

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

B E T W E E N:

KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

**MOTION RECORD OF THE PLAINTIFF
(Motion for Certificates of Pending Litigation – Returnable May 16, 2017)**

May 16, 2017

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Lawyers for the Plaintiff

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

BETWEEN:

KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

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TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

NOTICE OF MOTION

(Motion for Certificates of Pending Litigation – Returnable May 16, 2017)

The moving party, KSV Kofman Inc. (“KSV”), solely in its capacity as receiver and manager of certain property of Scollard Development Corporation, Memory Care Investments (Kitchener) Ltd., Memory Care Investments (Oakville) Ltd., 1703858 Ontario Inc., Legacy Lane Investments Ltd., Textbook (525 Princess Street) Inc. and Textbook (555 Princess Street) Inc. (collectively, the “**Companies**”) and not in its personal capacity or in any other capacity, will make an urgent motion, on an *ex parte* basis, to a judge presiding over the Commercial List on May 16, 2017, or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

1. **THE MOTION IS FOR:**

- (a) An Order that the registrar issue and register certificates of pending litigation on and against title to the following properties:
- (i) the real property municipally described as 256 Rideau Street, Ottawa, Ontario, which is legally described under PIN 04210-0004 (LT) as LT 7, PL 6 , S OF RIDEAU ST, S/T & T/W CR180805; OTTAWA; and
- (ii) the real property municipally described as 211 Besserer Street, Ottawa, Ontario, which is legally described under PIN 04210-0009 (LT) as PCL 7-1, SEC 6; LT 7, PL 6, PART 1 - 3, 4R919, N OF BESSERER; OTTAWA; (collectively, the “**Ottawa Property**”); and
- (b) such further and other relief as this Honourable Court may deem just.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) The within action, commenced by way of notice of action issued on May 16, 2017, alleges that funds of the investing public were improperly diverted from Textbook (555 Princess Street) Inc. (“**555 Princess**”) and Memory Care Investments (Kitchener) Ltd. (“**Kitchener**”) (and the specific real estate development projects in which the funds were required to be invested) to Rideau and then used by Rideau to acquire the Ottawa Property on or around November 6, 2015;
- (b) Specifically, on or around October 27, 2015, shortly before Rideau’s acquisition of the Ottawa Property, 555 Princess improperly transferred \$1.39 million to Rideau, and Kitchener improperly transferred \$111,000 to Rideau, both by way of cheque.

The cheques were both signed by John Davies (“**Davies**”), who is the sole officer and director of Kitchener and, together with Walter Thompson (“**Thompson**”), the sole officers and directors of both 555 Princess and Rideau;

- (c) Despite the fact that 555 Princess’s and Kitchener’s funds were required to be used exclusively for specific real estate development projects to be respectively undertaken by 555 Princess and Kitchener, and Rideau had no involvement in either of the projects, Davies caused the funds to be improperly transferred to Rideau;
- (d) Given the timing of the transfers and all the other circumstances, there are reasonable grounds to believe that the misappropriated funds were used by Rideau to finance the acquisition of the Ottawa Property on November 6, 2015;
- (e) Rideau has profited and benefited from its improper receipt of the misappropriated funds and its subsequent acquisition of the Ottawa Property;
- (f) In the action, the plaintiff alleges that Rideau has been unjustly enriched, giving rise to a question of title to, or interest in, the Ottawa Property based upon constructive trust and other legal and equitable principles;
- (g) The plaintiff is aware that efforts are being made by Rideau to sell the Ottawa Property in which the plaintiff, on behalf of 555 Princess and Kitchener, claims a proprietary interest, and there is a risk that the Ottawa Property will be alienated;
- (h) The plaintiff has raised a triable issue with respect to a reasonable claim to an interest in the Ottawa Property;

- (i) In all of the circumstances, it is just and equitable for certificates of pending litigation to issue and be registered on title to the Ottawa Property;
- (j) If certificates of pending litigation are not registered on title to the Ottawa Property, then the Ottawa Property may be alienated, which could cause significant prejudice and harm to 555 Princess, Kitchener and their respective stakeholders. Accordingly, even to the extent that Rideau could argue that it will suffer any harm or prejudice as a result of the CPLs being issued and registered on title to the Ottawa Property, any such harm and prejudice would pale in comparison to that which could be suffered by the plaintiff if the Ottawa Property was permitted to be sold and the plaintiff lost recourse to the Property over which it holds a proprietary interest and which Rideau holds as its constructive trustee;
- (k) Rules 37, 39.01(6) and 42 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194;
- (l) Section 103 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
- (m) The inherent and equitable jurisdiction of this Honourable Court; and
- (n) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Third Report of KSV dated May 16, 2017 and all the appendices thereto; and
- (b) such further and other evidence as counsel may advise and this Honourable Court permit.

May 16, 2017

BENNETT JONES LLP
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Lawyers for the Plaintiff

**KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation, et al.**
Plaintiff

TEXTBOOK (256 RIDEAU STREET) INC.
Defendant
Court File No: CV-17-11805-00CL

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

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION
**(Motion for Certificates of Pending Litigation –
Returnable May 16, 2017)**

BENNETT JONES LLP
3400 One First Canadian Place
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Lawyers for the Plaintiff

TAB 2



**Third Report of
KSV Kofman Inc.
as Receiver and Manager of Certain Property
of Scollard Development Corporation, Memory
Care Investments (Kitchener) Ltd., Memory
Care Investments (Oakville) Ltd., 1703858
Ontario Inc., Legacy Lane Investments Ltd.,
Textbook (525 Princess Street) Inc. and
Textbook (555 Princess Street) Inc.**

May 16, 2017

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

THIRD REPORT OF
KSV KOFMAN INC.
AS RECEIVER AND MANAGER

MAY 16, 2017

1.0 Introduction

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

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

1.1 Restrictions

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

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

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

2.0 Rideau Property

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

2.1 Purchase of the Property

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

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

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

2.2 Other Payments to Rideau

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

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

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

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

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

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

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

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

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

3.0 Conclusion

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

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

* * *

All of which is respectfully submitted,

KSV Kofman Inc

KSV KOFMAN INC.

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

TAB A

Appendix "A"

Request ID: 020265323
Transaction ID: 64473965
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2011/09/16
Time Report Produced: 10:46:21
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2479030	TEXTBOOK (555 PRINCESS STREET) INC.	2015/08/14
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
2355 SKYMARK AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 300	New Amal. Number	Notice Date
MISSISSAUGA	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		
CANADA L4W 4Y6		Letter Date
Mailing Address		NOT APPLICABLE
51 CALDARI ROAD	Revival Date	Continuation Date
#A1M	NOT APPLICABLE	NOT APPLICABLE
CONCORD	Transferred Out Date	Cancel/Inactive Date
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA L4K 4G3		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum Maximum	in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 020265323
Transaction ID: 64473965
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/16
Time Report Produced: 10:46:21
Page: 2

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2479030

TEXTBOOK (555 PRINCESS STREET) INC.

Corporate Name History

Effective Date

TEXTBOOK (555 PRINCESS STREET) INC.

2015/08/14

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/08/14

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Request ID: 020265323
Transaction ID: 64473965
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/16
Time Report Produced: 10:46:21
Page: 3

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2479030

TEXTBOOK (555 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/08/14

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/08/14

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020265323
Transaction ID: 64473965
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 10:46:21
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2479030

TEXTBOOK (555 PRINCESS STREET) INC.

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2015/08/14

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2015/08/14

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Request ID: 020265323
Transaction ID: 64473965
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/06/16
Time Report Produced: 10:46:21
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

2479030

Corporation Name

TEXTBOOK (555 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/08/14

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 020265323
Transaction ID: 64473965
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2012/08/16
Time Report Produced: 10:46:21
Page: 6

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2479030

TEXTBOOK (555 PRINCESS STREET) INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2015/08/18 (ELECTRONIC FILING)

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

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ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

Request ID: 020265340
Transaction ID: 64474018
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 10:48:00
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2492831	TEXTBOOK (774 BRONSON AVENUE) INC.	2015/11/24
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
2355 SKYMARK AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 300 MISSISSAUGA ONTARIO CANADA L4W 4Y6	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	
51 CALDARI ROAD #A1M CONCORD ONTARIO CANADA L4K 4G3	NOT APPLICABLE	NOT APPLICABLE
	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 020265340
Transaction ID: 64474018
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-04-16
Time Report Produced: 10:48:00
Page: 2

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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2492831

TEXTBOOK (774 BRONSON AVENUE) INC.

Corporate Name History

Effective Date

TEXTBOOK (774 BRONSON AVENUE) INC.

2015/11/24

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/11/24

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020265340
Transaction ID: 64474018
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2492831

TEXTBOOK (774 BRONSON AVENUE) INC.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/11/24

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/11/24

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

CORPORATION PROFILE REPORT

Ontario Corp Number

2492831

Corporation Name

TEXTBOOK (774 BRONSON AVENUE) INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/11/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/11/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

Request ID: 020265340
Transaction ID: 64474018
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-09/16
Time Report Produced: 10:48:00
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2492831

TEXTBOOK (774 BRONSON AVENUE) INC.

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began
2015/11/24

First Director
NOT APPLICABLE

Designation
OFFICER

Officer Type
TREASURER

Resident Canadian

Request ID: 020265340
Transaction ID: 64474018
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-06-16
Time Report Produced: 10:48:00
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2492831

TEXTBOOK (774 BRONSON AVENUE) INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2016/02/05 (ELECTRONIC FILING)

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

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Request ID: 020265309
Transaction ID: 64473932
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 10:45:01
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2462423	TEXTBOOK ROSS PARK INC.	2015/04/16
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
2355 SKYMARK AVENUE		NOT APPLICABLE
Suite # 300		New Amal. Number
MISSISSAUGA		NOT APPLICABLE
ONTARIO		Notice Date
CANADA L4W 4Y6		NOT APPLICABLE
Mailing Address		Letter Date
51 CALDARI ROAD		NOT APPLICABLE
#A1M		Revival Date
CONCORD		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA L4K 4G3		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum	
	Maximum	
	00001	
	00015	

Request ID: 020265309
Transaction ID: 64473932
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 10:45:01
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2462423

TEXTBOOK ROSS PARK INC.

Corporate Name History

Effective Date

TEXTBOOK ROSS PARK INC.

2015/05/13

TEXTBOOK STUDENT SUITES (ROSS PARK) INC.

2015/04/16

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

JOHN

24 COUNTRY CLUB DRIVE

DAVIES

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/04/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Request ID: 020265309
Transaction ID: 64473932
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/01/16
Time Report Produced: 10:45:01
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2462423

TEXTBOOK ROSS PARK INC.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/04/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/04/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Request ID: 020265309
Transaction ID: 64473932
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05/16
Time Report Produced: 10:45:01
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2462423

TEXTBOOK ROSS PARK INC.

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2015/04/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2015/04/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Request ID: 020265309
Transaction ID: 64473932
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 10:45:01
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2462423

TEXTBOOK ROSS PARK INC.

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2015/04/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020265309
Transaction ID: 64473932
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/04/16
Time Report Produced: 10:45:01
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2462423

TEXTBOOK ROSS PARK INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2015/05/15 (ELECTRONIC FILING)

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Request ID: 020265329
Transaction ID: 64473985
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 10:47:13
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2512577	TEXTBOOK (445 PRINCESS STREET) INC.	2016/04/06
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
2355 SKYMARK AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 300	New Amal. Number	Notice Date
MISSISSAUGA	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		
CANADA L4W 4Y6		Letter Date
Mailing Address		NOT APPLICABLE
51 CALDARI ROAD	Revival Date	Continuation Date
#A1M	NOT APPLICABLE	NOT APPLICABLE
CONCORD	Transferred Out Date	Cancel/Inactive Date
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA L4K 4G3		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum Maximum	in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 020265329
Transaction ID: 64473985
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/16
Time Report Produced: 10:47:13
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CORPORATION PROFILE REPORT

Ontario Corp Number

2512577

Corporation Name

TEXTBOOK (445 PRINCESS STREET) INC.

Corporate Name History

TEXTBOOK (445 PRINCESS STREET) INC.

Effective Date

2016/04/06

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2016/04/06

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 020265329
Transaction ID: 64473985
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 10:47:13
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2512577

TEXTBOOK (445 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2016/04/06

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2016/04/06

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Request ID: 020265329
Transaction ID: 64473985
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/06/16
Time Report Produced: 10:47:13
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2512577

TEXTBOOK (445 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

Address

JAMES

266 266
266
Suite # ORIOLE PAR
TORONTO
ONTARIO
CANADA M5P 2H3

GRACE

Date Began

First Director

2016/04/06

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

VICE-PRESIDENT

Administrator:

Name (Individual / Corporation)

Address

WALTER

1248 ATKINS DRIVE

THOMPSON

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2016/04/06

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020265329
Transaction ID: 64473985
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/07/16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2512577

TEXTBOOK (445 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2016/04/06

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Administrator:

Name (Individual / Corporation)

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

First Director

2016/04/06

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Request ID: 020265329
Transaction ID: 64473985
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/05/16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2512577

TEXTBOOK (445 PRINCESS STREET) INC.

Last Document Recorded

Act/Code	Description	Form	Date
BCA	ARTICLES OF AMENDMENT	3	2016/05/12

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Request ID: 020265313
Transaction ID: 64473940
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2014/01/16
Time Report Produced: 10:45:40
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2484767	TEXTBOOK (525 PRINCESS STREET) INC.	2015/09/28
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
2355 SKYMARK AVENUE		NOT APPLICABLE
Suite # 300		New Amal. Number
MISSISSAUGA		NOT APPLICABLE
ONTARIO		Notice Date
CANADA L4W 4Y6		NOT APPLICABLE
Mailing Address		Letter Date
51 CALDARI ROAD		NOT APPLICABLE
#A1M		Revival Date
CONCORD		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA L4K 4G3		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum	
	Maximum	
	00001	
	00015	
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE

Request ID: 020265313
Transaction ID: 64473940
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2015/09/16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2484767

TEXTBOOK (525 PRINCESS STREET) INC.

Corporate Name History

Effective Date

TEXTBOOK (525 PRINCESS STREET) INC.

2015/09/28

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/09/28

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020265313
Transaction ID: 64473940
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2014-05-16
Time Report Produced: 10:45:40
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2484767

TEXTBOOK (525 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/09/28

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

OTHER

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2015/09/28

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Request ID: 020265313
Transaction ID: 64473940
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2015/09/16
Time Report Produced: 10:45:40
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2484767

TEXTBOOK (525 PRINCESS STREET) INC.

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began
2015/09/28

First Director
NOT APPLICABLE

Designation
DIRECTOR

Officer Type

Resident Canadian
Y

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began
2015/09/28

First Director
NOT APPLICABLE

Designation
OFFICER

Officer Type
OTHER

Resident Canadian

Request ID: 020265313
Transaction ID: 64473940
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 10:45:40
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2484767

TEXTBOOK (525 PRINCESS STREET) INC.

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

Address

WALTER
THOMPSON

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began
2015/09/28

First Director
NOT APPLICABLE

Designation
OFFICER

Officer Type
TREASURER

Resident Canadian

Request ID: 020265313
Transaction ID: 64473940
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2015/11/16
Time Report Produced: 10:45:40
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2484767

TEXTBOOK (525 PRINCESS STREET) INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2015/11/12 (ELECTRONIC FILING)

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Request ID: 020266228
Transaction ID: 64476679
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2014/09/16
Time Report Produced: 12:03:27
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2330709	MEMORY CARE INVESTMENTS (OAKVILLE) LTD.	2012/06/05
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
2355 SKYMARK AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 300	New Amal. Number	Notice Date
MISSISSAUGA	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		
CANADA L4W 4Y6		Letter Date
Mailing Address		NOT APPLICABLE
51 CALDARI ROAD	Revival Date	Continuation Date
#A1M	NOT APPLICABLE	NOT APPLICABLE
CONCORD	Transferred Out Date	Cancel/Inactive Date
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA L4K 4G3		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum Maximum	in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 020266228
Transaction ID: 64476679
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-06-16
Time Report Produced: 12:03:27
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2330709	MEMORY CARE INVESTMENTS (OAKVILLE) LTD.

Corporate Name History	Effective Date
MEMORY CARE INVESTMENTS (OAKVILLE) LTD.	2012/06/05

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
JOHN DAVIES	2355 SKYMARK AVENUE Suite # 300 MISSISSAUGA ONTARIO CANADA L4W 4Y6

Date Began	First Director	
2012/06/05	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 020266228
Transaction ID: 64476679
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2014/07/16
Time Report Produced: 12:03:27
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2330709

MEMORY CARE INVESTMENTS (OAKVILLE) LTD.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

First Director

2012/06/05

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

First Director

2012/06/05

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Request ID: 020266228
Transaction ID: 64476679
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-03-16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2330709

MEMORY CARE INVESTMENTS (OAKVILLE) LTD.

Last Document Recorded

Act/Code	Description	Form	Date
BCA	ARTICLES OF AMENDMENT	3	2015/12/21

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

Request ID: 020266233
Transaction ID: 64476712
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/01/16
Time Report Produced: 12:04:25
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2365054	SCOLLARD DEVELOPMENT CORPORATION	2013/03/14
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
51 CALDARI	NOT APPLICABLE	NOT APPLICABLE
Suite # A1M CONCORD ONTARIO CANADA L4K 4G3	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	
24 COUNTRY CLUB DRIVE	NOT APPLICABLE	
KING CITY ONTARIO CANADA L7B 1M5	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 020266233
Transaction ID: 64476712
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:04:25
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CORPORATION PROFILE REPORT

Ontario Corp Number

2365054

Corporation Name

SCOLLARD DEVELOPMENT CORPORATION

Corporate Name History

SCOLLARD DEVELOPMENT CORPORATION

Effective Date

2013/03/14

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
EVAN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2013/03/14

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 020266233
Transaction ID: 64476712
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:04:25
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2365054	SCOLLARD DEVELOPMENT CORPORATION

Administrator:
Name (Individual / Corporation)

Address

JOHN
EVAN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began	First Director
2013/03/14	NOT APPLICABLE

Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Administrator:
Name (Individual / Corporation)

Address

JOHN
EVAN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began	First Director
2013/03/14	NOT APPLICABLE

Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Request ID: 020266233
Transaction ID: 64476712
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/16
Time Report Produced: 12:04:25
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2365054

SCOLLARD DEVELOPMENT CORPORATION

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2015	1C	2016/07/24 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

Request ID: 020266250
Transaction ID: 64476757
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:05:32
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2343407	LEGACY LANE INVESTMENTS LTD.	2012/09/21
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
2355 SKYMARK AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 300 MISSISSAUGA ONTARIO CANADA L4W 4Y6	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	
24 COUNTRY CLUB DRIVE	NOT APPLICABLE	
KING CITY ONTARIO CANADA L7B 1M5	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 020266250
Transaction ID: 64476757
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-06-16
Time Report Produced: 12:05:32
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CORPORATION PROFILE REPORT

Ontario Corp Number

2343407

Corporation Name

LEGACY LANE INVESTMENTS LTD.

Corporate Name History

LEGACY LANE INVESTMENTS LTD.

Effective Date

2012/09/21

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2012/09/21

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 020266250
Transaction ID: 64476757
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05/16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2343407

LEGACY LANE INVESTMENTS LTD.

