



**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

Contents

	Page
1.0 Introduction.....	1
1.1 Restrictions.....	2
2.0 Rideau Property	3
2.1 Purchase of the Property.....	3
2.2 Other Payments to Rideau	4
3.0 Conclusion.....	6

Appendices

Appendix	Tab
Corporate Profile Reports.....	A
Title Search Ottawa Property.....	B
555 Princess, Kitchener and Ross Park Bank Statements and Cancelled Cheques	C
Companies' Bank Statements and Cancelled Cheques	D
445 Princess, Bronson and Ross Park Bank Statements and Cancelled Cheques	E
Loan Agreements.....	F



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**

Appendix “A”

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: 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
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: 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: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2479030

Corporation Name

TEXTBOOK (555 PRINCESS STREET) INC.

Corporate Name History

TEXTBOOK (555 PRINCESS STREET) INC.

Effective Date

2015/08/14

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/08/14

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

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: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2479030

Corporation Name

TEXTBOOK (555 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/08/14

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

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

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

OFFICER

Officer Type

TREASURER

Resident Canadian

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

OFFICER

Officer Type

OTHER

Resident Canadian

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: 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: 2017/05/16
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.

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

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		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
		Date Commenced in Ontario	Date Ceased in Ontario
		NOT APPLICABLE	NOT APPLICABLE
Activity Classification	Number of Directors		
NOT AVAILABLE	Minimum	Maximum	
	00001	00015	

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: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2492831

Corporation Name

TEXTBOOK (774 BRONSON AVENUE) INC.

Corporate Name History

TEXTBOOK (774 BRONSON AVENUE) INC.

Effective Date

2015/11/24

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/11/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

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: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2492831

Corporation Name

TEXTBOOK (774 BRONSON AVENUE) INC.

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/11/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

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: 2017/05/16
Time Report Produced: 10:48:00
Page: 4

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: 2017/05/16
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Page: 5

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

OFFICER

Officer Type

TREASURER

Resident Canadian

Request ID: 020265340
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Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 10:48:00
Page: 6

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)

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Ministry of Government Services

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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
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00015	
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

Request ID: 020265309
Transaction ID: 64473932
Category ID: UNE

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

2462423

Corporation Name

TEXTBOOK ROSS PARK INC.

Corporate Name History

TEXTBOOK ROSS PARK INC.

Effective Date

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)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/04/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

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: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2462423

Corporation Name

TEXTBOOK ROSS PARK INC.

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/04/16

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/04/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

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: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2462423

Corporation Name

TEXTBOOK ROSS PARK INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/04/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/04/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

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: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

2462423

Corporation Name

TEXTBOOK ROSS PARK INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2015/04/16

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

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: 6

CORPORATION PROFILE REPORT

Ontario Corp Number

2462423

Corporation Name

TEXTBOOK ROSS PARK INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2015/05/15 (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.

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

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
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
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00015	
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: 2017/05/16
Time Report Produced: 10:47:13
Page: 2

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
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2512577

Corporation Name

TEXTBOOK (445 PRINCESS STREET) INC.

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

OFFICER

Officer Type

SECRETARY

Resident Canadian

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

OFFICER

Officer Type

OTHER

Resident Canadian

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: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2512577

Corporation Name

TEXTBOOK (445 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

JAMES

GRACE

Address

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

Date Began

2016/04/06

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

VICE-PRESIDENT

Resident Canadian

Administrator:

Name (Individual / Corporation)

WALTER

THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

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
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

2512577

Corporation Name

TEXTBOOK (445 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2016/04/06

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

1248 ATKINS DRIVE

NEWMARKET
ONTARIO
CANADA L3X 0C3

Date Began

2016/04/06

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

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: 6

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

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: 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
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
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00015	
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

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
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2484767

Corporation Name

TEXTBOOK (525 PRINCESS STREET) INC.

Corporate Name History

TEXTBOOK (525 PRINCESS STREET) INC.

Effective Date

2015/09/28

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/09/28

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

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
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2484767

Corporation Name

TEXTBOOK (525 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/09/28

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2015/09/28

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Request ID: 020265313
Transaction ID: 64473940
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 10:45:40
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2484767

Corporation Name

TEXTBOOK (525 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

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)

WALTER
THOMPSON

Address

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
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

2484767

Corporation Name

TEXTBOOK (525 PRINCESS STREET) INC.

Administrator:

Name (Individual / Corporation)

WALTER
THOMPSON

Address

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: 2017/05/16
Time Report Produced: 10:45:40
Page: 6

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)

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:03:27
Page: 1

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
2355 SKYMARK AVENUE		NOT APPLICABLE
Suite # 300		Amalgamation Ind.
MISSISSAUGA		NOT APPLICABLE
ONTARIO		New Amal. Number
CANADA L4W 4Y6		NOT APPLICABLE
		Notice Date
		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: 020266228
Transaction ID: 64476679
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:03:27
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2330709

Corporation Name

MEMORY CARE INVESTMENTS (OAKVILLE) LTD.

Corporate Name History

MEMORY CARE INVESTMENTS (OAKVILLE) LTD.

Effective Date

2012/06/05

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

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

Date Began

2012/06/05

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:03:27
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2330709

Corporation Name

MEMORY CARE INVESTMENTS (OAKVILLE) LTD.

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

2012/06/05

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

2012/06/05

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:03:27
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2330709

Corporation Name

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: 2017/05/16
Time Report Produced: 12:04:25
Page: 1

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
51 CALDARI		NOT APPLICABLE
Suite # A1M		New Amal. Number
CONCORD		NOT APPLICABLE
ONTARIO		Notice Date
CANADA L4K 4G3		NOT APPLICABLE
Mailing Address		Letter Date
24 COUNTRY CLUB DRIVE		NOT APPLICABLE
KING CITY		Revival Date
ONTARIO		NOT APPLICABLE
CANADA L7B 1M5		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00015	
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

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
Page: 2

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
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2365054

Corporation Name

SCOLLARD DEVELOPMENT CORPORATION

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

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

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

OFFICER

Officer Type

SECRETARY

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
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2365054

Corporation Name

SCOLLARD DEVELOPMENT CORPORATION

Last Document Recorded

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

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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
Page: 1

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
2355 SKYMARK AVENUE		NOT APPLICABLE
Suite # 300		Amalgamation Ind.
MISSISSAUGA		NOT APPLICABLE
ONTARIO		New Amal. Number
CANADA L4W 4Y6		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
Mailing Address		Letter Date
24 COUNTRY CLUB DRIVE		NOT APPLICABLE
		Revival Date
		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum	
	00001	
	Maximum	
	00015	

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
Page: 2

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
Time Report Produced: 12:05:32
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2343407

Corporation Name

LEGACY LANE INVESTMENTS LTD.

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

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

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

OFFICER

Officer Type

TREASURER

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
Time Report Produced: 12:05:32
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2343407

Corporation Name

LEGACY LANE INVESTMENTS LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2015/09/17 (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: 020266204
Transaction ID: 64476611
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:01:55
Page: 1

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
51 CALDARI ROAD		NOT APPLICABLE
Suite # #A1M		New Amal. Number
MAPLE		NOT APPLICABLE
ONTARIO		Notice Date
CANADA L4K 4G3		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
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	
	00001	NOT APPLICABLE
	00015	
Activity Classification		Date Ceased
NOT AVAILABLE		in Ontario
		NOT APPLICABLE

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:01:55
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2372509

Corporation Name

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Corporate Name History

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Effective Date

2013/05/09

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

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

Date Began

2013/05/09

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:01:55
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2372509

Corporation Name

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

2013/05/09

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

JOHN
DAVIES

Address

2355 SKYMARK AVENUE

Suite # 300
MISSISSAUGA
ONTARIO
CANADA L4W 4Y6

Date Began

2013/05/09

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

VICE-PRESIDENT

Resident Canadian

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

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/05/16
Time Report Produced: 12:01:55
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2372509

Corporation Name

MEMORY CARE INVESTMENTS (KITCHENER) LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2015	1C	2016/12/04 (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: 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
Page: 1

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
2355 SKYMARK AVENUE		NOT APPLICABLE
Suite # 300		Amalgamation Ind.
MISSISSAUGA		NOT APPLICABLE
ONTARIO		New Amal. Number
CANADA L4W 4Y6		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
Mailing Address		Letter Date
24 COUNTRY CLUB DRIVE		NOT APPLICABLE
		Revival Date
		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	in Ontario
	Maximum	Date Ceased
	00001	in Ontario
	00007	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

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
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

1703858

Corporation Name

1703858 ONTARIO LTD.

Corporate Name History

1703858 ONTARIO LTD.

Effective Date

2006/10/12

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

2013/05/17

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

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
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

1703858

Corporation Name

1703858 ONTARIO LTD.

Administrator:

Name (Individual / Corporation)

JOHN
EVAN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2013/05/17

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

JOHN
EVAN
DAVIES

Address

24 COUNTRY CLUB DRIVE

KING CITY
ONTARIO
CANADA L7B 1M5

Date Began

2013/05/17

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

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
Page: 4

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)

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.

Appendix “B”

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

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

FIRST CONVERSION FROM BOOK 13

PIN CREATION DATE:

1997/01/27

OWNERS' NAMES

TEXTBOOK (256 RIDEAU STREET) INC.

CAPACITY SHARE

ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>**EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1997/01/27 ON THIS PIN**</p> <p>**WAS REPLACED WITH THE "PIN CREATION DATE" OF 1997/01/27**</p> <p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 1997/01/24 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *</p> <p>** AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF</p> <p>** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY</p> <p>** CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 1997/01/27 **</p>						
CR334545	1955/06/20	TRANSFER		*** COMPLETELY DELETED ***	DWORKIN FURS LIMITED	
CR704226	1977/02/15	CERTIFICATE		*** COMPLETELY DELETED ***		
CR713238	1977/07/27	AGREEMENT			THE CORPORATION OF THE CITY OF OTTAWA	C
		REMARKS: DEVELOPMENT				
LT1209832	1999/07/08	APL COURT ORDER		*** COMPLETELY DELETED ***	DWORKIN FURS LIMITED	
		REMARKS: DELETE CR704226				
LT1228889	1999/09/15	APL CH NAME OWNER		*** COMPLETELY DELETED ***	TOTH EQUITY LIMITED	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

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

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

LAND
REGISTRY
OFFICE #4

04210-0004 (LT)

PREPARED FOR Alexandra01
ON 2017/05/09 AT 12:29:39

* 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
		REMARKS: OC1279020.		J.S.M. LTD.		
OC1354728	2012/04/25	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1354792	2012/04/26	DISCH OF CHARGE		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1278966.				
OC1354793	2012/04/26	DISCHARGE INTEREST		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1279019.				
4R27128	2013/06/19	PLAN REFERENCE				C
OC1492382	2013/07/02	DISCH OF CHARGE		*** COMPLETELY DELETED *** J.S.M. LTD.		
		REMARKS: OC1354728.				
OC1508323	2013/08/15	CHARGE		*** DELETED AGAINST THIS PROPERTY *** PHOENIX PROPERTIES INC.	HMT HOLDINGS INC.	
OC1738340	2015/11/06	DISCH OF CHARGE		*** COMPLETELY DELETED *** HMT HOLDINGS INC.		
		REMARKS: OC1508323.				
OC1738361	2015/11/06	TRANSFER	\$11,000,000	PHOENIX PROPERTIES INC.	TEXTBOOK (256 RIDEAU STREET) INC.	C
		REMARKS: PLANNING ACT STATEMENTS.				
OC1738362	2015/11/06	CHARGE	\$5,500,000	TEXTBOOK (256 RIDEAU STREET) INC.	PHOENIX PROPERTIES INC.	C
OC1738363	2015/11/06	CHARGE	\$2,750,000	TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
OC1738364	2015/11/06	NO ASSGN RENT GEN		TEXTBOOK (256 RIDEAU STREET) INC.	KINGSETT MORTGAGE CORPORATION	C
		REMARKS: OC1738363.				
OC1738365	2015/11/06	TRANSFER OF CHARGE		PHOENIX PROPERTIES INC.	KINGSETT MORTGAGE CORPORATION	C
		REMARKS: OC1738362.				
OC1751087	2015/12/18	DISCH OF CHARGE		*** COMPLETELY DELETED *** LAURENTIAN BANK OF CANADA		
		REMARKS: OC1353323.				

