply any payments received in whatever order the Chargee may elect as between principal, interest, realty taxes, insurance premiums, repairs, costs and any other advances or payments made by the Chargee hereunder.

10.20 **Receipt of Payment** – Any payment received after 2:00 p.m. on any date shall be deemed, for the purpose of calculation of interest to have been made and received on the next bank business day and the Chargee shall be entitled to interest on the amount due it, to and including the date on which the payment is deemed by this provision to have been received.

10.21 **No Deemed Re-investment** – Except in the case where this Charge provides for blended payments of principal and interest whether paid monthly or otherwise, the parties hereto agree that the Chargee shall not be deemed to reinvest any monthly or other payments received by it hereunder.

10.22 **INTENTIONALLY DELETED**

10.23 **Postdated Cheques** – The Chargor shall, if and when required by the Chargee, deliver to the Chargee upon the first advance of moneys hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the term of this Charge, postdated cheques for the payments of principal, interest and estimated realty taxes required to be made herein during the twelve month period commencing on each such anniversary date. In the event of default by the Chargor in delivery to the Chargee of the postdated cheques as herein provided, this Charge shall be deemed in default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option. In addition, the Chargee upon the Chargor's failure to deliver such postdated cheques as required hereunder shall be entitled to a servicing fee for each written request that it makes to the Chargor for the purpose of obtaining such postdated cheques. Any step taken by the Chargee hereunder by way of a request for further postdated cheques shall be without prejudice to the Chargee's rights hereunder to declare the Charge to be in default in the event that such postdated cheques are not delivered within the required time.

10.24 **Dishonoured Cheques** – In the event that any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

10.25 **Financial and Operating Statements** – The Chargor covenants that, within the periods of time hereinafter specified, or within such other period(s) of time as may be specified by the Loan Agreement, the Chargor shall deliver or cause to be delivered to the Chargee, on request by the Chargee, the following:

- (a) within 60 days after the end of each fiscal quarter of operation to the Lands, quarterly financial reports, including the balance sheet and statement of income for the quarter and on a year-to-date basis, with details of accounts payable and all priority payables, certified as accurate by an appropriate corporate officer;
- (b) within 120 days after the end of each fiscal year of operation of the Lands, an annual operating statement in respect of the Lands for the immediately preceding fiscal year setting forth the gross rents and other income derived from the Lands, the cost and expenses of operation and maintenance of the Lands and such other information and explanations in respect of the same as may be required by the Chargee;
- (c) within 120 days after the end of each fiscal year of each Chargor and Covenantor which is a corporation, the annual financial statements of each such corporation for its immediately preceding fiscal year including, without limitation, the balance sheet of the corporation as at its fiscal year end with comparative figures for prior years, statements of earnings, retained earnings and changes in financial position as at the fiscal year end with comparative figures for prior fiscal years, any supporting schedules and notes thereto and such other information and explanations as may be required by the Chargee;
- (d) with respect to each Chargor and Covenantor who is an individual and within 30 days after each anniversary of the date of the Loan Agreement, an annual updated net worth statement of each such individual in such form and including such content and other information and explanations as may be required by the Chargee; and
- (e) such further or other information as the Chargee may reasonably require from time to time in the monitoring and managements of its risk.

All such operating and financial statements shall be prepared at the expense of the Chargor and in accordance with generally accepted accounting principles applied on a consistent basis and on a review engagement basis by a duly qualified chartered accountant or certified public accountant which is acceptable to the Chargee, and the completeness and correctness of such statements shall be supported by an affidavit of an unauthorized officer of the Chargor or Covenantor, as the case may be.

10.26 **Estoppel Acknowledgements** – If and whenever the Chargee requests an acknowledgement from the Chargor as to the statement of account with respect to this Charge or the status of the terms and conditions of this Charge, the Chargor shall execute such an acknowledgement in such form as may be required by the Chargee provided that the contents of such form are correct, and the Chargor shall do so forthwith upon request and without cost to the Chargee and shall return such acknowledgement duly executed within forty-eight (48) hours of such request.

10.27 **Statements of Account** – The Chargor shall be entitled to receive upon written request, a statement of account with respect to this Charge as of any payment date under this Charge and the Chargee shall be entitled to a servicing fee for each such statement.

10.28 **Renewal or Extension of Time** – No renewal or extension of the terms of this Charge given by the Chargee to the Chargor, or anyone claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of the Lands, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured, and this Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount notwithstanding that there may be subsequent encumbrances; and it shall not be necessary to register any such agreement in order to retain priority for this Charge so altered over any instrument registered subsequent to this Charge; provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

Provided further that the terms of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of his interest in the Lands hereby secured, the Chargor will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to this Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof notwithstanding the given of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor.

The Chargor covenants and agrees with the Chargee that no agreement for renewal hereof or for extension of the time for payment of any monies payable hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of this Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only express agreement in writing between the Chargor and the Chargee.

Notwithstanding the foregoing, the Chargor and Chargee agree that the Chargor may extend the term of this Charge for up to two six month extension periods; provided the Chargor shall provide the Chargee with notice of such

extension(s) at least 60 days prior to the scheduled maturity date or extended maturity date for a second six month extension. The extended term(s) shall be on the same terms and conditions as contained in this Charge prior to any such extension(s), including those related to the calculation and payment of interest.

10.29 **Construction Liens** – The Chargee may, at its option, withhold from any advances for which the Chargor may have qualified such amounts as the Chargee, in its sole discretion, considers advisable so as to ensure the priority of all advances over all liens arising under any construction lien legislation until such time as the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this Charge shall be construed to make the Chargee an “owner” or “payer” as defined under any construction lien legislation, nor shall there be or be deemed to be any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be retained by the “owner” or “payer” pursuant to any construction lien legislation shall remain solely the Chargor’s obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of all construction lien legislation.

10.30 **Expropriation** – If the Lands or any part thereof shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation, the principal sum herein remaining unpaid shall at the option of the Chargee forthwith become due and payable together with interest thereon at the rate provided for herein to the date of payment together with a bonus equal to the aggregate of (a) three months’ interest at the same rate calculation on the amount of the principal remaining unpaid, AND (b) one month’s interest at the rate provided for herein calculated on the principal remaining unpaid, for each full year of the term of this Charge or any part of such year from the said date of payment to the date the said principal sum or balance thereof remaining unpaid would otherwise under the provisions of this Charge become due and payable and in any event all the proceeds of any expropriation shall be paid to the Chargee at its option in priority to the claims of any other party.

10.31 **INTENTIONALLY DELETED**

10.32 **Sale or Change of Control** – In the event of a further encumbrance or a sale, conveyance or transfer of the Lands or any portion thereof, or a change in control of the Chargor or a change in the beneficial ownership of the Lands or any portion thereof or a lease of the whole of the Lands, all sums secured hereunder shall, at the Chargee’s option, become due and payable forthwith unless the written consent of the Chargee has been first obtained, which consent shall not be unreasonably withheld. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under this Charge from the Chargor or any person claiming through or under him and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision. No permitted sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured. The foregoing shall not apply to any sale to a bona fide arm’s length purchaser for value of a single family residential lot or condominium unit intended to be used by such purchaser for residential purposes.

10.33 **Event of Default** – Without limiting any of the provisions of this Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon and all amounts due hereunder shall immediately become due and payable at the option of the Chargee exercised by notice in writing to the Chargor:

- (a) Failure by the Chargor or any Covenantor to pay any instalment of principal, interest and/or any amounts owing under the Loan Agreement or this Charge including without limiting the generality of the foregoing, taxes under this Charge or under any charge or other encumbrance of the Lands, on the date upon which any of the payments for same become due;
- (b) Failure by the Chargor or any Covenantor to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application or Loan Agreement for the loan secured by this Charge, the provisions of this Charge, or any other document giving contractual relationship as between them or any of them or if it is found at any time that any representation to the Chargee with respect to the loan secured by this Charge or in any way related thereto is incorrect or misleading;
- (c) Default by the Chargor in the observance or performance of any of the covenants, provisoes, agreements or conditions contained in the Loan Agreement or any charge or other encumbrance affecting the Lands, whether or not it has priority over this Charge;
- (d) Upon the registration of any construction lien against the Lands which is not discharged or vacated on or before the date which is the earlier of 21 days after the date of registration of such construction lien and the day immediately preceding the last date upon which a legal action can be commenced in respect of such construction lien;
- (e) In the event that any Hazardous Substance is discovered in, on or under the Lands or any part thereof and the Chargee does not within seven (7) days after demand therefor by the Chargee immediately commence and thereafter diligently proceed to completely remove the same to the entire satisfaction of the Chargee;

- (f) In the event that the Lands are abandoned or there is any cessation of the business activities or any material part thereof now being conducted upon the Lands by the Chargor or the beneficial owner of the Lands or any of their respective officers, agents, employees, tenants or invitees;
- (g) If the Chargor or any Covenantor commits an act of bankruptcy or becomes insolvent or has a receiver or receiver and manager appointed for it or over any of its assets or if any creditor takes possession of any of its assets or if any execution, distress or other like process is levied or enforced upon the Lands or any part thereof or if any compromise or arrangement with creditors is made by any of them;
- (h) If the Chargor or any Covenantor shall fail to maintain reasonable currency with respect to the government priority payables.

10.34 **Default** – The Chargee may, on default of payment or in the performance of any covenant in this Charge contained or implied by law or statute, enter on and lease the Lands or in default of payment or in default in performance of any covenant in this Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days' notice sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided under the Mortgages Act, as amended from time to time. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands if unoccupied, or at the option of the Chargee, by mailing in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the Lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by person service upon such representatives.

Provided further, without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in the payment of the said principal or interest or any part thereof and such default continues for two months after any payment of either principal or interest falls due, the Chargee may exercise the powers given under the preceding proviso with or without entry on the Lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. And that the Chargee may sell the whole or any part or parts of the Lands by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Lands or by reason of non-payment or procuring payments of monies secured hereby or otherwise; and that the Chargee may sell any of the Lands on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.

And it is hereby agreed between the parties hereto that the Chargee may pay all premiums of insurance and all Taxes which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering and keeping possession of the Lands, and of negotiating this loan, investigating title, and registering this Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security, (including legal fees, real estate commissions, appraisal costs and other costs incurred in leasing or selling the Lands or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate aforesaid and shall be a charge upon the Lands in favour of the Chargee and that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers in this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

Provided that wherever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the persons to whom notice of exercising such power shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no such conflict, the provisions of this Charge shall remain unchanged.

Provided that the Chargee may lease or sell as aforesaid without entering into possession of the Lands.

Provided that the Chargee may distrain for arrears of interest and that the Chargee may distrain for arrears of principal and arrears of Taxes in the same manner as if the same were arrears of interest.

Provided that in default of the payment of the interest hereby secured the principal hereby secured shall become payable at the option of the Chargee, together with interest thereon.

Provided that upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

Provided that, upon default under this Charge, the Chargee shall be entitled and shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of this Charge or at any time thereafter.

Provided that until default hereunder the Chargor shall have quiet possession of the Lands.

And that on default the Chargee shall have quiet possession of the Lands.

Provided that the Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.

And it is further agreed by and between the parties that the Chargee may at its discretion at any time, release any part or parts of the Lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from this Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the Lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

It is further agreed that the Chargee may exercise all remedies provided for in this Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its rights under any other provisions contained in this Charge.

And without limiting any other provision of this Charge, the Chargor acknowledges and agrees that, upon the occurrence of any default under this Charge and whether or not the monies hereby secured have been fully advanced, the Chargee may, at any time and from time to time as the Chargee shall determine at its sole option and discretion, advance such further sums under this Charge as are necessary to pay any arrears of Taxes, utilities or other charges capable of constituting a lien upon the Lands *pari passu* with or in priority to this Charge, to pay all amounts due under any encumbrance having priority over this Charge, to pay all amounts required to discharge or vacate any construction lien registered against the Lands whether or not priority is claimed over this Charge, to maintain in good standing any policies of insurance in respect of the Lands, to maintain, repair, operate and/or manage the Lands and any or all improvements thereon, to complete construction or renovation of any improvements on the Lands, to realize upon any security held by the Chargee for the loan secured by this Charge and generally to enforce all of the Chargee's rights, title and interest hereunder and to protect the Lands and to preserve the enforceability and priority of this Charge, and to pay any and all Costs; and all amounts advanced by the Chargee for any of the purposes as aforesaid shall bear interest at the rate applicable under this Charge from the date so advanced until repaid in full and shall be secured by this Charge in the same priority as the principal amount hereof.

10.35 **Right of Chargee to Repair** – The Chargor covenants and agrees with the Chargee that in the event of default in the payment of an instalment or other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained, after all or any of the monies hereby secured have been advanced, the Chargee may, at such time or times as the Chargee may deem necessary and without the concurrence of any person, enter upon the Lands and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Lands or for inspecting, taking care of, leasing, collecting the rents

of and generally managing the Lands, as the Chargee may deem expedient; and all reasonable costs, charges and expenses including, but not limited to, allowances for the time and services of any employee of the Chargee or other person appointed for the above purposes, and a servicing fee shall be forthwith payable to the Chargee by the Chargor and shall be a charge upon the Lands and shall bear interest at the aforesaid rate until paid.

10.36 **Appointment of a Receiver** – It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the Lands appoint in writing a Receiver of the Lands, or any part thereof, and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the Mortgages Act (Ontario), the Construction Lien Act (Ontario), or the Trustee Act (Ontario) as the Chargee may at its sole option require. Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Lands or any part thereof and the Chargor hereby consents to a Court Order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee at its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the Lands and/or to complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing encumbrances affecting the Lands, including without limitation, charges and construction lien claims. Upon the appointment of any such Receiver from time to time the following provisions shall apply:

- (a) A Statutory Declaration made by the Chargee or by any authorized representative 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 to the Lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;
- (c) The Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the Lands, and may be paid out of the income therefrom or the proceeds of sale thereof;
- (d) 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 Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a chargee in possession in respect of the Lands or any part thereof;
- (e) The Receiver shall have the power to rent any portion of the Lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the Lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the Lands;
- (f) In all instances, the Receiver shall be acting as the attorney or agent of the Chargor;
- (g) Every such Receiver shall have full power to complete any unfinished construction upon the Lands;
- (h) Such Receiver shall have full power to manage, operate, amend, repair, alter or extend the Lands or any part thereof in the name of the Chargor for the purposes of securing the payment of rental from the Lands or any part thereof;
- (i) The Receiver shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of this Charge or at any time thereafter;
- (j) The Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the Lands including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges, mortgages and other encumbrances which may be registered against the Lands from time to time, whether or not any of the same are prior to the interest of the Chargee in the Lands; sale of the Lands; borrowing money on the security of the Lands; applying for and executing all documents in any way related to any re-zoning applications, severance of lands pursuant to the provisions of the Planning Act, as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the Lands, including grants of lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the Lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act (Ontario) or pursuant

to the Certification of Titles Act (Ontario); and for all and every of the purposes aforesaid it does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the Lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the Lands, as fully and effectually to all intents and purposes as it itself could do if personally present and acting therein.

- (k) Such Receiver shall not be liable to the Chargor to account for monies or damages other than cash received by it in respect of the Lands or any part thereof and out of such cash so received every such Receiver shall pay in the following order: (i) its remuneration; (ii) all payments made or incurred by it in the exercise of its powers hereunder; and (iii) any payment of interest, principal and other money which may from time to time be or become charged upon the Lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Lands or any part thereof.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Lands in the same manner as if such documentation was duly executed by the Chargor himself.

10.37 **Chargee Not to Be Deemed Chargee in Possession** – The Chargor acknowledges and agrees that, in exercising any of the rights given to the Chargee under this Charge, the Chargee shall be deemed not to be a chargee or mortgagee in possession.

10.38 **Enforcement of Additional Security** – In the event that, in addition to the Lands charged hereby, the Chargee holds further security on account of the monies secured hereby, it is agreed that no single or partial exercise of any of the Chargee's powers hereunder or under any of such security, shall preclude other and further exercise of any other right, power or remedy pursuant to any of such security. The Chargee shall at all times have the right to proceed against all, any, or any portion of such security in such order and in such manner as it shall in its sole discretion deem fit, without waiving any rights which the Chargee may have with respect to any and all of such security, and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining security, provided however, that upon payment of the full indebtedness secured hereunder the rights of the Chargee with respect to any and all such security shall be at an end.

10.39 **Taking of Judgment Not a Merger** – The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and further that the same judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

10.40 **Bankruptcy and Insolvency Act** – The Chargor hereby acknowledges and agrees that:

- (a) the security held by the Chargee is not all or substantially all of the inventory, accounts receivable or other property of the Chargor acquired for or used in relation to any business carried on by the Chargor;
- (b) notwithstanding any act of the Chargee by way of appointment of any person or persons for the purposes of taking possession of the Lands as agent on behalf of the Chargor or otherwise or by taking possession of the Lands itself pursuant to any rights that the Chargee may have with respect thereto shall not constitute the Chargee or any such person, a receiver within the meaning of subsection 243(2) of the Bankruptcy and Insolvency Act (Canada), and that any and all requirements of Part XI of the said Act as it may pertain to obligations of receivers shall not be applicable to the Chargee with respect to the transaction pursuant to which this Charge has been given or with respect to enforcement of this Charge or any other security held by the Chargee; and,
- (c) any and all Costs as may be incurred from time to time by the Chargee in order to effect compliance or avoid any adverse ramifications of the Bankruptcy and Insolvency Act (Canada) shall be entirely for the account of the Chargor; and the Chargee shall be entitled to incur any such Costs, including any costs of its personnel in administering any requirements of the said Act and to add the same to the indebtedness owing pursuant hereto and the same shall be secured hereunder and under any and all security held by the Chargee for the indebtedness owing to the Chargee in the same manner and in the same priority as the principal secured hereunder.

10.41 **Permissible Interest Rate** – It is not the intention of this Charge to violate any provisions of the Interest Act (Canada), the Criminal Code (Canada) or any other statute dealing with permitted rates of interest in the Province of Ontario or in Canada. Notwithstanding any provisions set out herein, in no event shall the "interest" (as that term is defined in the Criminal Code) exceed the "criminal rate" (as defined therein) of interest on the "credit advanced" (as defined therein) lawfully permitted under the said legislation. In the event that it is determined at any

time that, by virtue of the Loan Agreement, this Charge or any other document given as security for the herein contemplated loan, the payments of interest required to be made by the Chargor exceed the "criminal rate", then the Chargor shall only be required to pay interest at the highest rate permitted by law. Nothing herein shall invalidate any requirements for payment pursuant to the Loan Agreement, this Charge or such other security documents, and any excess interest paid to the Chargee shall be refunded to the Chargor and the provisions of this Charge shall in all respects be deemed to be amended accordingly.

10.42 **Non-Merger** – Notwithstanding the registration of this Charge and the advance of funds pursuant hereto, the terms and conditions of the Loan Agreement shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and delivered to the Chargee in connection with the transaction contemplated by the Loan Agreement, and the terms of the Loan Agreement are incorporated herein by reference. In the event of any inconsistencies or ambiguities between the provisions of this Charge and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

10.43 **Notices** – All notices or other communications to be given pursuant to or in connection with this Charge shall be in writing, signed by the party giving such notice or by its solicitors, and shall be personally delivered or sent by registered mail or facsimile transmission to the party or parties intended at its or their respective addresses for service as set out in this Charge. Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

10.44 **Priority over Vendor's Lien** – The Chargor hereby acknowledges that this Charge is intended to be prior to any vendor's lien, whether in favour of the Chargor or otherwise, and the Chargor covenants that he has done no act to give priority over this Charge to any vendor's lien, nor is he aware of any circumstances that could create a vendor's lien. Further, the Chargor covenants to do all acts and execute or cause to be executed all documents required to give this Charge priority over any vendor's lien and to give effect to the intent of this clause.