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

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2012/09/21

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

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

Address

JOHN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2012/09/21

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Y

Request ID: 020266250
Transaction ID: 64476757
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/08/16
Time Report Produced: 12:05:32
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2343407

LEGACY LANE INVESTMENTS LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2015/09/17 (ELECTRONIC FILING)

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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2372509	MEMORY CARE INVESTMENTS (KITCHENER) LTD.	2013/05/09
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
51 CALDARI ROAD	NOT APPLICABLE	NOT APPLICABLE
Suite # #A1M MAPLE ONTARIO CANADA L4K 4G3	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	NOT APPLICABLE
51 CALDARI ROAD #A1M		
CONCORD ONTARIO CANADA L4K 4G3	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Ceased in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification	Date Commenced in Ontario	Date Ceased in Ontario
NOT AVAILABLE	NOT APPLICABLE	NOT APPLICABLE

Request ID: 020266204
Transaction ID: 64476611
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016-05-16
Time Report Produced: 12:01:55
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2372509

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Corporate Name History

Effective Date

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

2013/05/09

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

2355 SKYMARK AVENUE
Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

First Director

2013/05/09

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020266204
Transaction ID: 64476611
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/01/16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2372509

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

First Director

2013/05/09

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Administrator:

Name (Individual / Corporation)

Address

JOHN
DAVIES

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

First Director

2013/05/09

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

VICE-PRESIDENT

Request ID: 020266204
Transaction ID: 64476611
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2372509

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2015	1C	2016/12/04 (ELECTRONIC FILING)

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Request ID: 020266219
Transaction ID: 64476648
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
Time Report Produced: 12:02:48
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1703858	1703858 ONTARIO LTD.	2006/10/12
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
2355 SKYMARK AVENUE	NOT APPLICABLE	NOT APPLICABLE
Suite # 300	New Amal. Number	Notice Date
MISSISSAUGA	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		
CANADA L4W 4Y6		Letter Date
Mailing Address		NOT APPLICABLE
24 COUNTRY CLUB DRIVE	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
KING CITY	Transferred Out Date	Cancel/Inactive Date
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA L7B 1M5		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum Maximum	in Ontario
	00001 00007	NOT APPLICABLE
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 020266219
Transaction ID: 64476648
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016-05-16
Time Report Produced: 12:02:48
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1703858

1703858 ONTARIO LTD.

Corporate Name History

Effective Date

1703858 ONTARIO LTD.

2006/10/12

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

JOHN
EVAN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2013/05/17

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 020266219
Transaction ID: 64476648
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017-05-16
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1703858

1703858 ONTARIO LTD.

Administrator:

Name (Individual / Corporation)

Address

JOHN
EVAN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2013/05/17

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Administrator:

Name (Individual / Corporation)

Address

JOHN
EVAN
DAVIES

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

First Director

2013/05/17

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Request ID: 020266219
Transaction ID: 64476648
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:02:48
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1703858

1703858 ONTARIO LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2014/12/05 (ELECTRONIC FILING)

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TAB B

Appendix “B”



ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #4

PAGE 1 OF 4
PREPARED FOR alexandra01
ON 2017/05/09 AT 12:29:39

04210-0004 (LT)

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

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

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES
TEXTBOOK (256 RIDEAU STREET) INC.

CAPACITY SHARE
ROWN

RECENTLY:
FIRST CONVERSION FROM BOOK 13

PIN CREATION DATE:
1997/01/27

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
				EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1997/01/27 ON THIS PIN		
				WAS REPLACED WITH THE "PIN CREATION DATE" OF 1997/01/27		
				** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 1997/01/24 **		
				**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:		
				SUBSECTION 44 (1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *		
				AND ESCHENTS OR FORFEITURE TO THE CROWN.		
				THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF		
				IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY		
				CONVENTION.		
				ANY LEASE TO WHICH THE SUBSECTION 70 (2) OF THE REGISTRY ACT APPLIES.		
				**DATE OF CONVERSION TO LAND TITLES: 1997/01/27 **		
CR324545	1955/06/20	TRANSFER		*** COMPLETELY DELETED ***		
CR704226	1977/02/15	CERTIFICATE		*** COMPLETELY DELETED ***		
CR713238	1977/07/27	AGREEMENT		*** COMPLETELY DELETED ***		
		REMARKS: DEVELOPMENT		*** COMPLETELY DELETED ***		
LT1209822	1999/07/08	APL-CORP-ORDER		DWORKIN-PURS-LIMITED		
		REMARKS-DELETE CR704226		*** COMPLETELY DELETED ***		
LT1208889	1999/09/15	APL-CH-NAME-OWNER		DWORKIN-PURS-LIMITED		
				DWORKIN-PURS-LIMITED		
				THE CORPORATION OF THE CITY OF OTTAWA		
				C		

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

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
OC19113	2001/11/20	APL-(GENERAL)		*** COMPLETELY DELETED *** COTH COMPANY LIMITED	9093-5958-QUEBEC-INC.	
OC215925	2003/07/02	TRANSFER		*** COMPLETELY DELETED *** COTH COMPANY LIMITED	9093-5958-QUEBEC-INC.	
OC215926	2003/07/02	CHARGE		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.	MARRAN-CORPORATION	
OC1278639	2011/09/01	APL-(GENERAL)		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.		
REMARKS-DELETE-OC19113						
OC1278600	2011/09/01	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** MARRAN-CORPORATION		
REMARKS-OC215926						
OC1278965	2011/09/01	TRANSFER		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.	PHOENIX-PROPERTIES-INC.	
REMARKS-PLANNING-ACT-STATEMENTS						
OC1278966	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	PHOENIX-PROPERTIES-INC.	
OC1279019	2011/09/01	NO-ASSGN-RENT-GEN		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	9093-5958-QUEBEC-INC.	
REMARKS-OC1278966						
OC1279019	2011/09/01	NO-SEC-INTEREST		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.	9093-5958-QUEBEC-INC.	
REMARKS-OC1278966-THIS-DOCUMENT-HAS-RE-INSTATED-ON-2012/05/04-AT-14-02-BY-ROBILLARD-TRACHE						
OC1279020	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	J-S-M-LLP	
OC1353323	2012/04/20	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	LAURENTIAN-BANK-OF-CANADA	
OC1353324	2012/04/20	NO-ASSGN-RENT-GEN		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	LAURENTIAN-BANK-OF-CANADA	
REMARKS-OC1353323						
OC1354719	2012/04/25	DISCH-OF-CHARGE		*** COMPLETELY DELETED ***		

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



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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 4
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ON 2017/05/09 AT 12:29:39

04210-0004 (IT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
OC1354728	2012/04/25	CHARGE		J.S.M. LTD. *** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1354792	2012/04/26	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** 9093-5958-QUEBEC INC.		
OC1354793	2012/04/26	DISCHARGE-INTEREST		*** COMPLETELY DELETED *** 9093-5958-QUEBEC INC.		
4R27128	2013/06/19	PLAN REFERENCE				C
OC1492382	2013/07/02	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** J.S.M. LTD.		
OC1508323	2013/08/15	CHARGE		*** DELETED AGAINST THIS PROPERTY *** PHOENIX PROPERTIES INC.	MMT HOLDINGS INC.	
OC1738340	2015/11/06	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** MMT HOLDINGS INC.		
OC1738361	2015/11/06	TRANSFER	\$11,000,000	PHOENIX PROPERTIES INC.	TEXTBOOK (256 RIDEAU STREET) INC.	C
OC1738362	2015/11/06	CHARGE	\$5,500,000	TEXTBOOK (256 RIDEAU STREET) INC.	PHOENIX PROPERTIES INC.	C
OC1738363	2015/11/06	CHARGE	\$2,750,000	TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738364	2015/11/06	NO ASSIGN RENT GEN		TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738365	2015/11/06	TRANSFER OF CHARGE		PHOENIX PROPERTIES INC.	KINGSETT MORTGAGE CORPORATION	C
OC151087	2015/12/18	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** LAURENTIAN BANK OF CANADA		
				REMARKS: OC1508323-		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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04210-0004 (LF)

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

REG. NOM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
OC1873431	2017/03/10	CONSTRUCTION LIEN	\$61,391	DORAN CONTRACTORS LIMITED		C
OC1881452	2017/04/18	CONSTRUCTION LIEN	\$845,266	SRM ARCHITECTS INC.		C
OC1885675	2017/05/03	CERTIFICATE		DORAN CONTRACTORS LIMITED		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PAGE 1 OF 3
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04210-0009 (LT)

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

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

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK F&I

PIN CREATION DATE:
1997/01/27

OWNERS' NAMES
TEXTBOOK (256 RIDEAU STREET) INC.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1997/01/27 ON THIS PIN						
WAS REPLACED WITH THE "PIN CREATION DATE" OF 1997/01/27						
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 1997/01/24 **						
4R919	1974/05/24	PLAN REFERENCE				C
LT119256	1978/04/28	CHARGE	*** COMPLETELY DELETED ***		THE BANK OF NOVA SCOTIA	
LT119258	1978/04/28	CHARGE	*** COMPLETELY DELETED ***		MIDPINSER REALTY LIMITED	
LT207896	1979/05/17	JDGNT FORECLOSURE	*** COMPLETELY DELETED ***		TOSH HOLDINGS LIMITED	
LT1163942	1998/11/16	APL-(GENERAL)	*** COMPLETELY DELETED ***			
REMARKS- DELETING LT179256 AND LT179258						
LT1228890	1999/09/15	APL-CH-NAME-OWNER	*** COMPLETELY DELETED ***		TOSH EQUITY LIMITED	
OC18113	2001/11/20	APL-(GENERAL)	*** COMPLETELY DELETED ***		9093-5958-QUEBEC-INC	
OC215835	2003/07/02	TRANSFER	*** COMPLETELY DELETED ***		9093-5958-QUEBEC-INC	
OC215836	2003/07/02	CHARGE	*** COMPLETELY DELETED ***		9093-5958-QUEBEC-INC	
OC1278639	2017/09/01	APL-(GENERAL)	*** COMPLETELY DELETED ***		MARSHAN CORPORATION	

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

04210-0009 (IT)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
0C1278900	2011/09/01	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** HARBAN-CORPORATION	PHOENIX-PROPERTIES-INC.	
0C1278965	2011/09/01	TRANSFER		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.	9093-5958-QUEBEC-INC.	
0C1278966	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	9093-5958-QUEBEC-INC.	
0C1279018	2011/09/01	NO-ASSGN-RENT-GEN		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	9093-5958-QUEBEC-INC.	
0C1279019	2011/09/01	NO-REG-INTEREST		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.	9093-5958-QUEBEC-INC.	
0C1279020	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	J.S.M.-LTD.	
0C1353222	2012/04/20	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	LAURENTIAN-BANK-OF-CANADA	
0C1353224	2012/04/20	NO-ASSGN-RENT-GEN		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	LAURENTIAN-BANK-OF-CANADA	
0C1354710	2012/04/25	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** J.S.M.-LTD.	J.S.M.-LTD.	
0C1354728	2012/04/25	CHARGE		*** COMPLETELY DELETED *** PHOENIX-PROPERTIES-INC.	J.S.M.-LTD.	
0C1354792	2012/04/26	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** 9093-5958-QUEBEC-INC.	J.S.M.-LTD.	
0C1354793	2012/04/26	DISCHARGE-INTEREST		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 3 OF 3
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04210-0009 (IFF)

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
OC1492382	2013/07/02	DISCH-OF-CHARGE		9093-5953-QUEBEC-INC. *** COMPLETELY DELETED *** J.-S.-M.-L.P.P.	HMF HOLDINGS-INC.	
OC1508323	2013/09/15	CHARGE		*** DELETED AGAINST THIS PROPERTY *** PHOENIX PROPERTIES-INC.		
OC1734658	2015/10/29	APL (GENERAL)		*** COMPLETELY DELETED *** CITY OF OTTAWA		
OC1738340	2015/11/06	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** HMF HOLDINGS-INC.		
OC1738361	2015/11/06	TRANSFER	\$11,000,000	PHOENIX PROPERTIES INC.	TEXTBOOK (256 RIDEAU STREET) INC.	C
OC1738362	2015/11/06	CHARGE	\$5,500,000	TEXTBOOK (256 RIDEAU STREET) INC.	PHOENIX PROPERTIES INC.	C
OC1738363	2015/11/06	CHARGE	\$2,750,000	TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738364	2015/11/06	NO ASSGN RENT GEN		TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738365	2015/11/06	TRANSFER OF CHARGE		PHOENIX PROPERTIES INC.	KINGSETT MORTGAGE CORPORATION	C
OC1751087	2015/12/14	DISCH-OF-CHARGE		*** COMPLETELY DELETED *** LAURENTIAN BANK OF CANADA		
OC1873431	2017/03/10	CONSTRUCTION LIEN	\$61,391	DORAN CONTRACTORS LIMITED		
OC1885675	2017/05/03	CERTIFICATE		DORAN CONTRACTORS LIMITED		

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

TAB C

Appendix “C”

Davies Developers
Summary of Payments to Textbook (256 Rideau Street) Inc.
(C\$; unaudited)

<u>Date</u>	<u>Cheque Number</u>	<u>Amount</u>
<i>555 Princess</i>		
October 27, 2015	261	1,390,000.00
<i>Kitchener</i>		
October 27, 2015	599	111,000.00
<i>Ross Park</i>		
November 5, 2016	968	1,250,000.00
		<u>2,751,000.00</u>



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RB8DA30000_2791641 E D 00442 00331
TEXTBOOK (555 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

September 30, 2015 to October 30, 2015

Account number: 00442 101-432-3

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on September 30, 2015	\$723.31
Total deposits & credits (1)	+ 1,724,497.65
Total cheques & debits (10)	* 1,724,421.00
Closing balance on October 30, 2015	= \$799.96

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			723.31
01 Oct	Minimum monthly fee	6.00		717.31
21 Oct	Funds transfer credit TT HARRIS AND H		1,724,497.65	
	Funds transfer fee TT HARRIS AND H	15.00		
	Cheque - 255	5,000.00		1,720,199.96
22 Oct	Cheque - 258	10,000.00		
	Cheque - 256	45,200.00		
	Cheque - 257	45,200.00		
	Cheque - 259	113,000.00		
	Cheque - 260	113,000.00		1,393,799.96
27 Oct	Cheque - 253	3,000.00		

Business Account Statement



September 30, 2015 to October 30, 2015
Account number: 00442 101-432-3

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
27 Oct	Cheque - 261	1,390,000.00		799.96
	Closing balance			799.96

Account Fees: \$21.00



Business Account Statement

September 30, 2015 to October 30, 2015
Account number: 00442 101-432-3

Serial #: 258 Amount: \$10,000.00

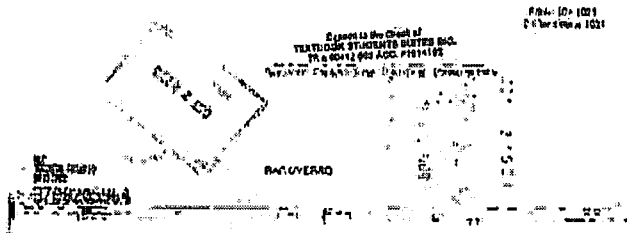
TEXTBOOK (258 PRINCESS STREET) INC. 000258
 258 PRINCESS STREET
 TORONTO, ON M5G 1C1

DATE 20151022
 10/22/2015

PAY Ten Thousand and 00/100 \$ 10,000.00

TO THE ORDER OF Textbook Student Supply Inc.
 21 Colwell Road, Scarborough
 Ontario, ON M1V 4G3

MEMO Line
 #000258# 000442-0030 101-432-3# #0001000000#



Serial #: 259 Amount: \$113,000.00

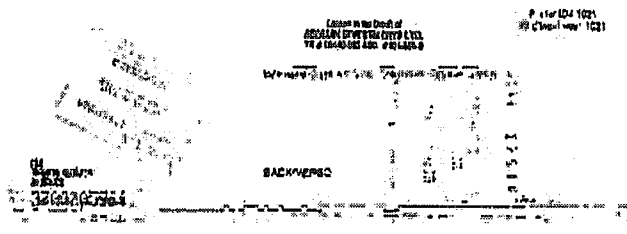
TEXTBOOK (258 PRINCESS STREET) INC. 000259
 258 PRINCESS STREET
 TORONTO, ON M5G 1C1

DATE 20151022
 10/22/2015

PAY One Hundred Thirteen Thousand and 00/100 \$ 113,000.00

TO THE ORDER OF Acadia Investments Ltd
 81 Colwell Road, Scarborough
 Ontario, ON M1V 4G3

MEMO Line
 #000259# 000442-0030 101-432-3# #0011300000#



Serial #: 260 Amount: \$113,000.00

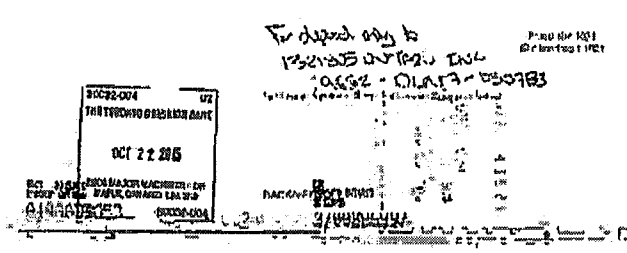
TEXTBOOK (258 PRINCESS STREET) INC. 000260
 258 PRINCESS STREET
 TORONTO, ON M5G 1C1

DATE 20151022
 10/22/2015

PAY One Hundred Thirteen Thousand and 00/100 \$ 113,000.00

TO THE ORDER OF 1871286 Ontario Inc.
 81 Colwell Road, Scarborough
 Ontario, ON M1V 4G3

MEMO Line
 #000260# 000442-0030 101-432-3# #0011300000#



Serial #: 261 Amount: \$1,390,000.00

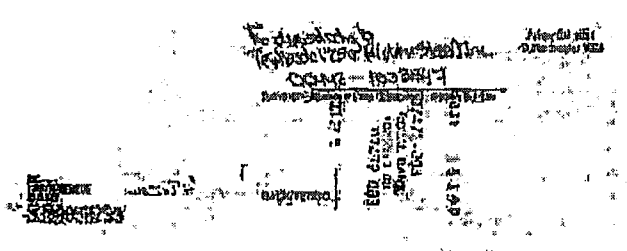
TEXTBOOK (258 PRINCESS STREET) INC. 000261
 258 PRINCESS STREET
 TORONTO, ON M5G 1C1

DATE 20151027
 10/27/2015

PAY One Million Three Hundred Ninety Thousand and 00/100 \$ 1,390,000.00

TO THE ORDER OF Textbook (258 Princess Street) Inc.
 258 PRINCESS STREET
 TORONTO, ON M5G 1C1

MEMO Line
 #000261# 000442-0030 101-432-3# #0139000000#





ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RBBDA30000_2791841 E D 00442 00049
MEMORY CARE INVESTMENTS (KITCHENER) LTD.
SUITE A1M
51 CALDARI ROAD
VAUGHAN ON L4K 4G3

September 30, 2015 to October 30, 2015

Account number: 00442 100-521-4

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on September 30, 2015	\$47,209.94
Total deposits & credits (3)	+ 204,189.43
Total cheques & debits (9)	- 244,649.87
Closing balance on October 30, 2015	= \$6,749.50

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			47,209.94
01 Oct	Regular transaction fee 7 Drs @ 1.12 2 Crs @ 1.12	10.08		
	Items on deposit fee 2 ID @ 0.22	0.44		47,199.42
06 Oct	BR TO BR - 7472		19,489.43	66,688.85
13 Oct	BR TO BR - 7472		100,000.00	
	Cheque - 596	10,000.00		
	Cheque - 597	80,000.00		76,688.85
19 Oct	Cheque - 593	1,124.35		75,564.50
21 Oct	Cheque - 598	2,500.00		73,064.50
26 Oct	Funds transfer credit TT HARRIS AND H		84,700.00	
	Funds transfer fee TT HARRIS AND H	15.00		157,749.50
27 Oct	Cheque - 599	111,000.00		46,749.50

Business Account Statement



September 30, 2015 to October 30, 2015
Account number: 00442 100-521-4

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
30 Oct	Cheque - 600	40,000.00		6,749.50
	Closing balance			6,749.50

Account Fees: \$25.52



Business Account Statement

September 30, 2015 to October 30, 2015
Account number: 00442 100-521-4

Serial #: 599

Amount: \$111,000.00

MEMORY CARE INVESTMENTS (ONTARIO) LTD. 1000 SHEPPARD AVE. E. SUITE 100 SCARBOROUGH, ON M1S 1T6		000599
DATE 20151027		
TO THE ORDER OF	Yachuck CMA (Canada) Servs) Inc.	\$ 111,000.00
MEMO	Line	
000599 100442-0030 100-521-4		*0011100000/

To deposit into the Business Account
 00442-100-521-4
 BACK TO THE BANK

Serial #: 600

Amount: \$40,000.00

MEMORY CARE INVESTMENTS (ONTARIO) LTD. 1000 SHEPPARD AVE. E. SUITE 100 SCARBOROUGH, ON M1S 1T6		000600
DATE 20151028		
TO THE ORDER OF	Memory Development Corporation 11 Cabot Road, Suite 201 Lancaster, ON L9Y 4G5	\$ 40,000.00
MEMO	Line	
000600 100442-0030 100-521-4		*0004000000/

To deposit into the Business Account
 00442-100-521-4
 BACK TO THE BANK



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RBBDA30000_2791641 E D 00442 00322
TEXTBOOK ROSS PARK INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

September 30, 2015 to October 30, 2015

Account number: 00442 101-417-4

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on September 30, 2015	\$1,500,429.78
Total deposits & credits (2)	+ 33,669.73
Total cheques & debits (19)	- 1,509,262.80
Closing balance on October 30, 2015	= \$24,836.71