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.

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

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 FA1

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
LT179256	1978/04/28	CHARGE		*** COMPLETELY DELETED ***	THE BANK OF NOVA SCOTIA	
LT179258	1978/04/28	CHARGE		*** COMPLETELY DELETED ***	MIDFINSER REALTY LIMITED	
LT207896	1979/05/17	JDCMT FORECLOSURE		*** COMPLETELY DELETED ***	TOTH HOLDINGS LIMITED	
LT1163342	1998/11/16	APL (GENERAL)		*** COMPLETELY DELETED *** TOTH EQUITY LIMITED		
REMARKS: DELETING LT179256 AND LT179258						
LT1228890	1999/09/15	APL CH NAME OWNER		*** COMPLETELY DELETED *** TOTH HOLDINGS LIMITED	TOTH EQUITY LIMITED	
OC19113	2001/11/20	APL (GENERAL)		*** COMPLETELY DELETED *** TOTH EQUITY LIMITED	9093-5958 QUEBEC INC.	
OC215835	2003/07/02	TRANSFER		*** COMPLETELY DELETED *** TOTH EQUITY LIMITED	9093-5958 QUEBEC INC.	
OC215836	2003/07/02	CHARGE		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.	MARBAN CORPORATION	
OC1278639	2011/09/01	APL (GENERAL)		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
		REMARKS: DELETE OC19113				
OC1278800	2011/09/01	DISCH OF CHARGE		*** COMPLETELY DELETED *** MARBAN CORPORATION		
		REMARKS: OC215836.				
OC1278965	2011/09/01	TRANSFER		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.	PHOENIX PROPERTIES INC.	
		REMARKS: PLANNING ACT STATEMENTS				
OC1278966	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	9093-5958 QUEBEC INC.	
OC1279018	2011/09/01	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	9093-5958 QUEBEC INC.	
		REMARKS: OC1278966				
OC1279019	2011/09/01	NO SEC INTEREST		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1278966				
OC1279020	2011/09/01	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1353323	2012/04/20	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	LAURENTIAN BANK OF CANADA	
OC1353324	2012/04/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	LAURENTIAN BANK OF CANADA	
		REMARKS: OC1353323.				
OC1354718	2012/04/25	DISCH OF CHARGE		*** COMPLETELY DELETED *** J.S.M. LTD.		
		REMARKS: OC1279020.				
OC1354728	2012/04/25	CHARGE		*** COMPLETELY DELETED *** PHOENIX PROPERTIES INC.	J.S.M. LTD.	
OC1354792	2012/04/26	DISCH OF CHARGE		*** COMPLETELY DELETED *** 9093-5958 QUEBEC INC.		
		REMARKS: OC1278966.				
OC1354793	2012/04/26	DISCHARGE INTEREST		*** COMPLETELY DELETED ***		

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

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

RBBDA30000_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 (88 PRINCESS STREET) INC. <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>		<small>ROYAL BANK OF CANADA BUSINESS ACCOUNT ELECTRONIC FUND TRANSFER INSTRUCTIONS ON PAGE 10</small>	000258 <small>DATE 20151022</small>
PAY Ten Thousand and 00/100		\$ 10,000.00	
TO THE ORDER OF	Textbook Student Refill Inc. <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>	<small>TEXTBOOK (88 PRINCESS STREET) INC.</small> 	
MEMO	Lea	<small>FOR</small>	
<small>#000258# 000442-0030 101-432-3# /0001000000/</small>			

Report to the Credit of
TEXTBOOK (88 PRINCESS STREET) INC.
 TR & 00442 ACC. 0001102

FOR DEPOSIT ONLY
 OCT 22 2015

BACK OVERNO

P. for 104 1021
 00011021

Serial #: 259 Amount: \$113,000.00

TEXTBOOK (88 PRINCESS STREET) INC. <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>		<small>ROYAL BANK OF CANADA BUSINESS ACCOUNT ELECTRONIC FUND TRANSFER INSTRUCTIONS ON PAGE 10</small>	000259 <small>DATE 20151022</small>
PAY One Hundred Thirteen Thousand and 00/100		\$ 113,000.00	
TO THE ORDER OF	Aurion Investments Ltd <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>	<small>TEXTBOOK (88 PRINCESS STREET) INC.</small> 	
MEMO	Lea	<small>FOR</small>	
<small>#000259# 000442-0030 101-432-3# /0011300000/</small>			

Report to the Credit of
TEXTBOOK (88 PRINCESS STREET) INC.
 TR & 00442 ACC. 0001102

FOR DEPOSIT ONLY
 OCT 22 2015

BACK OVERNO

P. for 104 1021
 00011021

Serial #: 260 Amount: \$113,000.00

TEXTBOOK (88 PRINCESS STREET) INC. <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>		<small>ROYAL BANK OF CANADA BUSINESS ACCOUNT ELECTRONIC FUND TRANSFER INSTRUCTIONS ON PAGE 10</small>	000260 <small>DATE 20151022</small>
PAY One Hundred Thirteen Thousand and 00/100		\$ 113,000.00	
TO THE ORDER OF	158185 Ontario Inc. <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>	<small>TEXTBOOK (88 PRINCESS STREET) INC.</small> 	
MEMO	Lea	<small>FOR</small>	
<small>#000260# 000442-0030 101-432-3# /0011300000/</small>			

Report to the Credit of
TEXTBOOK (88 PRINCESS STREET) INC.
 TR & 00442 ACC. 0001102

FOR DEPOSIT ONLY
 OCT 22 2015

BACK OVERNO

P. for 104 1021
 00011021

For deposit only to
 158185 Ontario Inc.
 0002 - 01017 - 000183

30022-004 02
 THE TRICORP BUSINESS BANK
 OCT 22 2015
 OCT 21 2015 10:00 AM
 0002-004

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

TEXTBOOK (88 PRINCESS STREET) INC. <small>81 Colson Road, Suite 411 Camden, ON L9R 4G3</small>		<small>ROYAL BANK OF CANADA BUSINESS ACCOUNT ELECTRONIC FUND TRANSFER INSTRUCTIONS ON PAGE 10</small>	000261 <small>DATE 20151027</small>
PAY One Million Three Hundred Ninety Thousand and 00/100		\$ 1,390,000.00	
TO THE ORDER OF	Textbook (88 Princess Street) Inc.	<small>TEXTBOOK (88 PRINCESS STREET) INC.</small> 	
MEMO	Lea	<small>FOR</small>	
<small>#000261# 000442-0030 101-432-3# /0119000000/</small>			

Report to the Credit of
TEXTBOOK (88 PRINCESS STREET) INC.
 TR & 00442 ACC. 0001102

FOR DEPOSIT ONLY
 OCT 27 2015

BACK OVERNO

P. for 104 1021
 00011021

For deposit only to
 Textbook (88 Princess Street) Inc.
 0002 - 100247 - 00011021

0002-004 02
 THE TRICORP BUSINESS BANK
 OCT 27 2015
 OCT 27 2015 10:00 AM
 0002-004



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

Business Account Statement

RBBDA30000_2791641 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 BUTCHERSON LTD. 1900 Highway 107 Unit 100 Saskatoon, SK S0N 0A2		When direct deposit instructions change, it is essential that you notify us by e-mail. DATE 20151027 ***** \$ 111,000.00	000599
RF	One Hundred Eleven Thousand and 00/100		
TO THE ORDER OF	Tookook GMS (Retail Store) Inc.	MEMORY CARE INVESTMENTS BUTCHERSON LTD.	
MEMO	Leas	<i>Shaw</i>	
	⑆000599⑆ ⑆00442⑆003⑆ 100-521-4⑆ /⑆0011000000⑆		

*For deposit only
Tookook GMS (Retail Store) Inc.
000599-100599*

*10/27/15
11:11 AM
100-521-4
111,000.00*

3500256778

Serial #: 600 Amount: \$40,000.00

MEMORY CARE INVESTMENTS BUTCHERSON LTD. 1900 Highway 107 Unit 100 Saskatoon, SK S0N 0A2		When direct deposit instructions change, it is essential that you notify us by e-mail. DATE 20151028 ***** \$ 40,000.00	000600
RF	Forty Thousand and 00/100		
TO THE ORDER OF	Senary Development Corporation 81 Colton Road, Suite 8A102 Camden, ON N6K 0G9	MEMORY CARE INVESTMENTS BUTCHERSON LTD.	
MEMO	Leas	<i>Shaw</i>	
	⑆000600⑆ ⑆00442⑆003⑆ 100-521-4⑆ /⑆0004000000⑆		

*Senary Development Corporation
81 Colton Road, Suite 8A102
Camden, ON N6K 0G9*

*10/28/15
11:11 AM
100-521-4
40,000.00*

3500256778



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

TEXTROCK ROSS PARK INC. <small>14000 Ross Park Blvd Richmond, BC V6X 1A1 Tel: 604-273-1111</small>		<small>OFFICIAL BANK OF CANADA ACCOUNT NO. 00000000000000000000 EXPIRES ON 12/31/16</small>	000963
PAY One Hundred Twenty-Five Thousand and 00/100		DATE 20151031 *****	
TO THE ORDER OF Textrock Resort Suites Inc.		<i>[Signature]</i>	
MEMO Lot		*000963* 000442-0031 101-417-4* /0012500000/	

Support to Court of
 TEXTROCK ROSS PARK INC.
 14000 ROSS PARK BLVD
 RICHMOND, BC V6X 1A1

Prize of 100%
 10-10-10-10-10

3766204755

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

TEXTROCK ROSS PARK INC. <small>14000 Ross Park Blvd Richmond, BC V6X 1A1 Tel: 604-273-1111</small>		<small>OFFICIAL BANK OF CANADA ACCOUNT NO. 00000000000000000000 EXPIRES ON 12/31/16</small>	000968
PAY One Million Two Hundred Fifty Thousand and 00/100		DATE 20151031 *****	
TO THE ORDER OF Textrock (200) Resort Suites Inc.		<i>[Signature]</i>	
MEMO Lot		*000968* 000442-0031 101-417-4* /0125000000/	

For deposit to
 Textrock (200) Resort Suites Inc.