10.45 **Consent of Chargee** – Wherever the Chargor is required by this Charge to obtain the consent or approval of the Chargee, it is agreed that, subject to any other specific provision contained in this Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion, and the Chargor shall not be liable to the Chargee in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs obtaining such approval shall be for the account of the Chargor.

10.46 **Family Law Act (Ontario)** – The Chargor shall forthwith after any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, (b) the qualification of the Lands or any part thereof as a matrimonial home within the meaning of Part II of the Family Law Act (Ontario), (c) the ownership of the equity of redemption in the Lands or any part thereof, and (d) a shareholder of the Chargor obtaining rights to occupy the Lands or any part thereof by virtue of shareholding within the meaning of Section 18(2) of the Family Law Act (Ontario), or any successor provision thereof, as the case may be, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the Lands by virtue of Section 19 of the Family Law Act (Ontario) or any successor provision thereof. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) (c), and (d) above as the Chargee may from time to time request.

10.47 **Independent Legal Advice** – The Chargor and Covenantor(s) acknowledge that they have full knowledge of the purpose and essence of this transaction, and that they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agreed to provide to the Chargee a Certificate of Independent Legal Advice as and when same may be required, regarding their knowledge and understanding of this transaction.

10.48 **Discharge** – The Chargee shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of this Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized. If this Charge, the Loan Agreement or any other document provides for the giving of partial discharges of this Charge, it is agreed that, notwithstanding any other provision to the contrary, the Chargor shall not be entitled to request or receive any such partial discharge if and for so long as the Chargor is in default under this Charge, the Loan Agreement or such other document.

10.49 **Servicing Fees** – All servicing and administration fees as herein provided are intended to and shall be in an amount sufficient in the sole opinion of the Chargee to compensate the Chargee for its administrative costs and shall not be deemed a penalty. The amount of such servicing and administration fees if not paid shall be added to the principal amount secured hereunder, and shall bear interest at the rate aforesaid and the Chargee shall have the

same rights with respect to collection of same as it does with respect to collection of principal and interest hereunder or at law. Such servicing and administration fees shall include, but shall not be limited to, the following:

- (a) The Chargee's fee (currently \$350.00) for each mortgage statement provided by the Chargee at the request of the Chargor;
- (b) The Chargee's fee (currently \$350.00) for each payment hereunder made by the Chargor which has not been honoured by its bank (in addition to all bank charges incurred in connection with the same);
- (c) The Chargee's fee (currently \$400.00) for each demand letter or other communication sent by the Chargee to the Chargor in consequence of any default by the Chargor hereunder (in addition to all legal and other professional costs incurred in connection therewith);
- (d) The Chargee's fee (currently \$300.00) for each draw request or request for advance of funds under this Charge and pursuant to the Loan Agreement;
- (e) The Chargee's fee (currently \$300.00) for each wire or electronic transfer of funds to the Chargor or as it may otherwise direct in writing in connection with each draw request for advance of funds under this Charge and pursuant to the Loan Agreement;
- (f) The sum of \$300.00 for each residential condominium unit (together with any related parking, locker or other units) in respect of which the Chargee gives a partial discharge of this Charge, payable at the time of the Chargee giving such partial discharge together with all reasonable legal costs incurred by the Chargee in such regard.

10.50 **Interpretation** – Provided and it is hereby agreed that, in construing this Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where any of the Chargor, the Chargee and any Covenantor is more than one person, their respective covenants shall be deemed to be joint and several, and the provisions of this Charge shall be read and construed with all changes of gender and number as required by the context.

10.51 **Headings** – The headings with respect to the various paragraphs of this Charge are intended to be for identification of the various provisions of this Charge only and the wording of such headings is not intended to have any legal effect.

10.52 **Invalidity** – If any of the covenants or conditions in this Charge inclusive of all schedules forming a part hereof shall be void for any reason it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

10.53 **Counterparts** – This Charge may be executed and/or registered in counterparts, each of which, so executed, and/or registered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, and notwithstanding their date of execution shall be deemed to bear date as of the date above written.

10.54 **Restriction on Further Financing** – The Chargor agrees not to enter into any further financing of the Lands and not to further encumber same in any manner without the prior written approval of the Chargee.

10.55 **Construction Financing** – Notwithstanding any other provision in this Charge, the Chargee acknowledges and agrees that this Charge shall be subject to and subordinated to construction financing (in one or multiple tranches) (including any Tarion warranty bond security mortgage) not exceeding in the aggregate \$31,500,000 obtained by the Chargor related to the construction of the condominium project on the Lands and for the hard and costs related thereto.

10.56 **Loan Syndication** – The Chargor acknowledges that the Chargee will be administering the loan secured by this Charge and holding one or more interests therein as manager and/or trustee on behalf of certain investors, participants, co-lenders or other persons (including, without limitation, any mortgage broker, agent or other party who or which may have assisted in arranging the loan) whose interest may or may not be shown on the loan documents, and the Chargor agrees to pay all reasonable costs incurred by the Chargee in connection therewith.

10.57 **Construction Loan Provisions** – In the event that any of the monies advanced or to be advanced under this Charge are intended to finance any improvement to the Lands, the parties hereto covenant and agree that the following conditions shall apply:

- (a) All construction on the Lands shall be carried out by reputable contractors having experience which is commensurate to nature and size of the project to be constructed.
- (b) The renovations to the building and structures located on the Lands having been commenced shall be continued in a good and workmanlike manner, with all due diligence and in accordance with the plans and

specifications delivered to the Chargee and to the satisfaction of all governmental and regulatory authorities having jurisdiction.

- (c) Provided that should construction on the project on the Lands cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Chargor excepted), for a period of ten (10) consecutive days (Saturdays, Sundays and Statutory holidays excepted), then, at the option of the Chargee, this Charge 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 construction of the said project in such manner and on such terms as it deems advisable. The cost of completion of the said project by the Chargee and all expenses incidental thereto shall be added to the principal amount of this Charge, together with a management fee of fifteen percent (15%) of the costs of the construction completed by the Chargee. All costs and expenses, as well as the management fee of fifteen percent (15%) added to the principal amount of this Charge shall bear interest at the rate as herein provided for and shall form part of the principal sum herein 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 all times there shall be sufficient funds unadvanced under this Charge and retained by the Chargee to complete the construction and/or renovation of the project on the Lands and as may be necessary to retain the Chargee's priority with respect to any deficiency in the holdbacks required by the Chargor under the Construction Lien Act (Ontario).
- (e) This Charge will be advanced in stages as construction upon the Lands proceeds or as the conditions as enumerated by the Loan Agreement are complied with.
- (f) All advances which are made from time to time hereunder shall be based on certificates of a duly qualified architect, engineer, quantity surveyor, cost consultant or other consultant(s) retained for the purpose of reviewing and advising the Chargee with respect to the said project and the progress thereof, whose fees and costs shall be for the account of the Chargor regardless of by whom such person has been retained. All such 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 renovation to the date of such certificate shall be in accordance with the approved plans and specifications for the said construction and further, in accordance with the building permits issued for such construction and in accordance with all municipal and other governmental requirements of all authorities having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the Lands. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the building.
- (g) The Chargor shall pay to the Chargee on each occasion when an inspection of the Lands is required to confirm construction costs to date and compliance with conditions for further advances, an inspection fee in such reasonable amount as the Chargee 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 collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law.
- (h) The Chargor covenants and agrees upon completion of the project to be erected on the Lands to deliver as further security for the loan herein secured, a General Security Agreement covering the goods, equipment and chattels to be installed in the same building, said General Security Agreement to be in a form approved by the solicitor for the Chargee.

10.58 **Condominium Provisions** – Provided that if all or any part of the Lands is or becomes a condominium unit pursuant to the provisions of the Condominium Act (Ontario), the following covenants and provisions shall apply in addition to all other covenants and provisions set forth in this Charge:

- (a) For the purposes of all parts of the Lands comprising one or more such condominium units, all references in this Charge to the Lands shall include the Chargor's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;
- (b) The Chargor shall at all times comply with the Condominium Act (Ontario) and shall forward to the Chargee proof of such compliance as the Chargee may request from time to time including, without limitation, status certificates issued by the Condominium Corporation; and if the Chargor fails to so comply in any respect, the Chargee may do so at its option and all costs and expenses incurred by the Chargee in connection therewith shall be secured by this Charge and payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;
- (c) The Chargor shall pay, when due, all monies payable by the Chargor or with respect to the Lands in accordance with the provisions of the Condominium Act (Ontario) and the declaration, by-laws and rules of

the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Chargee upon request; and if the Chargor fails to make such payment, the Chargee may do so at its option and all amounts so paid by the Chargee shall be secured by this Charge and shall be payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;

- (d) The Chargor hereby irrevocably appoints, authorizes and empowers the Chargee to exercise the rights of the Chargor to vote or to consent as an owner within the meaning of the Condominium Act (Ontario) with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:
- (i) the Chargee may at any time and from time to time give notice in writing to the Chargor and to the Condominium Corporation that the Chargee does not intend to exercise such right to vote or to consent, in which case the Chargor may exercise its right to vote or to consent for so long as such notice remains effective or until such notice is revoked by the Chargee; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
 - (ii) the Chargee shall not be under any obligation to vote or to consent or to protect the interests of the Chargor; and
 - (iii) the exercise by the Chargee of its right to vote or to consent or to abstain from doing so shall not constitute the Chargee as a mortgagee or charge in possession and shall not give rise to any liability on the part of the Chargee;
- (e) The Chargor shall forward to the Chargee by delivery or by prepaid registered mail copies of every notice, assessment, claim, demand, by-law, rule, request for consent and other communication relating to all or any part of the Lands or the common elements or affairs of the Condominium Corporation on or before the date which is the earlier of:
- (i) fourteen (14) days after receipt of the same by the Chargor;
 - (ii) seven (7) days prior to the date set for any meeting of the Condominium Corporation or any committee thereof;
 - (iii) seven (7) days prior to the due date of any claim or demand for payment; and
 - (iv) within twenty-four (24) hours after becoming aware of any information concerning termination of any insurance policy, insurance trust agreement or management agreement relating to the Condominium Corporation or any of its assets;
- (f) The Chargor hereby authorizes and directs the Condominium Corporation to permit the Chargee to inspect the records of the Condominium Corporation at any reasonable time; and
- (g) In addition to and notwithstanding any other provisions of this Charge, the outstanding principal amount and all accrued interest and other charges secured by this Charge shall, at the Chargee's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:
- (i) the government of the Condominium Corporation or the government of the Lands by the Condominium Corporation is terminated;
 - (ii) a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Lands, or any part of the same is expropriated;
 - (iii) the Condominium Corporation fails to comply with any provision of the Condominium Corporation (Ontario) or its declaration or any of its by-laws and rules; and
 - (iv) the Condominium Corporation fails to insure its assets, including the Lands, in accordance with the Condominium Corporation (Ontario) and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

10.59 **Condominium Registration** – Replacement or Additional Security – The Chargee acknowledges that where the Chargor intends to register the Lands as a condominium project, the Chargee agrees to consent to such registration subject to the following conditions: (i) compliance by the Chargor with all requirements of all applicable laws and all governmental authorities; (ii) delivery to the Chargee of replacement or additional security for the loan secured by this Charge (including new mortgage(s), charge(s), assignment(s) and other security, opinion letters and an amended or replacement title insurance policy) as required by the Chargee in its sole discretion to be registered

immediately following registration of the Lands as a condominium project and to constitute evidence of and security for the said loan in place of or in addition to the security delivered at the time of the first advance under this Charge, and the security delivered at the time of the first advance under this Charge will remain in place or may be discharged at the sole option and discretion of the Chargee; (iii) escrow and other arrangements satisfactory to the Chargee and its solicitors are entered into between all relevant parties (including registration of a temporary caution prohibiting any dealings with the Lands without the Chargee's consent) so as to ensure that the replacement or additional security is registered immediately following registration of the Lands as a condominium project, with the net effect that the condominium registration and registration of the replacement or additional security shall be, effectively, simultaneous events and that the condominium registration will not occur unless registration of the replacement or additional security occurs immediately thereafter; (iv) all such replacement or additional security will, after registration thereof, have the same effective priority and effect as the security delivered at the time of the first advance under this Charge; (v) the Chargor shall pay or reimburse the Chargee for all third party costs and expenses incurred by it in connection with the foregoing; and (vi) prior to the Chargee proceeding with any of the foregoing, the Chargor shall pay to the Chargee an amount as determined by the Chargee, acting reasonably, which it estimates to be sufficient to cover all such third party costs and expenses, and any surplus thereof shall be refunded to the Chargor.

10.60

Additional Provisions

- (a) Notwithstanding anything to the contrary contained in this Charge, any amount advanced under this Charge made by the Chargee shall be at the Chargee's sole and absolute discretion and the Chargee shall not be obligated at any time or times to make any advance under this Charge to the Chargor.
- (b) In addition to the payment by the Chargor of the principal amount owing from time to time under this Charge plus interest as set forth herein, the Chargor shall also pay to the Chargee, in certified funds or Bank Draft, forthwith after the determination is made by the Chargee in its opinion that the Additional Loan Payment is payable, the amount of the Additional Loan Payment calculated as set forth in Schedule "D" of the Loan Agreement in the same manner as contemplated in Section 4.05 of the Loan Agreement. Notwithstanding the foregoing, the Chargee, at its option, may also deduct from the Distributable Cash Proceeds (as the term is defined in the Loan Agreement), at any time and from time to time, all or any part of the Additional Loan Payment that the Chargee, in its opinion, believes is due and payable.
- (c) The Chargor acknowledges, confirms, covenants and agrees that the Chargee shall be deducting from the first advance under this Charge and any additional advance an amount equal to 12 month's projected interest at the interest rate contemplated herein, at the time of such advance(s) which shall be a contribution of the Chargor to the Interest Reserve (as the term is defined in the Loan Agreement). The Chargor further acknowledges, confirms, covenants and agrees that the Chargee may from time to time and at any time, acting reasonably, deduct from the funds held in trust by the Chargee's Solicitors (as the term is defined in the Loan Agreement) or received from the Chargor, whether from the Distributable Cash Proceeds or otherwise, such amounts that in its opinion is necessary or appropriate to replenish the Interest Reserve. The Chargor covenants and agrees that the amount in the Interest Reserve shall be applied by the Chargee against the obligations of the Chargor to pay interest hereunder, pursuant to the Loan Agreement or on the Loan Installments (as the term is defined in the Loan Agreement) and that once applied or deducted by the Chargee from the Loan Installments, the Distributable Cash Proceeds or otherwise, the Chargor shall have no claim against the funds in the Interest Reserve.

Properties

PIN 36072 - 0135 LT
Description PT LT 626-627 PL A12 KINGSTON CITY AS IN CK40869 EXCEPT FR568186;
KINGSTON ; THE COUNTY OF FRONTENAC
Address 555 PRINCESS STREET
KINGSTON

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
FC208911	2015 10 20	Charge/Mortgage

Transferor(s)

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

Name TEXTBOOK STUDENT SUITES (555 PRINCESS STREET) TRUSTEE CORPORATION
Address for Service c/o Tier 1 Transaction Advisory Services
Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario
L3R 8T3

I, Raj Singh, Authorized Signing Officer, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Transferee(s)

<i>Name</i>	<i>Capacity</i>	<i>Share</i>
TEXTBOOK STUDENT SUITES (555 PRINCESS STREET) TRUSTEE CORPORATION		As to \$4,175,700.00 interest
<i>Address for Service</i> c/o Tier 1 Transaction Advisory Services Inc. 3100 Steeles Avenue East, Suite 902 Markham, Ontario L3R 8T3		
OLYMPIA TRUST COMPANY		As to \$3,824,300.00 interest
<i>Address for Service</i> OLYMPIA TRUST COMPANY IN TRUST FOR RRSP # - see schedule attached. 2200, 125 9TH Ave. S. E. Calgary, Alberta T2G 0P8		

Statements

The chargee transfers the selected charge for \$3,824,300.00
Schedule: See Schedules

Signed By

Amy Carmen Lok	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferor(s)	First Signed	2015 10 20
Tel 905-629-7800 Fax 905-629-4350				
Maria Da Silva	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferor(s)	Last Signed	2015 10 22
Tel 905-629-7800 Fax 905-629-4350				
I have the authority to sign and register the document on behalf of all parties to the document.				
Amy Carmen Lok	2355 Skymark Ave, Ste 300 Mississauga L4W 4Y6	acting for Transferee(s)	First Signed	2015 10 20

Signed By

Tel 905-629-7800

Fax 905-629-4350

Maria Da Silva

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

acting for
Transferee(s)

Last Signed 2015 10 22

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

2015 10 22

Tel 905-629-7800

Fax 905-629-4350

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Transferor Client File Number : 13847

**SCHEDULE TO
TRANSFER OF CHARGE**

Additional Transferees(s) Name & Address For Service	Olympia Trust RRSP Account #	As to Share Interest Amount
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135518	\$23,900.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138301	\$32,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135349	\$52,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135471	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	90351	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	90322	\$54,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	106181	\$40,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	106183	\$40,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137916	\$30,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135090	\$18,800.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135628	\$27,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135672	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	133396	\$53,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137801	\$40,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137058	\$18,100.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137060	\$17,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137733	\$25,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	101412	\$26,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137675	\$66,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137809	\$41,000.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136640	\$11,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137907	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137769	\$30,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137727	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	99712	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136411	\$107,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	124255	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138305	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	132432	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138299	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta	136450	\$39,700.00

T2G OP6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138164	\$53,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138190	\$40,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	137784	\$25,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	135977	\$78,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	131874	\$75,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	138212	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	135059	\$123,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	137917	\$49,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	136575	\$19,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G OP6	136585	\$41,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E.	136584	\$41,600.00

Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137605	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137767	\$35,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	128454	\$19,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135773	\$20,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137786	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137563	\$83,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	102411	\$25,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	102412	\$25,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	90147	\$31,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138332	\$25,000.00
OLYMPIA TRUST COMPANY	137363	\$50,000.00

IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137608	\$24,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137609	\$24,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136410	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	126291	\$50,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	132871	\$38,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	109550	\$24,900.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	109901	\$24,900.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138165	\$41,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136618	\$34,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	108316	\$25,000.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	108318	\$32,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	110078	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	110079	\$26,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	128700	\$60,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137607	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	134843	\$48,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137529	\$39,300.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137530	\$91,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135249	\$27,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138205	\$40,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E.	77526	\$75,800.00

Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138323	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136507	\$36,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	123680	\$30,700.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136508	\$22,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	107685	\$50,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135508	\$44,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137726	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	100034	\$20,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137753	\$61,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138107	\$39,700.00
OLYMPIA TRUST COMPANY	137915	\$100,000.00

IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137738	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138174	\$40,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	110729	\$27,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	136116	\$100,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137808	\$28,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137816	\$60,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138303	\$28,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137672	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137302	\$130,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137781	\$35,700.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137756	\$25,000.00
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W:\H 13001 - 14000\13847\Documents\Transfer of Charge\Schedule.PRE.docx

Properties

PIN 36072 - 0135 LT
Description PT LT 626-627 PL A12 KINGSTON CITY AS IN CK40869 EXCEPT FR568186;
KINGSTON ; THE COUNTY OF FRONTENAC
Address 555 PRINCESS STREET
KINGSTON

Source Instruments

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
FC208912	2015 10 20	Transfer Of Charge

Transferor(s)

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

Name TEXTBOOK STUDENT SUITES (555 PRINCESS STREET) TRUSTEE CORPORATION
Address for Service c/o Tier 1 Transaction Advisory Services
Inc.
3100 Steeles Avenue East, Suite 902
Markham, Ontario
L3R 8T3

I, Raj Singh, Authorized Signing Officer, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Name OLYMPIA TRUST COMPANY
Address for Service OLYMPIA TRUST COMPANY
2200, 125 9TH Ave. S. E.
Calgary, Alberta
T2G 0P6

I, Anna Le, Supervisor and Alison Cysouw, Team Lead, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Transferee(s)

<i>Name</i>	<i>Capacity</i>	<i>Share</i>
TEXTBOOK STUDENT SUITES (555 PRINCESS STREET) TRUSTEE CORPORATION		As to \$3,154,900.00 interest
<i>Address for Service</i> c/o Tier 1 Transaction Advisory Services Inc. 3100 Steeles Avenue East, Suite 902 Markham, Ontario L3R 8T3		
<i>Name</i> OLYMPIA TRUST COMPANY AS		As to \$4,845,100.00 interest
<i>Address for Service</i> OLYMPIA TRUST COMPANY IN TRUST FOR RRSP # - see schedule attached. 2200, 125 9TH Ave. S. E. Calgary, Alberta T2G 0P6		

Statements

The chargee transfers the selected charge for \$1,082,800.00
Schedule: See Schedules

Signed By

Maria Da Silva 2355 Skymark Ave, Ste 300 acting for Signed 2015 12 01
Mississauga Transferor(s)
L4W 4Y6

Signed By

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Maria Da Silva

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

acting for
Transferee(s)

Signed 2015 12 01

Tel 905-629-7800

Fax 905-629-4350

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

HARRIS + HARRIS LLP

2355 Skymark Ave, Ste 300
Mississauga
L4W 4Y6

2015 12 01

Tel 905-629-7800

Fax 905-629-4350

Fees/Taxes/Payment

Statutory Registration Fee \$62.85

Total Paid \$62.85

File Number

Transferor Client File Number : 13847

**SCHEDULE TO
TRANSFER OF CHARGE**

Additional Transferees(s) Name & Address For Service	Olympia Trust RRSP Account #	As to Share Interest Amount
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139436	\$29,800.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	123763	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135976	\$55,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138176	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138216	\$51,900.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	139212	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138115	\$27,600.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138076	\$36,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138077	\$36,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138375	\$50,000.00

OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138943	\$28,200.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	135042	\$100,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	126699	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138045	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138189	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138078	\$37,500.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138087	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138086	\$30,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	128853	\$75,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	137823	\$25,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E.	138085	\$49,900.00

Calgary, Alberta T2G 0P6		
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138339	\$86,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138241	\$46,000.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138318	\$46,400.00
OLYMPIA TRUST COMPANY IN TRUST FOR RRSP #(see RRSP column) 2200, 125 – 9 TH Ave. S. E. Calgary, Alberta T2G 0P6	138188	\$25,000.00
TOTAL		\$1,020,800.00

W:\H 13001 - 14000\13847\Documents\Transfer of Charge\Schedule V3 November 30, 2015.docx

Properties

PIN 36072 - 0135 LT
Description PT LT 626-627 PL A12 KINGSTON CITY AS IN CK40869 EXCEPT FR568186;
 KINGSTON ; THE COUNTY OF FRONTENAC
Address 555 PRINCESS STREET
 KINGSTON

Applicant(s)

Name THE CORPORATION OF THE CITY OF KINGSTON
Address for Service 216 Ontario Street
 Kingston, ON
 K7L 2Z3

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

This document is being authorized by a municipal corporation Bryan Paterson, Mayor and John Bolognone, City Clerk.

Document(s) to be Deleted

<i>Registration No.</i>	<i>Date</i>	<i>Type of Instrument</i>
FR481689	1988/07/28	Agreement

Statements

I The Corporation of the City of Kingston having a legal interest in the lands hereby apply under section 75 of the Land Titles Act to have the register for the said PIN amended by: deleting the Site Plan Control Agreement registered June 28, 1988 from the parcel registers. The Agreement dated March 8, 1988 between Imperial Oil Limited, Southland Canada Inc., The Corporation of the City of Kingston and The Public Utilities Commission of the City of Kingston and registered on June 28, 1988, as instrument FR481689 is hereby released from the lands in PIN 36072-0135

Signed By

Katie A. Donohue 216 Ontario Street acting for Signed 2016 04 21
 Kingston Applicant(s)
 K7L 2Z3

Tel 613-546-4291

Fax 613-546-6156

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

Submitted By

CITY OF KINGSTON 216 Ontario Street 2016 04 21
 Kingston
 K7L 2Z3

Tel 613-546-4291

Fax 613-546-6156

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$62.85
<i>Total Paid</i>	\$62.85

File Number

Applicant Client File Number : LEG-L00-005-2016

TAB 35

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

By Registered and Ordinary Post

TO: **TEXTBOOK (774 BRONSON AVENUE) INC.**
51 Caldari Road, Suite #A1M
Concord, ON L4K 4G3

AND TO: **TEXTBOOK (774 BRONSON AVENUE) INC.**
c/o **HARRIS & HARRIS LLP**
Barristers & Solicitors
2355 Skymark Ave #300
Mississauga, ON L4W 4Y6
Attention: Greg Harris

AND TO: **TEXTBOOK (774 BRONSON AVENUE) INC.**
c/o **GRANT THORNTON LIMITED**
Solely in its capacity as Court
Appointed Trustee of the Property
200 King Street West
11 Floor
Box 11
Toronto, Ontario M5H 3T4

AND TO: **WALTER THOMPSON**
226-111 Civic Square Gate
Aurora, ON L4G 0S6

AND TO: **JOHN DAVIES**
24 Country Club Drive
King City, Ontario
L7B 1M5

AND TO: **TEXTBOOK SUITES INC.**
51 Caldari Road
Suite #A1M
Concord, ON L4K 4G3

CC: **AIRD & BERLIS LLP**
Barristers & Solicitors
Brookfield Place
Suite 1800, P.O. Box 754
181 Bay Street
Toronto, ON M5J 2T9
Attention: Steven L. Graff

an insolvent company/person

TAKE NOTICE that:

1. **VECTOR FINANCIAL SERVICES LIMITED**, a secured creditor, intends to enforce its security on the property of the insolvent company/person described below:
 - (a) leasehold improvements, equipment, furnishings and chattels located at the debtor's premises, being LTS 3 & 4, PL 28; OTTAWA/NEPEAN being municipally known as 774 Bronson Avenue, Ottawa, Ontario and LT 37 & PT LT 38, PL 28, PART 4, 5R14360; OTTAWA/NEPEAN being 557 Cambridge Street South, Ottawa, Ontario and more particularly described in a Mortgage dated April 1, 2016, registered as Instrument No. OC1775861 in the Ottawa-Carleton Land Registry Office (No. 4).
2. The security that is to be enforced is in the form of:
 - (a) a Mortgage dated April 1, 2016, registered as Instrument No. OC1775861 in the Ottawa-Carleton Land Registry Office (No. 4); and
 - (b) a Notice of Assignment of Rents – General dated April 1, 2016, registered as Instrument No. OC1775862 in the Ottawa-Carlton Land Registry Office (No. 4).
 - (c) a General Security Agreement – Dated 2016 03 30
 - (i) PPSA Registration File No. 715176504, Registration No: 20160330 1541 1862 2888.
 - (ii) PPSA Registration File No. 715176504, Registration No. 20160330 1542 1862 2889.

3. Joint and Several Guarantee dated March 31, 2016 from:

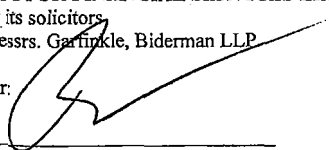
Walter Thompson
John Davies
Textbook Suites Inc.

4. The total amount of indebtedness secured by the security is \$5,700,000.00 as of January 13, 2016 together with additional costs of the secured creditor of \$100,000.00 together with interest at the greater of 8.5% per annum or CIBC Prime Rate plus 4.00% per annum until April 10, 2017 and at the greater of 12.00% per annum or CIBC Prime Rate plus 9.00% per annum thereafter. The secured creditor held an interest reserve of \$121,702.17 as at January 16, 2017. The Lender's solicitors Garfinkle Biderman LLP holds an environmental holdback of \$250,000 which has been pledged as collateral security to the Lender.
5. The secured party will not have the right to enforce the security until after the expiry of the ten (10) day period following the sending of this notice, unless the insolvent company/person consents to an earlier enforcement.

DATED at Toronto this 19th day of January, 2017

VECTOR FINANCIAL SERVICES LIMITED
by its solicitors
Messrs. Garfinkle, Biderman LLP

Per:



Barry M. Polisuk

One Financial Place
1401-1 Adelaide Street East
Toronto, Ontario M5C 2V9

Tel: (416) 869-1234
Fax: (416) 869-0547

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

TAB 36



**First Report of
KSV Kofman Inc.
as Receiver and Manager of
Certain Property of
Scollard Development Corporation**

April 5, 2017

Contents		Page
1.0	Introduction.....	1
1.1	Purposes of this Report.....	1
1.2	Restrictions.....	2
2.0	Background	2
2.1	Creditors	3
2.2	Other Creditors	3
3.0	Company Sale Process.....	4
4.0	Strategic Process	4
4.1	Request for Proposals from Realtors	4
4.2	Confidentiality	5
4.3	Strategic Process	5
4.4	Strategic Process Recommendation	7
5.0	Sources and Uses of the Company's Cash.....	7
5.1	Advances to Aeolian.....	11
6.0	Conclusion and Recommendation	12

Appendices

Appendix	Tab
Request for Proposal.....	A
Loan Agreement	B
Description of Affiliated Property Companies.....	C

Confidential Appendix

Realtor Summary.....	1
Listing Agreement.....	2



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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT
CORPORATION

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

FIRST REPORT OF
KSV KOFMAN INC.
AS RECEIVER AND MANAGER

APRIL 5, 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 (the "Company"), and of all of the assets, undertakings and properties of the Company 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 (Commercial List) (the "Court") made on February 2, 2017 (the "Receivership Order"), KSV was appointed as the receiver and manager ("Receiver") of the Property.
3. The principal purpose of these proceedings is to complete a transaction that maximizes value for the Company's creditors.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) summarize the recommended marketing process to solicit offers for the development and/or sale of the Property (the "Strategic Process"), including the retention of TD Cornerstone Commercial Realty Inc. ("TD") to act as listing agent for the Property;

- c) provide the Receiver's preliminary findings concerning its review of the Company's receipts and disbursements for the period April 1, 2014, the date the Company appeared to have opened its bank account, to February 2, 2017, the date of the Receivership Order; and
- d) recommend that the Court issue an order, among other things:
 - approving the Strategic Process, including the retention of TD as the listing agent;
 - approving the activities of the Receiver as described in this Report; and
 - sealing the confidential appendices until further order of this Court.

1.2 Restrictions

1. In preparing this Report, the Receiver has relied upon unaudited financial information of the Company and discussions with the Company's accountant, SourcePoint Business Group Inc., and the Company's legal counsel, Harris & Harris LLP ("Harris"). The Receiver has not performed an audit or other verification of such information. The financial information discussed herein is preliminary and remains subject to further review, including the information discussed in Section 5 below. The Receiver expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2.0 Background

1. The Company purchased the Real Property in September, 2014. The Real Property is located in Whitby, Ontario and comprises approximately three acres.
2. The Company intended to develop a project known as "Boathaus" on the Real Property. Boathaus is presently intended to be a five-story condominium consisting of 291 residential units. The Company was considering adding a sixth story with an additional 74 residential units. As part of its development efforts, the Company pre-sold 214 units and collected approximately \$8 million in deposits. The deposits are being held by Chaltons LLP and are not being used by the Receiver to fund these proceedings or for any other purpose.
3. The only structure on the Real Property is a single storey 7,500 square foot commercial building that was renovated by the Company so that it could be used as the project sales centre.
4. John Davies is the sole director and officer of the Company. The Receiver understands that the Company's shareholders are Aeolian Investments Ltd. ("Aeolian") (50%) and Erika Harris (50%). The Receiver understands that Aeolian is owned by Mr. Davies' wife and children¹. Ms. Harris is the mother of Greg Harris, a partner at Harris.

¹ This information is sourced from the Affidavit of John Davies sworn December 6, 2016 in support of the Company's and certain related entities' application for protection under the *Companies' Creditors Arrangement Act*.

2.1 Creditors

2.1.1 Downing Street Financial Inc.

1. Pursuant to the Receivership Order, the Receiver was authorized to borrow \$3.5 million from Downing Street Financial Inc. ("Downing Street") under a Receiver's Certificate (the "Downing Street Facility"). Downing Street was granted a charge on the Property (other than the deposits). At the commencement of the receivership, Downing Street advanced the Receiver all funds available under the Downing Street Facility. In accordance with the Receivership Order, the Downing Street Facility was used to repay a mortgage in the amount of approximately \$2.5 million owing to Firm Capital Mortgage Corporation ("Firm Capital") and the remaining funds are being used to fund the costs of these proceedings.

2.1.2 Scollard Trustee Corporation

1. Scollard Trustee Corporation ("STC") raised monies from investors through syndicated mortgage investments. STC then entered into a loan agreement with the Company for the full amount of the funds advanced by investors, secured by a mortgage over the Property. STC is a bare trustee and is responsible for holding and administering the mortgage. The STC debt ranks behind the Downing Street Facility.
2. As of the date of the receivership, the Company's indebtedness to STC totalled approximately \$14.1 million; interest and costs continue to accrue on this debt.
3. Pursuant to an order of the Court dated October 27, 2016, Grant Thornton Limited was appointed the trustee ("Trustee") of STC and several related entities under Section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006, S.O. 2006, c. 29*, as amended. The application to appoint KSV as Receiver was brought by the Trustee.

2.2 Other Creditors

1. Trisura Guarantee Insurance Company and Everest Insurance Company of Canada (jointly, the "Sureties") provided bonds to Tarion Warranty Corporation ("Tarion") in connection with certain liabilities that may accrue to Tarion in connection with the Boathaus project. As of the date of the receivership, the amounts, if any, owing to the Sureties are unknown; however, they are not expected to be significant. The Receivership Order provides that Trisura will be paid, in full, for any and all losses, damages, liabilities, costs and expenses owed to it from any proceeds of sale resulting from a transaction in respect of the Property.
2. According to searches conducted of the Land Titles Office (Toronto), three liens totalling approximately \$800,000 have been registered on title against the Real Property pursuant to the *Construction Lien Act, R.S.O. 1990, c. C.30*, as amended. The Receiver's counsel is in the process of reviewing these lien claims.

3. According to the Company's books and records, as of the date of the Receivership Order, the Company's unsecured obligations totalled approximately \$6.1 million, of which approximately \$4.5 million appears to be owing to affiliated entities for monies advanced by them to the Company. Details concerning the amounts owing to the affiliated entities are provided in Section 5 below.

3.0 Company Sale Process

1. The Receiver understands that the Company engaged Wynn Realty Corporation ("Wynn") in January, 2017 to list the Property for sale.
2. Since the date of its appointment, the Receiver has considered two offers presented by Wynn:
 - in respect of the first offer, immediately following its appointment, the Receiver spoke with the prospective purchaser to understand the status of its diligence - the offer had a one month diligence condition. The prospective purchaser advised the Receiver that Wynn had approached it just a few days prior to the receivership application and that it had neither conducted any diligence on the Property nor had any background on the Company. The Receiver advised that Purchaser that it was not prepared to pursue this transaction; and
 - in respect of the second offer, an agreement of purchase and sale ("APS") was negotiated; however, the purchaser failed to pay the deposit contemplated by the APS when due. On April 4, 2017, the purchaser advised that it would not be pursuing this transaction.

4.0 Strategic Process

4.1 Request for Proposals from Realtors

1. Contemporaneous with its discussions with parties that expressed an interest in acquiring the Property, the Receiver solicited proposals from six realtors to act as listing agent for the Property. The Receiver requested that each realtor provide, among other information, background information regarding each firm's experience with real estate similar to the Property, a marketing plan which considered investment, development and the outright sale of the Property, an estimate of value of the Property and the realtor's proposed commission structure. A copy of the request for proposal sent to realtors is attached as Appendix "A".
2. Each realtor was provided access to an electronic data room after it executed a confidentiality agreement ("CA").
3. The deadline for proposals was February 22, 2017. Five of the six realtors submitted a proposal. The Receiver prepared a summary of the proposals (the "Realtor Summary") and provided it to the Trustee and its legal counsel. The Realtor Summary is attached as Confidential Appendix "1". The rationale for seeking a sealing order for the Realtor Summary is provided in Section 4.2 below.
4. Two realtors, including TD, were short listed to present to the Receiver their proposals to sell the Property. Presentations were conducted on March 2, 2017.

5. The Receiver selected TD to act as the realtor on this assignment. The Receiver considered, among other things, TD's experience selling similar properties and its identification of opportunities to enhance value on the project. The Receiver negotiated TD's commission structure. The commission structure is such that TD's fees increase as the value of any transaction increases. The Receiver discussed its realtor recommendation with the Trustee and after consideration, the Trustee provided its consent.
6. The Receiver negotiated a "carve out" in the listing agreement in respect of one party who has expressed an interest in the Property (the "Excluded Party"). Pursuant to the carve-out, TD agreed to waive its commission under the listing agreement and to receive a maximum fee of \$50,000², plus its out of pocket expenses, in the event the Receiver completes a transaction with the Excluded Party. The fee is intended to compensate TD for its time and costs incurred in connection with its early stage marketing efforts for the Property.
7. A copy of TD's listing agreement is provided in Confidential Appendix "2". The Receiver proposes to file the listing agreement on a sealed basis for the reasons provided below.

4.2 Confidentiality

1. The Receiver respectfully requests that the Realtor Summary and the listing agreement be filed with the Court on a confidential basis and be sealed ("Sealing Order") as the documents contain confidential information. If these documents are not sealed, the information in these documents may negatively impact realizations on the Property as interested parties would have access to value estimates. The Receiver is not aware of any party that will be prejudiced if the information is sealed. The Receiver believes the proposed Sealing Order is appropriate in the circumstances.

4.3 Strategic Process

1. The Receiver recommends that the Court issue an order approving the Strategic Process summarized in the table below.

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Finalize marketing materials	<ul style="list-style-type: none"> ➤ TD and the Receiver to: <ul style="list-style-type: none"> ○ prepare a summary of the project and the opportunity; ○ populate an online data room; ○ prepare a CA; and 	

² In the event the Receiver closes a transaction with the Excluded Party within 30 days from the date the Court approves a marketing process (the "Exclusion Period"), TD will be entitled to a fee of \$25,000 plus its out-of-pocket expenses. The fee increases by \$25,000 if the Receiver enters into a transaction with the Excluded Party after the Exclusion Period.