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			1,500,429.78
01 Oct	Cheque - 952	23.98		
	Cheque - 954	115.49		
	Cheque - 953	142.32		1,500,147.99
	Regular transaction fee 13 Drs @ 1.07 2 Crs @ 1.07	16.05		
	Items on deposit fee 3 ID @ 0.22	0.66		1,500,131.28
02 Oct	Interac purchase - 1326 B001 BEST BUY #200	2,346.42		
	Interac purchase - 4913 B001 BEST BUY #200	2,560.00		1,495,224.86
05 Oct	Cheque - 955	672.35		1,494,552.51
07 Oct	Cheque - 956	33,318.00		1,461,234.51
08 Oct	Cheque - 957	30,000.00		1,431,234.51
13 Oct	BR TO BR - 7472		24,669.73	
	Cheque - 963	125,000.00		1,330,904.24

Business Account Statement



September 30, 2015 to October 30, 2015
Account number: 00442 101-417-4

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
15 Oct	Online Banking payment - 8865	10,000.00		
	Cheque - 959	18.28		1,320,885.96
16 Oct	Cheque - 958	5,288.40		
	Cheque - 962	15,820.00		1,299,777.56
20 Oct	Cheque - 961	3,859.41		
	Cheque - 960	30,071.44		1,265,846.71
27 Oct	Cheque - 968	1,250,000.00		15,846.71
29 Oct	Cheque - 251	10.00		15,836.71
30 Oct	BR TO BR - 7472		9,000.00	24,836.71
	Closing balance			24,836.71

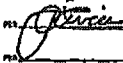
Account Fees: \$16.71

Business Account Statement



September 30, 2015 to October 30, 2015
Account number: 00442 101-417-4

Serial #: 963 Amount: \$125,000.00


TEXTBOOK CROSS PARK INC. <small>10000 PARK DRIVE SUITE 100 WILMINGTON, DE 19804</small>		<small>DEPOSIT BANK BY ARRANGEMENT OF THE DEPOSITOR</small> ROYAL BANK OF CANADA <small>1000 BANKERS BUILDING WILMINGTON, DE 19801</small>		000963
PAY		DATE	20151013	
One Hundred Twenty-Five Thousand and 00/100 TO THE ORDER OF Textbook Standard Sales Inc.		AMOUNT	\$ 125,000.00	
MEMO		 FOR DEPOSIT ONLY 0000963# 00442-101-417-4# 0012500000#		

Deposited on behalf of
 TEXTBOOK CROSS PARK INC.
 THE DEPOSITOR'S ACCOUNT NUMBER IS 00442101-417-4

DATE: 20151013
 AMOUNT: \$125,000.00

FOR DEPOSIT ONLY
 0000963# 00442-101-417-4# 0012500000#

Serial #: 968 Amount: \$1,250,000.00

TEXTBOOK CROSS PARK INC. <small>10000 PARK DRIVE SUITE 100 WILMINGTON, DE 19804</small>		<small>DEPOSIT BANK BY ARRANGEMENT OF THE DEPOSITOR</small> ROYAL BANK OF CANADA <small>1000 BANKERS BUILDING WILMINGTON, DE 19801</small>		000968
PAY		DATE	20151027	
One Million Two Hundred Fifty Thousand and 00/100 TO THE ORDER OF Textbook (250 Fifteenth Street) Inc.		AMOUNT	\$ 1,250,000.00	
MEMO		 FOR DEPOSIT ONLY 0000968# 00442-101-417-4# 0012500000#		

For deposit only
 Textbook (250 Fifteenth Street) Inc.

DATE: 20151027
 AMOUNT: \$1,250,000.00

FOR DEPOSIT ONLY
 0000968# 00442-101-417-4# 0012500000#

TAB D

Appendix “D”

Davies Developers

Summary of Payments to Textbook (256 Rideau Street) Inc.

(C\$; unaudited)

Date	Cheque Number	Amount
555 Princess		
December 17, 2015	273	36,000.00
May 31, 2016	283	7,000.00
		<hr/> 43,000.00
525 Princess		
June 20, 2016	288	16,000.00
Burlington		
November 5, 2016	n/a	2,200.00
		<hr/> <hr/> 61,200.00



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

R88DA30000_4216881 E D 00442 00906
TEXTBOOK (555 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

November 30, 2015 to December 31, 2015

Account number: 00442 101-432-3

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on November 30, 2015	\$902.52
Total deposits & credits (2)	+ 915,508.23
Total cheques & debits (11)	- 833,795.70
Closing balance on December 31, 2015	= \$82,615.05

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			902.52
01 Dec	BR TO BR - 7472		2,100.00	
	Funds transfer credit TT HARRIS AND H		913,408.23	
	Funds transfer fee TT HARRIS AND H	15.00		
	Cheque - 267	750,000.00		166,395.75
	Minimum monthly fee	6.00		166,389.75
04 Dec	Cheque - 262	2,322.00		164,067.75
11 Dec	Cheque - 263	211.87		
	Cheque - 264	211.88		
	Cheque - 270	25,000.00		138,644.00
15 Dec	Cheque - 271	10,000.00		128,644.00
17 Dec	Cheque - 274	10,000.00		
	Cheque - 273	36,000.00		82,644.00



Business Account Statement

November 30, 2015 to December 31, 2015

Account number: 00442 101-432-3

Serial #: 270 Amount: \$25,000.00

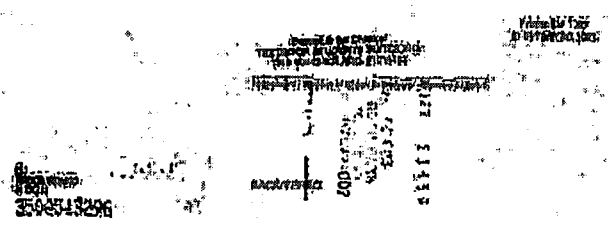
TEXTBOOK (251 PRINCE STREET) INC. 000270
 251 PRINCE STREET
 OTTAWA, ON K1P 1A1

DATE 20151211

PAY *****Twenty-Five Thousand and 00/100 \$ 25,000.00

TO THE ORDER OF Textbook Student Sales Inc.
 21 Cabot Road, Suite 414
 Toronto, ON M4V 1C7

MEMO Line
 #000270# 400442-003# 101-432-3# /0001500000/



Serial #: 271 Amount: \$10,000.00

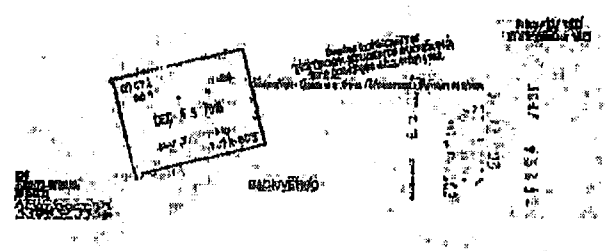
TEXTBOOK (251 PRINCE STREET) INC. 000271
 251 PRINCE STREET
 OTTAWA, ON K1P 1A1

DATE 20151214

PAY *****Ten Thousand and 00/100 \$ 10,000.00

TO THE ORDER OF Textbook Student Sales Inc.
 21 Cabot Road, Suite 414
 Toronto, ON M4V 1C7

MEMO Lon
 #000271# 400442-003# 101-432-3# /0001000000/



Serial #: 272 Amount: \$28.95

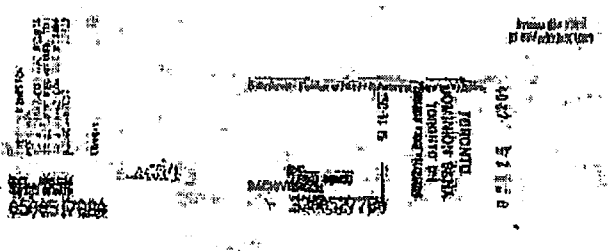
TEXTBOOK (251 PRINCE STREET) INC. 000272
 251 PRINCE STREET
 OTTAWA, ON K1P 1A1

DATE 20151218

PAY *****Twenty Eight and 95/100 \$ 28.95

TO THE ORDER OF City of Hamilton
 Financial Services-Toronto & Hamilton
 P.O. Box 444
 Toronto, ON M7C 1C1

MEMO 4811200000000000
 #000272# 400442-003# 101-432-3# /0000002895/



Serial #: 273 Amount: \$36,000.00

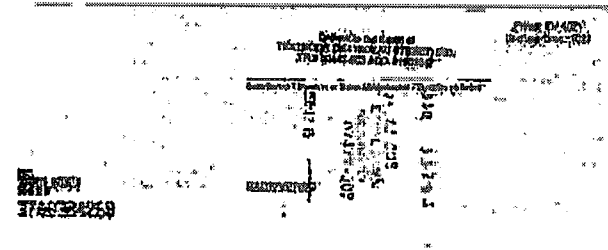
TEXTBOOK (251 PRINCE STREET) INC. 000273
 251 PRINCE STREET
 OTTAWA, ON K1P 1A1

DATE 20151218

PAY *****Thirty-Six Thousand and 00/100 \$ 36,000.00

TO THE ORDER OF Textbook (251 Prince Street) Inc.
 251 PRINCE STREET
 OTTAWA, ON K1P 1A1

MEMO
 #000273# 400442-003# 101-432-3# /0003600000/





ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RBBDA30000,7992102 E D 00442 00558
TEXTBOOK (555 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

April 29, 2016 to May 31, 2016

Account number: 00442 101-432-3

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on April 29, 2016	\$36,802.91
Total deposits & credits (5)	+ 24,295.88
Total cheques & debits (5)	- 28,057.00
Closing balance on May 31, 2016	= \$33,041.79

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			36,802.91
02 May	GST CANADA		269.52	
	GST CANADA		2,075.80	
	GST CANADA		5,390.42	44,538.65
	Minimum monthly fee	6.00		44,532.65
16 May	BR TO BR - 7472		1,080.00	45,612.65
18 May	Cheque - 279	3,051.00		42,561.65
20 May	GST CANADA		15,480.14	58,041.79
27 May	Cheque - 281	16,000.00		42,041.79
31 May	Cheque - 282	2,000.00		

Business Account Statement



April 29, 2016 to May 31, 2016
Account number: 00442 101-432-3

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
31 May	Cheque - 283	7,000.00		33,041.79
	Closing balance			33,041.79

Account Fees: \$6.00



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

April 29, 2016 to May 31, 2016
Account number: 00442 101-432-3

Serial #: 279 Amount: \$3,051.00

TEXTBOOK (888 PRINCIPLES STREET) INC.		ROYAL BANK OF CANADA BUSINESS ACCOUNT SERVICE P.O. BOX 4047 TORONTO ON M5W 1L5	000279
PAY *****Three Thousand Five and 00/100		DATE 20160510	3,051.00
TO THE ORDER OF Alpha Architectural Services 280 Sherry Street Calgary, AB N2C 1K2		TEXTBOOK (888 PRINCIPLES STREET) INC.	
MEMO P246 6035.5016		FOR <i>[Signature]</i>	
#000179# 600442-0036 101-432-3#		#0000305100#	

Stamp: 19 MAY 18 2016
Stamp: 000442101-432-3
Stamp: 0000305100

Serial #: 281 Amount: \$16,000.00

TEXTBOOK (888 PRINCIPLES STREET) INC.		ROYAL BANK OF CANADA BUSINESS ACCOUNT SERVICE P.O. BOX 4047 TORONTO ON M5W 1L5	000281
PAY *****Sixteen Thousand and 00/100		DATE 20160528	16,000.00
TO THE ORDER OF Textbook Sales Inc.		TEXTBOOK (888 PRINCIPLES STREET) INC.	
MEMO 684		FOR <i>[Signature]</i>	
#000281# 600442-0036 101-432-3#		#0001600000#	

Stamp: 28 MAY 2016
Stamp: 000442101-432-3
Stamp: 0001600000

Serial #: 282 Amount: \$2,000.00

TEXTBOOK (888 PRINCIPLES STREET) INC.		ROYAL BANK OF CANADA BUSINESS ACCOUNT SERVICE P.O. BOX 4047 TORONTO ON M5W 1L5	000282
PAY *****Two Thousand and 00/100		DATE 20160520	2,000.00
TO THE ORDER OF Textbook Sales Inc.		TEXTBOOK (888 PRINCIPLES STREET) INC.	
MEMO 684		FOR <i>[Signature]</i>	
#000282# 600442-0036 101-432-3#		#0000200000#	

Stamp: 20 MAY 2016
Stamp: 000442101-432-3
Stamp: 0000200000

Serial #: 283 Amount: \$7,000.00

TEXTBOOK (888 PRINCIPLES STREET) INC.		ROYAL BANK OF CANADA BUSINESS ACCOUNT SERVICE P.O. BOX 4047 TORONTO ON M5W 1L5	000283
PAY *****Seven Thousand and 00/100		DATE 20160520	7,000.00
TO THE ORDER OF Textbook (888 Prncpls Street) Inc.		TEXTBOOK (888 PRINCIPLES STREET) INC.	
MEMO 684		FOR <i>[Signature]</i>	
#000283# 600442-0036 101-432-3#		#0000700000#	

Stamp: 20 MAY 2016
Stamp: 000442101-432-3
Stamp: 0000700000



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

May 31, 2016 to June 30, 2016

RBBDA30000_1121684 E D 00442 00189
TEXTBOOK (525 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

Account number: 00442 100-747-5

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal[®]2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials[®] Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on May 31, 2016	\$11,774.96
Total deposits & credits (2)	+ 29,835.04
Total cheques & debits (5)	- 33,506.00
Closing balance on June 30, 2016	= \$8,104.00

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			11,774.96
01 Jun	Minimum monthly fee	6.00		11,768.96
03 Jun	Cheque - 286	2,500.00		9,268.96
15 Jun	GST CANADA		29,520.26	38,789.22
16 Jun	GST CANADA		314.78	39,104.00
20 Jun	Cheque - 288	16,000.00		23,104.00
24 Jun	Cheque - 290	5,000.00		18,104.00
30 Jun	Cheque - 291	10,000.00		8,104.00
	Closing balance			8,104.00

Account Fees: \$6.00

Business Account Statement



May 31, 2016 to June 30, 2016
 Account number: 00442 100-747-5

Serial #: 286 Amount: \$2,500.00

01/04/2016
 01/03/2016
 0100201700220

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160620
 PAY ***** Thousand and 00/100 \$ 2,500.00

TO THE ORDER OF
 Textbook (225 Princeton Street) Inc.

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000286 400442-0030 100-747-5 0000250000

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160620
 PAY ***** Thousand and 00/100 \$ 2,500.00

TO THE ORDER OF
 Textbook (225 Princeton Street) Inc.

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000286 400442-0030 100-747-5 0000250000

Serial #: 288 Amount: \$16,000.00

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160620
 PAY ***** Sixteen Thousand and 00/100 \$ 16,000.00

TO THE ORDER OF
 Textbook (225 Princeton Street) Inc.

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000288 400442-0030 100-747-5 0001600000

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160620
 PAY ***** Sixteen Thousand and 00/100 \$ 16,000.00

TO THE ORDER OF
 Textbook (225 Princeton Street) Inc.

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000288 400442-0030 100-747-5 0001600000

Serial #: 290 Amount: \$5,000.00

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160624
 PAY ***** Five Thousand and 00/100 \$ 5,000.00

TO THE ORDER OF
 Radial Development Corporation
 81 Colborne Road, Scarborough
 Ontario, ON M1V 4G2

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000290 400442-0030 100-747-5 0000500000

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160624
 PAY ***** Five Thousand and 00/100 \$ 5,000.00

TO THE ORDER OF
 Radial Development Corporation
 81 Colborne Road, Scarborough
 Ontario, ON M1V 4G2

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000290 400442-0030 100-747-5 0000500000

Serial #: 291 Amount: \$10,000.00

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160620
 PAY ***** Ten Thousand and 00/100 \$ 10,000.00

TO THE ORDER OF
 Memory Care Investments (MCP) Ltd.
 81 Colborne Road, Scarborough
 Ontario, ON M1V 4G2

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000291 400442-0030 100-747-5 0001000000

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

DATE 20160620
 PAY ***** Ten Thousand and 00/100 \$ 10,000.00

TO THE ORDER OF
 Memory Care Investments (MCP) Ltd.
 81 Colborne Road, Scarborough
 Ontario, ON M1V 4G2

TELEBOOK (225 PRINCETON STREET) INC.
 225 PRINCETON STREET
 SCARBOUROUGH, ONT. M1V 4G2

000291 400442-0030 100-747-5 0001000000



ROYAL BANK OF CANADA
 P.O. BOX 4047 TERMINAL A
 TORONTO ON M5W 1L5

Business Account Statement

RBBDA30000_3500809 E D 00442 00135
 1703858 ONTARIO LTD.
 SUITE A1M
 51 CALDARI ROAD
 VAUGHAN ON L4K 4G3

October 30, 2015 to November 30, 2015

Account number: 00442 100-414-2

How to reach us:

Please contact your RBC Banking representative or call
 1-800-Royal[®]2-0
 (1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials[®] Variable Pricing Account

Royal Bank of Canada
 37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on October 30, 2015	\$17,290.17
Total deposits & credits (0)	+ 0.00
Total cheques & debits (4)	- 17,206.00
Closing balance on November 30, 2015	= \$84.17

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			17,290.17
02 Nov	Minimum monthly fee	6.00		17,284.17
03 Nov	Online Banking payment - 0486	10,000.00		7,284.17
04 Nov	Online Banking payment - 8255	5,000.00		2,284.17
05 Nov	Online Banking payment - 3030	2,200.00		84.17
	Closing balance			84.17

Account Fees: \$6.00

TAB E

Appendix “E”

Davies Development Entities

Summary of Payments to Textbook (256 Rideau Street) Inc.