Prize of 100%
 10-10-10-10-10

00442-101-417-4



Appendix “D”

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

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



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

Business Account Statement

RBBDA30000_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

000270

TEXTBOOK (88 PRINCESS STREET) INC.
 81 COLLEGE ROAD, SUITE 100
 CAMBRIDGE, ON L4R 0A3

DATE 20151211
 11 11 11

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

TO THE ORDER OF Textbook Student Sales Inc.
 81 College Road, Suite 100
 Cambridge, ON L4R 0A3

MEMO LON

000270# 000442-003# 101-432-3# /000250000#

RECEIVED
 3596513296

RECEIVED
 3596513296

Serial #: 271 Amount: \$10,000.00

000271

TEXTBOOK (88 PRINCESS STREET) INC.
 81 COLLEGE ROAD, SUITE 100
 CAMBRIDGE, ON L4R 0A3

DATE 20151214
 11 14 15

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

TO THE ORDER OF Textbook Student Sales Inc.
 81 College Road, Suite 100
 Cambridge, ON L4R 0A3

MEMO LON

000271# 000442-003# 101-432-3# /000100000#

RECEIVED
 3596513296

RECEIVED
 3596513296

Serial #: 272 Amount: \$28.95

000272

TEXTBOOK (88 PRINCESS STREET) INC.
 81 COLLEGE ROAD, SUITE 100
 CAMBRIDGE, ON L4R 0A3

DATE 20151218
 11 18 15

PAY Twenty Eight and 95/100 \$ 28.95

TO THE ORDER OF City of Kingston
 Financial Services-Taxation & Revenue
 P.O. Box 648
 Kingston, ON K7L 6L1

MEMO 4811200000000000

000272# 000442-003# 101-432-3# /0000002895#

RECEIVED
 3596513296

RECEIVED
 3596513296

Serial #: 273 Amount: \$36,000.00

000273

TEXTBOOK (88 PRINCESS STREET) INC.
 81 COLLEGE ROAD, SUITE 100
 CAMBRIDGE, ON L4R 0A3

DATE 20151219
 11 19 15

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

TO THE ORDER OF Textbook (220 Ridge Street) Inc.

MEMO

000273# 000442-003# 101-432-3# /000360000#

RECEIVED
 3760324258

RECEIVED
 3760324258



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_7992102 E D 00442 00558
TEXTBOOK (555 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

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 (885 PRINCESS STREET) INC. 885 PRINCESS STREET TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BUSINESS ACCOUNT STATEMENT ACCOUNT NO. 00442 101-432-3 P.O. BOX 4047	000279
PAY Three Thousand Fifty-One and 00/100		DATE 20160810	0 3,051.00
TO THE ORDER OF	Alman Archaeological Services 885 Queen Street Toronto, ON M5W 1L5	TEXTBOOK (885 PRINCESS STREET) INC.	
MEMO	PAID 0810/16		
/000279/ 00442-0030 101-432-3/ /0000305100/			

Deposited by the Order of
TEXTBOOK (885 PRINCESS STREET) INC.
885 PRINCESS STREET
TORONTO ON M5W 1L5

19
MAY 18 2016
24864-000

3300550000

Serial #: 281 Amount: \$16,000.00

TEXTBOOK (885 PRINCESS STREET) INC. 885 PRINCESS STREET TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BUSINESS ACCOUNT STATEMENT ACCOUNT NO. 00442 101-432-3 P.O. BOX 4047	000281
PAY Sixteen Thousand and 00/100		DATE 20160826	0 16,000.00
TO THE ORDER OF	Textbook Sales Inc.	TEXTBOOK (885 PRINCESS STREET) INC.	
MEMO	LAB		
/000281/ 00442-0030 101-432-3/ /0001600000/			

Deposited by the Order of
TEXTBOOK (885 PRINCESS STREET) INC.
885 PRINCESS STREET
TORONTO ON M5W 1L5

3300400000

Serial #: 282 Amount: \$2,000.00

TEXTBOOK (885 PRINCESS STREET) INC. 885 PRINCESS STREET TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BUSINESS ACCOUNT STATEMENT ACCOUNT NO. 00442 101-432-3 P.O. BOX 4047	000282
PAY Two Thousand and 00/100		DATE 20160830	0 2,000.00
TO THE ORDER OF	Textbook Sales Inc.	TEXTBOOK (885 PRINCESS STREET) INC.	
MEMO	LAB		
/000282/ 00442-0030 101-432-3/ /0000200000/			

Deposited by the Order of
TEXTBOOK (885 PRINCESS STREET) INC.
885 PRINCESS STREET
TORONTO ON M5W 1L5

3300466243

Serial #: 283 Amount: \$7,000.00

TEXTBOOK (885 PRINCESS STREET) INC. 885 PRINCESS STREET TORONTO ON M5W 1L5		ROYAL BANK OF CANADA BUSINESS ACCOUNT STATEMENT ACCOUNT NO. 00442 101-432-3 P.O. BOX 4047	000283
PAY Seven Thousand and 00/100		DATE 20160830	0 7,000.00
TO THE ORDER OF	Textbook (885 Princess Street) Inc.	TEXTBOOK (885 PRINCESS STREET) INC.	
MEMO	LAB		
/000283/ 00442-0030 101-432-3/ /0000700000/			

Deposited by the Order of
TEXTBOOK (885 PRINCESS STREET) INC.
885 PRINCESS STREET
TORONTO ON M5W 1L5

3300466255



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

0442-001
06/03/2016
000003700220

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160620

PAY: *****Five Thousand and 00/100 *****
\$ 2,500.00

TO THE ORDER OF: Textbook (235 Princess Street) Inc.
Linn

MEMO: Linn

000286 400442-0030 100-747-5P /0000250000/

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160620

PAY: *****Five Thousand and 00/100 *****
\$ 2,500.00

TO THE ORDER OF: Textbook (235 Princess Street) Inc.
Linn

MEMO: Linn

000286 400442-0030 100-747-5P /0000250000/

Serial #: 288

Amount: \$16,000.00

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160820

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

TO THE ORDER OF: Textbook (235 Princess Street) Inc.
Linn

MEMO: Linn

000288 400442-0030 100-747-5P /0001600000/

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160820

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

TO THE ORDER OF: Textbook (235 Princess Street) Inc.
Linn

MEMO: Linn

000288 400442-0030 100-747-5P /0001600000/

Serial #: 290

Amount: \$5,000.00

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160824

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

TO THE ORDER OF: Student Development Corporation
81 Colwell Street, Suite 102
Toronto, ON
Linn

MEMO: Linn

000290 400442-0030 100-747-5P /0000500000/

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160824

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

TO THE ORDER OF: Student Development Corporation
81 Colwell Street, Suite 102
Toronto, ON
Linn

MEMO: Linn

000290 400442-0030 100-747-5P /0000500000/

Serial #: 291

Amount: \$10,000.00

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160820

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

TO THE ORDER OF: Memory Care Investments (R/A) LTD.
81 Colwell Street, Suite 102
Toronto, ON
Linn

MEMO: Linn

000291 400442-0030 100-747-5P /0001000000/

ROYAL BANK OF CANADA
BRANCH: 1000 BAY ST. TORONTO, ON M5G 1S5

TEXTBOOK (235 PRINCESS STREET) INC.
21 COLLEGE ROAD, UNIT 204
TORONTO, ON M5G 1G1

DATE: 20160820

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

TO THE ORDER OF: Memory Care Investments (R/A) LTD.
81 Colwell Street, Suite 102
Toronto, ON
Linn

MEMO: Linn

000291 400442-0030 100-747-5P /0001000000/



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

Business Account Statement

RBBDA30000_3500909 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

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

Business Account Statement

June 30, 2016 to July 29, 2016

RBBDA30000_1859607 E D 00442 00768
TEXTBOOK (445 PRINCESS STREET) INC.
SUITE A1M
51 CALDARI ROAD
CONCORD ON L4K 4G3

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

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

Serial #: 513 Amount: \$65,000.00

000513

TEXTBOOK (441 PRINCESS STREET) INC.
41 Colborne Road, Suite 1114
Cambridge, ON N1R 7W5

DATE 20160726

\$ 65,000.00

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

TO THE ORDER OF Textbook Sales Inc.
41 Colborne Road, Suite 1114
Cambridge, ON
Lot 403

MEMO Lot

⑈000513⑈ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000500000⑆

Deposited to the Credit of
TEXTBOOK SALES INC.
TR # 00442-003 ACC. # 0000000000

Prize: 001801
10 September 2021

360041065

BACKSLIP

Serial #: 514 Amount: \$50,000.00

000514

TEXTBOOK (441 PRINCESS STREET) INC.
41 Colborne Road, Suite 1114
Cambridge, ON N1R 7W5

DATE 20160727

\$ 50,000.00

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

TO THE ORDER OF Textbook Sales Inc.
41 Colborne Road, Suite 1114
Cambridge, ON
Lot 403

MEMO Lot

⑈000514⑈ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000500000⑆

Deposited to the Credit of
TEXTBOOK SALES INC.
TR # 00442-003 ACC. # 0000000000

Prize: 001801
10 September 2021

3300126576

BACKSLIP

Serial #: 515 Amount: \$35,000.00

000515

TEXTBOOK (441 PRINCESS STREET) INC.
41 Colborne Road, Suite 1114
Cambridge, ON N1R 7W5

DATE 20160727

\$ 35,000.00

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

TO THE ORDER OF Textbook Sales Inc.
41 Colborne Road, Suite 1114
Cambridge, ON
Lot 403

MEMO Lot

⑈000515⑈ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000500000⑆

Deposited to the Credit of
TEXTBOOK SALES INC.
TR # 00442-003 ACC. # 0000000000

Prize: 001801
10 September 2021

3300126576

BACKSLIP

Serial #: 516 Amount: \$20,000.00

000516

TEXTBOOK (441 PRINCESS STREET) INC.
41 Colborne Road, Suite 1114
Cambridge, ON N1R 7W5

DATE 20160727

\$ 20,000.00

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

TO THE ORDER OF Textbook Sales Inc.
41 Colborne Road, Suite 1114
Cambridge, ON
Lot 403

MEMO Lot

⑈000516⑈ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000500000⑆

Deposited to the Credit of
TEXTBOOK SALES INC.
TR # 00442-003 ACC. # 0000000000

Prize: 001801
10 September 2021

3300126576

BACKSLIP



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

Business Account Statement

July 29, 2016 to August 31, 2016

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

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		



Business Account Statement

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

TEXTBOOK (448 PRINCESS STREET) INC.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

ROYAL BANK OF CANADA
BRANCH: 100 BAY ST
TORONTO, ON M5W 1G4

DATE 20160803

PAY *****Thirty-Seven Thousand and 00/100 \$ 37,000.00

TO THE ORDER OF Textbook (448 Princess Street) Inc.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

MEMO See to Reader

⑆000510⑆ 400442⑆0034⑆ 100-624-6⑆ ⑆0001700000⑆

Printed by NCR
10 September 1991

Deposited to the Credit of
TEXTBOOK (448 PRINCESS STREET) INC.
41 COLBORNE ROAD, SUITE 111
TORONTO, ON M5W 1L5

3388134519

BACKOVERD

Serial #: 520 Amount: \$5,000.00

000520

TEXTBOOK (448 PRINCESS STREET) INC.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

ROYAL BANK OF CANADA
BRANCH: 100 BAY ST
TORONTO, ON M5W 1G4

DATE 20160803

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

TO THE ORDER OF Textbook (448 Princess Street) Inc.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

MEMO See to Reader

⑆000520⑆ 400442⑆0034⑆ 100-624-6⑆ ⑆0000500000⑆

Printed by NCR
10 September 1991

COPIED
DUNCAN STERN
THE R & B BK
TORONTO ON M5W 1G4

3546196606

BACKOVERD

Serial #: 521 Amount: \$10,000.00

000521

TEXTBOOK (448 PRINCESS STREET) INC.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

ROYAL BANK OF CANADA
BRANCH: 100 BAY ST
TORONTO, ON M5W 1G4

DATE 20160810

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

TO THE ORDER OF Textbook (448 Princess Street) Inc.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

MEMO See to Reader

⑆000521⑆ 400442⑆0034⑆ 100-624-6⑆ ⑆0001000000⑆

Printed by NCR
10 September 1991

Deposited to the Credit of
TEXTBOOK (448 PRINCESS STREET) INC.
41 COLBORNE ROAD, SUITE 111
TORONTO, ON M5W 1L5