Summary of Sale Process		
Milestone	Description of Activities	Timeline
	<ul style="list-style-type: none"> o prepare a Confidential Information Memorandum ("CIM"). 	Weeks 1-2
Prospect Identification	<ul style="list-style-type: none"> ➤ TD to develop a master prospect list. TD will qualify and prioritize prospects. ➤ TD will also have pre-marketing discussions with targeted developers. 	
<i>Phase 2 – Marketing</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including: <ul style="list-style-type: none"> o Offering summary and marketing materials printed; o publication of the acquisition opportunity in <i>The Globe and Mail</i> (National Edition); o telephone and email canvass of leading prospects; and o meet with and interview prospective bidders. ➤ Assist the Receiver and its legal counsel in the preparation of a vendor's form of Purchase and Sale Agreement (the "PSA"). 	Weeks 3-4
Stage 2	<ul style="list-style-type: none"> ➤ TD to provide detailed information to qualified prospects which sign the CA, including the CIM, access to the data room and a form PSA. ➤ TD to facilitate all diligence by interested parties. 	Weeks 4-5
Stage 3	<ul style="list-style-type: none"> ➤ Prospective purchasers to submit PSAs or other proposals, including development proposals. 	Week 6
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers	<ul style="list-style-type: none"> ➤ Short listing of bidders. ➤ Further bidding - interested bidders may be asked to improve their offers. 	One week following bid deadline
Selection of Successful Bids	<ul style="list-style-type: none"> ➤ Select successful bidder and finalize definitive documents. 	One week
Transaction Approval Motion and Closing	<ul style="list-style-type: none"> ➤ Motion for transaction approval and close transaction 	Two weeks

2. Additional aspects of the Strategic Process include:

- a) the Property will be marketed on an "as is, where is" basis;
- b) the Receiver will be entitled to extend the deadline to submit offers under the Strategic Process if it considers it to be appropriate and necessary;

- c) the Receiver will have the right to reject any and all offers, including the highest offer; and
- d) any transaction will be subject to Court-approval.

4.4 Strategic Process Recommendation

1. The Receiver recommends that the Court issue an order approving the Strategic Process, including the retention of TD as the listing agent, for the following reasons:
 - a) TD's team will be led by individuals who have extensive real estate experience, including properties similar to the Property - TD has relationships with likely bidders for the Property. Its fees are structured is structured to incentivize it to maximize recoveries. Its fee structure is consistent with market;
 - b) the Strategic Process provides flexibility for the Receiver to consider various options for the Property, including sale and development proposals;
 - c) the Strategic Process is a fair, open and transparent process intended to canvass the market broadly in order to obtain the highest and best offer;
 - d) there will be no delay commencing the process – TD has conducted a review of information concerning the Property; and
 - e) the duration of the Strategic Process is sufficient to allow interested parties to perform diligence and to submit an offer. The Receiver will also have the right to extend or amend timelines. Each bidder will be provided with the same deadline to submit an offer.

5.0 Sources and Uses of the Company's Cash

1. At the commencement of the receivership proceedings, the Receiver reviewed the Company's balance sheet and identified significant balances owing to and from other real estate development projects affiliated with the Company's principal, Mr. Davies (collectively, the "Affiliated Property Companies"³).
2. Pursuant to paragraph 7.02 (g) of the loan agreement between STC and the Company dated April 8, 2014 (the "Loan Agreement"), the Company is not permitted to use the loan proceeds received from STC (the "Loan Proceeds") for any purpose other than the development and construction of the Boathaus project, unless the consent of STC is obtained for such alternative use. A copy of the Loan Agreement is attached as Appendix "B".

³ These are: Memory Care Investments (Kitchener) Ltd., Memory Care Investments (Oakville) Ltd., Memory Care Investments (Burlington) Ltd., Textbook (445 Princess Street) Inc., Textbook (555 Princess Street) Inc., Textbook (525 Princess Street) Inc., 1703858 Ontario Inc., Memory Care Investments Ltd., Textbook Student Suites Inc., Textbook Suites Inc., 2375219 Ontario Ltd., McKenzie Marsh Investments Ltd., Lafontaine Terrace Management Corporation, Legacy Lane Investments Ltd., McMurray Street Investments Inc. and Textbook (774 Bronson Avenue) Inc.

3. The Receiver reviewed the Company's bank statements, accounting records and unaudited financial statements for the period April 1, 2014 to February 2, 2017 (the "Review Period").

(unaudited; \$C000s)	Amount
<i>Receipts</i>	
Loan proceeds	
STC	13,596
Firm Capital	2,350
2174217 Ontario Ltd.	750
Affiliated Property Companies	6,186
Raj Singh and entities related to Mr. Singh	350
Aeolian	25
Sundry receipts	602
Total receipts	23,859
<i>Disbursements</i>	
Purchase of Real Property	9,163
Affiliated Property Companies	3,355
Interest and fees ⁴	2,705
STC loan commissions	2,175
Aeolian	1,244
Sales centre construction and operating costs	1,174
Development costs	1,161
Raj Singh and entities related to Mr. Singh	636
Loan repayment (2174217 Ontario Ltd.)	750
Professional fees	446
Entities and individuals related to John Davies (excluding Aeolian)	92
Other	955
Total disbursements	23,856
Ending balance	3

4. The table above reflects that the Company:
- a) had total receipts of approximately \$23.859 million, including \$6.186 million from Affiliated Property Companies; and
 - b) made disbursements of approximately \$23.856 million, including \$3.355 million to Affiliated Property Companies and approximately \$1.244 million to Aeolian, a company owned by Mr. Davies' wife and children. Details regarding payments to Aeolian are discussed in Section 5.1 below.

⁴ Approximately \$2.0 million in interest was paid in respect of STC. The remainder represents amounts paid to Firm Capital and 2174217 Ontario Ltd.

5. The Receiver understands that each Affiliated Property Company is a single purpose entity. Set out in Appendix "C" is a brief description of the single purpose activity. A summary of the amounts received from Affiliated Property Companies and paid to Affiliated Property Companies is provided in the table below:

(unaudited; \$C000s) Entity	Amounts Received From	Amounts Advanced To	Net Received/ (Advanced)
Memory Care Investments (Oakville) Ltd.	2,191	(687)	1,504
Memory Care Investments (Kitchener) Ltd.	1,516	(95)	1,421
Textbook (445 Princess Street) Inc.	645	-	645
Textbook (774 Bronson Avenue) Inc.	559	-	559
1703858 Ontario Inc.	553	(28)	525
Textbook Student Suites Inc.	122	(6)	116
Textbook (555 Princess Street) Inc.	13	-	13
Textbook Suites Inc.	14	(3)	11
Textbook (525 Princess Street) Inc.	7	-	7
2375219 Ontario Ltd.	23	(25)	(2)
McKenzie Marsh Investments Ltd.	100	(111)	(11)
Lafontaine Terrace Management Corporation	-	(75)	(75)
Memory Care Investments Ltd.	47	(229)	(182)
Legacy Lane Investments Ltd.	12	(229)	(217)
Memory Care Investments (Burlington) Ltd.	384	(884)	(500)
McMurray Street Investments Inc.	-	(983)	(983)
Total	<u>6,186</u>	<u>(3,355)</u>	<u>2,831</u>

6. During September and October, 2014, Loan Proceeds totalling approximately \$13.596 million were advanced from STC to the Company on four different dates. The Receiver was able to isolate the use of the Loan Proceeds, as reflected in the table below.

(unaudited; \$C000s)	Amount
Cash balance, as of September 1, 2014	3
<i>Receipts</i>	
STC	13,596
Other ⁵	32
Subtotal	13,628
<i>Disbursements</i>	
Purchase of Real Property	8,163 ⁶
First Commonwealth Mortgage Corporation	2,175
Affiliated Property Companies	1,259
STC interest reserve	1,088
Development costs	331
Professional fees	287
Tier 1 Transaction Advisory Services Inc.	156
Aeolian	133
Subtotal	13,592
Cash balance, as of October 31, 2014	39

7. The table reflects:

- a) \$2.175 million (16.0% of the total proceeds) was paid to First Commonwealth Mortgage Corporation⁷ as commissions and brokerage fees in connection with raising the STC loan. The amount of the commissions appears to be consistent with the Loan Agreement;
- b) approximately \$1.259 million (9.3% of the total proceeds) was advanced to certain Affiliated Property Companies. These advances occurred almost immediately after the Company received the Loan Proceeds. A schedule of these advances is provided below.

⁵ Mainly represents an HST refund.

⁶ The total amount paid for the Real Property, including closing expenses, was \$9.2 million. Of this amount, \$1 million was paid by Memory Care Investments (Oakville) Ltd.

⁷ The Loan Agreement indicates that First Commonwealth Mortgage Corporation and Tier 1 Mortgage Corporation are jointly the Mortgage Broker in connection with the STC loan.

(unaudited; \$C000s) Entity	Amount Advanced
Memory Care Investments (Burlington) Ltd.	366
McMurray Street Investments Inc.	350
Memory Care Investments (Oakville) Ltd.	322
Legacy Lane Investments Ltd.	120
Memory Care Investments (Kitchener) Ltd.	71
Memory Care Investments Ltd.	30
	1,259

- c) approximately \$287,000 was paid in professional fees and related disbursements, including approximately \$243,000 to Harris. Pursuant to Schedule "C" of the Loan Agreement, it appears that Harris was to receive approximately \$95,000, plus disbursements, in connection with the STC Loan. The amount received by Harris is subject to further review, including whether Harris performed other services to the Company which would have entitled it to further fees.

5.1 Advances to Aeolian

1. Net payments to Aeolian during the Review Period totalled approximately \$1.2 million, as follows:

(unaudited; C\$000's) Description	Amount
Management fees	780
Amounts advanced by the Company on behalf of:	
Legacy Lane Investments Ltd.	116
Memory Care Investments (Burlington) Ltd.	116
Memory Care Investments (Kitchener) Ltd.	116
Memory Care Investments (Oakville) Ltd.	116
	464
Total	1,244

2. The table above reflects:
- a) \$780,000 was charged by Aeolian on account of management fees on the Company's project. Approximately \$624,000 of these fees were recorded subsequent to the commencement of the receivership, the effect of which was to eliminate a receivable owing by Aeolian to the Company which arose because Aeolian had received cash from the Company in excess of the management fees it charged the Company prior to the commencement of the receivership; and
- b) approximately \$464,000 was paid by the Company to Aeolian on behalf of the projects noted in the table above.

3. The transactions between the Company and both the Affiliated Property Companies and Aeolian raise concerns about the use of monies invested by syndicated mortgage investors in the Company and in the Affiliated Property Companies.
4. The Receiver intends to discuss the implications of its preliminary findings in this section with the Trustee.

6.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that the Court make an order granting the relief detailed in Section 1.1 (1)(d) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

TAB 37

MARSHALLZEHR

— REAL ESTATE CAPITAL —

March 14, 2017

Receiver TBD
(Address)

Attention: TBD

Dear Mr. TBD,

Re: MarshallZehr Group Inc. (the "Lender") loan to TBD as court appointed receiver of (Mortgagor). (the Borrower")

The Lender is pleased to offer financing by way of a loan described in this letter agreement (the "Agreement") subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency.

- Facility:** Non-revolving loan of up to \$1,357,000 (the "Loan").
- Purpose:** The purpose of the Loan is to refinance the existing first mortgage and to fund the costs of the receivership of (Mortgagor) for 169 Borden Ave, Kitchener, ON including the cost of marketing the site to potential buyers.
- Approximately \$950,000 to repay the existing 1st mortgage registered on title against the Property
- Term:** The earliest of (i) demand; and (ii) twelve (12) months from the date of the initial advance (the "Term"), which may be extended for an additional twelve (12) months upon at least 30 days prior written notice by Borrower to Lender.
- Facility Advances:** Available by way of advances to the Borrower to be evidenced by a Receiver's Certificate in a form satisfactory to the Lender each in the minimum amount of \$80,000.
- Security and Draws:** Certificates shall be approved by the Court in the Appointment Order to be issued forthwith upon the Proposed Receiver being appointed as the receiver or receiver and manager of the Property. The Loan is to be secured by the Receiver's Borrowings Charge. The Proposed Receiver is to consent to a charge on the Property, if required by the Lender, to reflect the Lender's interest in the Receiver's Borrowings Charge.
- Interest Rate and Fees:**
- Interest:** Annual rate of 9.5% calculated on the daily outstanding balance of the Loan and compounded monthly, not in advance with interest only payments paid monthly from the Interest Reserve.
- Fee:** A fee of \$27,200 will be due and payable to the Lender at the time of the first advance of the Loan and shall be deducted from the advance of the Loan.
- Expenses:** The Borrower shall be responsible for all costs, fees and expenses incurred by the Lender in connection with the negotiation, preparation and administration of this Agreement and the enforcement of the Security (as hereinafter defined) including, without limitation, all court attendances in connection therewith. All such fees and expenses shall be added to the Loan and secured by the Security.

Payments: Without limiting the right of the Lender to at any time demand repayment and subject to and in addition to the requirement for repayment in full pursuant to this Agreement, interest only at the aforesaid rate, calculated daily and compounded monthly, paid monthly from the Interest Reserve.

Advance

Deductions: At the time of the initial advance, the Lender may at its sole discretion, deduct an amount equal to the applicable interest for such advance for the balance of the term of the Loan as an interest reserve (the "Interest Reserve").

Interest Reserve Amount: \$80,000

The Interest Reserve shall be held in the Lender's trust account and be used to service the interest payments on the outstanding balance of the Loan. Any funds held in the Lender's trust account from an advance are considered to be and shall be deemed to be principal advanced to the Borrower and interest shall accrue on those funds as if they had been paid directly to the Borrower.

Prepayment: The Loan can be repaid in whole or in part at any time without any fee or penalty upon three (3) Business Days written notice to the Lender.

Remedies: In the event that the Loan is not paid in full at the end of the Term, the Lender may exercise all rights and remedies available to it with Court appearance.

General: Further Assurances and Documentation: The Borrower shall do all things and execute all documents deemed necessary or appropriate by the Lender for the purposes of giving full force and effect to the terms hereof.

Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and any of the Facility and security documentation, including the Security, the provisions of this Agreement shall prevail.

Assignment and Syndication: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof may be assigned by the Lender, or monies required to be advanced may be syndicated by the Lender from time to time. For greater certainty, the Lender may assign or grant participation in all or part of this Agreement or in the Facility made hereunder without notice to and without the Borrower's consent. The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement, any such transfer or assignment being null and void insofar as the Lender is concerned and rendering any balance then outstanding under the Facility immediately due and payable at the option of the Lender.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

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

Counterparts: This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

Time: Time shall be of the essence in all provisions of this Agreement.

Whole Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement between the parties in respect of the Loan. No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Lender. No failure or delay on the part of the Lender in exercising any right or power hereunder or under any of the Security shall operate as a waiver thereof. No course of conduct by the Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Security or the Lender's rights thereunder.

Conditions: The Lender shall not be required to advance any funds prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions:

1. A copy of the purchase and sale agreement confirming the purchase price of \$3,950,000.
2. Land valued at a minimum of \$4.5MM, satisfactory to the Lender.
3. The 1st mortgage outstanding does not exceed \$1,060,000 inclusive of unpaid interest and fees.

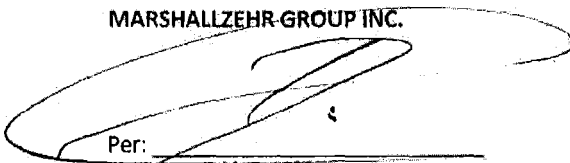
Expiration: This Agreement must be accepted by the Borrower by no later than 5:00 pm on May 5th, 2017, after which this Agreement will expire.

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us.

We thank you for allowing us the opportunity to provide you with this offer of financing.

Yours truly,

MARSHALLZEHR GROUP INC.



Per:

Name: *Greg Zehr*

Title: *Co-CEO and Founder*

I have authority to bind the Corporation.

ACCEPTANCE

The undersigned hereby accepts this Agreement this _____ day of _____, 2017.

TBD.
in its capacity as Receiver of
Scollard Trustee Corporation

Per: _____

Name:

Title:

I have authority to bind the Corporation.

MARSHALLZEHR

— REAL ESTATE CAPITAL —

March 14, 2017

Receiver TBD
(Address)

Attention: TBD

Dear Mr. TBD,

Re: MarshallZehr Group Inc. (the “Lender”) loan to TBD as court appointed receiver of (Mortgagor). (the “Borrower”)

The Lender is pleased to offer financing by way of a loan described in this letter agreement (the “Agreement”) subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency.

- Facility:** Non-revolving loan of up to \$1,632,000 (the “Loan”).
- Purpose:** The purpose of the Loan is to refinance the existing first mortgage and to fund the costs of the receivership of (Mortgagor) for 105 Garden Ave, Oakville, ON including the cost of marketing the site to potential buyers.
- Approximately \$1,250,000 to repay the existing 1st mortgage registered on title against the Property
- Term:** The earliest of (i) demand; and (ii) twelve (12) months from the date of the initial advance (the “Term”), which may be extended for an additional twelve (12) months upon at least 30 days prior written notice by Borrower to Lender.
- Facility Advances:** Available by way of advances to the Borrower to be evidenced by a Receiver’s Certificate in a form satisfactory to the Lender each in the minimum amount of \$80,000.
- Security and Draws:** Certificates shall be approved by the Court in the Appointment Order to be issued forthwith upon the Proposed Receiver being appointed as the receiver or receiver and manager of the Property. The Loan is to be secured by the Receiver’s Borrowings Charge. The Proposed Receiver is to consent to a charge on the Property, if required by the Lender, to reflect the Lender’s interest in the Receiver’s Borrowings Charge.
- Interest Rate and Fees:**
- Interest: Annual rate of 9.5% calculated on the daily outstanding balance of the Loan and compounded monthly, not in advance with interest only payments paid monthly from the Interest Reserve.
- Fee: A fee of \$32,700 will be due and payable to the Lender at the time of the first advance of the Loan and shall be deducted from the advance of the Loan.
- Expenses: The Borrower shall be responsible for all costs, fees and expenses incurred by the Lender in connection with the negotiation, preparation and administration of this Agreement and the enforcement of the Security (as hereinafter defined) including, without limitation, all court attendances in connection therewith. All such fees and expenses shall be added to the Loan and secured by the Security.

Payments: Without limiting the right of the Lender to at any time demand repayment and subject to and in addition to the requirement for repayment in full pursuant to this Agreement, interest only at the aforesaid rate, calculated daily and compounded monthly, paid monthly from the Interest Reserve.

Advance

Deductions: At the time of the initial advance, the Lender may at its sole discretion, deduct an amount equal to the applicable interest for such advance for the balance of the term of the Loan as an interest reserve (the "Interest Reserve").

Interest Reserve Amount: \$80,000

The Interest Reserve shall be held in the Lender's trust account and be used to service the interest payments on the outstanding balance of the Loan. Any funds held in the Lender's trust account from an advance are considered to be and shall be deemed to be principal advanced to the Borrower and interest shall accrue on those funds as if they had been paid directly to the Borrower.