(C\$; unaudited)

Date	Cheque Number	Amount
Textbook (445 Princess Street) Inc.		
July 27, 2016	515	35,000.00
August 3, 2016	510	37,000.00
August 4, 2016	520	5,000.00
August 16, 2016	528	33,000.00
August 25, 2016	535	370,000.00
August 26, 2016	548	60,000.00
September 1, 2016	524	3,000.00
September 7, 2016	553	21,000.00
September 15, 2016	560	2,600.00
September 22, 2016	564	2,000.00
September 29, 2016	569	61,000.00
September 30, 2016	577	8,000.00
October 12, 2016	592	2,300.00
October 12, 2016	598	30,000.00
October 28, 2016	610	61,000.00
November 3, 2016	621	33,000.00
December 13, 2016	626	2,600.00
		<u>766,500.00</u>
Textbook (774 Bronson Avenue) Inc.		
April 1, 2016	11	30,000.00
April 29, 2016	35	25,000.00
May 2, 2016	38	1,200.00
		<u>56,200.00</u>
Textbook Ross Park Inc.		
February 29, 2016	982	17,000.00
		<u>17,000.00</u>
		<u><u>839,700.00</u></u>



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

98 Business Account Statement

RBBDA30000_1859807 E D 00442 00768
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

June 30, 2016 to July 29, 2016

Account number: 00442 100-624-6

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal[®]2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials[®] Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on June 30, 2016	\$81.75
Total deposits & credits (2)	+ 719,648.75
Total cheques & debits (11)	- 549,021.00
Closing balance on July 29, 2016	= \$170,709.50

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			81.75
04 Jul	Minimum monthly fee	6.00		75.75
21 Jul	Funds transfer credit TT HARRIS + HAR		718,074.53	
	Funds transfer fee TT HARRIS + HAR	15.00		718,135.28
25 Jul	GST CANADA		1,574.22	
	Cheque - 508	50,000.00		
	Cheque - 513	65,000.00		
	Cheque - 512	200,000.00		404,709.50
27 Jul	Cheque - 516	20,000.00		
	Cheque - 515	35,000.00		
	Cheque - 514	50,000.00		299,709.50
29 Jul	Cheque - 511	10,000.00		
	Cheque - 509	28,000.00		

Business Account Statement



June 30, 2016 to July 29, 2016
Account number: 00442 100-624-6

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
29 Jul	Cheque - 518	91,000.00		170,709.50
	Closing balance			170,709.50

Account Fees: \$21.00



Business Account Statement 100

June 30, 2016 to July 29, 2016
Account number: 00442 100-624-6

Serial #: 513 Amount: \$65,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000513
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

DATE 20160725
 \$ 65,000.00

PAY *****Fifty-Seven Thousand and 00/100

TO THE ORDER OF Textbook Builders Inc.
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

REAR LEAF

⑆000513⑆ ⑆00442⑆⑆003⑆ ⑆00⑆⑆24⑆⑆⑆⑆ ⑆0006500000⑆

Deposited to the credit of
 TEXTBOOK BUILDERS INC.
 TR @ 00442 000 ACC. # 000036

36000418653

BACKWARDS

Printed On 10/21
 10/19/2016 10:21:11 AM

Serial #: 514 Amount: \$50,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000514
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

DATE 20160727
 \$ 50,000.00

PAY *****Fifty Thousand and 00/100

TO THE ORDER OF Textbook Builders Inc.
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

REAR LEAF

⑆000514⑆ ⑆00442⑆⑆003⑆ ⑆00⑆⑆24⑆⑆⑆⑆ ⑆0005000000⑆

Deposited to the credit of
 TEXTBOOK BUILDERS INC.
 TR @ 00442 000 ACC. # 000036

3300126576

BACKWARDS

Printed On 10/21
 10/19/2016 10:21:11 AM

Serial #: 515 Amount: \$35,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000515
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

DATE 20160727
 \$ 35,000.00

PAY *****Thirty-Five Thousand and 00/100

TO THE ORDER OF Textbook Builders Inc.
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

REAR LEAF

⑆000515⑆ ⑆00442⑆⑆003⑆ ⑆00⑆⑆24⑆⑆⑆⑆ ⑆0003500000⑆

Deposited to the credit of
 TEXTBOOK BUILDERS INC.
 TR @ 00442 000 ACC. # 000036

3300126578

BACKWARDS

Printed On 10/21
 10/19/2016 10:21:11 AM

Serial #: 516 Amount: \$20,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000516
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

DATE 20160727
 \$ 20,000.00

PAY *****Twenty Thousand and 00/100

TO THE ORDER OF Textbook Builders Inc.
 81 Colborne Road, Suite 414M
 Cambridge, ON N1R 7W7

REAR LEAF

⑆000516⑆ ⑆00442⑆⑆003⑆ ⑆00⑆⑆24⑆⑆⑆⑆ ⑆0002000000⑆

Deposited to the credit of
 TEXTBOOK BUILDERS INC.
 TR @ 00442 000 ACC. # 000036

3300126575

BACKWARDS

Printed On 10/21
 10/19/2016 10:21:11 AM



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

101 Business Account Statement

RBBDA30000_2648780 E D 00442 00234
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

July 29, 2016 to August 31, 2016

Account number: 00442 100-624-6

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal[®]2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials[®] Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on July 29, 2016	\$170,709.50
Total deposits & credits (2)	+ 1,623,439.27
Total cheques & debits (27)	- 1,516,133.33
Closing balance on August 31, 2016	= \$278,015.44

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			170,709.50
01 Aug	Regular transaction fee 9 Drs @ 1.07	9.63		
	Electronic transaction fee 2 Crs @ 0.75	1.50		170,698.37
02 Aug	Mortgage Kingsett Real E	10,109.59		160,588.78
03 Aug	Cheque - 510	37,000.00		123,588.78
04 Aug	Misc Payment SHOPPERS DRUG		40,444.57	
	Mortgage Kingsett Real E	8,876.71		
	Cheque - 520	5,000.00		150,156.64
11 Aug	Cheque - 521	10,000.00		
	Cheque - 522	10,000.00		130,156.64
16 Aug	Cheque - 527	3,500.00		
	Cheque - 529	11,000.00		
	Cheque - 526	23,000.00		



July 29, 2016 to August 31, 2016
Account number: 00442 100-624-6

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
16 Aug	Cheque - 525	30,000.00		
	Cheque - 528	33,000.00		29,656.64
18 Aug	Cheque - 530	2,745.90		26,910.74
19 Aug	Cheque - 531	15,000.00		11,910.74
22 Aug	Funds transfer credit TT HARRIS + HAR		1,582,994.70	
	Funds transfer fee TT HARRIS + HAR	15.00		1,594,890.44
25 Aug	Cheque - 533	85,000.00		
	Cheque - 537	1,875.00		
	Cheque - 536	2,000.00		
	Cheque - 540	57,000.00		
	Cheque - 534	116,000.00		
	Cheque - 539	130,000.00		
	Cheque - 538	195,000.00		
	Cheque - 535	370,000.00		638,015.44
26 Aug	Cheque - 548	60,000.00		
	Cheque - 547	125,000.00		
	Cheque - 549	175,000.00		278,015.44
	Closing balance			278,015.44

Account Fees: \$26.13



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

July 29, 2016 to August 31, 2016
Account number: 00442 100-624-6

Serial #: 510 Amount: \$37,000.00

000510 400442-0034 100-624-6 #00017000007

TEXTBOOK (448 PRINCEPS STREET) INC.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

DATE 20160803

PAY ****Seventy Thousand and 00/100
\$37,000.00

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

MEMO See by Manual

000510 400442-0034 100-624-6 #00017000007

3309134519

BACKWARDS

00442-100-624-6

000510 400442-0034 100-624-6 #00017000007

Serial #: 520 Amount: \$5,000.00

000520 400442-0034 100-624-6 #00005000007

TEXTBOOK (448 PRINCEPS STREET) INC.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

DATE 20160803

PAY ****Five Thousand and 00/100
\$5,000.00

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

MEMO See by Manual

000520 400442-0034 100-624-6 #00005000007

3300195506

BACKWARDS

00442-100-624-6

000520 400442-0034 100-624-6 #00005000007

Serial #: 521 Amount: \$10,000.00

000521 400442-0034 100-624-6 #00010000007

TEXTBOOK (448 PRINCEPS STREET) INC.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

DATE 20160810

PAY ****Ten Thousand and 00/100
\$10,000.00

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

MEMO See by Manual

000521 400442-0034 100-624-6 #00010000007

3700283326

BACKWARDS

00442-100-624-6

000521 400442-0034 100-624-6 #00010000007

Serial #: 522 Amount: \$10,000.00

000522 400442-0034 100-624-6 #00010000007

TEXTBOOK (448 PRINCEPS STREET) INC.
11 Colborne Road, Burlington
Ontario, ON L7R 4G3

DATE 20160810

PAY ****Ten Thousand and 00/100
\$10,000.00

TO THE ORDER OF Builders Development Corporation

MEMO See by Manual

000522 400442-0034 100-624-6 #00010000007

3700283336

BACKWARDS

00442-100-624-6

000522 400442-0034 100-624-6 #00010000007



Business Account Statement 104

July 29, 2016 to August 31, 2016
Account number: 00442 100-624-6

Serial #: 525 Amount: \$30,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 441 PRINCEPS STREET DORSET, ON L4R 4G2		ROYAL BANK OF CANADA BRANCH 0178 00178 DORSET, ON L4R 4G2	000525
PAY *****Thirty Thousand and 00/100		DATE 20160816 17770000	\$ 30,000.00
TO THE ORDER OF	Textbook (441 Princeps Street) Inc. 441 Princeps Street, Unit A114 Dorset, ON L4R 4G2	TEXTBOOK (441 PRINCEPS STREET) INC.	
MEMO	Loan		
⑆000525⑆ ⑆00442⑆⑆003⑆		100-624-6⑆	⑆000100000⑆

Deposit to the Credit of
TEXTBOOK (441 PRINCEPS STREET) INC.
441 PRINCEPS STREET
DORSET, ON L4R 4G2

3500022045

BACK TO BANK

07/29/16
07/29/16
07/29/16

3500022045

Printed by (001) 10 (Textbook Inc.)

Serial #: 526 Amount: \$23,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 441 PRINCEPS STREET DORSET, ON L4R 4G2		ROYAL BANK OF CANADA BRANCH 0178 00178 DORSET, ON L4R 4G2	000526
PAY *****Twenty-Three Thousand and 00/100		DATE 20160816 17770000	\$ 23,000.00
TO THE ORDER OF	Textbook (441 Princeps Street) Inc. 441 Princeps Street, Unit A114 Dorset, ON L4R 4G2	TEXTBOOK (441 PRINCEPS STREET) INC.	
MEMO	Loan		
⑆000526⑆ ⑆00442⑆⑆003⑆		100-624-6⑆	⑆000130000⑆

Deposit to the Credit of
TEXTBOOK (441 PRINCEPS STREET) INC.
441 PRINCEPS STREET
DORSET, ON L4R 4G2

3300022045

BACK TO BANK

07/29/16
07/29/16
07/29/16

3300022045

Printed by (001) 10 (Textbook Inc.)

Serial #: 527 Amount: \$3,500.00

TEXTBOOK (441 PRINCEPS STREET) INC. 441 PRINCEPS STREET DORSET, ON L4R 4G2		ROYAL BANK OF CANADA BRANCH 0178 00178 DORSET, ON L4R 4G2	000527
PAY *****Three Thousand Five Hundred and 00/100		DATE 20160816 17770000	\$ 3,500.00
TO THE ORDER OF	Textbook (441 Princeps Street) Inc. 441 Princeps Street, Unit A114 Dorset, ON L4R 4G2	TEXTBOOK (441 PRINCEPS STREET) INC.	
MEMO	Loan		
⑆000527⑆ ⑆00442⑆⑆003⑆		100-624-6⑆	⑆000015000⑆

Deposit to the Credit of
TEXTBOOK (441 PRINCEPS STREET) INC.
441 PRINCEPS STREET
DORSET, ON L4R 4G2

3300022045

BACK TO BANK

07/29/16
07/29/16
07/29/16

3300022045

Printed by (001) 10 (Textbook Inc.)

Serial #: 528 Amount: \$33,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 441 PRINCEPS STREET DORSET, ON L4R 4G2		ROYAL BANK OF CANADA BRANCH 0178 00178 DORSET, ON L4R 4G2	000528
PAY *****Thirty-Three Thousand and 00/100		DATE 20160816 17770000	\$ 33,000.00
TO THE ORDER OF	Textbook (441 Princeps Street) Inc. 441 Princeps Street, Unit A114 Dorset, ON L4R 4G2	TEXTBOOK (441 PRINCEPS STREET) INC.	
MEMO	Loan		
⑆000528⑆ ⑆00442⑆⑆003⑆		100-624-6⑆	⑆000130000⑆

Deposit to the Credit of
TEXTBOOK (441 PRINCEPS STREET) INC.
441 PRINCEPS STREET
DORSET, ON L4R 4G2

3300022051

BACK TO BANK

07/29/16
07/29/16
07/29/16

3300022051

Printed by (001) 10 (Textbook Inc.)



July 29, 2016 to August 31, 2016
 Account number: 00442 100-624-6

Serial #: 534 Amount: \$116,000.00

TEXTBOOK (441 FRANCIS STREET) INC. 000534
 441 FRANCIS STREET
 CANTON, OH 44705

DATE 20160828
 11170000

PAY --- One Hundred Sixteen Thousand and 00/100 \$ 116,000.00

TO THE ORDER OF Stanford Development Corporation

MEMO Loan

#000534# 0004420034 100-624-6# #0011600000#

Printed On: 08/29/16
 08:29:16 AM

Account to the Credit of
 TEXTBOOK (441 FRANCIS STREET) INC.
 441 FRANCIS STREET
 CANTON, OH 44705

08/29/16
 08:29:16 AM

BACKOVERS

370084163

Serial #: 535 Amount: \$370,000.00

TEXTBOOK (441 FRANCIS STREET) INC. 000535
 441 FRANCIS STREET
 CANTON, OH 44705

DATE 20160828
 11170000

PAY --- Three Hundred Seventy Thousand and 00/100 \$ 370,000.00

TO THE ORDER OF Textbook (225 Pittman Street) Inc.
 21 Canton Road, Canton OH 44705

MEMO

#000535# 0004420034 100-624-6# #0037000000#

Printed On: 08/29/16
 08:29:16 AM

Account to the Credit of
 TEXTBOOK (441 FRANCIS STREET) INC.
 441 FRANCIS STREET
 CANTON, OH 44705

08/29/16
 08:29:16 AM

BACKOVERS

370084163

Serial #: 536 Amount: \$2,000.00

TEXTBOOK (441 FRANCIS STREET) INC. 000536
 441 FRANCIS STREET
 CANTON, OH 44705

DATE 20160828
 11170000

PAY --- Two Thousand and 00/100 \$ 2,000.00

TO THE ORDER OF Textbook (225 Pittman Street) Inc.
 21 Canton Road, Canton OH 44705

MEMO

#000536# 0004420034 100-624-6# #0000200000#

Printed On: 08/29/16
 08:29:16 AM

Account to the Credit of
 TEXTBOOK (441 FRANCIS STREET) INC.
 441 FRANCIS STREET
 CANTON, OH 44705

08/29/16
 08:29:16 AM

BACKOVERS

370084163

Serial #: 537 Amount: \$1,875.00

TEXTBOOK (441 FRANCIS STREET) INC. 000537
 441 FRANCIS STREET
 CANTON, OH 44705

DATE 20160828
 11170000

PAY --- One Thousand Eight Hundred Seventy-Five and 00/100 \$ 1,875.00

TO THE ORDER OF Textbook (225 Pittman Street) Inc.
 21 Canton Road, Canton OH 44705

MEMO

#000537# 0004420034 100-624-6# #0000187500#

Printed On: 08/29/16
 08:29:16 AM

Account to the Credit of
 TEXTBOOK (441 FRANCIS STREET) INC.
 441 FRANCIS STREET
 CANTON, OH 44705

08/29/16
 08:29:16 AM

BACKOVERS

370084163



July 29, 2016 to August 31, 2016
 Account number: 00442 100-624-6

Serial #: 548 Amount: \$60,000.00

000548

TEKBOOK (448 BRIDGE ST) INC.
 41 COLLEGE ROAD, SUITE 100
 CAMDEN, NJ 08102

DATE 20160828
 \$ 60,000.00

PAY Sixty Thousand and 00/100

TO THE ORDER OF Yankee Development Corporation

TEKBOOK (448 BRIDGE ST) INC.
 TR # 00442-009 ACC. #100548

000548 100442-009 100-624-6 0005000000

000548

DEPOSIT TO THE CREDIT OF
 YANKEE DEVELOPMENT CORPORATION
 TR # 00442-009 ACC. #100548

000548 100442-009 100-624-6 0005000000

Serial #: 549 Amount: \$175,000.00

000549

TEKBOOK (448 BRIDGE ST) INC.
 41 COLLEGE ROAD, SUITE 100
 CAMDEN, NJ 08102

DATE 20160828
 \$ 175,000.00

PAY One Hundred Seventy-Five Thousand and 00/100

TO THE ORDER OF Yankee Development Corporation

TEKBOOK (448 BRIDGE ST) INC.
 TR # 00442-009 ACC. #100549

000549 100442-009 100-624-6 000517500000

000549

DEPOSIT TO THE CREDIT OF
 YANKEE DEVELOPMENT CORPORATION
 TR # 00442-009 ACC. #100549

000549 100442-009 100-624-6 000517500000



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement 107

RBBDA30000_3374312 E D 00442 00692
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

August 31, 2016 to September 30, 2016

Account number: 00442 100-624-6

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal[®]2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials[®] Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on August 31, 2016	\$278,015.44
Total deposits & credits (4)	+ 1,458,338.99
Total cheques & debits (36)	- 675,095.28
Closing balance on September 30, 2016	= \$1,061,259.15

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			278,015.44
01 Sep	Misc Payment SHOPPERS DRUG		40,444.57	
	Mortgage Kingsett Real E	32,698.63		
	Cheque - 524	3,000.00		
	Cheque - 523	20,000.00		
	Cheque - 545	55,000.00		207,761.38
	Regular transaction fee 22 Drs @ 1.07	23.54		
	Electronic transaction fee 2 Drs @ 0.75 2 Crs @ 0.75	3.00		207,734.84
02 Sep	Cheque - 541	12,000.00		
	Cheque - 542	12,000.00		183,734.84
07 Sep	Cheque - 555	5,000.00		
	Cheque - 554	8,000.00		
	Cheque - 551	15,000.00		



August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
07 Sep	Cheque - 552	20,000.00		
	Cheque - 553	21,000.00		114,734.84
08 Sep	Cheque - 550	6,155.11		108,579.73
13 Sep	Cheque - 557	4,500.00		
	Cheque - 556	17,500.00		86,579.73
14 Sep	Cheque - 558	5,000.00		81,579.73
15 Sep	Cheque - 560	2,600.00		
	Cheque - 559	4,000.00		
	Cheque - 561	16,000.00		58,979.73
22 Sep	GST CANADA		45,073.25	
	Cheque - 562	1,000.00		
	Cheque - 564	2,000.00		
	Cheque - 563	9,000.00		
	Cheque - 565	16,000.00		76,052.98
27 Sep	GST CANADA		2,335.28	
	Cheque - 567	15,000.00		
	Cheque - 572	18,000.00		45,388.26
28 Sep	Funds transfer credit TT HARRIS + HAR		1,370,485.89	
	Funds transfer fee TT HARRIS + HAR	15.00		1,415,859.15
29 Sep	Cheque - 566	1,000.00		
	Cheque - 568	27,000.00		
	Cheque - 569	61,000.00		
	Cheque - 573	91,000.00		
	Cheque - 570	160,000.00		1,075,859.15
30 Sep	Cheque - 579	1,500.00		
	Cheque - 580	1,500.00		
	Cheque - 578	3,600.00		
	Cheque - 577	8,000.00		1,061,259.15
	Closing balance			1,061,259.15

Account Fees: \$41.54



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement ¹⁰⁹

August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Serial #: 523 Amount: \$20,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. 000523
81 COLBY ROAD, SUITE 101
CAMBRIDGE, ON, L4C 0G3

DATE 20160902
\$20,000.00

PAY Twenty Thousand and 00/100

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
81 Colby Road, Suite 101
Cambridge, ON, L4C 0G3

MEMO Line

⑈000523⑈ 000442⑈003⑈ 100-624-6⑈ /000200000⑈

Deposited to the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
TR # 00442, 003 ACC, 01000000

09/02/2016
3740245059

09/02/2016
3740245059

09/02/2016
3740245059

Serial #: 524 Amount: \$3,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. 000524
81 COLBY ROAD, SUITE 101
CAMBRIDGE, ON, L4C 0G3

DATE 20160902
\$3,000.00

PAY Three Thousand and 00/100

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
81 Colby Road, Suite 101
Cambridge, ON, L4C 0G3

MEMO Line

⑈000524⑈ 000442⑈003⑈ 100-624-6⑈ /000030000⑈

Deposited to the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
TR # 00442, 003 ACC, 01000000

09/02/2016
3740245059

09/02/2016
3740245059

09/02/2016
3740245059

Serial #: 541 Amount: \$12,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. 000541
81 COLBY ROAD, SUITE 101
CAMBRIDGE, ON, L4C 0G3

DATE 20160902
\$12,000.00

PAY Twelve Thousand and 00/100

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
81 Colby Road, Suite 101
Cambridge, ON, L4C 0G3

MEMO Line

⑈000541⑈ 000442⑈003⑈ 100-624-6⑈ /000120000⑈

Deposited to the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
TR # 00442, 003 ACC, 01000000

09/02/2016
3740245059

09/02/2016
3740245059

09/02/2016
3740245059

Serial #: 542 Amount: \$12,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. 000542
81 COLBY ROAD, SUITE 101
CAMBRIDGE, ON, L4C 0G3

DATE 20160902
\$12,000.00

PAY Twelve Thousand and 00/100

TO THE ORDER OF Textbook (448 Princeps Street) Inc.
81 Colby Road, Suite 101
Cambridge, ON, L4C 0G3

MEMO Line

⑈000542⑈ 000442⑈003⑈ 100-624-6⑈ /000120000⑈

Deposited to the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
TR # 00442, 003 ACC, 01000000

09/02/2016
3740245059

09/02/2016
3740245059

09/02/2016
3740245059



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Serial #: 553 Amount: \$21,000.00

000553

TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

DATE 20160804

PAY *****Twenty-One Thousand and 00/100 \$ 21,000.00

TO THE ORDER OF Textbook Sales Service Inc.
81 Colborne Road, Suite 404
Scarborough, ON M1S 1T6

MEMO Len

#000553# 000442-0031 100-624-6# /0002100000/

Deposited in the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

BACK/VERIFIED

3780213673

Serial #: 554 Amount: \$8,000.00

000554

TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

DATE 20160808

PAY *****Eight Thousand and 00/100 \$ 8,000.00

TO THE ORDER OF Bedford Development Corporation

MEMO Len

#000554# 000442-0031 100-624-6# /0000800000/

Deposited in the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

BACK/VERIFIED

3780213673

Serial #: 555 Amount: \$5,000.00

000555

TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

DATE 20160808

PAY *****Five Thousand and 00/100 \$ 5,000.00

TO THE ORDER OF Textbook Sales Inc.
81 Colborne Road, Suite 404
Scarborough, ON M1S 1T6