3706283226

BACKOVERD

Serial #: 522 Amount: \$10,000.00

000522

TEXTBOOK (448 PRINCESS STREET) INC.
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

ROYAL BANK OF CANADA
BRANCH: 100 BAY ST
TORONTO, ON M5W 1G4

DATE 20160810

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

TO THE ORDER OF Student Development Corporation
41 Colborne Road, Suite 111
Toronto, ON M5W 1L5

MEMO See to Reader

⑆000522⑆ 400442⑆0034⑆ 100-624-6⑆ ⑆0001000000⑆

Printed by NCR
10 September 1991

Deposited to the Credit of
STUDENT DEVELOPMENT CORPORATION
41 COLBORNE ROAD, SUITE 111
TORONTO, ON M5W 1L5

3706283226

BACKOVERD

Business Account Statement



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

Serial #: 525 Amount: \$30,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000523
2500 REXDALE AVE
TORONTO, ON M9W 1A1

DATE 20160816

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

TO THE ORDER OF Textbook (441 Princess Street) Inc.
2500 Rexdale Ave
Toronto, ON M9W 1A1

MEMO Loan

⑆000525⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000100000⑆

Printed On (021)
10/08/2016 10:01

Account to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR 804442-003-ACC# 81003841

3300022045

Serial #: 526 Amount: \$23,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000526
2500 REXDALE AVE
TORONTO, ON M9W 1A1

DATE 20160816

PAY *****Twenty-Three Thousand and 00/100 \$ 23,000.00

TO THE ORDER OF Textbook (441 Princess Street) Inc.
2500 Rexdale Ave
Toronto, ON M9W 1A1

MEMO Loan

⑆000526⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000130000⑆

Printed On (021)
10/08/2016 10:01

Account to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR 804442-003-ACC# 81003841

3300022045

Serial #: 527 Amount: \$3,500.00

TEXTBOOK (441 PRINCESS STREET) INC. 000527
2500 REXDALE AVE
TORONTO, ON M9W 1A1

DATE 20160816

PAY *****Three Thousand Five Hundred and 00/100 \$ 3,500.00

TO THE ORDER OF Textbook (441 Princess Street) Inc.
2500 Rexdale Ave
Toronto, ON M9W 1A1

MEMO Loan

⑆000527⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000015000⑆

Printed On (021)
10/08/2016 10:01

Account to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR 804442-003-ACC# 81003841

3300022045

Serial #: 528 Amount: \$33,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000528
2500 REXDALE AVE
TORONTO, ON M9W 1A1

DATE 20160816

PAY *****Thirty-Three Thousand and 00/100 \$ 33,000.00

TO THE ORDER OF Textbook (441 Princess Street) Inc.
2500 Rexdale Ave
Toronto, ON M9W 1A1

MEMO Loan

⑆000528⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆000130000⑆

Printed On (021)
10/08/2016 10:01

Account to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR 804442-003-ACC# 81003841

3300022045





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

Business Account Statement

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		



Business Account Statement

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

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

Serial #: 523 Amount: \$20,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000523
441 PRINCESS STREET INC.
TORONTO, ON M5W 1L5

DATE 20160901
PAY Twenty Thousand and 00/100 \$ 20,000.00

TO THE ORDER OF Textbook Sales Inc.
81 Colborne Road, Suite 101
Concord, ON L4K 4G3

MEMO Less

⑈000523⑈ ⑆00442⑆-003⑆ 100-624-6⑆ ⑆000200000⑆

Deposited to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR # 00442-003 ACC. #1000003

Printed On 10/01
01 September 2016

376024000

Serial #: 524 Amount: \$3,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000524
441 PRINCESS STREET INC.
TORONTO, ON M5W 1L5

DATE 20160901
PAY Three Thousand and 00/100 \$ 3,000.00

TO THE ORDER OF Textbook Sales Inc.
81 Colborne Road, Suite 101
Concord, ON L4K 4G3

MEMO Less

⑈000524⑈ ⑆00442⑆-003⑆ 100-624-6⑆ ⑆000300000⑆

Deposited to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR # 00442-003 ACC. #1000003

Printed On 10/01
01 September 2016

376024500

Serial #: 541 Amount: \$12,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000541
441 PRINCESS STREET INC.
TORONTO, ON M5W 1L5

DATE 20160902
PAY Twelve Thousand and 00/100 \$ 12,000.00

TO THE ORDER OF Textbook (441 Princess Street) Inc.
81 Colborne Road, Suite 101
Concord, ON L4K 4G3

MEMO Less

⑈000541⑈ ⑆00442⑆-003⑆ 100-624-6⑆ ⑆000120000⑆

Deposited to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR # 00442-003 ACC. #1000003

Printed On 10/01
01 September 2016

376044000

Serial #: 542 Amount: \$12,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000542
441 PRINCESS STREET INC.
TORONTO, ON M5W 1L5

DATE 20160902
PAY Twelve Thousand and 00/100 \$ 12,000.00

TO THE ORDER OF Textbook (441 Princess Street) Inc.
81 Colborne Road, Suite 101
Concord, ON L4K 4G3

MEMO Less

⑈000542⑈ ⑆00442⑆-003⑆ 100-624-6⑆ ⑆000120000⑆

Deposited to the Credit of
TEXTBOOK (441 PRINCESS STREET) INC.
TR # 00442-003 ACC. #1000003

Printed On 10/01
01 September 2016

376044300



Business Account Statement

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

Serial #: 557 Amount: \$4,500.00

TEXTBOOK (441 PRINCESS STREET) INC. 000587
 4100 Bloor St. W. Unit 100
 Toronto, ON M8N 1A5

DIGITAL BANK OF CANADA
 BRANCH: 100 BLOOR ST. W. UNIT 100
 TORONTO, ON M8N 1A5

DATE 20160912
 77770000

PAY Four Thousand Five Hundred and 00/100 \$ 4,500.00

TO THE ORDER OF Money Care Investments Ltd.
 81 Colborne Road, Suite A100
 Cambridge, Ontario
 L4G 4G2

TEXTBOOK (441 PRINCESS STREET) INC.
 FOR *[Signature]*

MEMO Last

⑆000557⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆0000450000⑆

Form 001 (2016)
 07-02-000
 ROYAL BANK OF CANADA
 077-1-2-2012
 APPROVED
 3703263066

Serial #: 558 Amount: \$5,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000558
 4100 Bloor St. W. Unit 100
 Toronto, ON M8N 1A5

DIGITAL BANK OF CANADA
 BRANCH: 100 BLOOR ST. W. UNIT 100
 TORONTO, ON M8N 1A5

DATE 20160914
 77770000

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

TO THE ORDER OF MacAvery Street Investments Inc.
 81 Colborne Road, Suite A100
 Cambridge, ON
 L4G 4G2

TEXTBOOK (441 PRINCESS STREET) INC.
 FOR *[Signature]*

MEMO Last

⑆000558⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆0000500000⑆

Form 001 (2016)
 07-02-000
 ROYAL BANK OF CANADA
 077-1-2-2012
 APPROVED
 3706470238

Serial #: 559 Amount: \$4,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000559
 4100 Bloor St. W. Unit 100
 Toronto, ON M8N 1A5

DIGITAL BANK OF CANADA
 BRANCH: 100 BLOOR ST. W. UNIT 100
 TORONTO, ON M8N 1A5

DATE 20160914
 77770000

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

TO THE ORDER OF Textbook (774 Brimacombe Avenue) Inc.
 81 Colborne Road, Suite A100
 Cambridge, ON
 L4G 4G2

TEXTBOOK (441 PRINCESS STREET) INC.
 FOR *[Signature]*

MEMO Last

⑆000559⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆0000400000⑆

Form 001 (2016)
 07-02-000
 ROYAL BANK OF CANADA
 077-1-2-2012
 APPROVED
 3654481147

Serial #: 560 Amount: \$2,600.00

TEXTBOOK (441 PRINCESS STREET) INC. 000560
 4100 Bloor St. W. Unit 100
 Toronto, ON M8N 1A5

DIGITAL BANK OF CANADA
 BRANCH: 100 BLOOR ST. W. UNIT 100
 TORONTO, ON M8N 1A5

DATE 20160914
 77770000

PAY Two Thousand Six Hundred and 00/100 \$ 2,600.00

TO THE ORDER OF Textbook (700 MacAvery Street) Inc.
 81 Colborne Road, Suite A100
 Cambridge, ON
 L4G 4G2

TEXTBOOK (441 PRINCESS STREET) INC.
 FOR *[Signature]*

MEMO Last

⑆000560⑆ ⑆00442⑆003⑆ 100-624-6⑆ ⑆0000260000⑆

Form 001 (2016)
 07-02-000
 ROYAL BANK OF CANADA
 077-1-2-2012
 APPROVED
 3600491141



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 #: 561 Amount: \$16,000.00

TEXTBOOK (444 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 104
SCARBOROUGH, ON M1S 4E3

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

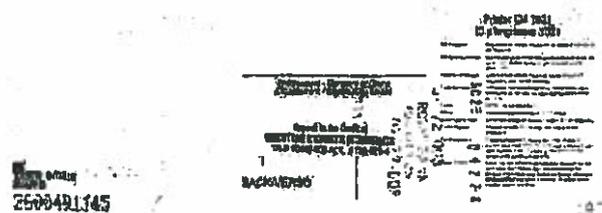
DATE 20160914

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

TO THE ORDER OF Memory Care Investments (Ontario) Ltd.

MEMO L&M

#000561# #00442-003# 100-624-6# /0001600000/



Serial #: 562 Amount: \$1,000.00

TEXTBOOK (444 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 104
SCARBOROUGH, ON M1S 4E3

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

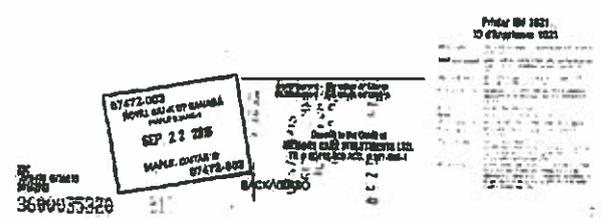
DATE 20160923

PAY *****
One Thousand and 00/100 \$ 1,000.00

TO THE ORDER OF Memory Care Investments Ltd.
81 Condon Road, Suite A114
Oakville, Ontario
L6Q 4G0

MEMO L&M

#000562# #00442-003# 100-624-6# /0000100000/



Serial #: 563 Amount: \$9,000.00

TEXTBOOK (444 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 104
SCARBOROUGH, ON M1S 4E3

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

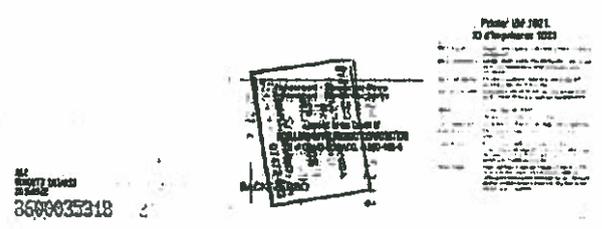
DATE 20160923

PAY *****
Nine Thousand and 00/100 \$ 9,000.00

TO THE ORDER OF Sheford Development Corporation

MEMO L&M

#000563# #00442-003# 100-624-6# /0000900000/



Serial #: 564 Amount: \$2,000.00

TEXTBOOK (444 PRINCEPS STREET) INC.
4110 SHEPPARD AVE. E. UNIT 104
SCARBOROUGH, ON M1S 4E3

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

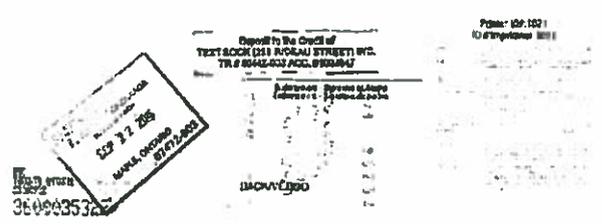
DATE 20160923

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

TO THE ORDER OF Textbook (228 Ribou Street) Inc.
81 Condon Road, Suite A114
Oakville, ON
L6Q 4G0