Prepayment: The Loan can be repaid in whole or in part at any time without any fee or penalty upon three (3) Business Days written notice to the Lender.

Remedies: In the event that the Loan is not paid in full at the end of the Term, the Lender may exercise all rights and remedies available to it under the security or at law.

General: Further Assurances and Documentation: The Borrower shall do all things and execute all documents deemed necessary or appropriate by the Lender for the purposes of giving full force and effect to the terms hereof.

Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and any of the Facility and security documentation, including the Security, the provisions of this Agreement shall prevail.

Assignment and Syndication: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof may be assigned by the Lender, or monies required to be advanced may be syndicated by the Lender from time to time. For greater certainty, the Lender may assign or grant participation in all or part of this Agreement or in the Facility made hereunder without notice to and without the Borrower's consent. The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement, any such transfer or assignment being null and void insofar as the Lender is concerned and rendering any balance then outstanding under the Facility immediately due and payable at the option of the Lender.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

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

Counterparts: This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

Time: Time shall be of the essence in all provisions of this Agreement.

Whole Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement between the parties in respect of the Loan. No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Lender. No failure or delay on the part of the Lender in exercising any right or power hereunder or under any of the Security shall operate as a waiver thereof. No course of conduct by the Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Security or the Lender's rights thereunder.

Conditions: The Lender shall not be required to advance any funds prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions:

1. A copy of the Site Plan Approval issued by the Town of Oakville.
2. Land valued at a minimum of \$2.2MM, satisfactory to the Lender.
3. The 1st mortgage outstanding does not exceed \$1,350,000 inclusive of unpaid interest and fees.

Expiration: This Agreement must be accepted by the Borrower by no later than 5:00 pm on May 5th, 2017, after which this Agreement will expire.

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us.

We thank you for allowing us the opportunity to provide you with this offer of financing.

Yours truly,

MARSHALLZEHR GROUP INC.

Per: 

Name: *Greg Zehr*

Title: *Co-CEO and Founder*

I have authority to bind the Corporation.

ACCEPTANCE

The undersigned hereby accepts this Agreement this _____ day of _____, 2017.

TBD.

in its capacity as Receiver of
Scollard Trustee Corporation

Per: _____

Name:

Title:

I have authority to bind the Corporation.

MARSHALLZEHR

— REAL ESTATE CAPITAL —

March 14, 2017

Receiver TBD
(Address)

Attention: TBD

Dear Mr. TBD,

Re: MarshallZehr Group Inc. (the "Lender") loan to TBD as court appointed receiver of (Mortgagor). (the "Borrower")

The Lender is pleased to offer financing by way of a loan described in this letter agreement (the "Agreement") subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency.

- Facility:** Non-revolving loan of up to \$1,643,000 (the "Loan").
- Purpose:** The purpose of the Loan is to refinance the existing first mortgage and to fund the costs of the receivership of (Mortgagor) for 2168 Ghent Ave, Burlington, ON including the cost of marketing the site to potential buyers.
- Approximately \$1,250,000 to repay the existing 1st mortgage registered on title against the Property
- Term:** The earliest of (i) demand; and (ii) twelve (12) months from the date of the initial advance (the "Term"), which may be extended for an additional twelve (12) months upon at least 30 days prior written notice by Borrower to Lender.
- Facility Advances:** Available by way of advances to the Borrower to be evidenced by a Receiver's Certificate in a form satisfactory to the Lender each in the minimum amount of \$80,000.
- Security and Draws:** Certificates shall be approved by the Court in the Appointment Order to be issued forthwith upon the Proposed Receiver being appointed as the receiver or receiver and manager of the Property. The Loan is to be secured by the Receiver's Borrowings Charge. The Proposed Receiver is to consent to a charge on the Property, if required by the Lender, to reflect the Lender's interest in the Receiver's Borrowings Charge.
- Interest Rate and Fees:**
- Interest: Annual rate of 9.5% calculated on the daily outstanding balance of the Loan and compounded monthly, not in advance with interest only payments paid monthly from the Interest Reserve.
- Fee: A fee of \$32,900 will be due and payable to the Lender at the time of the first advance of the Loan and shall be deducted from the advance of the Loan.
- Expenses: The Borrower shall be responsible for all costs, fees and expenses incurred by the Lender in connection with the negotiation, preparation and administration of this Agreement and the enforcement of the Security (as hereinafter defined) including, without limitation, all court attendances in connection therewith. All such fees and expenses shall be added to the Loan and secured by the Security.

Payments: Without limiting the right of the Lender to at any time demand repayment and subject to and in addition to the requirement for repayment in full pursuant to this Agreement, interest only at the aforesaid rate, calculated daily and compounded monthly, paid monthly from the Interest Reserve.

Advance

Deductions: At the time of the initial advance, the Lender may at its sole discretion, deduct an amount equal to the applicable interest for such advance for the balance of the term of the Loan as an interest reserve (the "Interest Reserve").

Interest Reserve Amount: \$80,000

The Interest Reserve shall be held in the Lender's trust account and be used to service the interest payments on the outstanding balance of the Loan. Any funds held in the Lender's trust account from an advance are considered to be and shall be deemed to be principal advanced to the Borrower and interest shall accrue on those funds as if they had been paid directly to the Borrower.

Prepayment: The Loan can be repaid in whole or in part at any time without any fee or penalty upon three (3) Business Days written notice to the Lender.

Remedies: In the event that the Loan is not paid in full at the end of the Term, the Lender may exercise all rights and remedies available to it with Court appearance.

General: Further Assurances and Documentation: The Borrower shall do all things and execute all documents deemed necessary or appropriate by the Lender for the purposes of giving full force and effect to the terms hereof.

Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and any of the Facility and security documentation, including the Security, the provisions of this Agreement shall prevail.

Assignment and Syndication: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof may be assigned by the Lender, or monies required to be advanced may be syndicated by the Lender from time to time. For greater certainty, the Lender may assign or grant participation in all or part of this Agreement or in the Facility made hereunder without notice to and without the Borrower's consent. The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement, any such transfer or assignment being null and void insofar as the Lender is concerned and rendering any balance then outstanding under the Facility immediately due and payable at the option of the Lender.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

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

Counterparts: This Agreement may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of said counterparts taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart.

Time: Time shall be of the essence in all provisions of this Agreement.

Whole Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the entire agreement between the parties in respect of the Loan. No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Borrower and the Lender. No failure or delay on the part of the Lender in exercising any right or power hereunder or under any of the Security shall operate as a waiver thereof. No course of conduct by the Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Security or the Lender's rights thereunder.

Conditions: The Lender shall not be required to advance any funds prior to the Borrower having fulfilled to the Lender's satisfaction the following conditions:

1. A copy of the Site Plan Approval issued by the City of Burlington
2. Confirmation of paid development charges and associated fees to the City of Burlington.
3. Land valued at a minimum of \$2.68MM, satisfactory to the Lender.
4. The 1st mortgage outstanding does not exceed \$1,350,000 inclusive of unpaid interest and fees.

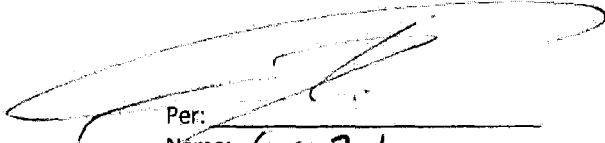
Expiration: This Agreement must be accepted by the Borrower by no later than 5:00 pm on May 5th, 2017, after which this Agreement will expire.

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us.

We thank you for allowing us the opportunity to provide you with this offer of financing.

Yours truly,

MARSHALLZEHR GROUP INC.



Per:

Name: *Greg Zehr*

Title: *Co-CEO and Founder*

I have authority to bind the Corporation.

ACCEPTANCE

The undersigned hereby accepts this Agreement this _____ day of _____, 2017.

TBD.
in its capacity as Receiver of
Scollard Trustee Corporation

Per: _____

Name:

Title:

I have authority to bind the Corporation.

Eunice Baltkois

From: Ian Aversa
Sent: April-12-17 3:14 PM
To: Eunice Baltkois
Subject: FW: Tier 1 - Notices of Sale on Memory Care Properties

From: David Hildebrant [mailto:dhildebrant@marshallzehr.com]
Sent: April-12-17 3:10 PM
To: Krieger, Jonathan <Jonathan.Krieger@ca.gt.com>; Cecil Hayes <chayes@marshallzehr.com>
Cc: Ian Aversa <iaversa@airdberlis.com>; Bando, Bruce <Bruce.Bando@ca.gt.com>
Subject: RE: Tier 1 - Notices of Sale on Memory Care Properties

Hi Jon,

On behalf of MarshallZehr we are waiving the conditions set forth in the following offer letters:

- Oakville Memory Care
- Kitchener Memory Care
- Burlington Memory Care

The presented offer letters are now free of conditions.

We will be fine to amend the discharge amounts as required.

Best Regards,

David Hildebrant

Business Development Analyst

MarshallZehr

Real Estate Capital

p. 519-342-1000 x231

c. 289-242-3151

f. 519-342-0851

465 Phillip St, Suite 206

Waterloo, ON, N2L6C7

dhildebrant@marshallzehr.com

www.marshallzehr.com



MarshallZehr Group Inc. Mortgage Administration # 11955
MarshallZehr Group Inc. Mortgage Brokerage # 12453

This transmission (including any attachments) may contain confidential information, privileged material (including material protected by the solicitor-client or other applicable privileges), or constitute non-public information. Any use of this information by anyone other than the intended recipient is prohibited. If you have received this transmission in error, please immediately reply to the sender and delete this information from your system. Use, dissemination, distribution, or reproduction of this transmission by unintended recipients is not authorized and may be unlawful.

From: Krieger, Jonathan [<mailto:Jonathan.Krieger@ca.gt.com>]
Sent: April 12, 2017 10:44 AM
To: David Hildebrant <dhildebrant@marshallzehr.com>; Cecil Hayes <chayes@marshallzehr.com>
Cc: Ian Aversa (iaversa@airdberlis.com) <iaversa@airdberlis.com>; Bando, Bruce <Bruce.Bando@ca.gt.com>
Subject: RE: Tier 1 - Notices of Sale on Memory Care Properties

David,

Further to our discussion last week, can you please confirm in writing that all of the conditions set out in the term sheets are waived? These documents will be appended to our court record, and the Court will want clear confirmation that the commitment to finance is ready to go, free of conditions.

I had sent you the Notices of Sale on the Memory Care properties, and the limit on the amount of the first mortgage is continuing to accrue interest so you may be slightly short on a couple of the properties, but I take it that this number can be amended as required. Please confirm.

Thanks,
Jon

From: David Hildebrant [<mailto:dhildebrant@marshallzehr.com>]
Sent: Friday, April 07, 2017 11:56 AM
To: Krieger, Jonathan; Cecil Hayes
Subject: RE: Tier 1 - Notices of Sale on Memory Care Properties

Hi Jon,

As discussed I have updated the offer letters with loan balances outstanding.

Please find attached.

- Oakville Memory Care, 105 Garden Ave
- Burlington Memory Care, 2168 Ghent Ave
- Kitchener Memory Care, 169 Borden Ave

Thank you,

David Hildebrant

Business Development Analyst

MarshallZehr

Real Estate Capital

p. 519-342-1000 x231

c. 289-242-3151

f. 519-342-0851

465 Phillip St, Suite 206

Waterloo, ON, N2L6C7

dhildebrant@marshallzehr.com

www.marshallzehr.com



This transmission (including any attachments) may contain confidential information, privileged material (including material protected by the solicitor-client or other applicable privileges), or constitute non-public information. Any use of this information by anyone other than the intended recipient is prohibited. If you have received this transmission in error, please immediately reply to the sender and delete this information from your system. Use, dissemination, distribution, or reproduction of this transmission by unintended recipients is not authorized and may be unlawful.

From: Krieger, Jonathan [<mailto:Jonathan.Krieger@ca.gt.com>]

Sent: April 6, 2017 2:37 PM

To: Cecil Hayes <chayes@marshallzehr.com>; David Hildebrant <dhildebrant@marshallzehr.com>

Subject: Tier 1 - Notices of Sale on Memory Care Properties

As discussed. Ideally, all of the conditions on your financing commitment can be waived before we file materials. Please confirm what else you need from us.

Thanks,

Jon

Disclaimer: This email is intended solely for the person or entity to which it is addressed and may contain confidential and/or privileged information. Any review, dissemination, copying, printing or other use of this email by persons or entities other than the addressee is prohibited. If you have received this email in error, please contact the sender immediately and delete the material from any computer.

TAB 38

Court File No. CV-16-11567-00CL

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

B E T W E E N:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

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

Respondents

AFFIDAVIT OF PETER PON TSA

I, Peter Pontsa, of the City of Orangeville, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Chairman of an *ad hoc* committee (the “**Investors Committee**”) organized by certain investors (the “**Tier 1 Investors**”) in syndicated mortgage investments in the 16 projects listed in **Schedule “A”** attached hereto (the “**Tier 1 Projects**”). As such, and based on documents that I have reviewed, I have personal knowledge of the matters to which I depose in this affidavit,

save and except for such facts or matters which are stated to be based on information and belief, and where so stated, I believe same to be true.

2. I swear this affidavit in support of a motion by the Investors Committee for an order appointing Chaitons LLP ("**Chaitons**") as representative counsel for all Tier 1 Investors in respect of this proceeding regarding their common interests within or among the Tier 1 Projects, and certain other relief as set out in the proposed draft order submitted with the Investors' Committee notice of motion.

Appointment of the Trustee

3. By Order of the Ontario Superior Court of Justice (Commercial List) made on October 27, 2016 (the "**Appointment Order**"), Grant Thornton Limited ("**GTL**") was appointed as the trustee (in such capacity, the "**Trustee**") of each of the Respondents in this proceeding (collectively, the "**Tier 1 Trustee Corporations**", and individually, a "**Tier 1 Trustee Corporation**"). A true copy of the Appointment Order is attached hereto as **Exhibit "A"**.

4. The Appointment Order was supported by an affidavit sworn by Mohammed Ali Marfatia, a Senior Compliance Officer with the Financial Services Commission of Ontario ("**FSCO**"). In his affidavit, Mr. Marfatia described examinations conducted by FSCO arising from its concerns with respect to two licensed mortgage brokerages, First Commonwealth Mortgage Corporation ("**First Commonwealth**") and Tier 1 Mortgage Corporation ("**Tier 1 Mortgage**"), which promoted and sold syndicated mortgage investments ("**SMIs**") to the investing public. A true copy of the Mr. Marfatia's affidavit is attached hereto as **Exhibit "B"**.

5. The mortgages securing the SMIs were to be administered by the Respondents which are required under contract to hold the mortgages in trust for the Tier 1 Investors and to act in a fiduciary capacity to administer and enforce the mortgages.

6. According to Mr. Marfatia's affidavit, the examinations conducted by FSCO "revealed systematic and recurrent failures by First Commonwealth and Tier 1 Mortgage to abide by the basic consumer protection measures put in place by the [*Mortgage Brokerages, Lenders and Administrators Act*]".

7. To my knowledge, the Tier 1 Investors were not notified of FSCO's application to the Court until after the Trustee's appointment.

The Tier 1 Investors

8. Based on my review of publicly available documents, it appears that approximately \$110 million was raised by First Commonwealth and Tier 1 Mortgage from the Tier 1 Investors.

9. To the best of my knowledge, there were approximately 2,500 separate investments made in the SMIs for the Tier 1 Projects by an estimated 1,600 investors in amounts ranging from \$4,000 to \$500,000 per investment.

Formation of the Investors Committee

10. The Investors Committee was formed after I and other Tier 1 Investors learned of the Trustee's appointment.

11. On November 25, 2016, a group of about 20 Tier 1 Investors and advisors met in Oakville to share information and learn more about the recent events affecting the Tier 1 Projects. At that meeting, it was decided that an informal committee would be formed made up of investors, on a project-by-project basis, to (among other things) share information and provide input on decisions affecting the various Tier 1 Projects with the ultimate goal of protecting our rights and maximizing the value of our investments.

12. The current constitution of the Investors Committee is set out at **Exhibit "C"**. It is made up of 11 members, each of which advanced funds in respect of one or more of the SMIs for the Tier 1 Projects. Each member notionally represents a different SMI in which he or she invested (although some members invested in more than one SMI). Some of the members also acted as advisors to other investors and introduced them to the opportunity to invest in the SMIs. A summary description of the existing members is attached hereto as **Exhibit "D"**.

13. The Investors Committee currently has a chairperson (myself), a secretary (Dale Wilson) and general membership. It is intended that there will be a member for each of the 16 Tier 1 Projects and that the chair and secretary will be elected by a majority vote of the Investor Committee members. In the event an Investors Committee member position is vacated, it will be filled by an investor of the applicable project.

14. The Investors Committee will, among other things:

- (a) act as the liaison between the Tier 1 Investors and Representative Counsel and provide Representative Counsel with instructions;

- (b) coordinate regular contact with the Tier 1 Investors, including by way of email communications and, when possible and practical, in-person meetings and telephone conference calls;
 - (c) raise funds raised from the Tier 1 Investors for legal and other expenses and administer such funds;
 - (d) make decisions regarding the retainer of such other advisors and experts (including appraisers and cost consultants) as may be required, and provided that there are sufficient available funds to do so on a project-by-project basis; and
 - (e) in consultation with the Trustee and with the benefit of professional advice, explore all options available for maximizing the realizable value of the SMIs on a project-by-project basis.
15. To date, the Investors Committee has:
- (a) gathered contact information for Tier 1 Investors through email communications, telephone conversations and assistance from agents and advisors;
 - (b) sent formal communications to all investors for which it has been provided with contact information;
 - (c) liaised with certain advisors and consultants to gather as much information as possible about the status of the various Tier 1 Projects;

- (d) retained Chaitons to provide legal advice in respect of this proceeding regarding the Tier 1 Investors' common interests within or among the Tier 1 Projects; and
- (e) through Chaitons, held discussions with the Trustee and its lawyers regarding immediate issues facing the Tier 1 Projects, including the role of Chaitons as representative counsel.

16. To date, the list of Tier 1 Investors compiled by the Investors Committee includes 592 investor names representing approximately \$43,684,000 in Tier 1 Project investments (and the list grows daily). Attempts to date to obtain a complete list of Tier 1 Investors from third parties, including from the principals of Tier 1 Mortgage, have been resisted due to privacy concerns. Accordingly, the relief sought from the Court by the Investors Committee includes the disclosure by the Trustee of the names and contact particulars of all investors in order to enable the Investors Committee to communicate with them and give them an opportunity to opt out from being represented by Chaitons.

Retainer of Chaitons

17. The Trustee's mandate does not include providing legal advice to the Tier 1 Investors. The Trustee has made it clear in its formal communications with the Tier 1 Investors that they should seek out their own legal advice if they deem it advisable to do so.

18. The Tier 1 Investors do require legal advice regarding issues arising in the context of this proceeding that affect their interests, including but not limited to exploring refinancing and development possibilities for the Tier 1 Projects.

19. To be clear, the scope of the retainer of Chaitons will not include exploring or pursuing remedies or causes of action that Tier 1 Investors may have in relation to the making of their investments (including for any misrepresentations that may have been made which induced investors to make their investments or for any similar claims or causes of action specific to individual investors).