MEMO Len

#000555# 000442-0031 100-624-6# /0000500000/

Deposited in the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

BACK/VERIFIED

3780213673

Serial #: 556 Amount: \$17,500.00

000556

TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

DATE 20160812

PAY *****Seventeen Thousand Five Hundred and 00/100 \$ 17,500.00

TO THE ORDER OF Textbook Sales Inc.
81 Colborne Road, Suite 404
Scarborough, ON M1S 1T6

MEMO Len

#000556# 000442-0031 100-624-6# /0001750000/

Deposited in the Credit of
TEXTBOOK (448 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 119
SCARBOROUGH, ON M1S 1T6

BACK/VERIFIED

3780253064

Business Account Statement 1



August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Serial #: 557 Amount: \$4,500.00

TEXTBOOK (418 PRINCESS STREET) INC. 000587
DATE 20160812
PAY Four Thousand Five Hundred and 00/100 \$ 4,500.00
TO THE ORDER OF: Student Care Investments Ltd.
MEMO: Loan
#000557# 000442-003# 100-624-6# /0000450000/

07472-028
3703242066
07214
Payer ID: 1029
07472-028
07214

Serial #: 558 Amount: \$5,000.00

TEXTBOOK (418 PRINCESS STREET) INC. 000558
DATE 20160814
PAY Five Thousand and 00/100 \$ 5,000.00
TO THE ORDER OF: Student Care Investments Ltd.
MEMO: Loan
#000558# 000442-003# 100-624-6# /0000500000/

07472-028
3703470238
07214
Payer ID: 1029
07472-028
07214

Serial #: 559 Amount: \$4,000.00

TEXTBOOK (418 PRINCESS STREET) INC. 000559
DATE 20160814
PAY Four Thousand and 00/100 \$ 4,000.00
TO THE ORDER OF: Student Care Investments Ltd.
MEMO: Loan
#000559# 000442-003# 100-624-6# /0000400000/

07472-028
3703481147
07214
Payer ID: 1029
07472-028
07214

Serial #: 560 Amount: \$2,600.00

TEXTBOOK (418 PRINCESS STREET) INC. 000560
DATE 20160814
PAY Two Thousand Six Hundred and 00/100 \$ 2,600.00
TO THE ORDER OF: Student Care Investments Ltd.
MEMO: Loan
#000560# 000442-003# 100-624-6# /0000260000/

07472-028
3580491141
07214
Payer ID: 1029
07472-028
07214



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement ¹¹²

August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Serial #: 561 Amount: \$16,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. P.O. BOX 4047 TERMINAL A TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BRANCH: 00442 100-624-6 ACCOUNT NO. 00000000	000501
DATE 20160914			
PAY	Return Thousand and 00100	\$ 16,000.00	
TO THE ORDER OF	Memory Care Investments (Ontario) Ltd.	TEXTBOOK (448 PRINCEPS STREET) INC.	
MEMO Line		PERS. <i>[Signature]</i>	
⑈000561⑈ ⑈00442⑈003⑈		100-624-6⑈ ⑈000100000⑈	

2608491145
 BACKLOG
 PAPER USE 1021
 10 of September 2016

Serial #: 562 Amount: \$1,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. P.O. BOX 4047 TERMINAL A TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BRANCH: 00442 100-624-6 ACCOUNT NO. 00000000	000502
DATE 20160912			
PAY	One Thousand and 00100	\$ 1,000.00	
TO THE ORDER OF	Memory Care Investments Ltd 21 Colwell Road, Bldg A110 Markham Ontario L3R 0Y3	TEXTBOOK (448 PRINCEPS STREET) INC.	
MEMO Line		PERS. <i>[Signature]</i>	
⑈000562⑈ ⑈00442⑈003⑈		100-624-6⑈ ⑈000010000⑈	

360835326
 BACKLOG
 PAPER USE 1021
 10 of September 2016

Serial #: 563 Amount: \$9,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. P.O. BOX 4047 TERMINAL A TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BRANCH: 00442 100-624-6 ACCOUNT NO. 00000000	000503
DATE 20160922			
PAY	Nine Thousand and 00100	\$ 9,000.00	
TO THE ORDER OF	Worked Development Corporation	TEXTBOOK (448 PRINCEPS STREET) INC.	
MEMO Line		PERS. <i>[Signature]</i>	
⑈000563⑈ ⑈00442⑈003⑈		100-624-6⑈ ⑈000090000⑈	

3608035318
 BACKLOG
 PAPER USE 1021
 10 of September 2016

Serial #: 564 Amount: \$2,000.00

TEXTBOOK (448 PRINCEPS STREET) INC. P.O. BOX 4047 TERMINAL A TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BRANCH: 00442 100-624-6 ACCOUNT NO. 00000000	000504
DATE 20160923			
PAY	Two Thousand and 00100	\$ 2,000.00	
TO THE ORDER OF	Textbook (448 Princeps Street) Inc. P.O. Box 4047 Terminal A Toronto ON M5W 1L5	TEXTBOOK (448 PRINCEPS STREET) INC.	
MEMO Line		PERS. <i>[Signature]</i>	
⑈000564⑈ ⑈00442⑈003⑈		100-624-6⑈ ⑈000020000⑈	

3608035328
 BACKLOG
 PAPER USE 1021
 10 of September 2016



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement 113

August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Serial #: 569

Amount: \$61,000.00

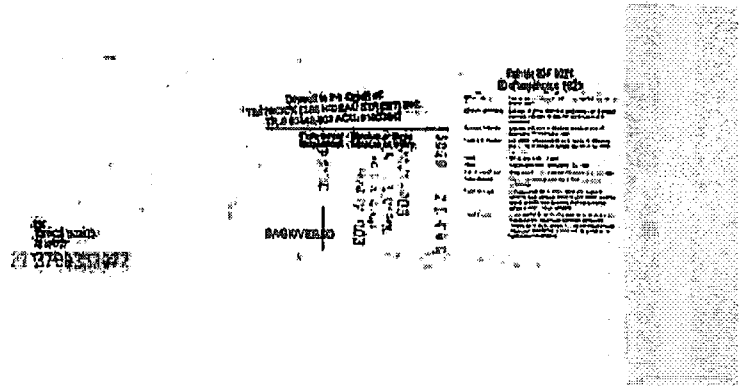
TEXTBOOK (441 PRINCESS STREET) INC. 000569
 41 COLLEGE ROAD, SUITE 1111
 TORONTO, ON M5W 1L5

DATE 20160927
 PAY \$ 61,000.00

TO THE ORDER OF Textbook Sales Inc.
 41 College Road, Suite 1111
 Toronto, ON M5W 1L5

PER *[Signature]*

⑆000569⑆ 400442⑆003⑆ 100⑆624⑆6⑆ ⑆0006100000⑆



Serial #: 570

Amount: \$160,000.00

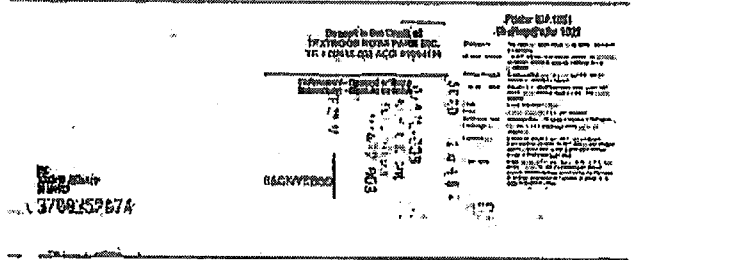
TEXTBOOK (441 PRINCESS STREET) INC. 000570
 41 COLLEGE ROAD, SUITE 1111
 TORONTO, ON M5W 1L5

DATE 20160927
 PAY \$ 160,000.00

TO THE ORDER OF Textbook Sales Inc.
 41 College Road, Suite 1111
 Toronto, ON M5W 1L5

PER *[Signature]*

⑆000570⑆ 400442⑆003⑆ 100⑆624⑆6⑆ ⑆0016000000⑆



Serial #: 572

Amount: \$18,000.00

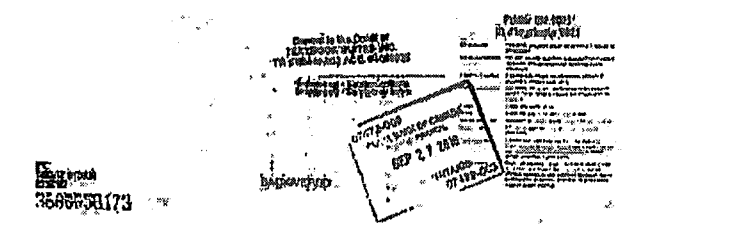
TEXTBOOK (441 PRINCESS STREET) INC. 000572
 41 COLLEGE ROAD, SUITE 1111
 TORONTO, ON M5W 1L5

DATE 20160927
 PAY \$ 18,000.00

TO THE ORDER OF Textbook Sales Inc.
 41 College Road, Suite 1111
 Toronto, ON M5W 1L5

PER *[Signature]*

⑆000572⑆ 400442⑆003⑆ 100⑆624⑆6⑆ ⑆0001800000⑆



Serial #: 573

Amount: \$91,000.00

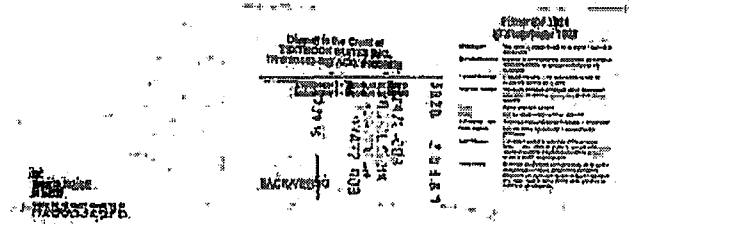
TEXTBOOK (441 PRINCESS STREET) INC. 000573
 41 COLLEGE ROAD, SUITE 1111
 TORONTO, ON M5W 1L5

DATE 20160927
 PAY \$ 91,000.00

TO THE ORDER OF Textbook Sales Inc.
 41 College Road, Suite 1111
 Toronto, ON M5W 1L5

PER *[Signature]*

⑆000573⑆ 400442⑆003⑆ 100⑆624⑆6⑆ ⑆0009100000⑆





Business Account Statement 14

August 31, 2016 to September 30, 2016
Account number: 00442 100-624-6

Serial #: 577 Amount: \$8,000.00

TEXTBOOK (445 PRINCE ST STREET) INC.
2500001, ON L4L 4G3

DATE 20160930
8,000.00

PAY Eight Thousand and 00/100 \$ 8,000.00

TO THE ORDER OF Textbook (445 Prince Street) Inc.
41 Canada Road, Suite 4118
Oshawa, ON L4L 4G3

PER [Signature]

MEMO #000577# 000442-0034 100-624-6# /000080000/

Should be the Order of
TEXTBOOK (445 PRINCE ST STREET) INC.
TR 00442-0034-0034

Printed By: [Signature]

3600476304

Serial #: 578 Amount: \$3,600.00

TEXTBOOK (445 PRINCE ST STREET) INC.
2500001, ON L4L 4G3

DATE 20160930
3,600.00

PAY Three Thousand Six Hundred and 00/100 \$ 3,600.00

TO THE ORDER OF Textbook (445 Prince Street) Inc.
41 Canada Road, Suite 4118
Oshawa, ON L4L 4G3

PER [Signature]

MEMO #000578# 000442-0034 100-624-6# /000036000/

Should be the Order of
TEXTBOOK (445 PRINCE ST STREET) INC.
TR 00442-0034-0034

Printed By: [Signature]

3600476304

Serial #: 579 Amount: \$1,500.00

TEXTBOOK (445 PRINCE ST STREET) INC.
2500001, ON L4L 4G3

DATE 20160930
1,500.00

PAY One Thousand Five Hundred and 00/100 \$ 1,500.00

TO THE ORDER OF Textbook (445 Prince Street) Inc.
41 Canada Road, Suite 4118
Oshawa, ON L4L 4G3

PER [Signature]

MEMO #000579# 000442-0034 100-624-6# /000015000/

Should be the Order of
TEXTBOOK (445 PRINCE ST STREET) INC.
TR 00442-0034-0034

Printed By: [Signature]

3600476304

Serial #: 580 Amount: \$1,500.00

TEXTBOOK (445 PRINCE ST STREET) INC.
2500001, ON L4L 4G3

DATE 20160930
1,500.00

PAY One Thousand Five Hundred and 00/100 \$ 1,500.00

TO THE ORDER OF Textbook (445 Prince Street) Inc.
41 Canada Road, Suite 4118
Oshawa, ON L4L 4G3

PER [Signature]

MEMO #000580# 000442-0034 100-624-6# /000015000/

Should be the Order of
TEXTBOOK (445 PRINCE ST STREET) INC.
TR 00442-0034-0034

Printed By: [Signature]

3600476304



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

115 Business Account Statement

RBBDA30000_4110068 E D 00442 00755
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

September 30, 2016 to October 31, 2016

Account number: 00442 100-624-6

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on September 30, 2016	\$1,061,259.15
Total deposits & credits (1)	+ 40,444.57
Total cheques & debits (34)	- 747,862.99
Closing balance on October 31, 2016	= \$353,840.73

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			1,061,259.15
03 Oct	Misc Payment SHOPPERS DRUG		40,444.57	
	Mortgage Kingsett Real E	31,643.84		1,070,059.88
	Regular transaction fee 32 Drs @ 1.02	32.64		
	Electronic transaction fee 1 Dr @ 0.70 4 Crs @ 0.70	3.50		1,070,023.74
05 Oct	Cheque - 582	1,000.00		
	Cheque - 583	1,500.00		
	Cheque - 581	10,000.00		1,057,523.74
06 Oct	Funds transfer LOU VADALA PROF	174,903.46		882,620.28
12 Oct	Cheque - 576	59.60		
	Cheque - 592	2,300.00		
	Cheque - 599	2,500.00		
	Cheque - 589	4,000.00		



September 30, 2016 to October 31, 2016
 Account number: 00442 100-624-6

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
12 Oct	Cheque - 594	4,200.00		
	Cheque - 593	5,900.00		
	Cheque - 590	11,000.00		
	Cheque - 591	16,000.00		
	Cheque - 597	20,000.00		
	Cheque - 596	26,000.00		
	Cheque - 598	30,000.00		
	Cheque - 595	91,000.00		669,660.68
14 Oct	Cheque - 587	361.04		
	Cheque - 602	1,000.00		
	Cheque - 601	1,500.00		
	Cheque - 544	4,000.00		
	Cheque - 603	16,000.00		
	Cheque - 600	20,000.00		626,799.64
18 Oct	Cheque - 586	3,051.00		
	Cheque - 588	5,938.15		
	Cheque - 604	16,000.00		601,810.49
20 Oct	Cheque - 605	25,000.00		576,810.49
21 Oct	Cheque - 606	15,000.00		561,810.49
24 Oct	Cheque - 607	128,000.00		433,810.49
25 Oct	Cheque - 608	15,000.00		418,810.49
28 Oct	Cheque - 609	3,969.76		
	Cheque - 610	61,000.00		353,840.73
	Closing balance			353,840.73

Account Fees: \$36.14



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement ¹¹⁷

September 30, 2016 to October 31, 2016
Account number: 00442 100-624-6

Serial #: 589 Amount: \$4,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000589
441 PRINCEPS STREET
TORONTO, ON M5W 1L5

DATE 20161011

PAY Four Thousand and 00/100 \$ 4,000.00

TO THE ORDER OF Ministry Street Investments Inc.
81 Colwell Road, Suite A114
Toronto, ON
M6K 4G2

FOR SIGNATURE: *[Signature]*

000589# 000442-003# 100-624-6# #000040000#

ROYAL BANK OF CANADA
BUSINESS ACCOUNT STATEMENT

Account Number: 00442 100-624-6

Statement Period: September 30, 2016 to October 31, 2016

Balance Forward: \$0.00

Deposits: \$4,000.00

Withdrawals: \$0.00

Interest: \$0.00

Balance Forward: \$4,000.00

Account Type: Business Checking

Branch: Toronto

3569375435

Serial #: 590 Amount: \$11,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000590
441 PRINCEPS STREET
TORONTO, ON M5W 1L5

DATE 20161011

PAY Eleven Thousand and 00/100 \$ 11,000.00

TO THE ORDER OF Ministry Street Investments Inc.
81 Colwell Road, Suite A114
Toronto, ON
M6K 4G2

FOR SIGNATURE: *[Signature]*

000590# 000442-003# 100-624-6# #000110000#

ROYAL BANK OF CANADA
BUSINESS ACCOUNT STATEMENT

Account Number: 00442 100-624-6

Statement Period: September 30, 2016 to October 31, 2016

Balance Forward: \$4,000.00

Deposits: \$11,000.00

Withdrawals: \$0.00

Interest: \$0.00

Balance Forward: \$15,000.00

Account Type: Business Checking

Branch: Toronto

3569375438

Serial #: 591 Amount: \$16,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000591
441 PRINCEPS STREET
TORONTO, ON M5W 1L5

DATE 20161011

PAY Sixteen Thousand and 00/100 \$ 16,000.00

TO THE ORDER OF Standard Development Corporation

FOR SIGNATURE: *[Signature]*

000591# 000442-003# 100-624-6# #000160000#

ROYAL BANK OF CANADA
BUSINESS ACCOUNT STATEMENT

Account Number: 00442 100-624-6

Statement Period: September 30, 2016 to October 31, 2016

Balance Forward: \$15,000.00

Deposits: \$16,000.00

Withdrawals: \$0.00

Interest: \$0.00

Balance Forward: \$31,000.00

Account Type: Business Checking

Branch: Toronto

3569375440

Serial #: 592 Amount: \$2,300.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000592
441 PRINCEPS STREET
TORONTO, ON M5W 1L5

DATE 20161011

PAY Two Thousand Three Hundred and 00/100 \$ 2,300.00

TO THE ORDER OF Textbook (441 Princeps Street) Inc.
441 Colwell Road, Suite A114
Toronto, ON
M6K 4G2

FOR SIGNATURE: *[Signature]*

000592# 000442-003# 100-624-6# #000023000#

ROYAL BANK OF CANADA
BUSINESS ACCOUNT STATEMENT

Account Number: 00442 100-624-6

Statement Period: September 30, 2016 to October 31, 2016

Balance Forward: \$31,000.00

Deposits: \$2,300.00

Withdrawals: \$0.00

Interest: \$0.00

Balance Forward: \$33,300.00

Account Type: Business Checking

Branch: Toronto

3569375444



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

September 30, 2016 to October 31, 2016
Account number: 00442 100-624-6

Serial #: 597 Amount: \$20,000.00

TEXTBOOK (445 PRINCE ST STREET) INC.
11 COLLEGE ROAD, SUITE 1111
TORONTO, ON M5G 1K6

DATE 20161011
20161011

PAY Twenty Thousand and 00/100 \$ 20,000.00

TO THE ORDER OF Midland Bank Business Inc.
11 College Road, Suite 1111
Toronto, ON
M5G 1K6

MEMO LHM

⑆000597⑆ ⑆00442⑆003⑆ 100-624-6⑆ /000200000⑆

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

369075436

Serial #: 598 Amount: \$30,000.00

TEXTBOOK (445 PRINCE ST STREET) INC.
11 COLLEGE ROAD, SUITE 1111
TORONTO, ON M5G 1K6

DATE 20161011
20161011

PAY Thirty Thousand and 00/100 \$ 30,000.00

TO THE ORDER OF Textbook (445 Prince Street) Inc.
11 College Road, Suite 1111
Toronto, ON
M5G 1K6

MEMO LHM

⑆000598⑆ ⑆00442⑆003⑆ 100-624-6⑆ /000300000⑆

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

369075482

Serial #: 599 Amount: \$2,500.00

TEXTBOOK (445 PRINCE ST STREET) INC.
11 COLLEGE ROAD, SUITE 1111
TORONTO, ON M5G 1K6

DATE 20161011
20161011

PAY Two Thousand Five Hundred and 00/100 \$ 2,500.00

TO THE ORDER OF Midland Bank Business Inc.
11 College Road, Suite 1111
Toronto, ON
M5G 1K6