MEMO L&M

#000564# #00442-003# 100-624-6# /0000200000/





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 #: 569

Amount: \$61,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000569
 51 COLLEGE ROAD, SUITE 1114
 TORONTO, ON M5G 1B5

ROYAL BANK OF CANADA
 100 KING ST W
 TORONTO, ON M5X 1C5

DATE 20160927
 YYYT0000

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

TO THE ORDER OF Textbook (441 Princeps Street) Inc.
 51 College Road, Suite 1114
 Toronto, ON M5G 1B5

MEMO

⑈000569⑈ ⑈00442⑈-003⑈C ⑈00-624⑈-6⑈P ⑈0006100000⑈P

Deposited to the Credit of
 TEXTBOOK (441 PRINCEPS STREET) INC.
 TA 100442-003 ACID 00000000

Customer: Bank of Montreal

0378352977

RECEIVED

0378352977

Serial #: 570

Amount: \$160,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000570
 51 COLLEGE ROAD, SUITE 1114
 TORONTO, ON M5G 1B5

ROYAL BANK OF CANADA
 100 KING ST W
 TORONTO, ON M5X 1C5

DATE 20160927
 YYYT0000

PAY One Hundred Sixty Thousand and 00/100 \$ 160,000.00

TO THE ORDER OF Textbook Press Paid Inc.
 51 College Road, Suite 1114
 Toronto, ON M5G 1B5

MEMO

⑈000570⑈ ⑈00442⑈-003⑈C ⑈00-624⑈-6⑈P ⑈0016000000⑈P

Deposited to the Credit of
 TEXTBOOK (441 PRINCEPS STREET) INC.
 TA 100442-003 ACID 00000000

Customer: Bank of Montreal

0378352674

RECEIVED

0378352674

Serial #: 572

Amount: \$18,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000572
 51 COLLEGE ROAD, SUITE 1114
 TORONTO, ON M5G 1B5

ROYAL BANK OF CANADA
 100 KING ST W
 TORONTO, ON M5X 1C5

DATE 20160927
 YYYT0000

PAY Eighteen Thousand and 00/100 \$ 18,000.00

TO THE ORDER OF Textbook Sales Inc.
 51 College Road, Suite 1114
 Toronto, ON M5G 1B5

MEMO

⑈000572⑈ ⑈00442⑈-003⑈C ⑈00-624⑈-6⑈P ⑈0001800000⑈P

Deposited to the Credit of
 TEXTBOOK (441 PRINCEPS STREET) INC.
 TA 100442-003 ACID 00000000

Customer: Bank of Montreal

0378352173

RECEIVED

0378352173

Serial #: 573

Amount: \$91,000.00

TEXTBOOK (441 PRINCEPS STREET) INC. 000573
 51 COLLEGE ROAD, SUITE 1114
 TORONTO, ON M5G 1B5

ROYAL BANK OF CANADA
 100 KING ST W
 TORONTO, ON M5X 1C5

DATE 20160927
 YYYT0000

PAY Ninety One Thousand and 00/100 \$ 91,000.00

TO THE ORDER OF Textbook Sales Inc.
 51 College Road, Suite 1114
 Toronto, ON M5G 1B5

MEMO

⑈000573⑈ ⑈00442⑈-003⑈C ⑈00-624⑈-6⑈P ⑈0009100000⑈P

Deposited to the Credit of
 TEXTBOOK (441 PRINCEPS STREET) INC.
 TA 100442-003 ACID 00000000

Customer: Bank of Montreal

0378352976

RECEIVED

0378352976

Business Account Statement



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

Serial #: 577 Amount: \$8,000.00

TEXTBOOK (448 PRINCESS STREET) INC. 448 Princess Street, Unit A11 Concord, ON L4K 4G3		BANK NAME OF BANQUA BRANCH: BRUNSWICK ST. BR. BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111	000577
PAY Eight Thousand and 00/100		DATE 20160930 *****	\$ 8,000.00
TO THE ORDER OF Textbook (448 Princess Street) Inc. 448 Princess Street, Unit A11 Concord, ON L4K 4G3	FROM <i>[Signature]</i> TEXTBOOK (448 PRINCESS STREET) INC.		
MEMO			
@000577@ 400442-0034 100-624-6@ /000080000/			

Deposit to the Credit of
 TEXTBOOK (448 PRINCESS STREET) INC.
 TR 43040-003 ACC. 000577

Printed on 09/01/16
 7 9 1 6

3600476304

Printed on 09/01/16
 7 9 1 6

3600476304

Serial #: 578 Amount: \$3,600.00

TEXTBOOK (448 PRINCESS STREET) INC. 448 Princess Street, Unit A11 Concord, ON L4K 4G3		BANK NAME OF BANQUA BRANCH: BRUNSWICK ST. BR. BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111	000578
PAY Three Thousand Six Hundred and 00/100		DATE 20160930 *****	\$ 3,600.00
TO THE ORDER OF Textbook Press Park Inc. 41 Colwell Road, Unit A11 Concord, ON L4K 4G3	FROM <i>[Signature]</i> TEXTBOOK (448 PRINCESS STREET) INC.		
MEMO			
@000578@ 400442-0034 100-624-6@ /000036000/			

Deposit to the Credit of
 TEXTBOOK (448 PRINCESS STREET) INC.
 TR 43040-003 ACC. 000578

Printed on 09/01/16
 7 9 1 6

3600476304

Printed on 09/01/16
 7 9 1 6

3600476304

Serial #: 579 Amount: \$1,500.00

TEXTBOOK (448 PRINCESS STREET) INC. 448 Princess Street, Unit A11 Concord, ON L4K 4G3		BANK NAME OF BANQUA BRANCH: BRUNSWICK ST. BR. BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111	000579
PAY One Thousand Five Hundred and 00/100		DATE 20160930 *****	\$ 1,500.00
TO THE ORDER OF Textbook (448 Princess Street) Inc. 448 Princess Street, Unit A11 Concord, ON L4K 4G3	FROM <i>[Signature]</i> TEXTBOOK (448 PRINCESS STREET) INC.		
MEMO			
@000579@ 400442-0034 100-624-6@ /000015000/			

Deposit to the Credit of
 TEXTBOOK (448 PRINCESS STREET) INC.
 TR 43040-003 ACC. 000579

Printed on 09/01/16
 7 9 1 6

3600476304

Printed on 09/01/16
 7 9 1 6

3600476304

Serial #: 580 Amount: \$1,500.00

TEXTBOOK (448 PRINCESS STREET) INC. 448 Princess Street, Unit A11 Concord, ON L4K 4G3		BANK NAME OF BANQUA BRANCH: BRUNSWICK ST. BR. BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111 BRUNSWICK ST. BR. 111	000580
PAY One Thousand Five Hundred and 00/100		DATE 20160930 *****	\$ 1,500.00
TO THE ORDER OF Textbook Student Centre Inc. 41 Colwell Road, Unit A11 Concord, ON L4K 4G3	FROM <i>[Signature]</i> TEXTBOOK (448 PRINCESS STREET) INC.		
MEMO			
@000580@ 400442-0034 100-624-6@ /000015000/			

Deposit to the Credit of
 TEXTBOOK STUDENTS CENTER INC.
 TR 43040-003 ACC. 000580

Printed on 09/01/16
 7 9 1 6

3600476304

Printed on 09/01/16
 7 9 1 6

3600476304



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

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 Kingselt 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		



Business Account Statement

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

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

Serial #: 589 Amount: \$4,000.00

ROYAL BANK OF CANADA
TORONTO, ON M5W 1L5

TEXTBOOK (441 PRINCE STREET) INC.
21 Queen Street West, Suite 110
Toronto, ON M5H 2M2

DATE 20161011
PAY Four Thousand and 00/100 \$ 4,000.00

TO THE ORDER OF Mathway (Real Investments) Inc.
21 Queen Street, Suite 110
Toronto, ON M5H 2M2

MEMO P000589P 000442-0030 100-624-6P /0000400000/

Deposit to the Credit of
TEXTBOOK (441 PRINCE STREET) INC.
To a Deposit Account # 100-624-6

3560375435

Serial #: 590 Amount: \$11,000.00

ROYAL BANK OF CANADA
TORONTO, ON M5W 1L5

TEXTBOOK (441 PRINCE STREET) INC.
21 Queen Street West, Suite 110
Toronto, ON M5H 2M2

DATE 20161011
PAY Eleven Thousand and 00/100 \$ 11,000.00

TO THE ORDER OF Mathway (Real Investments) Ltd.
21 Queen Street, Suite 110
Toronto, ON M5H 2M2

MEMO P000590P 000442-0030 100-624-6P /0001100000/

Deposit to the Credit of
TEXTBOOK (441 PRINCE STREET) INC.
To a Deposit Account # 100-624-6

3560375438

Serial #: 591 Amount: \$16,000.00

ROYAL BANK OF CANADA
TORONTO, ON M5W 1L5

TEXTBOOK (441 PRINCE STREET) INC.
21 Queen Street West, Suite 110
Toronto, ON M5H 2M2

DATE 20161011
PAY Sixteen Thousand and 00/100 \$ 16,000.00

TO THE ORDER OF Mathway Development Corporation

MEMO P000591P 000442-0030 100-624-6P /0001600000/

Deposit to the Credit of
TEXTBOOK (441 PRINCE STREET) INC.
To a Deposit Account # 100-624-6

3560375440

Serial #: 592 Amount: \$2,300.00

ROYAL BANK OF CANADA
TORONTO, ON M5W 1L5

TEXTBOOK (441 PRINCE STREET) INC.
21 Queen Street West, Suite 110
Toronto, ON M5H 2M2

DATE 20161011
PAY Two Thousand Three Hundred and 00/100 \$ 2,300.00

TO THE ORDER OF Textbook (441 Prince Street) Inc.
21 Queen Street, Suite 110
Toronto, ON M5H 2M2

MEMO P000592P 000442-0030 100-624-6P /0000230000/

Deposit to the Credit of
TEXTBOOK (441 PRINCE STREET) INC.
To a Deposit Account # 100-624-6

3560375444



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 (481 PRINCESS STREET) INC.
481 PRINCESS ST. TORONTO, ON M5G 1R6

ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

DATE 20161011

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

TO THE ORDER OF Midway Book Investments Inc.
81 Colborne Road, Suite 110
Camden, ON L9R 4G3

MEMO Loan

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

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

3500375436

Serial #: 598 Amount: \$30,000.00

TEXTBOOK (481 PRINCESS STREET) INC.
481 PRINCESS ST. TORONTO, ON M5G 1R6

ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

DATE 20161012

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

TO THE ORDER OF Textbook (481 Princess Street) Inc.
481 Princess Street, Toronto
Ontario, ON M5G 1R6

MEMO Loan to Finance

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

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

3500375436

Serial #: 599 Amount: \$2,500.00

TEXTBOOK (481 PRINCESS STREET) INC.
481 PRINCESS ST. TORONTO, ON M5G 1R6

ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

DATE 20161012

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

TO THE ORDER OF Midway Book Investments (Ontario) Ltd.
81 Colborne Road, Suite 110
Camden, ON L9R 4G3