20. The Tier 1 Investors share many common interests, either collectively or on a project-by-project basis, and it is efficient and cost effective to have representative counsel acting on their behalf. This would avoid a multiplicity of retainers, and therefore facilitate the administration of this proceeding.

21. The Trustee has sent out notices of meetings of Tier 1 Investors scheduled for January 27 and 30, 2017 in respect of certain of the Tier 1 Projects. It is expected that material decisions may have to be made by Tier 1 Investors in those and other projects within short time frames, and it is essential that independent legal advice be accessible to the Tier 1 Investors for that purpose.

22. I understand from Harvey Chaiton that Chaitons has extensive experience in insolvency matters and has acted or is currently acting as court-appointed representative counsel in various cases, including for certain investors in the *Redstone Investment Corporation* insolvency proceeding and for certain unit owners in the *Talon International* (Trump Hotel and Residence in Toronto) receivership proceeding.

23. I also understand from Mr. Chaiton that his firm's time and disbursements will be allocated to the extent possible on a project-by-project basis.

24. The Investors Committee is aware that Chaitons has had the following prior retainers:
- (a) a retainer by Scollard Trustee Corporation (“**Scollard**”) in connection with a proposed application for the appointment of a receiver with respect to the Vaughan Crossings project. I understand from Mr. Chaiton that the court application was withdrawn in August 2016 after Scollard and the first mortgagee on the project agreed to jointly appoint a private receiver, and no further services were requested of Chaitons since that time. I also understand from Mr. Chaiton that he has communicated with Raj Singh and that Mr. Singh has waived any conflict of interest provided that the retainer does not include taking any legal proceedings against Mr. Singh, Tier 1 or RS Consulting;
 - (b) a retainer by Trisura Guarantee Insurance Company (“**Trisura**”), which has provided a surety bond and /or excess deposit insurance in connection with some of the Tier 1 Projects. I understand from Mr. Chaiton that Trisura has no objection to Chaitons acting as representative counsel for the Tier 1 Investors provided that Chaitons does not represent them in connection with any challenge to Trisura’s priority over its security relating to purchasers’ deposits nor any claim to those deposits, and that if any conflict arises, Chaitons will not represent the Tier 1 Investors; and

- (c) a retainer by Textbook entities in relation to the projects known as 'Ross Park' and 'Bronson' in preparing and/or providing input on condominium disclosure documentation. I understand from Mr. Chaiton that the principals of the Textbook entities have indicated that they do not object to Chaitons acting as representative counsel for the Tier 1 Investors.

25. The Investors Committee does not consider these previous engagements to pose a conflict for Chaitons to take on this engagement as representative counsel.

Representative Counsel Charge

26. The Investors Committee has to date raised limited funds for the payment of legal fees and expenses, and intends to attempt to raise additional funds for that purpose. A modest retainer amount has been paid to Chaitons to secure its services pending the return of the motion to have it appointed as representative counsel.

27. Chaitons requires a court-ordered charge over the mortgages held in trust for the Tier 1 Investors, and any proceeds realized from the mortgages, in order to carry out its mandate as representative counsel, since there is no guarantee that it will receive payment for its fees and expenses from funds to be raised by the Investors Committee.

SCHEDULE "A"**Tier 1 Projects**

1. 525, 527 and 531 Princess Street, and 349 and 351 Alfred Street, Kingston, Ontario
2. 555 Princess Street, Kingston, Ontario
3. 1234, 1236, 1238, 1240, 1244 and 1246 Richmond Street, London, Ontario
4. 2168 and 2174 Ghent Avenue, Burlington, Ontario (MC Burlington)
5. 103 and 109 Garden Drive, Oakville, Ontario (MC Oakville)
6. 169 Borden Avenue North, Kitchener, Ontario (MC Kitchener)
7. 737 and 777 Silver Seven Road and 15 Frank Nighbor Place, Kanata, Ontario (Silver Seven)
8. 774 Bronson Avenue and 557 Cambridge Street South, Ottawa, Ontario
9. 16 Legacy Lane, Huntsville, Ontario
10. 3655 Kingston Road, Scarborough, Ontario (Guildwood)
11. Vaughan Crossings
12. 1606-1614 Charles Street, Whitby, Ontario (Boathaus)
13. 28 McMurray Street, Bracebridge, Ontario
14. 2701 and 2737 Keele Street, Toronto, Ontario (Keele Medical)
15. 429 and 445 Princess Street, and 208 and 210 Division Street, Kingston, Ontario
16. Highlights Mississauga Condominium and Towns

TAB 39

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE JUSTICE

HAINES

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)
)

TUESDAY, THE 24TH

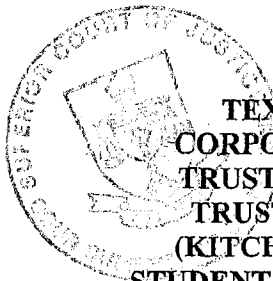
DAY OF JANUARY, 2017

BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -



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

Respondents

ORDER
(Appointing Representative Counsel)

THIS MOTION, made by the Investors Committee (as defined in the Affidavit of Peter Pontsa sworn January 18, 2017) for an Order appointing Chaitons LLP (“Chaitons”) as representative counsel in this proceeding to represent the interests of investors (the “Tier 1 Investors”) in syndicated mortgage investments in the 16 projects listed in Schedule “A” hereto (the “Tier 1 Projects”) and certain ancillary relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Peter Pontsa sworn January 18, 2017 and the exhibits thereto, and on hearing the submissions of counsel for the Investors Committee, for Spring Hill Investments Inc. and for Grant Thornton Limited, in its capacity as Trustee (in such capacity, the

“Trustee”) appointed by Order of this Court dated October 27, 2016 (the “Trustee Appointment Order”),

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record of the Investors Committee is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, subject to Paragraph 8 hereof, Chaitons LLP is hereby appointed as counsel (“**Representative Counsel**”) for all Tier 1 Investors in respect of this proceeding (including, without limitation, all those who are Tier 1 Investors as a result of having RRSP or other registered funds administered by Olympia Trust Company) regarding their common interests within or among the Tier 1 Projects, unless and until written notice is provided by a particular Tier 1 Investor to Representative Counsel that such Tier 1 Investor does not wish to be represented by Representative Counsel.

3. **THIS COURT ORDERS** that Representative Counsel is hereby empowered and authorized to accept instructions with respect to this proceeding from the Investors Committee which shall be binding on the Tier 1 Investors who have not opted out pursuant to the procedure set out in paragraph 8 below.

4. **THIS COURT ORDERS** that the Trustee shall provide to Representative Counsel, without charge to the Tier 1 Investors, the following information, documents and data as may be in the Trustee’s possession or control (the “**Information**”):

- (a) the names, last known addresses and last known email addresses (if any) of the Tier 1 Investors (the “**Tier 1 Investor Information**”); and
- (b) such additional documents and information as may be specifically requested in writing by Representative Counsel and which is relevant to the Tier 1 Investors’ participation in this proceeding, or as ordered by the Court,

provided that the Trustee and its counsel may recover their time and expenses for so doing at their standard rates, and the Trustee is not required to obtain express consent from any Tier 1 Investor or other person authorizing disclosure of the Information to Representative Counsel, and

this Order shall be sufficient to authorize the disclosure of the Information without knowledge or consent of the individual Tier 1 Investors or any other person.

5. **THIS COURT ORDERS** that all reasonable professional fees and disbursements that may be incurred by Representative Counsel, whether incurred prior to or after the date of this Order, will form part of the indebtedness owing to the Tier 1 Investors, and in the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

6. **THIS COURT ORDERS** that Representative Counsel is hereby authorized to take all steps and do all acts necessary or desirable to carry out the terms of this Order.

7. **THIS COURT ORDERS** that notice of the granting of this Order, substantially in the form attached hereto as **Schedule "B"**, shall be sent by Representative Counsel to each Tier 1 Investor by electronic or regular mail, to addresses provided pursuant to Paragraph 3(a), within seven business days of the date of receipt by Representative Counsel of the Tier 1 Investor Information, which notice shall also be posted on the Trustee's website.

8. **THIS COURT ORDERS** that any Tier 1 Investor who does not wish to be represented by Representative Counsel in these proceedings shall notify the Trustee and Representative Counsel, in writing, that he, she or it is opting out of representation by delivering a notice by electronic or regular mail substantially in the form attached as **Schedule "C"** hereto, and shall thereafter not be bound by the actions of Representative Counsel and shall represent himself, herself or itself or be represented by any counsel that he, she or it may retain exclusively at his, her or its own expense.

9. **THIS COURT ORDERS** that Representative Counsel may communicate with any Tier 1 Investor who has not opted out pursuant to Paragraph 8 hereof by electronic mail to the addresses provided pursuant to Paragraph 3(a) or such other addresses provided by the Tier 1 Investors to Representative Counsel.

10. **THIS COURT ORDERS** that the interests of all Tier 1 Investors who have not opted out pursuant to Paragraph 8 hereof shall be represented by the Investors Committee. Representative Counsel shall be entitled to consult with and seek advice from the Investors

Committee in connection with the fulfillment of its duties in carrying out the provisions of this Order.

11. **THIS COURT ORDERS** that the Investors Committee may engage such advisors, consultants and experts as they may require to assist with the exercise of their responsibilities, including without limitation those conferred by this Order, and that any expenses incurred in engaging such parties shall form part of the indebtedness owing to the Tier 1 Investors.

12. **THIS COURT ORDERS** that any member of the Investors Committee may resign as a member thereof at any time, and that, in the event of resignation, the remaining members of the Investors Committee may appoint another Tier 1 Investor to the Investors Committee in his or her place.

13. **THIS COURT ORDERS** that neither Representative Counsel nor any member of the Investors Committee shall have any liability as a result of their appointment or the performance of their duties or in carrying out the provisions of this Order and any subsequent Orders in these proceedings, save and except for any gross negligence or willful misconduct on their part.

14. **THIS COURT ORDERS** that Representative Counsel shall be entitled to and is hereby granted a charge (the "**Representative Counsel Charge**") on the Property (as that term is defined in the Trustee Appointment Order) as security for its fees and disbursements in respect of this proceeding, both before and after the making of this Order, and that the Representative Counsel Charge shall form a charge on the Property ranking immediately subordinate in priority to the Trustee's Charge (as that term is defined in the Trustee Appointment Order).

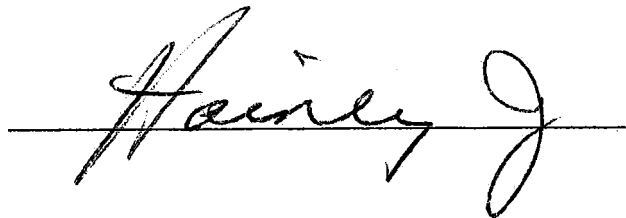
15. **THIS COURT ORDERS** that Representative Counsel is entitled to be paid its fees and disbursements from any distributions to be made to the Tier 1 Investors in these proceedings.

16. **THIS COURT ORDERS** that Representative Counsel shall be given notice of all motions in these proceedings, and that the giving of notice to Representative Counsel shall constitute service on all of the Tier 1 Investors who have not opted out pursuant to Paragraph 8 hereof.

17. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court for advice and directions in the performance or variation of its powers and duties.


18. **THIS COURT ORDERS** that Representative Counsel may seek its discharge if satisfactory arrangements are not made for payment of its fees and expenses.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist Representative Counsel in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Representative Counsel, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist Representative Counsel and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, reading "Hainey J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JAN 24 2017

PER / PAR: 

SCHEDULE "A"

Tier 1 Projects

1. 525, 527 and 531 Princess Street, and 349 and 351 Alfred Street, Kingston, Ontario
2. 555 Princess Street, Kingston, Ontario
3. 1234, 1236, 1238, 1240, 1244 and 1246 Richmond Street, London, Ontario
4. 2168 and 2174 Ghent Avenue, Burlington, Ontario (MC Burlington)
5. 103 and 109 Garden Drive, Oakville, Ontario (MC Oakville)
6. 169 Borden Avenue North, Kitchener, Ontario (MC Kitchener)
7. 737 and 777 Silver Seven Road and 15 Frank Nighbor Place, Kanata, Ontario (Silver Seven)
8. 774 Bronson Avenue and 557 Cambridge Street South, Ottawa, Ontario
9. 16 Legacy Lane, Huntsville, Ontario
10. 3655 Kingston Road, Scarborough, Ontario (Guildwood)
11. Vaughan Crossings
12. 1606-1614 Charles Street, Whitby, Ontario (Boathaus)
13. 28 McMurray Street, Bracebridge, Ontario
14. 2701 and 2737 Keele Street, Toronto, Ontario (Keele Medical)
15. 429 and 445 Princess Street, and 208 and 210 Division Street, Kingston, Ontario
16. Highlights Mississauga Condominium and Towns

SCHEDULE "B"

By Order dated January 9, 2017 (the "**Order**") granted by the Ontario Superior Court of Justice in the proceeding (the "**Trusteeship Proceeding**") commenced under Court File No. CV-16-11567-00CL by The Superintendent Of Financial Services against 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 (collectively, the "**Respondents**"), Chaitons LLP was appointed as representative counsel ("**Representative Counsel**") for all Tier 1 Investors in respect of the Trusteeship Proceeding regarding their common interests within or among the Tier 1 Projects, unless and until written notice is provided by a particular Tier 1 Investor to Representative Counsel that such Tier 1 Investor does not wish to be represented by Representative Counsel. A copy of the Order is attached hereto. All capitalized terms not defined above are used as defined in the Order.

If you do not wish to be bound by the Order, you may opt-out of the group in accordance with paragraph 8 of the Order.

SCHEDULE "C"

Court File No. CV-16-11567-00CL

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

B E T W E E N:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

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

Respondents

OPT-OUT FORM

TO: Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9
Email: tier1@chaitons.com

I, _____, am a Tier 1 Investor as defined in the Order dated January 9, 2017 (the "Order") granted by the Ontario Superior Court of Justice (Commercial List) in the proceeding commenced under Court File No. CV-16-11567-00CL (the "Trusteeship Proceeding"), in that I invested the sum of \$ _____ with respect to the project known as _____.

Under Paragraph 8 of the Order, Tier 1 Investors who do not wish Chaitons LLP to act as their representative counsel may opt out.

I hereby notify you that I do not wish to be bound by the Order and will be represented as an independent individual party at my own expense to the extent I wish to appear or participate in the Trusteeship Proceeding.

Date

Print Name:

THE SUPERINTENDENT OF FINANCIAL SERVICES
Applicant

v.

**TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION et al**
Respondents

Court File No. CV-16-11567-00CL

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

Proceedings commenced at Toronto

ORDER

CHATTONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Harvey Chaiton (LSUC #21592F)
Tel: 416-218-1129
Fax: 416-218-1849
E-mail: harvey@chaitons.com

George Benchetrit (LSUC #34163H)
Tel: (416) 218-1141
Fax: (416) 218-1841
E-mail: george@chaitons.com

Lawyers for the Investors Committee

TAB 40

Timothy Jones

From: Michael Fox <mfox@mamb.ca>
Sent: April-17-17 2:50 PM
To: 'Michael Fox'
Cc: 'Nick Tsaconakos'; 'Investors Committee'; 'A Avish'; 'Amar Sidiura'; 'Andrew Kolodziej'; 'Ashwani Goel'; 'Balloo Harideen'; 'Baseer Haqqani'; 'Bashir Lalani'; 'Bruce Miles'; 'Cathy Bi'; 'Charlotte Graham'; 'Chris Black'; 'D Mckay'; 'Dale'; 'David Williams'; 'Dominic Ha'; 'doug@wealthywaysolutions.com'; 'Eric Chan'; 'Eunhee Shin'; 'Fabian Giusti'; 'Garry Levy'; 'George Gentile'; 'Giorgio A.M. Heidary'; 'gtout2016@gmail.com'; 'Harry & Teresa Tang'; 'Jason Kirkconnell'; 'Jeff Ley'; 'Jeff Watson'; 'Jerzy Malarski'; 'Joe Citrigno'; 'Joey Dimerman'; 'John Landolfi'; 'John Landolfi'; 'John Marks'; 'John Staikos'; 'JP Marentette'; 'Judy Read'; 'Kasturi Chatterjee'; 'Kirstian Kirkpatrick'; 'Kishor Bhingaradia'; 'Kris Starosta'; 'Laila Balagtas'; 'Larry Smith'; 'Luis Argentieri'; 'Lydia Madrona-Yanto'; 'Marco Quattrociochi'; 'Marcus Paton'; 'Marcus Paton'; 'Margaret Janecki'; 'Maria Bettencourt'; 'Mehboob Sherrif'; 'Mike Bedard'; 'Mohammad Khorasanizadeh'; 'Nabeel Rahim'; 'Neil Mathieson'; 'Neil Silvert'; 'Pat Folino'; 'Pauline Stroud - Lloren'; 'Peter Lantos'; 'Peter Ni'; 'Peter Pontsa'; 'Pragash Suppiah'; 'Rajesh Hurana'; 'Rawan Elalami'; 'Regina Mumford'; 'Rob Knipf'; 'Rob Thompson'; 'Robert Mrowca-Migiel'; 'Robert Tsai'; 'Roberto Lloren'; 'Ron Balagtas'; 'Scott Devries'; 'Scott Reardon'; 'sreardon15@hotmail.com'; 'Stephen Goodfellow'; 'Stephen Wise'; 'stevewise54@gmail.com'; 'Sue Mortgage Bridge Canada'; 'Todd Brown'; 'Toria Balagtas'; 'Victor Huo'; 'Walt Cunha'
Subject: TIER1 project remediation proposals you haven't, but should have, heard about
Attachments: Memo from Dennis Jewitt of BREAKWALL Financial.pdf

From: Michael Fox [<mailto:mfox@mamb.ca>]
Sent: April 15, 2017 12:27 AM
To: 'Michael Fox'
Subject: FW: TIER1 project remediation proposals you haven't, but should have, heard about

To Sales Rep of TIER1 Advisory Syndicate Mortgage Contracts...

Hi.

Well, we've reached the point in this long, agonizing journey where Grant Thornton seems poised to start sending the TIER1 Advisory projects into receivership, to be liquidated 'as is' for pennies on the dollar by KSV Advisory, without any of our clients ever knowing about the months of long, hard, responsible work by property development remediation specialist, Dennis Jewitt of BREAKWALL Financial that went into coming up with alternative concepts to revitalize the projects in an attempt to enhance our lenders' return of principal; concepts that were viable enough to warrant lender consideration at least; but that they, the lenders, were never made aware of.

If you feel as I do, that it is important for our clients to be aware of the fact that the Grant Thornton liquidation agenda is not the only option on the table, then please feel free to forward this email to your clients.

I hope you believe, as I do, that every viable option should, at least, be heard.

Sincerely,

Michael Fox

From: Michael Fox [mailto:mfox@mamb.ca]
Sent: April 14, 2017 7:43 PM
To: 'Michael Fox'
Cc: 'Raj Singh'; 'Dennis Jewitt'
Subject: TIER1 project remediation proposals you haven't, but should have, heard about

To My Clients, Referral Reps, and Their Clients...