MEMO LHM

⑆000599⑆ ⑆00442⑆003⑆ 100-624-6⑆ /000025000⑆

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

369075481

Serial #: 600 Amount: \$20,000.00

TEXTBOOK (445 PRINCE ST STREET) INC.
11 COLLEGE ROAD, SUITE 1111
TORONTO, ON M5G 1K6

DATE 20161011
20161011

PAY Twenty Thousand and 00/100 \$ 20,000.00

TO THE ORDER OF Midland Bank Business Inc.
11 College Road, Suite 1111
Toronto, ON
M5G 1K6

MEMO LHM

⑆000600⑆ ⑆00442⑆003⑆ 100-624-6⑆ /000200000⑆

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

Printed in Canada
ROYAL BANK OF CANADA
100 KING STREET WEST
TORONTO, ONTARIO M5X 1C5

369071292



Business Account Statement

September 30, 2016 to October 31, 2016
Account number: 00442 100-624-6

Serial #: 609

Amount: \$3,969.76

TEATBOOK (48 BRUNNEN STREET) INC. 000609
 81 COLLEGE RD. #200
 CAMBRIE, ON L4K 5G3

ROYAL BANK OF CANADA
 100 BRUNNEN STREET
 CAMBRIE, ON L4K 5G3

DATE 20161027
 99999999

PAY *****Three Thousand Nine Hundred Twenty Nine and 76/100
 \$ 3,969.76

TO THE ORDER OF Received Ontario

FOR [Signature]

MEMO #000609# 400442-0034 100-624-6# /0000396976#

3600214163

Stamp: OCT 29 2016

Stamp: 3600214163

Stamp: 3600214163

Serial #: 610

Amount: \$61,000.00

TEATBOOK (48 BRUNNEN STREET) INC. 000610
 81 COLLEGE RD. #200
 CAMBRIE, ON L4K 5G3

ROYAL BANK OF CANADA
 100 BRUNNEN STREET
 CAMBRIE, ON L4K 5G3

DATE 20161027
 99999999

PAY *****Sixty One Thousand and 00/100
 \$ 61,000.00

TO THE ORDER OF Teatbook (28 Brunnen Street) Inc
 81 College Road, Cambridge
 Cambridge, ON L4K 5G3

FOR [Signature]

MEMO Issued to Refuse #000610# 400442-0034 100-624-6# /00006100000#

Stamp: OCT 29 2016

Stamp: 3600213895

Stamp: 3600213895



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RBBDA30000_4822878 E D 00442 00773
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

October 31, 2016 to November 30, 2016

Account number: 00442 100-624-6

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST.-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on October 31, 2016	\$353,840.73
Total deposits & credits (4)	+ 49,605.24
Total cheques & debits (9)	- 403,358.81
Closing balance on November 30, 2016	= \$87.16

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			353,840.73
01 Nov	Misc Payment SHOPPERS DRUG		40,444.57	394,285.30
	Regular transaction fee 31 Drs @ 1.02	31.62		
	Electronic transaction fee 1 Dr @ 0.70 1 Cr @ 0.70	1.40		394,252.28
02 Nov	Mortgage Kingsett Real E	32,698.63		361,553.65
03 Nov	Cheque - 621	33,000.00		328,553.65
04 Nov	Cheque - 623	250,000.00		78,553.65
08 Nov	Cheque - 624	78,000.00		553.65
17 Nov	BR TO BR - 7472		8,000.00	8,553.65
18 Nov	GST CANADA		160.67	8,714.32
22 Nov	Cheque - 622	8,453.16		261.16
25 Nov	Cheque - 615	1,169.00		-907.84
28 Nov	Online Banking 3rd party deposit - 7699		1,000.00	



October 31, 2016 to November 30, 2016
Account number: 00442 100-624-6

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
28 Nov	Overdraft handling fee	5.00		87.16
	Closing balance			87.16

Account Fees: \$38.02



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RBBDA30000_5526546 E D 00442 00354
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

November 30, 2016 to December 30, 2016

Account number: 00442 100-624-6

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on November 30, 2016	\$87.16
Total deposits & credits (1)	+ 40,444.57
Total cheques & debits (8)	- 36,922.60
Closing balance on December 30, 2016	= \$3,609.13

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			87.16
01 Dec	Misc Payment SHOPPERS DRUG		40,444.57	
	Mortgage Kingsett Real E	31,643.84		8,887.89
	Regular transaction fee 5 Drs @ 1.12 1 Cr @ 1.12	6.72		
	Electronic transaction fee 1 Dr @ 0.75 2 Crs @ 0.75	2.25		
	Items on deposit fee 1 ID @ 0.22	0.22		8,878.70
13 Dec	Cheque - 626	2,600.00		6,278.70
14 Dec	Cheque - 627	1,500.00		4,778.70
19 Dec	Overdraft interest @ RBP+05.00%P.A	0.57		4,778.13



Business Account Statement 124

November 30, 2016 to December 30, 2016

Account number: 00442 100-624-6

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
30 Dec	Cheque - 616	1,169.00		3,609.13
	Closing balance			3,609.13

Account Fees: \$9.19



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement ¹²⁵

November 30, 2016 to December 30, 2016
Account number: 00442 100-624-6

Serial #: 616

Amount: \$1,169.00

TEXTBOOK (445 PRINCEPS STREET) INC. 000616
10000
DATE 20161208
PAY *****One Thousand One Hundred Sixty-Nine and 00/100 \$ 1,169.00
TO THE ORDER OF 10000
MEMO 000616# 000442#0034 100-624-6#

Virtual Endorsement
DISPAC: 1004258
DATE: 01/27/2013
CIC: 41614331998800011
05752-1024098
PRINTED BY 001
01/27/2013 10:11:33
ISSUED: 2
CHARGE: 003
AMOUNT: 1000
TRANST: 00913
DISPAC: 00442
TRF: 100
OPI: 057303556
BACKVERSO

Serial #: 626

Amount: \$2,600.00

TEXTBOOK (445 PRINCEPS STREET) INC. 000626
10000
DATE 20161212
PAY *****Two Thousand Six Hundred and 00/100 \$ 2,600.00
TO THE ORDER OF Textbook (445 Princeps Street) Inc.
MEMO 000626# 000442#0034 100-624-6#

Virtual Endorsement
DISPAC: 1003847
DATE: 00442-003
CIC: 0161444303168807172
19,059,231
ISSUED: 2
CHARGE: 003
AMOUNT: 1000
TRANST: 0747Z
DISPAC: 00442
TRF: 100
OPI: 318701925
PRINTED BY 001
01/27/2013 10:11:33
DISPAC: 1003847
DATE: 00442-003
CIC: 0161444303168807172
PRINTED TO THE CREDIT OF
TEXTBOOK (445 PRINCEPS STREET) INC.
TR # 00442-000-ADG-2100384
BACKVERSO

Serial #: 627

Amount: \$1,500.00

TEXTBOOK (445 PRINCEPS STREET) INC. 000627
10000
DATE 20161214
PAY *****One Thousand Five Hundred and 00/100 \$ 1,500.00
TO THE ORDER OF Memory Care Investments Ltd.
MEMO LDN 000627# 000442#0034 100-624-6#

Virtual Endorsement
DISPAC: 1013051
DATE: 00442-003
CIC: 016144461001207472
10,183,374
ISSUED: 2
CHARGE: 003
AMOUNT: 1000
TRANST: 0747Z
DISPAC: 00442
TRF: 100
OPI: 31317008
PRINTED BY 001
01/27/2013 10:11:33
DISPAC: 1013051
DATE: 00442-003
CIC: 016144461001207472
PRINTED TO THE CREDIT OF
MEMORY CARE INVESTMENTS LTD.
TR # 00442-000-ADG-2100384
BACKVERSO



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

March 31, 2016 to April 29, 2016

RBBDA30000_7225473 E D 00442 00507
TEXTBOOK (774 BRONSON AVENUE) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

Account number: 00442 101-411-7

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on March 31, 2016	\$1,957.99
Total deposits & credits (2)	+ 1,834,782.25
Total cheques & debits (27)	- 1,696,336.24
Closing balance on April 29, 2016	= \$140,404.00

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			1,957.99
01 Apr	Funds transfer credit TT HARRIS + HAR		1,831,370.59	
	Funds transfer fee TT HARRIS + HAR	15.00		
	Cheque - 11	30,000.00		
	Cheque - 10	40,000.00		
	Cheque - 8	100,000.00		
	Cheque - 12	100,000.00		1,563,313.58
	Minimum monthly fee	6.00		1,563,307.58
04 Apr	Cheque - 16	69,000.00		
	Cheque - 2	71,000.00		
	Cheque - 14	91,500.00		
	Cheque - 18	95,000.00		
	Cheque - 17	160,000.00		

Business Account Statement



March 31, 2016 to April 29, 2016
Account number: 00442 101-411-7

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
04 Apr	Cheque - 15	270,000.00		806,807.58
08 Apr	GST CANADA		3,411.66	
	Cheque - 19	200,575.00		609,644.24
12 Apr	Cheque - 27	3,000.00		
	Cheque - 24	45,000.00		
	Cheque - 26	45,000.00		
	Cheque - 25	120,000.00		396,644.24
15 Apr	Cheque - 28	16,000.00		380,644.24
19 Apr	Cheque - 30	16,000.00		
	Cheque - 31	20,000.00		344,644.24
21 Apr	Cheque - 20	20.24		344,624.00
26 Apr	Cheque - 33	10,000.00		334,624.00
27 Apr	Cheque - 32	1,620.00		333,004.00
28 Apr	Online Banking payment - 0161	7,600.00		325,404.00
29 Apr	Cheque - 35	25,000.00		
	Cheque - 36	60,000.00		
	Cheque - 34	100,000.00		140,404.00
	Closing balance			140,404.00

Account Fees: \$21.00



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

March 31, 2016 to April 29, 2016
Account number: 00442 101-411-7

Serial #: 2 Amount: \$71,000.00

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

ROYAL BANK OF CANADA
BUSINESS BANKING
BRANCH: 101-411-7

DATE 20160404
11170000

PAY *****Seventy-One Thousand and 00/100 *****\$71,000.00

TO THE ORDER OF
Telebook Retail Sales Inc.

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

101-411-7

⑈000002⑈ ⑈00442⑈-003⑈ 101-411-7⑈ /0007100000⑈

Handwritten: To depositing to Telebook Retail Sales Inc.

Stamp: 2016 APR 04

Stamp: 00442-101-411-7

Stamp: 3568254186

Stamp: BACK/VERS

Serial #: 8 Amount: \$100,000.00

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

ROYAL BANK OF CANADA
BUSINESS BANKING
BRANCH: 101-411-7

DATE 20160331
11170000

PAY *****One Hundred Thousand and 00/100 *****\$100,000.00

TO THE ORDER OF
Telebook Retail Inc.

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

101-411-7

⑈000008⑈ ⑈00442⑈-003⑈ 101-411-7⑈ /0010000000⑈

Stamp: 2016 APR 01

Stamp: 00442-101-411-7

Stamp: 3568254186

Stamp: BACK/VERS

Serial #: 10 Amount: \$40,000.00

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

ROYAL BANK OF CANADA
BUSINESS BANKING
BRANCH: 101-411-7

DATE 20160331
11170000

PAY *****Forty Thousand and 00/100 *****\$40,000.00

TO THE ORDER OF
Telebook Retail Sales Inc.

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

101-411-7

⑈000010⑈ ⑈00442⑈-003⑈ 101-411-7⑈ /0004000000⑈

Stamp: 2016 APR 01

Stamp: 00442-101-411-7

Stamp: 3568254186

Stamp: BACK/VERS

Serial #: 11 Amount: \$30,000.00

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

ROYAL BANK OF CANADA
BUSINESS BANKING
BRANCH: 101-411-7

DATE 20160331
11170000

PAY *****Thirty Thousand and 00/100 *****\$30,000.00

TO THE ORDER OF
Telebook (258 Midway Blvd) Inc.

TELEBOOK (774 BRONSON AVE) INC.
774 BRONSON AVE
TORONTO, ON M7A 1G4

101-411-7

⑈000011⑈ ⑈00442⑈-003⑈ 101-411-7⑈ /0003000000⑈

Stamp: 2016 APR 01

Stamp: 00442-101-411-7

Stamp: 3568254186

Stamp: BACK/VERS



Business Account Statement

March 31, 2016 to April 29, 2016
Account number: 00442 101-411-7

Serial #: 33 Amount: \$10,000.00

000033

TEXTBOOK (774 BRUNSON AVE) INC.
BRUNSON, ON L4N 1A1

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY Ten Thousand and 00/100 \$ 10,000.00

TO THE ORDER OF Textbook Sales Inc.

MEMO Int

#000033# 000442-0030 101-411-7# /0001000000/

000033

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY Ten Thousand and 00/100 \$ 10,000.00

TO THE ORDER OF Textbook Sales Inc.

MEMO Int

#000033# 000442-0030 101-411-7# /0001000000/

Serial #: 34 Amount: \$100,000.00

000034

TEXTBOOK (774 BRUNSON AVE) INC.
BRUNSON, ON L4N 1A1

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY One Hundred Thousand and 00/100 \$ 100,000.00

TO THE ORDER OF Textbook Sales Inc.

MEMO Int

#000034# 000442-0030 101-411-7# /0001000000/

000034

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY One Hundred Thousand and 00/100 \$ 100,000.00

TO THE ORDER OF Textbook Sales Inc.

MEMO Int

#000034# 000442-0030 101-411-7# /0001000000/

Serial #: 35 Amount: \$25,000.00

000035

TEXTBOOK (774 BRUNSON AVE) INC.
BRUNSON, ON L4N 1A1

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY Twenty-Five Thousand and 00/100 \$ 25,000.00

TO THE ORDER OF Textbook Sales Inc.

MEMO Int

#000035# 000442-0030 101-411-7# /0002500000/

000035

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY Twenty-Five Thousand and 00/100 \$ 25,000.00

TO THE ORDER OF Textbook Sales Inc.

MEMO Int

#000035# 000442-0030 101-411-7# /0002500000/

Serial #: 36 Amount: \$60,000.00

000036

TEXTBOOK (774 BRUNSON AVE) INC.
BRUNSON, ON L4N 1A1

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY Sixty Thousand and 00/100 \$ 60,000.00

TO THE ORDER OF Student Development Corporation
11 Colborne Street, Brantford, ON
L6N 4C5

MEMO Int

#000036# 000442-0030 101-411-7# /0006000000/

000036

ROYAL BANK OF CANADA
BRUNSON BR. 774 BRUNSON AVE
BRUNSON, ON L4N 1A1

DATE 20160428
1011000000

PAY Sixty Thousand and 00/100 \$ 60,000.00

TO THE ORDER OF Student Development Corporation
11 Colborne Street, Brantford, ON
L6N 4C5

MEMO Int

#000036# 000442-0030 101-411-7# /0006000000/



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

April 29, 2016 to May 31, 2016

RBBDA30000_7092102 E D 00442 00548
TEXTBOOK (774 BRONSON AVENUE) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

Account number: 00442 101-411-7

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on April 29, 2016	\$140,404.00
Total deposits & credits (0)	+ 0.00
Total cheques & debits (12)	- 108,958.93
Closing balance on May 31, 2016	= \$31,445.07

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			140,404.00
02 May	Cheque - 38	1,200.00		
	Cheque - 37	14,000.00		125,204.00
	Regular transaction fee 24 Drs @ 1.07	25.68		
	Electronic transaction fee 1 Dr @ 0.75 2 Crs @ 0.75	2.25		125,176.07
06 May	Cheque - 39	10,000.00		
	Cheque - 42	25,000.00		
	Cheque - 40	28,000.00		62,176.07
12 May	Online Banking payment - 0044	2,200.00		59,976.07
16 May	Cheque - 43	31.00		59,945.07
18 May	Cheque - 44	13,000.00		46,945.07
20 May	Cheque - 45	8,500.00		38,445.07

Business Account Statement



April 29, 2016 to May 31, 2016
Account number: 00442 101-411-7

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
31 May	Cheque - 46	7,000.00		31,445.07
	Closing balance			31,445.07

Account Fees: \$27.93



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

April 29, 2016 to May 31, 2016
Account number: 00442 101-411-7

Serial #: 37 Amount: \$14,000.00

TELEBOOK (774 BRANSON AVE) INC.
11500 MIDLAND AVE
SCARBOROUGH, ONTARIO M1V 4S7

ROYAL BANK OF CANADA
100 KING ST W
TORONTO, ONTARIO M5X 1C4

DATE 20160429
14,000.00

PAY *****Fourteen Thousand and 00/100

TO THE ORDER OF
McAvery Street Investments Inc.

MEMO Loan

000037 000442-0030 101-411-7 0001400000/

3300521460

BACKWARDS

4 7 3 3

4 7 3 3

4 7 3 3

Serial #: 38 Amount: \$1,200.00

TELEBOOK (774 BRANSON AVE) INC.
11500 MIDLAND AVE
SCARBOROUGH, ONTARIO M1V 4S7

ROYAL BANK OF CANADA
100 KING ST W
TORONTO, ONTARIO M5X 1C4

DATE 20160802
1,200.00

PAY *****One Thousand Two Hundred and 00/100

TO THE ORDER OF
Terbuck Golf Services Inc.

MEMO Loan

000038 000442-0030 101-411-7 0000120000/

4 7 3 3

4 7 3 3

4 7 3 3

4 7 3 3

Serial #: 39 Amount: \$10,000.00

TELEBOOK (774 BRANSON AVE) INC.
11500 MIDLAND AVE
SCARBOROUGH, ONTARIO M1V 4S7

ROYAL BANK OF CANADA
100 KING ST W
TORONTO, ONTARIO M5X 1C4

DATE 20160802
10,000.00

PAY *****Ten Thousand and 00/100

TO THE ORDER OF
Terbuck Sales Inc.