MEMO Loan

#000599# #00442#003# 100-624-6# /0000250000/

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

3500375436

Serial #: 600 Amount: \$20,000.00

TEXTBOOK (481 PRINCESS STREET) INC.
481 PRINCESS ST. TORONTO, ON M5G 1R6

ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

DATE 20161013

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

TO THE ORDER OF Midway Book Investments Inc.
81 Colborne Road, Suite 110
Camden, ON L9R 4G3

MEMO Loan

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

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

Printed in the name of
ROYAL BANK OF CANADA
100 KING ST. W. TORONTO, ON M5X 1C5

3500071292



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

Business Account Statement

RBBDA30000_4822978 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	

Business Account Statement



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

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

Serial #: 615 Amount: \$1,169.00

TEXTBOOK (441 PRINCESS STREET) INC. 000816
 DATE 20161107
 PAY One Thousand One Hundred Sixty-Nine and 00/100 \$ 1,169.00
 TO THE ORDER OF 10081200-0000 Limited
 10081200-0000 Limited
 40 Hudson Road
 Suite 11
 Hamilton, ON L8W 3N6
 MEMO None being paid
 ⑈000615⑈ ⑈00442-003⑈ 100-624-6⑈

Virtual Cash Statement
 SPAC: 1004128
 MPTR: 0172-001
 CRD: 816330651054100913
 TXID: 1
 CHANGES: 17,468,236
 FINSECT: 3
 CHANGD: 003
 APPLIC: 1900
 TRANSF: 00913
 SSPCLR: CAD
 TR DT: 1
 QPD: 340878337
 5152-1024298
 Printer ID: 1021
 ID of Employee: 1021
 BACKVERBO

Serial #: 621 Amount: \$33,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000821
 DATE 20161103
 PAY Thirty-Three Thousand and 00/100 \$ 33,000.00
 TO THE ORDER OF Textbook (441 Princess Street) Inc.
 41 Colton Road, Toronto, ON
 L4R 4G2
 MEMO None
 ⑈000621⑈ ⑈00442-003⑈ 100-624-6⑈ ⑈0003300000⑈

Deposit to Pre-Credit of
 TEXTBOOK (441 PRINCESS STREET) INC.
 TR @ 00442-003 ACC. @ 000821
 07412-000000-0000000000
 RDN 03 100
 0147-003
 3600261124
 Printer ID: 1021
 ID of Employee: 1021
 BACKVERBO

Serial #: 622 Amount: \$8,453.16

TEXTBOOK (441 PRINCESS STREET) INC. 000822
 DATE 20161103
 PAY Eight Thousand Four Hundred Fifty-Three and 16/100 \$ 8,453.16
 TO THE ORDER OF HUB International (Canada) Limited
 875 Colborne Cr., Suite 208
 East York, Toronto, ON, L3R 0M8
 MEMO 079402
 TextR03-01 ⑈000622⑈ ⑈00442-003⑈ 100-624-6⑈

FOR DEPOSIT ONLY
 23NOV2016
 001 34723
 700813830101100
 000229 1329454
 Printer ID: 1021
 ID of Employee: 1021
 For deposit in:
 Bank of Montreal
 To the credit of:
 HKMB HUB INTERNATIONAL
 Transit # 0002
 CAD Trust Account # 1329-454
 BACKVERBO

Serial #: 623 Amount: \$250,000.00

TEXTBOOK (441 PRINCESS STREET) INC. 000823
 DATE 20161104
 PAY Two Hundred Fifty Thousand and 00/100 \$ 250,000.00
 TO THE ORDER OF Textbook Press Park Inc.
 81 Colton Road, Unit A101
 Toronto, ON L4R 4G2
 MEMO None
 ⑈000623⑈ ⑈00442-003⑈ 100-624-6⑈ ⑈0025000000⑈

Deposit to the credit of
 TEXTBOOK (441 PRINCESS STREET) INC.
 TR @ 00442-003 ACC. @ 000823
 07412-000000-0000000000
 RDN 03 100
 0147-003
 3260261124
 Printer ID: 1021
 ID of Employee: 1021
 BACKVERBO



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



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

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

Serial #: 616 Amount: \$1,169.00

000616

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

ROYAL BANK OF CANADA
BUSINESS ACCOUNT
BANKING BY FAX (905) 709-1714

DATE 20161208

PAY *****One Thousand One Hundred Sixty-Nine and 00/100 \$ 1,169.00

TO THE ORDER OF
100001000000 Limited
100001000000 Limited
100001000000 Limited
Suite 11
Houston, ON L4W 3P6

MEMO 100001000000

⑈000616⑈ ⑆00442-003⑆ 100-624-6⑆

Virtual Endorsement
DISPAC: 102498
DISPR: 05752-003
CSID: 01634553193600011

05752-102498

Printer ID# 1021
ID # 1021

SCANS: 20,713,33
IMAGE: 003
APPID: 5000
TRANST: 00913
DISCU: CAQ
TDD: 1

BACKVERSO

Serial #: 626 Amount: \$2,600.00

000626

TEXTBOOK (441 PRINCESS STREET) INC.
441 PRINCESS STREET
TORONTO, ON L4W 1L5

ROYAL BANK OF CANADA
BUSINESS ACCOUNT
BANKING BY FAX (905) 709-1714

DATE 20161212

PAY *****Two Thousand Six Hundred and 00/100 \$ 2,600.00

TO THE ORDER OF
Textbook (441 Princess Street) Inc.
441 Princess Street, Toronto, ON
M5W 1L5

MEMO Loan to Textbook (441 Princess Street) Inc

⑈000626⑈ ⑆00442-003⑆ 100-624-6⑆

Virtual Endorsement
DISPAC: 1003847
DISPR: 00442-003
CSID: 0163484103168807172

Printer ID# 1021
ID # 1021

SCANS: 19,059,233
IMAGE: 003
APPID: 5000
TRANST: 07472
DISCU: CAQ
TDD: 1

BACKVERSO

Serial #: 627 Amount: \$1,500.00

000627

TEXTBOOK (441 PRINCESS STREET) INC.
441 PRINCESS STREET
TORONTO, ON L4W 1L5

ROYAL BANK OF CANADA
BUSINESS ACCOUNT
BANKING BY FAX (905) 709-1714

DATE 20161214

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

TO THE ORDER OF
Memory Care Investments Ltd.
87 Colwell Road, Suite 410
Caledon, Ontario
L4G 4G3

MEMO Loan

⑈000627⑈ ⑆00442-003⑆ 100-624-6⑆

Virtual Endorsement
DISPAC: 1013051
DISPR: 00442-003
CSID: 0163494612003207472

Printer ID# 1021
ID # 1021

SCANS: 10,183,224
IMAGE: 003
APPID: 5000
TRANST: 07472
DISCU: CAQ
TDD: 1

BACKVERSO



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

Business Account Statement

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

March 31, 2016 to April 29, 2016

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 BRIMSON AVE) INC.
A COLLECTING AGENCY AND
RECORDING OF P.L.T.S.

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160404
77777777

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

TO THE ORDER OF **Telebook Studio Inc.**

MEMO **Loan repmt**

⑈000002⑈ ⑆00442-0030⑆ 101-411-7⑈ /0007100000⑈

*To deposit only to
Telebook Studio Inc.*

00442-101-411-7

3500254184

Backed by the credit of
TELEBOOK (774 BRIMSON AVE) INC.
IN (P.L.T.S.) ACC. 11014104

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160404
77777777

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

TO THE ORDER OF **Telebook Studio Inc.**

MEMO **Loan repmt**

⑈000002⑈ ⑆00442-0030⑆ 101-411-7⑈ /0007100000⑈

Serial #: 8 Amount: \$100,000.00

TELEBOOK (774 BRIMSON AVE) INC.
A COLLECTING AGENCY AND
RECORDING OF P.L.T.S.

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160331
77777777

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

TO THE ORDER OF **Telebook Studio Inc.**

MEMO **Loan**

⑈000008⑈ ⑆00442-0030⑆ 101-411-7⑈ /0010000000⑈

Backed by the credit of
TELEBOOK (774 BRIMSON AVE) INC.
IN (P.L.T.S.) ACC. 11014104

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160331
77777777

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

TO THE ORDER OF **Telebook Studio Inc.**

MEMO **Loan**

⑈000008⑈ ⑆00442-0030⑆ 101-411-7⑈ /0010000000⑈

Serial #: 10 Amount: \$40,000.00

TELEBOOK (774 BRIMSON AVE) INC.
A COLLECTING AGENCY AND
RECORDING OF P.L.T.S.

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160331
77777777

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

TO THE ORDER OF **Telebook Paris Park Inc.**

MEMO **Loan**

⑈000010⑈ ⑆00442-0030⑆ 101-411-7⑈ /0004000000⑈

Backed by the credit of
TELEBOOK (774 BRIMSON AVE) INC.
IN (P.L.T.S.) ACC. 11014104

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160331
77777777

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

TO THE ORDER OF **Telebook Paris Park Inc.**

MEMO **Loan**

⑈000010⑈ ⑆00442-0030⑆ 101-411-7⑈ /0004000000⑈

Serial #: 11 Amount: \$30,000.00

TELEBOOK (774 BRIMSON AVE) INC.
A COLLECTING AGENCY AND
RECORDING OF P.L.T.S.

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

DATE 20160331
77777777

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

TO THE ORDER OF **Telebook (239 River Street) Inc.**

MEMO **Loan**

⑈000011⑈ ⑆00442-0030⑆ 101-411-7⑈ /0003000000⑈

Backed by the credit of
TELEBOOK (774 BRIMSON AVE) INC.
IN (P.L.T.S.) ACC. 11014104

ROYAL BANK OF CANADA
RECORDING OF P.L.T.S. AND
RECORDING OF P.L.T.S.

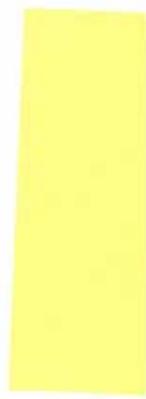
DATE 20160331
77777777

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

TO THE ORDER OF **Telebook (239 River Street) Inc.**

MEMO **Loan**

⑈000011⑈ ⑆00442-0030⑆ 101-411-7⑈ /0003000000⑈



Business Account Statement



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

Serial #: 33 Amount: \$10,000.00

TELEBOOK (774 BRONSON AVE) INC.
 20160429
 000033

DATE 20160429
 \$ 10,000.00

PAY Ten Thousand and 00/100

TO THE ORDER OF Telebook Sales Inc.

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

Client to the Credit of
 TELEBOOK (774 BRONSON AVE) INC.
 TR 000442-0030 ACC. #000033

3500252580

BACKVERSO

Serial #: 34 Amount: \$100,000.00

TELEBOOK (774 BRONSON AVE) INC.
 20160429
 000034

DATE 20160429
 \$ 100,000.00

PAY One Hundred Thousand and 00/100

TO THE ORDER OF Telebook Sales Inc.

MEMO 000034# 000442-0030 101-411-7# /0010000000/

Client to the Credit of
 TELEBOOK (774 BRONSON AVE) INC.
 TR 000442-0030 ACC. #000034

3500076134 3500000695

BACKVERSO

Serial #: 35 Amount: \$25,000.00

TELEBOOK (774 BRONSON AVE) INC.
 20160429
 000035

DATE 20160429
 \$ 25,000.00

PAY Twenty-Five Thousand and 00/100

TO THE ORDER OF Telebook (2300 Wilson Blvd) Inc.