One year ago, when it became apparent that TIER1 Advisory's VAUGHAN CROSSINGS project was challenged, TIER1 Advisory CEO, Raj Singh, asked property development remediation specialist Dennis Jewitt of BREAKWALL Financial to look at the project with a view to preserving as much of the value of the property as possible in order to enhance TIER1's ability to maximise the best possible return of their lenders' principal.

On August 16th, at a meeting in Toronto on the subject, Mr. Jewitt presented his proposal to the VAUGHAN CROSSINGS lenders ...to apply to have the property up-zoned from commercial to multi-residential, and to re-purpose the property to be developed as condominiums...and the lenders endorsed Mr. Jewitt's proposal. (That proposal finally received court approval on Monday of this week.)

In October the court appointed Grant Thornton LLP as Trustee on all TIER1 projects replacing Scollard Trustee Corporation (Raj Singh) and subsequently an investors committee was formed with a view to exploring enhancement proposals similar to Mr. Jewitt's VC re-envisioning concept for the other TIER1 properties, where necessary, and communicating these potential options to those projects' lenders.

It was also proposed by a number of those who had attended the VAUGHAN CROSSINGS meeting in August, and had been impressed by Mr. Jewitt's obvious experience and acumen, that he be retained by the committee to analyse the projects, and submit proposals to the investors committee for their consideration, in conjunction with the lenders invested in the projects being analysed.

This, however, didn't happen.

Despite the committee having voted to do so, and his having worked intensively for the past year without compensation, Mr. Jewitt has yet to be retained by the committee, on any, let alone all, projects.

Analysis on several projects was done, and cost-cutting/value-enhancing proposals were submitted to the committee by Mr. Jewitt; but, in speaking with those of my clients invested in these projects, it became apparent that none of Mr. Jewitt's information had been shared by the committee members with the rest of the investors in these projects, (which, you'll recall, was the intended purpose of the committee in the first place); and, on three separate occasions, when I asked committee members why this information had not been disseminated amongst the lenders, I was told that they had been advised against doing so by Counsellor George Benchetrit of Chaitons LLP, who were court-appointed as legal counsel for the TIER1 investors on January 24th and who, it has become obvious since their appointment, are in absolute lock-step with Grant Thornton on every aspect of every issue that arises.

This is troubling, because it was my understanding that, in their capacity as "legal counsel for the TIER1 investors" it would be Chaitons LLP to whom we would look for guidance if we had misgivings about any position taken by Grant Thornton; instead of which we find Chaitons sitting, comfortably, on every issue, in Grant Thornton's lap. So, essentially, we are paying two substantial fees, one to Grant Thornton and the other to Chaitons LLP, for one legal opinion, predictably, every time.

And so I am taking it upon myself to send you a memo I requested from Dennis Jewitt encapsulating his initiatives to date on all our behaves, and the contents of which, I believe, you have heard absolutely nothing.

Bottom line:

Either we acquiesce to GRANT THORNTON's expressed intention to appoint KSV Advisory <http://www.ksvadvisory.com/> as Receiver on the TIER1 projects, who have made it clear that they will retain Grant Thornton and Chaitons LLP as they move through the process of liquidating the most challenged properties at their 'as is' value, which will bring the investors a return of roughly somewhere between 20 and 40 percent of their principal; or we ask Grant Thornton to at least consider appointing MNP LLP <http://www.mnp.ca/en> who have expressed a willingness to Dennis Jewitt to explore other options, notably the rehabilitation of the value of the TIER1 properties.

The awkward reality, however, is that one of the key components to the alternative approach being proposed by Mr. Jewitt and considered by MNP LLP, is a debt-to-equity conversion of the the lenders' investment which would mean that there would no longer be the need for a Trustee or legal counsel for the lenders; which puts Grant Thornton and Chaitons LLP in the awkward and unenviable position of having to consider the possibility of terminating themselves in the best interests of the investors, which, in the eyes of the court that appointed both of them, is their primary responsibility.

And if you have any concern about MNP LLP's suitability to serve as Receiver for the TIER1 Advisory properties, please read Harvey Chaiton's own acknowledgement from his email to me of April 5th in which he stated that "**While we agree that the firm of MNP is certainly qualified to act as receiver**, no explanation has been provided as to why the firm suggested by Grant Thornton (KSV) is not suitable for this engagement." (my bolding)

Well, Mr. Chaiton, this is that explanation.

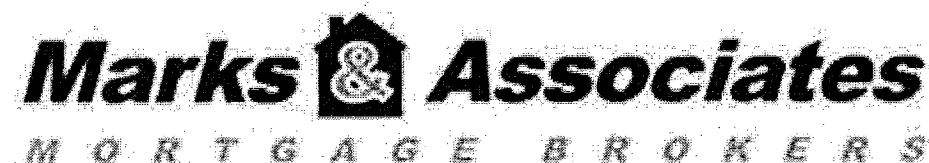
Please read Mr. Jewitt's attached memo. And then please contact the Investors Committee representative immediately for whatever project(s) you are invested in, and express your preference to GRANT THORNTON that **MNP be appointed Receiver** on the project you're invested in. Here are the email addresses for the investors committee members: <https://tier1investorsgroup.ca/committee-members/>

Because if KSV Advisory is appointed Receiver, Grant Thornton and Chaitons will continue to be retained, at the expense of the projects, (which is at your expense), and with the most likely outcome being immediate liquidation of the properties at fire-sale 'as is' pricing; whereas if MNP is appointed Receiver, my understanding is that you will have the same option to take the 'as is' sellout as if KSV were to be appointed; but if you choose to remain invested as a shareholder rather than a lender, that option would be open to you.

Also A) the projects will be relieved of the need for, and cost of, a court-appointed trustee and legal counsel, and B) alleviated of the need for an investors committee, which everyone on it, I'm sure, will find enormously relieving.

Sincerely,

Michael Fox
Mortgage Agent
FSCO Licence #M13000850
Marks & Associates Mortgage Brokers Inc.
Cell: (519) 591-8437
Office: (519) 432-0995
Email: mfox@mamb.ca



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E & O



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www.avast.com

THE REALIZATION STRATEGY – TIER 1 SYNDICATED MORTGAGES

To: Michael fox
From: Dennis Jewitt

Michael you seem frustrated with the realization strategy being implemented by the Trustee and the Investor Committee representatives. I offered my services to investigate alternative strategies but it would appear the Committee representatives are satisfied with liquidation strategy recommended by Grant Thornton.

If you recall during the town hall meetings Grant Thornton explained that due to the financing structure, that involved horrendous upfront costs, the sale of the properties in an "as is" condition would undoubtedly result in significant losses. Further, if the projects were not completed as originally contemplated, a purchaser would put little, if any, value on the "soft costs" i.e. architectural drawings etc. Notwithstanding, the Trustee recommended that the projects be sold "as is" because it was unlikely that construction financing could be secured and few, if any, investors would support a completion strategy if the existing developer remained in control.

To liquidate the portfolio Grant Thornton is now recommending the commencement of enforcement proceedings to appoint a receiver and manager over the properties to: (i) remove control of the property from a prior mortgagee or the developer; and (ii) develop a process to market and solicit offers for the investment in, development of and/or sale of the property. I would point out that it is not a requirement to have a court appointed receiver engaged to sell the properties. A much cheaper solution, with respect to the sale of the properties, is to simply enforce your rights pursuant the mortgage and sell the property via a power of sale.

Mr. Bobby Kofman has explained (as part of his pitch to act as a receiver over 525 and 555 Princess) that if appointed as receiver over these projects, KSV would:

- obtain control of the properties and access to the books and records relevant to these projects, and in order to maximize realizations for the benefit of the investors,
- Solicit real estate broker proposals
- Engage in a strategic process to consider options to maximize recoveries for investors, including an outright sale, joint venture and development opportunities; and
- Establish a communications protocol in order to consult with the Investors Committee, Representative Counsel and GTL throughout the process.

With all due respect there is no necessity to appoint a Receiver to obtain control of the properties or to access the books and records. Control of the properties can be achieved through enforcement proceedings pursuant to the mortgage and Grant Thornton can get access to the books and records by order of the court if the developer refuses to co-operate. Further, in the Princess Street cases, there no prior mortgagee threatening to sell the properties so there is time to analyze the options. The Princess Street properties have is a parking issue that the Committee might be well advised to resolve or at least understand that issue before marketing the properties for sale. I must also question why you need another insolvency specialist and another lawyer to solicit real estate broker proposals and list the properties for sale? Once a listing agent is retained does anyone really believe that person is going to look for creative solutions? The listing agent does not want the syndicated mortgage investors staying in. He wants the entire project sold as quickly as possible to earn the greatest commission possible in the shortest period of time.



THE REALIZATION STRATEGY – TIER 1 SYNDICATED MORTGAGES

In deciding what should be done it is useful to consider how a potential purchaser calculates a reasonable offer. Most developers will calculate a price based on a 25% to 30% return on the required equity. The offer should be greatest if the original plan can be implemented and value is therefore attributed to the soft costs already spent. The listing agent should not be selling raw land but rather a concept and all of the soft costs associated with it. If properties are sold a company related to the existing investors the sale should, in my opinion, be exempt from any commissions just in case the investors or a portion thereof decide to buy the property as opposed to selling it.

In a distressed situation the purchaser may submit a low ball the offer hoping to get even a greater return. If the existing investors want to earn a similar return and the purchaser is prepared to accept partners does it not make sense to negotiate some sort of participation if a credible developer can be identified?

THE MEMORY CARE PROPERTIES

The Memory Care properties are some of the most serious problems. No one in Canada is in the business of developing Alzheimer residences. Therefore, if no one can be convinced that the concept makes sense, developers will undoubtedly simply value the sites as medium density residential building sites and the investment in "soft costs" will be worthless.

Grant Thornton has recommended that KSV Advisory of Toronto be appointed the Receiver and the properties listed for sale. In order to take control of the process they are recommending the first mortgage be replaced and increased to accommodate the costs of liquidation. I understand the cost of replacing the existing first mortgage is \$90,000 per property plus 9.5% interest. Assuming the properties are sold within a year these costs, equate to in excess of 18%. Piled on up of that cost is the expense related to the Receiver, the Receiver's lawyer, Grant Thornton, Grant Thornton's lawyers, the Investor Committee's lawyer- Chaitons LLB and of course the listing agent. Needless to say this is a very expensive process that will eventually be paid for by the investors out of the proceeds of sale.

The Investor Committee was formed to retain professionals to investigate alternative realization strategies so investors could vote on the various options. The consultant(s) would focus on ways to complete the projects hoping to enhance the recovery. Obviously attempting to build out the project with a new developer would involve increased risks but many investors might opt for this choice given the alternative. The concept would be to convert debt to equity to effectively buy the property in partnership with a new developer and share the future profit. If some investors wanted to exit it might be possible to buy them out at the current market value while others remained invested. If the properties are bought, in a similar fashion to the purchase of the Vaughan Crossings property, this would eliminate the future need for Grant Thornton and Chaitons.

There is a cost involved in analyzing the alternatives but does it not make sense for investors to spend a little money to investigate the possibilities before simply resigning themselves to cents on the dollars through the sale of the properties on an "as is" basis?

Raj Singh submitted a proposal that he believes might eventually repay the Memory Care investors 100% of the principal. It is a complex proposal that is conditional on obtaining a level of comfort

THE REALIZATION STRATEGY – TIER 1 SYNDICATED MORTGAGES

surrounding certain untested assumptions. He believes it would take approximately six months of due diligence before anyone could make a firm binding offer based on his restructuring proposal. The costs involved in pursuing this potential opportunity would be borne by the investors in exchange for the right to recover 100% of their principal over time. Grant Thornton, I have been told, has rejected his proposal out of hand probably because Mr. Singh is behind the proposal and he is not investing any money to implement the proposal. In his defense however no one would invest fresh money behind the existing mortgage and he has agreed he doesn't have to be involved if someone else is prepared to take the lead and execute the plan. If however this concept is to be investigated there will be a cost involved. The question is whether or not it warrants analysis and consideration.

If the investors want someone to analyze the options and pursue development partners they need to somehow buy time to undertake the analysis. The first mortgages are in default and the first mortgagee has demanded payment is in the process of listing the properties for sale. Kitchener is already listed and he will be in a position to list the other two properties by the end of the month. The first mortgagee has now agreed to co-operate with the Tier 1 syndicated mortgage investors provided his future interest is paid on an ongoing basis. His interest would be at a rate of 10% as opposed the 18% for fresh financing. He proposes to list the properties for sale but to keep the investors informed of the offers received. Without agreeing to a formal first right of refusal he has indicated that he will give us a heads up before accepting a third party offer thereby allowing the Tier 1 investors to outbid the third party. If the investors want to pursue this avenue sufficient money will be to raised to, as a minimum, pay the interest and consulting fees (approximately \$12,000 per month per project). If Breakwall is retained I have offered to accept deferred payment of my fees until the properties are refinanced or sold.

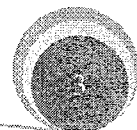
There are a number of advantages to this arrangement if the analysis can be completed quickly enough to react to a third party offer. Specifically:

- The fair market value of the property will be established by an independent third party (Mintz)
- The carrying costs will be less than refinancing the existing first mortgage
- The appointment of a Receiver can be deferred if not eliminated
- The arrangement provides some time to analyze options.

The trick is to determine the threshold at which the investors would prefer to sell versus buying the property before Mintz receives an offer he wants to accept. The mechanism would be very similar to the approach taken on Vaughan Crossings. To demonstrate make the following assumptions with respect to the Kitchener property.

- First mortgage \$1 million
- Appraisal \$4.2 million
- Offer that first mortgagee wants to accept \$2 million
- Tier 1 mortgage \$6 million
- Tier 1 investors want to sell if offer greater than appraisal but otherwise own

Based on the preceding assumptions the Tier 1 investors would offer to buy the property for say \$2.2 million. To purchase the property they would need to get a new mortgage for \$1 million to replace the existing first mortgage and "credit bid" \$1.2 million of the existing second mortgage. At that point the investors would own the property and have a deficiency claim against the company of \$4.8 million (\$6



THE REALIZATION STRATEGY – TIER 1 SYNDICATED MORTGAGES

mil. less \$1.2 mil.) The transaction would be structured in such a fashion to eliminate or minimize any negative tax consequences.

In addition to financing the repayment of the existing first mortgage the mortgage would also need to be increased to cover future operating costs and interest.

If an offer was received for \$5 million the investors would not submit an offer and they would recover \$4 million after \$1 million of the proceeds are used to pay off the first mortgage.

Under the participation agreements a vote equal to 50.01% by dollar value can bind all investors but it is probably possible to take out those that want out while those that want to stay in are allowed to.

VAUGHAN CROSSINGS:

The restructuring approach is not unlike that employed with respect to Vaughan Crossings. In that case the right choice was even clearer since if the property was sold at the fair market value the Tier 1 syndicated mortgage investors were unlikely to recover a penny. By tendering a portion of the outstanding mortgage and borrowing \$15 million secured by the property the investors ended up owning the property without having to advance any more money. The transaction was approved by the Court on April 10th and is scheduled to close by April 24th. On completion the investors will:

- Retain a \$12 million deficiency claim against the company
- Own the property and
- Commence the process of rezoning the property in the hope of enhancing value.

There was no down side in taking this approach because a sale today promised little, if any, recovery. Without taking the time to investigate this opportunity would have been lost.

CONCLUSION:

I may be biased but I believe the investors should take the time and spend the money to examine all options. The costs are almost insignificant in relation to the investment. I had offered to do the analysis for \$3 thousand per file per month but I guess the investor Committee thought that was too expensive. The offer was conditional on being retained for all the files commencing February 1st. That offer has since been withdrawn. Instead for accepting my offer I am afraid the Investor Committee, on the advice of Grant Thornton and Chaitons, is going down the path of a very expensive "fire sale". The recovery will be a reflection of this approach.

As I have previously stated the investors should be presented with options and they should make all material decisions. Unfortunately, the investors are not being presented with options because no one is trying to create options. If the Committee representatives are going to blindly follow the advice of Grant Thornton the Investment Committee and Chaitons serve no purpose.

TAB 41

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraiff@airdberlis.com

January 26, 2017

**VIA REGISTERED MAIL AND EMAIL ([johndavies55@rogers.com](mailto: johndavies55@rogers.com) and
[GregHarris@harrisandharris.com](mailto: GregHarris@harrisandharris.com))**

McMurray Street Investments Inc.
51 Caldari Road, Suite A1M
Concord, ON L4K 4G3

Attention: John Evan Davies and Gregory H. Harris

Dear Sir:

**Re: 7743718 Canada Inc. ("774") loans to McMurray Street Investments Inc.
(the "Borrower")**

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee of 774 (in such capacity, the "Trustee"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "Appointment Order"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to 774 and to exercise all remedies of 774 in collecting such monies, including, without limitation, to enforce any security held by 774. A copy of the Appointment Order is available on the Receiver's website at www.grantthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated April 20, 2012 (as amended, replaced, restated or supplemented from time to time, the "Loan Agreement"), the Borrower is indebted to 774 with respect to certain credit facilities granted by 774 to the Borrower (the "Credit Facilities").

As at the close of business on January 24, 2017, a total of **\$3,710,435** in principal and interest (excluding 4% bonus interest thereon) was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation: (i) the Borrower's failure to pay all principal, interest and other amounts due under the Loan Agreement at the times and in the manner specified therein; and (ii) a Person (as defined in the Loan Agreement) threatening to take possession of property of the Borrower.

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing

under the Loan Agreement of \$3,710,435, together with accruing interest and all costs and recovery expenses thereon (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.


If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.

On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per: 
Steven L. Graff
SLG/jn
Encl.

cc: Client
cc: Edmond Lamek, WeirFoulds LLP, counsel to the Borrower

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email ([johndavies55@rogers.com](mailto: johndavies55@rogers.com) and
[GregHarris@harrisandharris.com](mailto: GregHarris@harrisandharris.com))

TO: **McMurray Street Investments Inc.**
51 Caldari Road, Suite A1M
Concord, ON L4K 4G3

Attention: John Evan Davies and Gregory H. Harris

insolvent company / person

TAKE NOTICE that:


1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “Trustee”) of 7743718 Canada Inc. (“774”), a secured creditor, intends to enforce its security on the real property of McMurray Street Investments Inc. (the “Borrower”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of 774, as amended, which mortgage was registered on title to PIN Nos. 48115-0168 (LT) and 48115-0429 (LT) (collectively, the “Security”).
3. As at January 24, 2017, the total amount of the indebtedness secured by the Security is the aggregate of \$3,710,435 in principal and interest (excluding 4% interest thereon), plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 26th day of January, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of 7743718 Canada Inc.

by its lawyers, **Aird & Berlis LLP**

Per:

per: 

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

28310755.1

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

January 26, 2017

VIA REGISTERED MAIL AND EMAIL ([johndavies55@rogers.com](mailto: johndavies55@rogers.com))

Memory Care Investments (Kitchener) Ltd.