MEMO Loan

000039 000442-0030 101-411-7 0001000000/

4 7 3 3

4 7 3 3

4 7 3 3

4 7 3 3

4 7 3 3

Serial #: 40 Amount: \$28,000.00

TELEBOOK (774 BRANSON AVE) INC.
11500 MIDLAND AVE
SCARBOROUGH, ONTARIO M1V 4S7

ROYAL BANK OF CANADA
100 KING ST W
TORONTO, ONTARIO M5X 1C4

DATE 20160808
28,000.00

PAY *****Twenty Eight Thousand and 00/100

TO THE ORDER OF
Terbuck 6448 Province Street Inc.
81 Central Street, Suite 414
Scarborough, ON M1V 4G3

MEMO Loan

000040 000442-0030 101-411-7 0002800000/

4 7 3 3

4 7 3 3

4 7 3 3

4 7 3 3

4 7 3 3



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

RBEDA30000_5719614 E D 00442 00903
TEXTBOOK ROSS PARK INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

January 29, 2016 to February 29, 2016

Account number: 00442 101-417-4

How to reach us:

Please contact your RBC Banking representative or call
1-800-Royal®2-0
(1-800-769-2520)
www.rbcroyalbank.com/business

Account Summary for this Period

RBC Business Essentials® Variable Pricing Account

Royal Bank of Canada
37 MANITOBA ST-PO BOX 270, BRACEBRIDGE, ON P1L 1T6

Opening balance on January 29, 2016	\$33,937.13
Total deposits & credits (2)	+ 15,314.30
Total cheques & debits (12)	- 47,298.89
Closing balance on February 29, 2016	= \$1,952.54

Account Activity Details

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
	Opening balance			33,937.13
01 Feb	Regular transaction fee 8 Drs @ 1.12 1 Cr @ 1.12	10.08		
	Items on deposit fee 1 ID @ 0.22	0.22		33,926.83
02 Feb	Cheque - 942	10,517.69		23,409.14
04 Feb	Rent/Lease Richmond houses		3,484.50	
	Cheque - 1002	39.03		26,854.61
05 Feb	Cheque - 985	55.94		
	Cheque - 992	166.02		26,632.65
08 Feb	Cheque - 1004	1,344.70		25,287.95
09 Feb	Cheque - 1006	2,165.21		23,122.74
10 Feb	BR TO BR - 7472		11,829.80	34,952.54
16 Feb	Cheque - 1003	300.00		34,652.54
24 Feb	Online Banking payment - 7053	10,000.00		24,652.54

Business Account Statement



January 29, 2016 to February 29, 2016
Account number: 00442 101-417-4

Account Activity Details - continued

Date	Description	Cheques & Debits (\$)	Deposits & Credits (\$)	Balance (\$)
25 Feb	Online Banking payment - 8860	5,700.00		18,952.54
29 Feb	Cheque - 982	17,000.00		1,952.54
	Closing balance			1,952.54

Account Fees: \$10.30



ROYAL BANK OF CANADA
P.O. BOX 4047 TERMINAL A
TORONTO ON M5W 1L5

Business Account Statement

January 29, 2016 to February 29, 2016
Account number: 00442 101-417-4

Serial #: 942 Amount: \$10,517.69

TEXTBOOK ROSS PARK INC. <small>1100 SHEPPARD AVE. EAST TORONTO, ON M2H 3L5 TEL: (416) 291-1111</small>		ROYAL BANK OF CANADA <small>100 KING ST. WEST TORONTO, ON M5X 1C5 TEL: (416) 969-7100</small>	000942
PAY *****Ten Thousand Five Hundred Seventeen and 69/100		DATE 20160128 10517.69	
TO THE ORDER OF Hudson College		<i>[Signature]</i>	
MEMO Advertising work - News part weekly			
000942 *00442-0031* 101-417-4* /0001051769/			

Stamp: FEB 02 2016
Stamp: 101-417-4
Stamp: 000942
Stamp: 0001051769

Serial #: 982 Amount: \$17,000.00

TEXTBOOK ROSS PARK INC. <small>1100 SHEPPARD AVE. EAST TORONTO, ON M2H 3L5 TEL: (416) 291-1111</small>		ROYAL BANK OF CANADA <small>100 KING ST. WEST TORONTO, ON M5X 1C5 TEL: (416) 969-7100</small>	000982
PAY *****Seventeen Thousand and 00/100		DATE 20160228 17000.00	
TO THE ORDER OF Toronto DMF Sales Group Inc.		<i>[Signature]</i>	
MEMO			
000982 *00442-0031* 101-417-4* /0001700000/			

Stamp: FEB 28 2016
Stamp: 101-417-4
Stamp: 000982
Stamp: 0001700000

Serial #: 985 Amount: \$55.94

TEXTBOOK ROSS PARK INC. <small>1100 SHEPPARD AVE. EAST TORONTO, ON M2H 3L5 TEL: (416) 291-1111</small>		ROYAL BANK OF CANADA <small>100 KING ST. WEST TORONTO, ON M5X 1C5 TEL: (416) 969-7100</small>	000985
PAY *****Fifty Five and 94/100		DATE 20161208 55.94	
TO THE ORDER OF Jan Berman 261 Victoria Blvd Toronto, ON M5J 1Y1		<i>[Signature]</i>	
MEMO			
000985 *00442-0031* 101-417-4* /0000005594/			

Stamp: FEB 08 2016
Stamp: 101-417-4
Stamp: 000985
Stamp: 0000005594

Serial #: 992 Amount: \$166.02

TEXTBOOK ROSS PARK INC. <small>1100 SHEPPARD AVE. EAST TORONTO, ON M2H 3L5 TEL: (416) 291-1111</small>		ROYAL BANK OF CANADA <small>100 KING ST. WEST TORONTO, ON M5X 1C5 TEL: (416) 969-7100</small>	000992
PAY *****One Hundred Sixty Six and 02/100		DATE 20160107 166.02	
TO THE ORDER OF Jan Berman 261 Victoria Blvd Toronto, ON M5J 1Y1		<i>[Signature]</i>	
MEMO			
000992 *00442-0031* 101-417-4* /0000016602/			

Stamp: FEB 07 2016
Stamp: 101-417-4
Stamp: 000992
Stamp: 0000016602

TAB F

Appendix “F”

LOAN AGREEMENT

THIS AGREEMENT is made as of the 7th day of January, 2016.

B E T W E E N:

**TEXTBOOK STUDENT SUITES (774 BRONSON AVENUE)
TRUSTEE CORPORATION**, a corporation incorporated under
the laws of the Province of Ontario

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

AND

TEXTBOOK (774 BRONSON AVENUE) 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 **Sixteen Million Five Hundred Seventy-Five Thousand (\$16,575,000) 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/apartment project on the lands and premises situated at 774 Bronson Avenue, Ottawa, Ontario and 557 Cambridge Street South, Ottawa, 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 second 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, which Mortgage shall rank subordinate to a first charge in the amount of up to \$5.7 million, which proceeds are to be used to assist with the acquisition of the Property (the “**First Charge**”);

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 second 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 Elliott Law Professional Corporation, 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 Sixteen Million Five Hundred Seventy-Five Thousand (\$16,575,000) 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 Sixteen Million Five Hundred Seventy-Five Thousand (\$16,575,000) 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 subsequently acquired by the Borrower for the construction of the condominium project on the Property not exceeding Fifty-Two Million (\$52,000,000) Dollars (plus any Tarion bonding company insurance mortgage security);
- (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**"). The Loan Installments are expected to be in the aggregate amount of up to Sixteen Million Five Hundred and Seventy-Five Thousand (\$16,575,000) 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 \$16,575,000 less any other mortgages (excluding any Tarion Warranty bond mortgage security registered against the Property) ranking as a second mortgage; provided that said mortgage shall also be subordinated to (i) the First Charge and (ii) any construction and related financing (in one or multiple tranches) not exceeding in the aggregate Fifty-Two Million (\$52,000,000) Dollars obtained by the Borrower related to construction of the condominium/apartment project on the Property and for the hard and soft costs related thereto, plus 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 (774 Bronson Avenue) 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:

Elliott Law Professional Corporation
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 (774
BRONSON AVENUE) TRUSTEE
CORPORATION**

Per: _____

Name: Raj Singh

Title: President

I have authority to bind the corporation

**TEXTBOOK (774 BRONSON AVENUE)
INC.**

Per: _____

Name: John Davies

Title: Co-President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

774 Bronson Avenue, Ottawa, Ontario
LTS 3 & 4, PL 28; OTTAWA/NEPEAN
PIN 04103-0125 (LT)

557 Cambridge Street South, Ottawa, Ontario
LT 37 & PT LT 38, PL 28, PART 4, 5R14360; OTTAWA/NEPEAN
PIN 04103-0215 (LT)

Municipal Description:

774 Bronson Avenue, Ottawa, Ontario and 557 Cambridge Street South, Ottawa, 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 July 1, 2016. All funds advanced by the Lender between the Closing Date (on or about April 1, 2016) to July 1, 2016 shall receive an initial payment pro rated for the period from the date of the advance by the Lender to July 1, 2016 and full payments quarterly thereafter until the maturity date, anticipated to be on or about April 1, 2019.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$165,750 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 \$16,575,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$2,652,000 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 \$16,575,000 where the actual mortgage advance is less than \$16,575,000, 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 \$16,575,000, 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 \$16,575,000 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 \$1,989,000, 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.
6. A first mortgage registered against the Property of up to \$5.7 million used to assist in the acquisition of the Property.

SYNDICATED MORTGAGE PARTICIPATION AGREEMENT

BETWEEN:

THOSE PARTIES LISTED IN SCHEDULE "A" ATTACHED

AND:

**TEXTBOOK STUDENT SUITES (774 BRONSON AVENUE)
TRUSTEE CORPORATION**

LOAN AGREEMENT

THIS AGREEMENT is made as of the 1st day of May, 2013

B E T W E E N:

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

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

AND

1703858 ONTARIO 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 up to **Twelve Million Eight Hundred Thousand (\$12,800,000) Dollars** of lawful money of Canada (the "**Principal Sum**") for a term of Four (4) years (the "**Term**") in connection with the development and construction by the Borrower of a dedicated Alzheimer's and dementia care facility project to be constructed on the lands and premises situated at 2170 Ghent Road, Burlington, 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 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

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 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) "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 Twelve Million Eight Hundred Thousand (\$12,800,000) 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 Twelve Million Eight Hundred Thousand (\$12,800,000) 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 subsequently acquired by the Borrower for the construction of the condominium project of the Property;
- (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 fourth 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, and pursuant to an offering of secured notes being completed concurrently with the transactions contemplated in this

Agreement, shall occur in tranches (the "Loan Instalments") with the first Loan Instalment to be in the amount of not less than Three Million (\$3,000,000) Dollars;

- (b) the initial face value of the Mortgage will be \$5,500,000; which amount can be increased where the Borrower obtains a new valuation/appraisal for the property in form satisfactory to Olympia Trust, whereupon Olympia Trust agrees to increase the maximum mortgage amount; provided in no circumstance will the maximum mortgage amount exceed \$12,800,000; 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.

4.13 The Borrower, at any time after the third 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 four years of this Loan, even though the Loan shall have been prepaid prior to the four year term expiry (to also be paid at the time of prepayment) plus the prepayment fee; but shall not be entitled to any Additional Loan Payment for the fourth 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 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 dedicated Alzheimer's and dementia care project on the Property (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 "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 purchase the Property free and clear of any encumbrances and liens. The Borrower acknowledges that no funds will be disbursed directly to the Borrower until the Property has been acquired, free and clear of liens and encumbrances.

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 an Alzheimer's and Dementia care facility 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 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 project on the Property (which shall include demolition costs and professional fees in furtherance of such construction (architectural, engineering, etc.)); 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 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:

1703858 Ontario Ltd.
c/o Harris + Harris LLP
2355 Skymark Avenue, Suite 300
Mississauga, Ontario, L4W 4Y6

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 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

1703858 ONTARIO LTD.

Per: 

John Davies

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

PT LT 6, PL 125, AS IN 641723; BURLINGTON, PIN; 07074--0033 (LT) and PT LT 6, PL 125, AS IN 205910; BURLINGTON, PIN 07074-0034 (LT)

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 July 1, 2013. All funds advanced after May 1, 2013 will receive an initial payment pro rated up to and including July 1, 2013 and full payments quarterly until the maturity date, anticipated to be on or about May 1, 2017.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$128,000 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 \$12,800,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$1,920,000 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 \$12,800,000 where the actual mortgage advance is less than \$12,800,000, 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 in 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, as contemplated in Sub-Section 7.01(n) of this Agreement. 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 \$12,800,000, 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 \$12,800,000 and the Borrower's Liabilities have not been paid until the fourth anniversary of the first Loan Instalment, then the amount of the Additional Loan Payment payable by the Borrower to the Lender shall be \$2,048,000, 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 fourth year 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 "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) "Indemnities" 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.

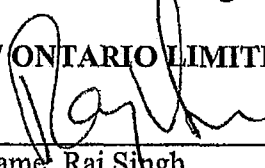
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall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

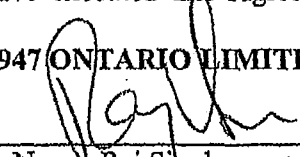
Title: President

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 1st day of October, 2013

B E T W E E N:

MC TRUSTEE (KITCHENER) LTD., a corporation
incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "Lender")

AND

MEMORY CARE INVESTMENTS (KITCHENER) 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 up to **Twelve Million Eight Hundred Thousand (\$12,800,000.00) Dollars** of lawful money of Canada (the "**Principal Sum**") for a term of Four (4) years (the "**Term**") in connection with the development and construction by the Borrower of a dedicated Alzheimer's and dementia care facility project to be constructed on the lands and premises situated at 169 Borden Avenue, Kitchener, 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 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

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 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) "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 Twelve Million Eight Hundred Thousand (\$12,800,000.00) 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;
- (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 Twelve Million Eight Hundred Thousand (\$12,800,000.00) 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 subsequently acquired by the Borrower for the construction of the condominium project of the Property not exceeding Nineteen Million Seven Hundred and Fifty Thousand (\$19,750,000.00) 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 fourth 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, and pursuant to an offering of secured notes being completed concurrently with the transactions contemplated in this Agreement, shall occur in tranches (the "Loan Instalments") with the first Loan Instalment to be in the amount of not less than Four Million Two Hundred and Fifty Thousand (\$4,250,000.00) Dollars. The second Loan Instalment is

expected to be in the amount of Two Million Two Hundred and Fifty Thousand (\$2,250,000.00) Dollars;

- (b) the initial face value of the Mortgage will be Six Million Five Hundred Thousand (\$6,500,000.00) Dollars; which amount can be increased where the Borrower obtains a new valuation/appraisal for the property in form satisfactory to Olympia Trust, whereupon Olympia Trust agrees to increase the maximum mortgage amount; provided in no circumstance will the maximum mortgage amount exceed Twelve Million Eight Hundred Thousand (\$12,800,000.00) Dollars; 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.

4.13 The Borrower, at any time after the third 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 four years of this Loan, even though the Loan shall have been prepaid prior to the four year term expiry (to also be paid at the time of prepayment) plus the prepayment fee; but shall not be entitled to any Additional Loan Payment for the fourth 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) ranking as a first mortgage; provided that said mortgage shall be subordinated to any construction financing (in one or multiple tranches) not exceeding in the aggregate Nineteen Million Seven Hundred and Fifty Thousand (\$19,750,000.00) Dollars obtained by the Borrower related to construction of the dedicated Alzheimer's and dementia care project on the Property and for the hard and soft costs related thereto (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 "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 purchase the Property free and clear of any encumbrances and liens. The Borrower acknowledges that no funds will be disbursed directly to the Borrower until the Property has been acquired, free and clear of liens and encumbrances.

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;

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- (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 an Alzheimer's and Dementia care facility 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 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 project on the Property (which shall include demolition costs and professional fees in furtherance of such construction (architectural, engineering, etc.)); 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 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;

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- (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;

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- (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:

1703858 Ontario Ltd.
c/o Harris + Harris LLP
2355 Skymark Avenue, Suite 300
Mississauga, Ontario, L4W 4Y6

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.
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.

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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.

MC TRUSTEE (KITCHENER) LTD.

Per: _____

Name: Raj Singh

Title: President

I have authority to bind the corporation

MEMORY CARE INVESTMENTS
(KITCHENER) LTD.

Per: _____

John Davies

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

PIN: 22507-0109 LT
LT 6 PL 655 KITCHENER; KITCHENER

Municipal Description:

169 Borden Avenue, Kitchener, 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 January 1, 2014. All funds advanced after October 1, 2013 will receive an initial payment pro rated up to and including January 1, 2014 and full payments quarterly until the maturity date, anticipated to be on or about November 1, 2017.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$128,000 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 \$12,800,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$1,920,000 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 \$12,800,000 where the actual mortgage advance is less than \$12,800,000, 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 \$28,000 (plus HST and disbursements) for the first Loan Instalment and \$17,000 (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 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, as contemplated in Sub-Section 7.01(n) of this Agreement. 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 \$12,800,000, 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 \$6,500,000 and the Borrower's Liabilities have not been paid until the fourth anniversary of the first Loan Instalment, then the amount of the Additional Loan Payment payable by the Borrower to the Lender shall be \$1,040,000, 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 fourth year 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 28th day of September, 2012

B E T W E E N:

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

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

AND

MEMORY CARE INVESTMENTS (OAKVILLE) 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 up to **Twelve Million Eight Hundred Thousand (\$12,800,000) Dollars** of lawful money of Canada (the "**Principal Sum**") for a term of Four (4) years (the "**Term**") in connection with the development and construction by the Borrower of a dedicated Alzheimer's and dementia care facility project to be constructed on the lands and premises situated at 103 and 109 Garden Drive, Oakville, 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 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

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 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) "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 Twelve Million Eight Hundred Thousand (\$12,800,000) 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 Twelve Million Eight Hundred Thousand (\$12,800,000) 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(1) 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 subsequently acquired by the Borrower for the construction of the condominium project of the Property;
- (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 (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, and pursuant to an offering of secured notes being completed concurrently with the transactions contemplated in this

Agreement, shall occur in tranches (the "Loan Instalments") with the first Loan Instalment to be in the amount of not less than Three Million (\$3,000,000) Dollars;

- (b) the initial face value of the Mortgage will be \$3,000,000; which amount can be increased where the Borrower obtains a new valuation/appraisal for the property in form satisfactory to Olympia Trust, where upon Olympia Trust agrees to increase the maximum mortgage amount; provided in no circumstance will the maximum mortgage amount exceed \$12,800,000; 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.

4.13 The Borrower, at any time after the third 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 four years of this Loan, even though the Loan shall have been prepaid prior to the four year term expiry (to also be paid at the time of prepayment) plus the prepayment fee; but shall not be entitled to any Additional Loan Payment for the fourth 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 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 dedicated Alzheimer's and dementia care project on the Property (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 "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 purchase the Property free and clear of any encumbrances and liens. The Borrower acknowledges that no funds will be disbursed directly to the Borrower until the Property has been acquired, free and clear of liens and encumbrances.

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 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 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 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 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:

Memory Care Investments (Oakville) Ltd.
c/o Harris + Harris LLP
2355 Skymark Avenue, Suite 300
Mississauga, Ontario, L4W 4Y6

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 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

MEMORY CARE INVESTMENTS
(OAKVILLE) LTD.

Per: 

John Davies

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

109 Garden Drive, Oakville, Ontario

Firstly:

PIN: 24821-0111 (LT) - PT LT 17, CON 3 TRAFALGAR, SOUTH OF DUNDAS STREET,
AS IN 333503 EXCEPT THE EASEMENT THEREIN; S/T TW22975
OAKVILLE/TRAFALGAR;

Secondly:

PIN: 24821-0112 (LT) - PT LT 17, CON 3 TRAFALGAR, SOUTH OF DUNDAS STREET,
PART 2 & 3, 20R6837; S/T TW22975, TW23033 OAKVILLE/TRAFALGAR;

103 Garden Drive, Oakville, Ontario

PIN: 24821-0112 (LT) - PT LT 17, CON 3 TRAFALGAR, SOUTH OF DUNDAS STREET,
PART 2 & 3, 20R6837; S/T TW22975, TW23033
OAKVILLE/TRAFALGAR

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 January 1, 2013. All funds advanced after September 30, 2012 will receive an initial payment pro rated up to and including December 31, 2012 and full payments quarterly until the maturity date, anticipated to be on or about September 30, 2016.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$128,000 payable to First Commonwealth Mortgage Corporation; (based on a maximum mortgage advance of \$12,800,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$1,920,000 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 \$12,800,000 where the actual mortgage advance is less than \$12,800,000, 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 in 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, as contemplated in Sub-Section 7.01(n) of this Agreement. 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 \$12,800,000, 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 \$12,800,000 and the Borrower's Liabilities have not been paid until the fourth anniversary of the first Loan Instalment, then the amount of the Additional Loan Payment payable by the Borrower to the Lender shall be \$2,048,000, 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 fourth year 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 8th day of April, 2014.

B E T W E E N:

SCOLLARD TRUSTEE CORPORATION, a corporation
incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "Lender")

AND

SCOLLARD DEVELOPMENT CORPORATION, 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 **Eighteen Million Six Hundred Thousand (\$18,600,000.00) 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 1606, 1610 and 1614 Charles Street, Whitby, 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 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;

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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 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) "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 Eighteen Million Six Hundred Thousand (\$18,600,000.00) 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;
- (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 Eighteen Million Six Hundred Thousand (\$18,600,000.00) 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 subsequently acquired by the Borrower for the construction of the condominium project on the Property not exceeding Fifty-Two Million (\$52,000,000.00) 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 Twelve Million Eight Hundred Thousand (\$12,800,000.00) Dollars. The second Loan Installment is expected to be in the amount of Eight Hundred Thousand (\$800,000.00) Dollars;
- (b) the initial face value of the Mortgage will be Thirteen Million Six Hundred Thousand (\$13,600,000.00) Dollars; which amount can be increased where the Borrower obtains a new valuation/appraisal for the property in form satisfactory to Olympia Trust (or any successor trust company acting for a majority of registered account syndicated mortgage participants), whereupon Olympia Trust agrees to increase the maximum mortgage amount; provided in no circumstance will the maximum mortgage amount exceed Eighteen Million Six Hundred Thousand (\$18,600,000.00) Dollars; 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, 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 fee; 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) ranking as a first mortgage; provided that said mortgage shall be subordinated to any construction financing (in one or multiple tranches) not exceeding in the aggregate Fifty-Two Million (\$52,000,000.00) Dollars obtained by the Borrower related to construction of the condominium project on the Property and for the hard and soft costs related thereto (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

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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

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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 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.

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- (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;

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- (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;

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- (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. The Borrower acknowledges that no funds will be disbursed directly to the Borrower until the Property has been acquired, free and clear of liens and encumbrances.

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; 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 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 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.)); 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;

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- (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"):

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- (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

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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:

Scollard Development Corporation
51 Caldari Road, Suite M1
Vaughan, 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

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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.

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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.