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

Client to the Credit of
 TELEBOOK (2300 WILSON BLVD) INC.
 TR 000442-0030 ACC. #000035

3500076135

BACKVERSO

Serial #: 36 Amount: \$60,000.00

TELEBOOK (774 BRONSON AVE) INC.
 20160429
 000036

DATE 20160429
 \$ 60,000.00

PAY Sixty Thousand and 00/100

TO THE ORDER OF Southern Development Corporation
 11 Collier Road, Suite 101
 Concord, NC
 LAK 403

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

Client to the Credit of
 SOUTHERN DEVELOPMENT CORPORATION
 TR 000442-0030 ACC. #000036

3500076132 3500087694

BACKVERSO





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_7992102 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 BRIMSON AVE) INC.
1111 SHEPPARD AVE EAST
TORONTO, ON M2K 1K2

ROYAL BANK OF CANADA
BANK OF CANADA
BRANCH: TORONTO
ACCOUNT NO. 00442 101-411-7

DATE 20160429
17778000

PAY ****Fourteen Thousand and 00/100
\$ 14,000.00

TO THE ORDER OF
McMurry Street Investments Inc.

MEMO Loan

#000037# 000442-0030 101-411-7# /0001400000/

3300521468

RECORDED

44773

44773

44773

Serial #: 38 Amount: \$1,200.00

TELEBOOK (774 BRIMSON AVE) INC.
1111 SHEPPARD AVE EAST
TORONTO, ON M2K 1K2

ROYAL BANK OF CANADA
BANK OF CANADA
BRANCH: TORONTO
ACCOUNT NO. 00442 101-411-7

DATE 20160502
17778000

PAY ****One Thousand Two Hundred and 00/100
\$ 1,200.00

TO THE ORDER OF
Tudbank (288 Pines Street) Inc.

MEMO Loan

#000038# 000442-0030 101-411-7# /0000120000/

3780347706

RECORDED

44773

44773

44773

Serial #: 39 Amount: \$10,000.00

TELEBOOK (774 BRIMSON AVE) INC.
1111 SHEPPARD AVE EAST
TORONTO, ON M2K 1K2

ROYAL BANK OF CANADA
BANK OF CANADA
BRANCH: TORONTO
ACCOUNT NO. 00442 101-411-7

DATE 20160503
17778000

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

TO THE ORDER OF
Tudbank Sales Inc.

MEMO Loan

#000039# 000442-0030 101-411-7# /0001000000/

3789553322

RECORDED

44773

44773

44773

Serial #: 40 Amount: \$28,000.00

TELEBOOK (774 BRIMSON AVE) INC.
1111 SHEPPARD AVE EAST
TORONTO, ON M2K 1K2

ROYAL BANK OF CANADA
BANK OF CANADA
BRANCH: TORONTO
ACCOUNT NO. 00442 101-411-7

DATE 20160506
17778000

PAY ****Twenty Eight Thousand and 00/100
\$ 28,000.00

TO THE ORDER OF
Tudbank (445 Pines Street) Inc.
81 Carter Road, Tudbank
Canada, ON
L4R 6C2

MEMO Loan

#000040# 000442-0030 101-411-7# /0002800000/

3788365026

RECORDED

44773

44773

44773





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

Business Account Statement

RBBDA30000_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>11700 16th Ave S.W. #106 Coquitlam, BC V3K 4W6 Tel: 604-671-7266</small>		<small>ROYAL BANK OF CANADA BRANCH: 101-417-4 ACCOUNT NO. 00442 101-417-4</small>	000942
PAY *****Ten Thousand Five Hundred Seventeen and 69/100		DATE 20160129 <small>*****</small>	\$ 10,517.69
TO THE ORDER OF <u>Harvest Budget</u>		<small>FOR</small> <u>[Signature]</u>	
MEMO Advertising costs - Press part number		<small>FOR</small>	
<small>#000942# #00442#003# 101-417-4#</small>		<small>#0001051769#</small>	

Stamp: FEB 02 2016
 Stamp: 00442 101-417-4
 Stamp: 0000420051
 Stamp: 0022 / 8121899

Serial #: 982

Amount: \$17,000.00

TEXTBOOK ROSS PARK INC. <small>11700 16th Ave S.W. #106 Coquitlam, BC V3K 4W6 Tel: 604-671-7266</small>		<small>ROYAL BANK OF CANADA BRANCH: 101-417-4 ACCOUNT NO. 00442 101-417-4</small>	000982
PAY *****Seventeen Thousand and 00/100		DATE 20160228 <small>*****</small>	\$ 17,000.00
TO THE ORDER OF <u>Textbook (Old Release Brand) Inc.</u>		<small>FOR</small> <u>[Signature]</u>	
MEMO		<small>FOR</small>	
<small>#000982# #00442#003# 101-417-4#</small>		<small>#0001700000#</small>	

Stamp: FEB 28 2016
 Stamp: 00442 101-417-4
 Stamp: 0000420051

Serial #: 985

Amount: \$55.94

TEXTBOOK ROSS PARK INC. <small>11700 16th Ave S.W. #106 Coquitlam, BC V3K 4W6 Tel: 604-671-7266</small>		<small>ROYAL BANK OF CANADA BRANCH: 101-417-4 ACCOUNT NO. 00442 101-417-4</small>	000985
PAY *****Fifty-Five and 94/100		DATE 20160228 <small>*****</small>	\$ 55.94
TO THE ORDER OF <u>Joe Beaman 281 Yorkland Blvd Toronto, ON M2J 4T7</u>		<small>FOR</small> <u>[Signature]</u>	
MEMO		<small>FOR</small>	
<small>#000985# #00442#003# 101-417-4#</small>		<small>#000005594#</small>	

Stamp: FEB 28 2016
 Stamp: 00442 101-417-4
 Stamp: 0000420051

Serial #: 992

Amount: \$166.02

TEXTBOOK ROSS PARK INC. <small>11700 16th Ave S.W. #106 Coquitlam, BC V3K 4W6 Tel: 604-671-7266</small>		<small>ROYAL BANK OF CANADA BRANCH: 101-417-4 ACCOUNT NO. 00442 101-417-4</small>	000992
PAY *****One Hundred Sixty-Six and 02/100		DATE 20160107 <small>*****</small>	\$ 166.02
TO THE ORDER OF <u>Joe Beaman 281 Yorkland Blvd Toronto, ON M2J 4T7</u>		<small>FOR</small> <u>[Signature]</u>	
MEMO <u>Exp 118876</u>		<small>FOR</small>	
<small>#000992# #00442#003# 101-417-4#</small>		<small>#0000016602#</small>	

Stamp: FEB 07 2016
 Stamp: 00442 101-417-4
 Stamp: 0000420051

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).

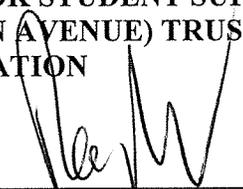
10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction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

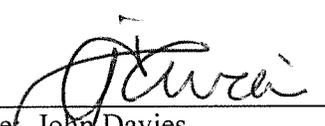
10.14 This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

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(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 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.

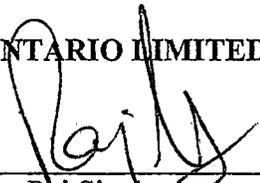
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall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

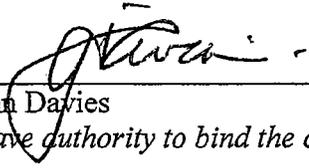

Name: Raj Singh

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) "Indemnitees" means the Lender and its successors and permitted assignees, any agent of any of them (specifically including a receiver or receiver-manager) and its officers, directors, employees, beneficial owners and shareholders;
- (w) "Insolvency Event" means, in respect of any Person:
 - (i) such Person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the BIA); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under

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

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

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

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

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

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

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

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

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

ARTICLE 3 SCHEDULES

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

Schedule "A" – Lands to be Charged/Mortgaged

Schedule "B" – Schedule of Interest Payments

Schedule "C" – Expenses

Schedule "D" – Additional Loan Payment

Schedule "E" – Permitted Encumbrances

Schedule "F" – Outstanding Encumbrances and Liens

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5 SECURITY

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

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

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

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

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

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

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

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

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

ARTICLE 7 COVENANTS

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

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

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

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

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

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

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

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

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

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

ARTICLE 8 CONDITIONS PRECEDENT

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

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

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

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

ARTICLE 9 DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

ARTICLE 10 GENERAL CONTRACT TERMS

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

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

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

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

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

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

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

(i) to the Borrower:

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

E-mail: bwstewart@rogers.com

Attention: Bruce Stewart

with a copy to:

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

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

(ii) to the Lender:

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

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

with a copy to:

Nancy Elliott, Barrister & Solicitor

5000 Yonge Street
Suite 1901
Toronto, Ontario
M2N 7E9

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

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

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

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

10.08 Time shall be of the essence of this Agreement.

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

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

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

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

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

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

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

2223947 ONTARIO LIMITED

Per: _____

Name: Raj Singh

Title: President

I have authority to bind the corporation

LEGACY LANE INVESTMENTS LTD.

Per: _____

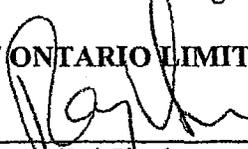
Name: Bruce Stewart

Title: President

I have authority to bind the corporation

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

2223947 ONTARIO LIMITED

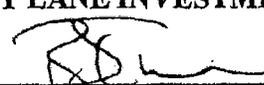
Per: 

Name: Raj Singh

Title: President

I have authority to bind the corporation

LEGACY LANE INVESTMENTS LTD.

Per: 

Name: Bruce Stewart

Title: President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

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

SCHEDULE "B"
SCHEDULE OF INTEREST PAYMENTS

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

**SCHEDULE "C"
EXPENSES**

The Expenses include the following:

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

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

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

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

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

SCHEDULE "E"
PERMITTED ENCUMBRANCES

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

SCHEDULE "F"
OUTSTANDING ENCUMBRANCES AND LIENS

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

LOAN AGREEMENT

THIS AGREEMENT is made as of the 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 Installment 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;

- (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 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.

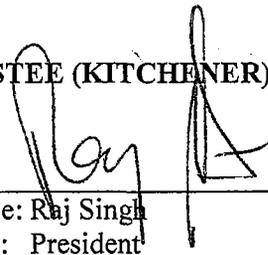
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall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

MC TRUSTEE (KITCHENER) LTD.

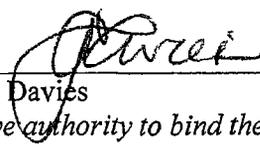
Per: _____


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(I) 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.

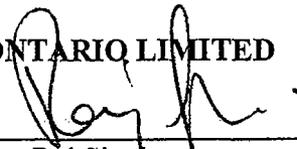
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall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

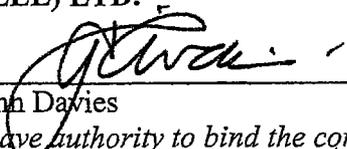

Name: Raj Singh

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;

- 2 -

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

- 3 -

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.

- 4 -

- (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

- 5 -

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

- 6 -

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

- 7 -

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

- 8 -

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

- 9 -

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

- 10 -

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

- 11 -

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

- 12 -

- (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

- 13 -

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

- 14 -

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)

- 15 -

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.

- 16 -

- (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;

- 17 -

- (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;

- 18 -

- (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

- 19 -

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;

- 20 -

- (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"):

- 21 -

- (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

- 24 -

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

- 25 -

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.

- 26 -

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).

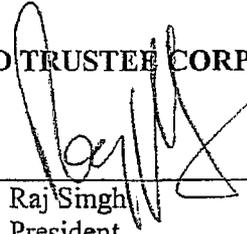
10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction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

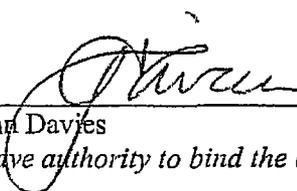
SCOLLARD TRUSTEE CORPORATION

Per: 

Name: Raj Singh
Title: President

I have authority to bind the corporation

SCOLLARD DEVELOPMENT CORPORATION

Per: 

John Davjes

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.