51 Caldari Road, Suite A1M

Concord, ON L4K 4G3

Attention: John Evan Davies

Dear Sir:

Re: MC Trustee (Kitchener) Ltd. ("MCTK") loans to Memory Care Investments (Kitchener) Ltd. (the "Borrower")

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee of MCTK (in such capacity, the "Trustee"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "Appointment Order"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to MCTK and to exercise all remedies of MCTK in collecting such monies, including, without limitation, to enforce any security held by MCTK. A copy of the Appointment Order is available on the Receiver's website at www.grantthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated October 1, 2013 (as amended, replaced, restated or supplemented from time to time, the "Loan Agreement"), the Borrower is indebted to MCTK with respect to certain credit facilities granted by MCTK to the Borrower (the "Credit Facilities").

As at the close of business on January 24, 2017, a total of **\$11,063,140.47** in principal and interest was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation: (i) the Borrower's failure to pay interest amounts as they become due; (ii) the occurrence of an Insolvency Event (as defined in the Loan Agreement); and (iii) a Person (as defined in the Loan Agreement) threatening to take possession of property of the Borrower.

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing under the Loan Agreement of **\$11,063,140.47**, together with accruing interest and all costs

and recovery expenses thereon (collectively, the "**Indebtedness**"). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.

If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.

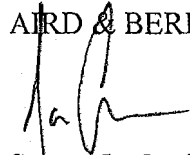
On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per:



Steven L. Graff

SLG/jn

Encl.

cc: Client

cc: Edmond Lamek, WeirFoulds LLP, counsel to the Borrower

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email ([johndavies55@rogers.com](mailto: johndavies55@rogers.com))

TO: **Memory Care Investments (Kitchener) Ltd.**
 51 Caldari Road, Suite A1M
 Concord, ON L4K 4G3

Attention: John Evan Davies

insolvent company / person

TAKE NOTICE that:


1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “**Trustee**”) of MC Trustee (Kitchener) Ltd. (“**MCTK**”), a secured creditor, intends to enforce its security on the real property of Memory Care Investments (Kitchener) Ltd. (the “**Borrower**”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of MCTK, as amended, which mortgage was registered on title to PIN No. 22507-0109 (collectively, the “**Security**”).
3. As at January 24, 2017, the total amount of the indebtedness secured by the Security is the aggregate of \$11,063,140.47 in principal and interest, plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 26th day of January, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of MC Trustee (Kitchener) Ltd.

by its lawyers, **Aird & Berlis LLP**

Per:

per: 

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

28311358.1

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

April 17, 2017

VIA REGISTERED MAIL AND EMAIL (johndavies55@rogers.com)

Legacy Lane Investments Ltd.
2355 Skymark Avenue, Suite 300
Mississauga, ON L4W 4Y6

Attention: John Evan Davies

Dear Sir:

**Re: 2223974 Ontario Limited ("222") loans to Legacy Lane Investments Ltd.
(the "Borrower")**

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee of 222 (in such capacity, the "Trustee"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "Appointment Order"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to 222 and to exercise all remedies of 222 in collecting such monies, including, without limitation, to enforce any security held by 222. A copy of the Appointment Order is available on the Receiver's website at www.granthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated January 2, 2013 (as amended, replaced, restated or supplemented from time to time, the "Loan Agreement"), the Borrower is indebted to 222 with respect to certain credit facilities granted by 222 to the Borrower (the "Credit Facilities").

As at the close of business on April 5, 2017, a total of **\$3,685,002.88** in principal and interest was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation: (i) the Borrower's failure to pay interest amounts as they become due; and (ii) the occurrence of an Insolvency Event (as defined in the Loan Agreement).

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing under the Loan Agreement of **\$3,685,002.88**, together with accruing interest and all costs and recovery expenses thereon (collectively, the "Indebtedness"). Payment is required to

be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.


If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.

On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per: 

Steven L. Graff
SLG/jn
Encl.

cc: Client
cc: Gregory Harris, Harris + Harris LLP

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email (johndavies55@rogers.com)

TO: **Legacy Lane Investments Ltd.**
 2355 Skymark Avenue, Suite 300
 Mississauga, ON L4W 4Y6

Attention: John Davies

insolvent company / person

TAKE NOTICE that:

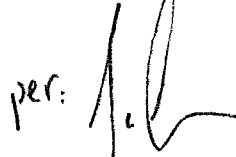
1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “Trustee”) of 2223974 Ontario Limited (“222”), a secured creditor, intends to enforce its security on the real property of Legacy Lane Investments Ltd. (the “Borrower”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of 222, as amended, which mortgage was registered on title to PIN No. 48079-0670 (LT) (collectively, the “Security”).
3. As at April 5, 2017, the total amount of the indebtedness secured by the Security is the aggregate of **\$3,685,002.88** in principal and interest, plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 17th day of April, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of 2223974 Ontario Limited

by its lawyers, **Aird & Berlis LLP**

Per:

per: 

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

28941913.1

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

April 17, 2017

VIA REGISTERED MAIL AND EMAIL (johndavies55@rogers.com and walter@textbooksuites.com)

Textbook (525 Princess Street) Inc.
2355 Skymark Avenue, Suite 300
Mississauga, ON L4W 4Y6

Attention: John Davies and Walter Thompson

Dear Sir:

Re: Textbook Student Suites (525 Princess Street) Trustee Corporation
("525TC") loans to Textbook (525 Princess Street) Inc. (the "Borrower")

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee of 525TC (in such capacity, the "Trustee"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "Appointment Order"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to 525TC and to exercise all remedies of 525TC in collecting such monies, including, without limitation, to enforce any security held by 525TC. A copy of the Appointment Order is available on the Receiver's website at www.grantthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated October 5, 2015 (as amended, replaced, restated or supplemented from time to time, the "Loan Agreement"), the Borrower is indebted to 525TC with respect to certain credit facilities granted by 525TC to the Borrower (the "Credit Facilities").

As at the close of business on April 5, 2017, a total of **\$6,536,913.31** in principal and interest was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation, the occurrence of an Insolvency Event (as defined in the Loan Agreement).

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing under the Loan Agreement of **\$6,536,913.31**, together with accruing interest and all costs and recovery expenses thereon (collectively, the "Indebtedness"). Payment is required to

be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.

If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.


On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per:


Steven L. Graff

SLG/jn

Encl.

cc: Client

cc: Gregory Harris, Harris + Harris LLP

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email (johndavies55@rogers.com and
walter@textbooksuites.com)

TO: **Textbook (525 Princess Street) Inc.**
 2355 Skymark Avenue, Suite 300
 Mississauga, ON L4W 4Y6

Attention: John Davies and Walter Thompson

insolvent company / person

TAKE NOTICE that:

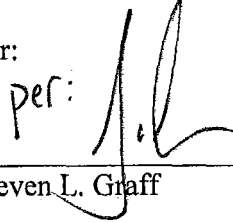
1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “**Trustee**”) of Textbook Student Suites (525 Princess Street) Trustee Corporation (“**525TC**”), a secured creditor, intends to enforce its security on the real property of Textbook (525 Princess Street) Inc. (the “**Borrower**”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of 525TC, as amended, which mortgage was registered on title to PIN Nos. 36071-0118 (LT), 36071-0115 (LT), 36071-0116 (LT) and 36071-0117 (LT) (collectively, the “**Security**”).
3. As at April 5, 2017, the total amount of the indebtedness secured by the Security is the aggregate of **\$6,536,913.31** in principal and interest, plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 17th day of April, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of Textbook Student Suites (525 Princess
Street) Trustee Corporation

by its lawyers, **Aird & Berlis LLP**

Per:

per: 

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraiff@airdberlis.com

April 17, 2017

VIA REGISTERED MAIL AND EMAIL ([johndavies55@rogers.com](mailto: johndavies55@rogers.com) and
[walter@textbooksuites.com](mailto: walter@textbooksuites.com))

Textbook (555 Princess Street) Inc.
2355 Skymark Avenue, Suite 300
Mississauga, ON L4W 4Y6

Attention: John Davies and Walter Thompson

Dear Sir:

Re: Textbook Student Suites (555 Princess Street) Trustee Corporation
("555TC") loans to Textbook (555 Princess Street) Inc. (the "Borrower")

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee of 555TC (in such capacity, the "Trustee"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "Appointment Order"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to 555TC and to exercise all remedies of 555TC in collecting such monies, including, without limitation, to enforce any security held by 555TC. A copy of the Appointment Order is available on the Receiver's website at www.grantthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated August 17, 2015 (as amended, replaced, restated or supplemented from time to time, the "Loan Agreement"), the Borrower is indebted to 555TC with respect to certain credit facilities granted by 555TC to the Borrower (the "Credit Facilities").

As at the close of business on April 5, 2017, a total of **\$8,205,942.33** in principal and interest was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation: (i) the Borrower's failure to pay interest amounts as they become due; and (ii) the occurrence of an Insolvency Event (as defined in the Loan Agreement).

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing under the Loan Agreement of **\$8,205,942.33**, together with accruing interest and all costs

and recovery expenses thereon (collectively, the “**Indebtedness**”). Payment is required to be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.


If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.

On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per: 
Steven L. Graff
SLG/jn
Encl.

cc: Client
cc: Gregory Harris, Harris + Harris LLP

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email ([johndavies55@rogers.com](mailto: johndavies55@rogers.com) and
[walter@textbooksuites.com](mailto: walter@textbooksuites.com))

TO: **Textbook (555 Princess Street) Inc.**
 2355 Skymark Avenue, Suite 300
 Mississauga, ON L4W 4Y6

Attention: John Davies and Walter Thompson

insolvent company / person

TAKE NOTICE that:

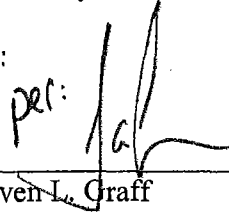
1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “Trustee”) of Textbook Student Suites (555 Princess Street) Trustee Corporation (“555TC”), a secured creditor, intends to enforce its security on the real property of Textbook (555 Princess Street) Inc. (the “Borrower”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of 555TC, as amended, which mortgage was registered on title to PIN No. 36072-0135 (LT) (collectively, the “Security”).
3. As at April 5, 2017, the total amount of the indebtedness secured by the Security is the aggregate of **\$8,205,942.33** in principal and interest, plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 17th day of April, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of Textbook Student Suites (555 Princess
Street) Trustee Corporation

by its lawyers, **Aird & Berlis LLP**

Per:

per: 

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

28942078.1

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

April 17, 2017

VIA REGISTERED MAIL AND EMAIL (johndavies55@rogers.com)

1703858 Ontario Inc.
2355 Skymark Avenue, Suite 300
Mississauga, ON L4W 4Y6

Attention: John Evan Davies

Dear Sir:

**Re: 2223974 Ontario Limited ("222") loans to 1703858 Ontario Inc. (the
"Borrower")**

As you know, we are the lawyers for Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed trustee of 222 (in such capacity, the "Trustee"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "Appointment Order"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to 222 and to exercise all remedies of 222 in collecting such monies, including, without limitation, to enforce any security held by 222. A copy of the Appointment Order is available on the Receiver's website at www.granthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated May 1, 2013 (as amended, replaced, restated or supplemented from time to time, the "Loan Agreement"), the Borrower is indebted to 222 with respect to certain credit facilities granted by 222 to the Borrower (the "Credit Facilities").

As at the close of business on April 5, 2017, a total of **\$8,751,982.73** in principal and interest was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation: (i) the Borrower's failure to pay interest amounts as they become due; (ii) the occurrence of an Insolvency Event (as defined in the Loan Agreement); and (iii) a Person (as defined in the Loan Agreement) threatening to take possession of property of the Borrower.

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing under the Loan Agreement of **\$8,751,982.73**, together with accruing interest and all costs and recovery expenses thereon (collectively, the "Indebtedness"). Payment is required to

be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.

If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.

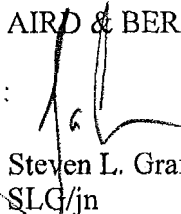
On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per:


Steven L. Graff

SLG/jn

Encl.

cc: Client

cc: Gregory Harris, Harris + Harris LLP

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email (johndavies55@rogers.com)

TO: **1703858 Ontario Inc.**
 2355 Skymark Avenue, Suite 300
 Mississauga, ON L4W 4Y6

Attention: John Eyan Davies

insolvent company / person

TAKE NOTICE that:

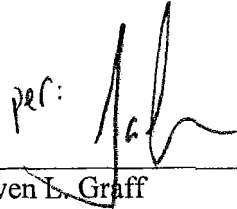
1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “**Trustee**”) of 2223974 Ontario Limited (“**222**”), a secured creditor, intends to enforce its security on the real property of 1703858 Ontario Inc. (the “**Borrower**”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of 222, as amended, which mortgage was registered on title to PIN No. 07074-0452 (LT) (collectively, the “**Security**”).
3. As at April 5, 2017, the total amount of the indebtedness secured by the Security is the aggregate of **\$8,751,982.73** in principal and interest, plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 17th day of April, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of 2223974 Ontario Limited

by its lawyers, **Aird & Berlis LLP**

Per:

per: 

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

28941523.1

AIRD & BERLIS LLP

Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

April 17, 2017

VIA REGISTERED MAIL AND EMAIL (johndavies55@rogers.com)

Memory Care Investments (Oakville) Ltd.

2355 Skymark Avenue, Suite 300
Mississauga, ON L4W 4Y6

Attention: John Davies

Dear Sir:

**Re: 2223974 Ontario Limited ("222") loans to Memory Care Investments
(Oakville) Ltd. (the "Borrower")**

As you know, we are the lawyers for Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed trustee of 222 (in such capacity, the "**Trustee**"). GTL was appointed as the Trustee pursuant to the Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) made October 27, 2016 (the "**Appointment Order**"). Pursuant to the Appointment Order, the Trustee is empowered and authorized to, amongst other things, receive and collect all monies and accounts then owed or thereafter owing to 222 and to exercise all remedies of 222 in collecting such monies, including, without limitation, to enforce any security held by 222. A copy of the Appointment Order is available on the Receiver's website at www.grantthornton.ca/tier1.

Pursuant to the terms of a loan agreement dated September 28, 2012 (as amended, replaced, restated or supplemented from time to time, the "**Loan Agreement**"), the Borrower is indebted to 222 with respect to certain credit facilities granted by 222 to the Borrower (the "**Credit Facilities**").

As at the close of business on April 5, 2017, a total of **\$12,191,808.74** in principal and interest was owing by the Borrower under the Loan Agreement.

One or more Events of Default (as defined in the Loan Agreement) has occurred, including, without limitation: (i) the Borrower's failure to pay principal and interest amounts as they become due; (ii) the occurrence of an Insolvency Event (as defined in the Loan Agreement); and (iii) a Person (as defined in the Loan Agreement) threatening to take possession of property of the Borrower.

On behalf of the Trustee and in accordance with the powers granted to it by the Appointment Order, we hereby make formal demand for payment of all amounts owing under the Loan Agreement of **\$12,191,808.74**, together with accruing interest and all costs and recovery expenses thereon (collectively, the "**Indebtedness**"). Payment is required to

be made immediately. Interest continues to accrue on the Indebtedness at the rates established under the Credit Agreement.

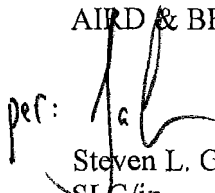
If payment of the Indebtedness is not received immediately, the Trustee shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, including, without limitation, the commencement of legal proceedings in the Ontario Superior Court of Justice (Commercial List) and/or the appointment of an interim receiver, receiver and/or receiver and manager or the commencement of power of sale proceedings with respect to any real property security, in which case we will also be seeking all costs incurred in so doing.

On behalf of the Trustee, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Please govern yourself accordingly.

Yours very truly,

AIRD & BERLIS LLP

per:  Steven L. Graff

SLG/jn

Encl.

cc: Client

cc: Gregory Harris, Harris + Harris LLP

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act (Canada), Subsection 244(1))

Delivered By Registered Mail and Email ([johndavies55@rogers.com](mailto: johndavies55@rogers.com))

TO: **Memory Care Investments (Oakville) Ltd.**
 2355 Skymark Avenue, Suite 300
 Mississauga, ON L4W 4Y6

Attention: John Davies

insolvent company / person

TAKE NOTICE that:

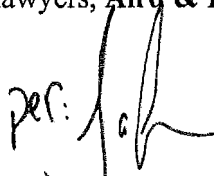
1. Grant Thornton Limited, in its capacity as the Court-appointed trustee (in such capacity, the “**Trustee**”) of 2223974 Ontario Limited (“**222**”), a secured creditor, intends to enforce its security on the real property of Memory Care Investments (Oakville) Ltd. (the “**Borrower**”).
2. The security that is to be enforced is in the form of a mortgage granted by the Borrower in favour of 222, as amended, which mortgage was registered on title to PIN No. 24821-0207 (LT) (collectively, the “**Security**”).
3. As at April 5, 2017, the total amount of the indebtedness secured by the Security is the aggregate of \$12,191,808.74 in principal and interest, plus accruing interest and all costs and recovery expenses thereon.
4. The Trustee will not have the right to enforce the Security until after the expiry of the ten day period following the sending of this notice, unless the insolvent company consents to an earlier enforcement.

DATED at Toronto this 17th day of April, 2017.

Grant Thornton Limited,
in its capacity as the Court-appointed trustee
of 2223974 Ontario Limited

by its lawyers, **Aird & Berlis LLP**

Per:

A handwritten signature in black ink, appearing to read 'per: [Signature]', positioned above a horizontal line.

Steven L. Graff

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Tel: 416.863.1500 Fax: 416.863.1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

28941833.1

TAB 42

Court File No. CV-16-11567-00CL

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

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

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

Respondents

AND

Court File No. CV-17-11689-00CL

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

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

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

CONSENT

The undersigned, KSV Kofman Inc. ("KSV"), hereby consents to the appointment of KSV as receiver and manager, without security, of all the real property registered on title as being owned by, as applicable, 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. (collectively, the “Debtors”) and that is listed on **Schedule “A”** hereto (collectively, the “Real Property”) and of all the assets, undertakings and properties of the Debtors acquired for or used in relation to the Real Property (together with the Real Property, the “Property”), pursuant to the provisions of 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, and the terms of an order substantially in the form filed in the above proceeding.

DATED at Toronto, this 18th day of April, 2017.


KSV Kofman Inc.

Name: Robert Kofman
Title: President

SCHEDULE "A"

LEGAL DESCRIPTION OF THE REAL PROPERTY

The real property legally described by the following PINs:

- a) 22507-0109 (LT);
- b) 24821-0207 (LT);
- c) 07074-0452 (LT);
- d) 48079-0670 (LT);
- e) 36071-0115 (LT), 36071-0116 (LT), 36071-0117 (LT) and 36071-0118 (LT); and
- f) 36072-0135 (LT).

THE SUPERINTENDENT OF FINANCIAL SERVICES

-and-

TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION, et al.

Applicant

Respondents

Court File No. CV-16-11567-00CL

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

Court File No. CV-17-11689-00CL

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

Proceedings commenced at Toronto

CONSENT

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, 181 Bay Street
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
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THE SUPERINTENDENT OF FINANCIAL SERVICES

-and-

TEXTBOOK STUDENT SUITES (525 PRINCESS STREET)
TRUSTEE CORPORATION, et al.

Applicant

Respondents

Court File No. CV-16-11567-00CL

IN THE MATTER OF THE RECEIVERSHIP OF SCOLLARD DEVELOPMENT CORPORATION

Court File No. CV-17-11689-00CL

**ONTARIO
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