SCOLLARD TRUSTEE CORPORATION

Per: 

Name: Raj Singh

Title: President

I have authority to bind the corporation

SCOLLARD DEVELOPMENT
CORPORATION

Per: 

John Davies

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

PIN 26484-0005 (LT)

PT LT 8 BLK 4 PL H50035 WHITBY; PT LT 9 BLK 4 PL H50035 WHITBY; PT LT 14 BLK 4 PL H50035 WHITBY; PT LT 15 BLK 4 PL H50035 WHITBY AS IN D405505; WHITBY, and municipally known as 1606 Charles Street, Whitby

PIN 26484-0006 (LT)

PT LT 8 BLK 4 PL H50035 WHITBY; PT LT BLK 4 PL H50035 WHITBY AS IN CO139720 & PT 18, 40R10885; S/T CO139720; WHITBY, and municipally known as 1610 Charles Street, Whitby

PIN 26484-0007 (LT)

PT LT 7 BLK 4 PL H50035 WHITBY; PT LT 16 BLK 4 PL H50035 WHITBY AS IN D374163; S/T CO132238; WHITBY, and municipally known as 1614 Charles Street, Whitby

Municipal Description:

1606, 1610 and 1614 Charles Street, Whitby, 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 October 1, 2014. All funds advanced after July 1, 2014 will receive an initial payment pro rated up to and including October 1, 2014 and full payments quarterly until the maturity date, anticipated to be on or about August 1, 2017.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$186,000 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 \$18,600,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$2,790,000 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 \$18,600,000 where the actual mortgage advance is less than \$18,600,000, 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 or from the proceeds being held by the Lender's Solicitor, in trust, as contemplated in Sub-Section 7.01(n) of this Agreement. 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 \$18,600,000, 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 \$18,600,000 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 \$2,232,000, 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 18th day of May, 2016.

B E T W E E N:

**TEXTBOOK STUDENT SUITES (445 PRINCESS STREET)
TRUSTEE CORPORATION**, a corporation incorporated under the
laws of the Province of Ontario

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

AND

TEXTBOOK (445 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 Four Hundred and Fifty Thousand (\$8,450,000) 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/apartment/commercial project on the lands and premises situated at 429 and 445 Princess Street, Kingston, Ontario, and more particularly described in Schedule "A" attached hereto (the "**Property**").

AND WHEREAS the Property currently has a building structure located thereon which houses a Shoppers Drug Mart retail location as well as parking lot used by Shoppers Drug Mart.

AND WHEREAS the Borrower has had preliminary discussions with Shoppers Drug Mart regarding moving and relocating the retail store while the project is completed on the Property and then relocating the store back to the Property on completion of the project, which discussions still need to be finalized and then formalized in an agreement.

AND WHEREAS the Borrower agrees to pay to the Lender interest on the Principal Sum at the Loan Rate (as hereinafter defined), calculated 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 second 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, which Mortgage shall rank subordinate to a first charge in the amount of up to

\$7,000,000, which proceeds are to be used to assist with the acquisition of the Property (the "First Charge");

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 second 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, but excluding any and all rents received prior to completion/construction of the project on the Property;
 - (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 Elliott Law Professional Corporation, 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 Four Hundred and Fifty Thousand (\$8,450,000) 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(b) 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 Four Hundred and Fifty Thousand (\$8,450,000) 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 subsequently acquired by the Borrower for the construction of the condominium or comparable project on the Property not exceeding Seventy-Five Million (\$75,000,000) Dollars (plus any Tarion bonding company insurance mortgage security);
- (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**"). The Loan Installments are expected to be in the aggregate amount of up to Eight Million Four Hundred and Fifty Thousand (\$8,450,000) Dollars;
- (b) The aggregate Loan Installments plus the First Charge shall not exceed the appraised value of the Property;
- (c) The initial face value of the Mortgage shall be equal to the result of \$15,450,000 less the amount of the First Charge; which amount can be increased where the Borrower obtains a new valuation/appraisal for the Property evidencing an increased value of the Property, and the Mortgage shall be registered for an amount equal to the result of the value of the Property in the new appraisal less the amount of the First Charge;
- (d) In no case shall the maximum aggregate Mortgage amount exceed \$8,450,000; and
- (e) 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 \$8,450,000 less any other mortgages (excluding any Tarion Warranty bond and construction and related financing mortgage security registered against the Property) ranking as a second mortgage; provided that said mortgage shall also be subordinated to (i) the First Charge and (ii) any construction and related financing (in one or multiple tranches) not exceeding in the aggregate Seventy-Five Million (\$75,000,000) Dollars obtained by the Borrower related to construction of the condominium/apartment/commercial project on the Property and for the hard and soft costs related thereto, plus (iii) 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; and
- (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 lien.

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 (445 Princess Street) Inc.
51 Caldari Road, #A1M
Concord Ontario L4K 4G3

Attention: Mr. John Davies
Fax Number: 905-841-8081

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 First Commonwealth Mortgage Corporation
337 Castlemore Avenue
Markham, Ontario, L6C 2Y1

Attention: Mr. Jude Cassimy

with a copy to:

Elliott Law Professional Corporation
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.

[Remainder of Page Intentionally Left Blank – Signature Page to Follow]

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

**TEXTBOOK STUDENT SUITES (445
PRINCESS STREET) TRUSTEE
CORPORATION**

Per: _____

Name: Jude Cassimy

Title: President

I have authority to bind the corporation

TEXTBOOK (445 PRINCESS STREET) INC.

Per: _____

Name: John Davies

Title: Co-President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

PT LT 9 PL 135 KINGSTON CITY PT 1 13R6874; T/W FR600210; KINGSTON; THE
COUNTY OF FRONTENAC
PIN 36071-0211 (LT)

LT 7-8 PL 135 KINGSTON CITY; PT LT 6 PL 135 KINGSTON CITY; PT LT 24 BLK Z
CON 1 KINGSTON PT 1 13R9645; T/W & S/T FR396611; KINGSTON; THE COUNTY OF
FRONTENAC PIN 36071-0209 (LT)

Municipal Description:

429 and 445 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 October 1, 2016. All funds advanced by the Lender between the Closing Date (on or about June 30, 2016) and October 1, 2016 shall receive an initial payment pro rated for the period from the date of the advance by the Lender to October 1, 2016 and full payments quarterly thereafter until the maturity date, anticipated to be on or about June 30, 2019.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$84,500 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 \$8,450,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.
- b) Referral and Related Fees of \$1,352,000 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 \$8,450,00 where the actual mortgage advance is less than \$8,450,00, 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 two (2%) 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 \$8,450,000, 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 \$8,450,000 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 \$507,000, or 2% 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 2% 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.
6. The First Charge registered against the Property of up to \$7,000,000 used to assist in the acquisition of the Property.

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;

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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

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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.

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- (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;

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- (u) "Indemnites" 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

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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 Borrower's 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 Tarrion 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;

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- (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

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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

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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.

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- (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,

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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.

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- 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

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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:

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- (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;

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- (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

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(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

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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

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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

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(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

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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 attain 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: _____

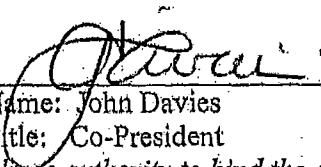

Name: Raj Singh

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

TAB 3

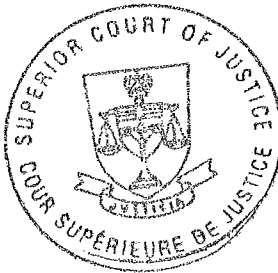
**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

**KSV KOFMAN INC., IN ITS CAPACITY AS RECEIVER AND MANAGER
OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT
CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER)
LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858
ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525
PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET)
INC.**

Plaintiff

- and -



TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

NOTICE OF ACTION

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the Statement of Claim served with this Notice of Action.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this Notice of Action is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF

YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date May 16, 2017

Issued by _____


Local Registrar

Address of
court office: 330 University Avenue
Toronto, ON M5G 1E6

A. Anissimova
Registrar

TO: TEXTBOOK (256 RIDEAU STREET) INC.
451 Caldari Road, # A1M
Concord, Ontario L4K 4G3

-and-

300-2355 Skymark Avenue
Mississauga, Ontario L4W 4Y6

CLAIM

1. The plaintiff, KSV Kofman Inc. (“**KSV**”), solely in its capacity as receiver and manager of Textbook (555 Princess Street) Inc. (“**555 Princess**”), Textbook (525 Princess Street) Inc. (“**525 Princess**”), Memory Care Investment (Kitchener) Ltd. (“**Kitchener**”) and 1703858 Ontario Inc. (“**Burlington**”) and not in its personal capacity or in any other capacity, claims against the defendant, Textbook (256 Rideau St.) Inc. (“**Rideau**”):

- (a) a constructive trust and/or damages in an amount to be particularized prior to trial for unjust enrichment;
- (b) a declaration that the plaintiff is entitled to trace its assets into the hands of Rideau and a declaration that Rideau holds those assets as a constructive trustee for the plaintiff;
- (c) a declaration that the plaintiff has a proprietary interest in the following real property held by Rideau:
 - (i) the real property municipally described as 256 Rideau Street, Ottawa, Ontario, which is legally described under PIN 04210-0004 (LT) as LT 7, PL 6 , S OF RIDEAU ST, S/T & T/W CR180805; OTTAWA; and
 - (ii) the real property municipally described as 211 Besserer Street, Ottawa, Ontario, which is legally described under PIN 04210-0009 (LT) as PCL 7-1, SEC 6; LT 7, PL 6, PART 1 - 3, 4R919, N OF BESSERER; OTTAWA;(collectively, the “**Ottawa Property**”);

- (d) An order that the registrar issue and register certificates of pending litigation on and against title to the Ottawa Property;
- (e) special damages, including all costs and expenses arising out of the detection, investigation, and quantification of the losses suffered by the plaintiff, in an amount to be particularized prior to trial;
- (f) pre-judgment and post-judgment interest on a compound basis or, alternatively, pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (g) costs of this action, including the costs of any and all interim and interlocutory motions, on a full indemnity or other appropriate scale, including all applicable taxes; and
- (h) such further and other relief as this Honourable Court deems just.

Parties

2. The plaintiff is the court-appointed receiver and manager of certain property of 555 Princess, 525 Princess, Kitchener, Burlington, Scollard Development Corporation, Memory Care Investments (Oakville) Ltd. and Legacy Lane Investments Ltd. (collectively, the “**Companies**”). KSV was appointed the receiver and manager of certain property of the Companies pursuant to orders of the Ontario Superior Court of Justice dated February 2, 2017, April 28, 2017 and May 2, 2017. Each of the Companies in respect of which KSV has been appointed receiver and manager was advanced monies on a secured basis by various trust corporations, which monies had been raised from investors through syndicated mortgages for particular real estate development projects specific to the respective Companies. In particular:

- (a) 555 Princess is a company incorporated pursuant to the laws of Ontario. It was advanced monies on a secured basis by Textbook Student Suites (555 Princess Street) Trustee Corporation, which monies had been raised from investors through a syndicated mortgage for a particular real estate development project specific to 555 Princess. The only officers and directors of 555 Princess are John Davies (“**Davies**”) and Walter Thompson (“**Thompson**”).

- (b) 525 Princess is a company incorporated pursuant to the laws of Ontario. It was advanced monies on a secured basis by Textbook Student Suites (525 Princess Street) Trustee Corporation, which monies had been raised from investors through a syndicated mortgage for a particular real estate development project specific to 525 Princess. The only officers and directors of 525 Princess are Davies and Thompson.

- (c) Kitchener is a company incorporated pursuant to the laws of Ontario. It was advanced monies on a secured basis by MC Trustee (Kitchener) Ltd., which monies had been raised from investors through a syndicated mortgage for a particular real estate development project specific to Kitchener. The sole officer and director of Kitchener is Davies.

- (d) Burlington is a company incorporated pursuant to the laws of Ontario. It was advanced monies on a secured basis by 2223947 Ontario Limited, which monies had been raised from investors through a syndicated mortgage for a particular real estate development project specific to Burlington. The sole officer and director of Burlington is Davies.

3. The defendant, Rideau, is a company incorporated pursuant to the laws of Ontario. Like both 555 Princess and 525 Princess, its sole officers and directors are Davies and Thompson. However, Rideau was in no way to be involved in the respective real estate development projects to be undertaken by 555 Princess, 525 Princess, Kitchener or Burlington.

Misappropriation of Funds

4. This action is in respect of a scheme whereby the funds of the investing public were ultimately improperly diverted from 555 Princess, 525 Princess, Kitchener and Burlington (and the respective real estate development projects in which the funds were required to be invested) to Rideau, amongst other related recipients.

5. Rideau acquired the Ottawa Property on or around November 6, 2015.

6. On October 27, 2015, shortly before Rideau's acquisition of the Ottawa Property, 555 Princess improperly transferred \$1.39 million to Rideau, and Kitchener improperly transferred \$111,000 to Rideau, both by way of cheque. The cheques were both signed by Davies.

7. The funds were transferred from 555 Princess and Kitchener to Rideau for no consideration, for no valid business purpose and in contravention of the relevant loan agreements entered into by the parties. Despite the fact that the funds were required to be used for specific real estate development projects to be respectively undertaken by 555 Princess and Kitchener, Davies caused the funds to be transferred to Rideau with complete disregard for the separate corporate identities of 555 Princess, Kitchener and Rideau and the contractual and legal obligations of the parties, which had the result of sheltering assets and frustrating both 555 Princess's and

Kitchener's creditors. Rideau profited from this clear breach of Davies' fiduciary and other legal obligations owed to both 555 Princess and Kitchener.

8. These misappropriated funds were used to finance Rideau's acquisition of the Ottawa Property.

9. Following Rideau's acquisition of the Ottawa Property, a further \$61,200 was improperly transferred to Rideau from 555 Princess, 525 Princess and Burlington by way of cheques, also signed by Davies. Specifically:

- (a) \$2,200 was transferred by Burlington to Rideau on November 5, 2015;
- (b) \$36,000 was transferred by 555 Princess to Rideau on December 17, 2015;
- (c) \$7,000 was transferred by 555 Princess to Rideau on May 31, 2016; and
- (d) \$16,000 was transferred by 525 Princess to Rideau on June 20, 2016.

10. Despite the fact that these funds were required to be used for specific real estate development projects to be respectively undertaken by 555 Princess, 525 Princess and Burlington, the \$61,200 was transferred to Rideau for no consideration, for no valid business purpose and in contravention of the relevant loan agreements entered into by the parties. Contrary to Davies' fiduciary and other legal obligations owed to 555 Princess, 525 Princess and Burlington, the funds were transferred with complete disregard for the companies' corporate separateness and contractual and legal obligations, which had the result of sheltering assets and further frustrating the creditors of 555 Princess, 525 Princess and Burlington. Rideau profited and benefited from these breaches of Davies' duties.

Unjust Enrichment

11. By virtue of the facts set out above, Rideau has been unjustly enriched. 555 Princess, 525 Princess, Kitchener and Burlington have collectively suffered a corresponding deprivation. There is no juristic reason for Rideau's enrichment or for 555 Princess's, 525 Princess's, Kitchener's and Burlington's corresponding deprivations.

Proprietary Interest in the Ottawa Property

12. By virtue of the facts set out above, including but not limited to Rideau's improper use of 555 Princess's and Kitchener's funds to finance the acquisition of the Ottawa Property, the plaintiff has a proprietary interest in the Ottawa Property and Rideau holds such property as a constructive trustee for the benefit of the plaintiff.

May 16, 2017

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto ON M5X 1A4

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Facsimile: (416) 863-1716

Lawyers for the Plaintiff

**KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation et al.**
Plaintiff

TEXTBOOK (256 RIDEAU STREET) INC.
Cvt 7 11805-0002
Defendant

Court File No:

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

**PROCEEDING COMMENCED AT
TORONTO**

NOTICE OF ACTION

BENNETT JONES LLP
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Toronto ON M5X 1A4

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Facsimile: (416) 863-1716

Lawyers for the Plaintiff

TAB 4

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

B E T W E E N:

KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

**ORDER
(Certificates of Pending Litigation)**

THIS MOTION, made without notice by the plaintiff, KSV Kofman Inc. (“**KSV**”) solely in its capacity as Receiver and Manager of certain property of Scollard Development Corporation, Memory Care Investments (Kitchener) Ltd., Memory Care Investments (Oakville) Ltd., 1703858 Ontario Inc., Legacy Lane Investments Ltd., Textbook (525 Princess Street) Inc. and Textbook (555 Princess Street) Inc. and not in its personal capacity or in any other capacity, pursuant to section 103 of the *Courts of Justice Act* and Rule 42 of the *Rules of Civil Procedure*, for certificates of pending litigation and related relief, was heard this day.

ON READING the materials filed by the plaintiff, including the Notice of Motion, the third report of KSV dated May 16, 2017 and the appendices thereto, the factum, and the brief of authorities of the plaintiff,

1. **THIS COURT ORDERS** that the Registrar shall issue Certificates of Pending Litigation on and as against title to:

(a) the real property municipally described as 256 Rideau Street, Ottawa, Ontario, which is legally described under PIN 04210-0004 (LT) as LT 7, PL 6 , S OF RIDEAU ST, S/T & T/W CR180805; OTTAWA; and

(b) the real property municipally described as 211 Besserer Street, Ottawa, Ontario, which is legally described under PIN 04210-0009 (LT) as PCL 7-1, SEC 6; LT 7, PL 6, PART 1 - 3, 4R919, N OF BESSERER; OTTAWA;

2. **THIS COURT FURTHER ORDERS** that the plaintiff is hereby granted leave to register this Order and the Certificates of Pending Litigation against title to the properties described in paragraph 1 above.

3. **THIS COURT FURTHER ORDERS** that this Order shall remain in full force and effect until further Order of this Court. In the event the defendant brings a motion to remove the Certificates of Pending Litigation, it may move for such relief on not less than seven days' notice to the plaintiff.

**KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation, et al.**
Plaintiff

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

Court File No: CV-17-11805-00CL

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

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Certificates of Pending Litigation)**

BENNETT JONES LLP
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Lawyers for the Plaintiff

TAB 5

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

B E T W E E N:

KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

CERTIFICATE OF PENDING LITIGATION

I CERTIFY that, in this proceeding, an interest in the following land is in question:

211 Besserer Street, Ottawa, Ontario, which is legally described under PIN 04210-0009 (LT) as PCL 7-1, SEC 6; LT 7, PL 6, PART 1 - 3, 4R919, N OF BESSERER; OTTAWA.

This certificate is issued under an Order of the Court made on May 17, 2017.

Date May 17, 2017

Issued by

Local Registrar

Address of
Court Office

330 University Avenue
7th Floor
Toronto ON M5G 1R7

**KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation, et al.**
Plaintiff

TEXTBOOK (256 RIDEAU STREET) INC.
Defendant

Court File No: CV-17-11805-00CL

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

**PROCEEDING COMMENCED AT
TORONTO**

CERTIFICATE OF PENDING LITIGATION

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Lawyers for the Plaintiff

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

B E T W E E N:

KSV KOFMAN INC. IN ITS CAPACITY AS RECEIVER AND MANAGER OF CERTAIN PROPERTY OF SCOLLARD DEVELOPMENT CORPORATION, MEMORY CARE INVESTMENTS (KITCHENER) LTD., MEMORY CARE INVESTMENTS (OAKVILLE) LTD., 1703858 ONTARIO INC., LEGACY LANE INVESTMENTS LTD., TEXTBOOK (525 PRINCESS STREET) INC. AND TEXTBOOK (555 PRINCESS STREET) INC.

Plaintiff

- and -

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

CERTIFICATE OF PENDING LITIGATION

I CERTIFY that, in this proceeding, an interest in the following land is in question:

256 Rideau Street, Ottawa, Ontario, which is legally described under PIN 04210-0004 (LT) as LT 7, PL 6 , S OF RIDEAU ST, S/T & T/W CR180805; OTTAWA.

This certificate is issued under an Order of the Court made on May 17, 2017.

Date May 17, 2017

Issued by _____

Local Registrar

Address of

Court Office 330 University Avenue
7th Floor
Toronto ON M5G 1R7

**KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation, et al.**
Plaintiff

TEXTBOOK (256 RIDEAU STREET) INC.
Defendant

Court File No: CV-17-11805-00CL

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

**PROCEEDING COMMENCED AT
TORONTO**

CERTIFICATE OF PENDING LITIGATION

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Lawyers for the Plaintiff

**KSV KOFMAN INC. in its capacity as Receiver and Manager of
Certain Property of Scollard Development Corporation, et al.**
Plaintiff

TEXTBOOK (256 RIDEAU STREET) INC.

Defendant

Court File No: CV-17-11805-00CL

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

**PROCEEDING COMMENCED AT
TORONTO**

MOTION RECORD

**(Motion for Certificates of Pending Litigation –
Returnable May 16, 2017)**

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto ON M5X 1A4

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Lawyers for the Plaintiff