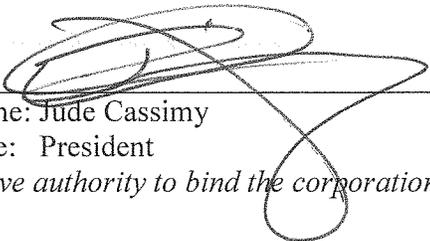
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall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

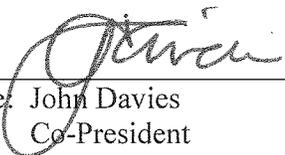
[Remainder of Page Intentionally Left Blank – Signature Page to Follow]

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;

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

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

ARTICLE 1 RECITALS

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

ARTICLE 2 DEFINITIONS AND TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 3 SCHEDULES

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

Schedule "A" - Lands to be Charged/Mortgaged

Schedule "B" - Schedule of Interest Payments

Schedule "C" - Expenses

Schedule "D" - Additional Loan Payment

Schedule "E" - Permitted Encumbrances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5 SECURITY

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

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

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

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

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

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

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

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

ARTICLE 7 COVENANTS

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8 CONDITIONS PRECEDENT

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

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

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

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

**ARTICLE 9
DEFAULT AND REMEDIES**

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 10 GENERAL CONTRACT TERMS

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

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

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

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

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

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

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

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

- (i) to the Borrower:

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

Attention: John Davies

with a copy to:

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

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

(ii) if to the Lender:

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

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

with a copy to:

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

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

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

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

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

10.08 Time shall be of the essence of this Agreement.

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

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

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

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

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

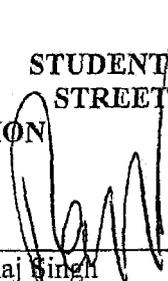
10.13 This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile, and any signature contained hereon by facsimile shall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

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

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

TEXTBOOK STUDENT SUITES (525
PRINCESS STREET) TRUSTEE
CORPORATION

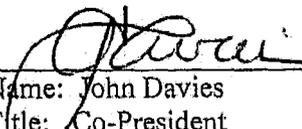
Per: _____


Name: Raj Singh
Title: President

I have authority to bind the corporation

TEXTBOOK (525 PRINCESS STREET) INC.

Per: _____


Name: John Davies
Title: Co-President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

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

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

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

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

Municipal Description:

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

SCHEDULE "B"
SCHEDULE OF INTEREST PAYMENTS

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

SCHEDULE "C"
EXPENSES

The Expenses include the following:

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

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

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

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

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

SCHEDULE "E"
PERMITTED ENCUMBRANCES

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

LOAN AGREEMENT

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

B E T W E E N:

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

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

AND

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

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

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

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

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

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

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

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

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

ARTICLE 1 RECITALS

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

ARTICLE 2 DEFINITIONS AND TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 3 SCHEDULES

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

Schedule "A" – Lands to be Charged/Mortgaged

Schedule "B" – Schedule of Interest Payments

Schedule "C" – Expenses

Schedule "D" – Additional Loan Payment

Schedule "E" – Permitted Encumbrances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 5 SECURITY

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

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

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

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

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

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

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

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

ARTICLE 7 COVENANTS

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 8 CONDITIONS PRECEDENT

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

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

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

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

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

**ARTICLE 9
DEFAULT AND REMEDIES**

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 10 GENERAL CONTRACT TERMS

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

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

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

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

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

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

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

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

- (i) to the Borrower:

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

Attention: John Davies

with a copy to:

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

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

(ii) if to the Lender:

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

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

with a copy to:

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

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

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

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

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

10.08 Time shall be of the essence of this Agreement.

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

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

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

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

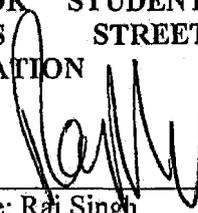
10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction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

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

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

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

TEXTBOOK STUDENT SUITES (555
PRINCESS STREET) TRUSTEE
CORPORATION

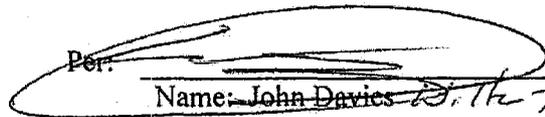
Per: 

Name: Raj Singh

Title: President

I have authority to bind the corporation

TEXTBOOK (555 PRINCESS STREET)INC.

Per: 

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

Title: Co-President

I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

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

BEING THE WHOLE OF PIN 36072-0135(LT)

Municipal Description:

555 Princess Street, Kingston, Ontario

SCHEDULE "B"
SCHEDULE OF INTEREST PAYMENTS

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

SCHEDULE "C"
EXPENSES

The Expenses include the following:

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

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

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

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

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

SCHEDULE "E"
PERMITTED ENCUMBRANCES

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

LOAN AGREEMENT

THIS AGREEMENT is made as of the 1st day of May, 2015.

B E T W E E N:

TEXTBOOK STUDENT SUITES (ROSS PARK) TRUSTEE CORPORATION, a corporation incorporated under the laws of the Province of Ontario

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

AND

TEXTBOOK ROSS PARK 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 **Thirteen Million Five Hundred and Fifty Thousand (\$13,550,000) 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 1234, 1236, 1238, 1240, 1244 and 1246 Richmond Street, London, 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, subject to a mortgage in the aggregate amount of \$4,500,000 granted to the vendor of the Property to the Borrower, as security for the balance of the seven million dollar purchase price for the Property (the “**VTB Mortgage**”);

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 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 Thirteen Million Five Hundred and Fifty Thousand (\$13,550,000) 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 Thirteen Million Five Hundred and Fifty Thousand (\$13,550,000) Dollars which Note shall be in form and substance satisfactory to the solicitors of the Lender;
- (jj) "Outstanding Encumbrances and Liens" shall have the same meaning as set forth in Sub-Section 7.01(l) hereof;

- (kk) "Person", means a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality;
- (ll) "Permitted Encumbrances" are those Liens described in Schedule "E" attached hereto and any construction financing (including Tarion bonding company insurance mortgage security) subsequently acquired by the Borrower for the construction of the condominium project on the Property not exceeding Thirty-Nine Million (\$39,000,000) Dollars;
- (mm) "Requirements of Environmental Law" means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) requirements announced by a Governmental Authority as having immediate effect (provided that at the time of making such announcement the government also states its intention of enacting legislation to confirm such requirements retroactively); (iv) all directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (v) all permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation and (B) exposure to Hazardous Materials;
- (nn) "Security" means all guarantees, security agreements, mortgages, debentures and other documents mentioned comprising the Security Documents or otherwise and all other documents and agreements delivered by the Borrower or other Persons to the Lender for the benefit of the Lender from time to time as security for the payment and performance of the Borrowers Liabilities, and the security interests, assignments and Liens constituted by the foregoing;
- (oo) "Security Documents", refers collectively to this Agreement, the Mortgage, those documents and instruments referred to in Section 5.01 hereof and any and other documents, agreements or writings delivered to the Lender as contemplated in this Agreement whether as security for the Loan or otherwise. At the option of the Lender, the Security Documents may reflect a fixed rate of interest as designated by the Lender's counsel. Notwithstanding the same, the provisions with respect to the payment of interest as set out in this Agreement shall prevail;
- (pp) "Statutory Lien" means a Lien in respect of any property or assets of a Company created by or arising pursuant to any applicable legislation in favour of any Person (such as but not limited to a Governmental Authority), including a Lien for the purpose of securing the Borrower's obligation to deduct and remit employee source deductions and goods and services tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan* (Canada), the *Employment Insurance Act*

(Canada) and any federal or provincial legislation similar to or enacted in replacement of the foregoing from time to time; and,

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

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

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

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

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

ARTICLE 3 SCHEDULES

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

Schedule "A" – Lands to be Charged/Mortgaged

Schedule "B" – Schedule of Interest Payments

Schedule "C" – Expenses

Schedule "D" – Additional Loan Payment

Schedule "E" – Permitted Encumbrances

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

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

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

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

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

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

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

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

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

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

- (a) Any amounts advanced by the Lender, in its sole and absolute discretion, to the Borrower pursuant to this Agreement, may occur in tranches (the "**Loan Instalments**") with the anticipated first Loan Instalment to be in the amount of not less than Five Million (\$5,000,000.00) Dollars. The second or further Loan Installments are expected to be in the aggregate amount of Eight Million Five Hundred and Fifty Thousand (\$8,550,000.00) 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 \$13,550,000 less any other mortgages registered against the Property) ranking as a second mortgage subsequent to the VTB 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-Nine Million (\$39,000,000) Dollars obtained by the Borrower related to construction of the condominium project on the Property and for the hard and soft costs related thereto, including any Tarion warranty bond mortgage security (the "**Mortgage**");
- (c) if requested by the Lender from time to time, security agreements creating an assignment security interest in respect of its rights to and interest in Material Agreements to which it is a party, together with any necessary consents from the other parties thereto which security interest may not be a first ranking security interest;
- (d) an assignment of its interest in all policies of insurance, specifically including the right to receive any refunds of premiums paid thereunder; and

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

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

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

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

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

ARTICLE 6 COVENANTS, REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

ARTICLE 7 COVENANTS

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

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

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

- (l) The Borrower hereby covenants and agrees with the Lender that the first Loan Instalment will be used to purchase the Property free and clear of any encumbrances and liens, save and except for the VTB Mortgage of \$4,500,000 (the “**Outstanding 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 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:

Textbook Ross Park Inc.
51 Caldari Road, Suite A1M
Concord, Ontario, L4K 4G3

Attention: John Davies

with a copy to:

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

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

(ii) if to the Lender:

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

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

with a copy to:

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

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

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

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

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

10.08 Time shall be of the essence of this Agreement.

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

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

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

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

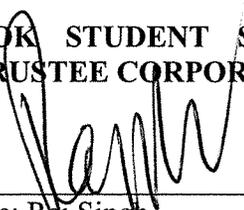
10.12 This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Lender to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction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

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

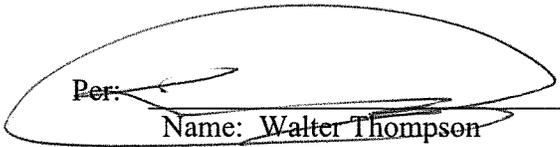
10.14 This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

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

TEXTBOOK STUDENT SUITES (ROSS PARK) TRUSTEE CORPORATION

Per: 
Name: Raj Singh
Title: President
I have authority to bind the corporation

TEXTBOOK ROSS PARK INC.

Per: 
Name: Walter Thompson
Title: Co-President
I have authority to bind the corporation

SCHEDULE "A"
THE LANDS

Legal Description:

08079-0016 (LT)
1234 Richmond Street, London
LOTS 11 AND 12 PLAN 460 LONDON/LONDON TOWNSHIP;

08079-0017
1236 Richmond Street, London
LOT 13, PLAN 460 LONDON/LONDON TOWNSHIP;

08079-0018
1238 Richmond Street, London
LOT 14 AND PART LOT 15 PLAN 460, AS IN 778474 LONDON/LONDON TOWNSHIP;

08079-0019
1240 Richmond Street, London
PART LOTS 15 AND 16 PLAN 460, AS IN 812726 LONDON/LONDON TOWNSHIP;

08079-0020
1244 Richmond Street, London
PART LOTS 16 AND LOT 17 PLAN 460, AS IN 797474 LONDON/LONDON TOWNSHIP;

08079-0004
1246 Richmond Street, London
LOT 1, PLAN 493 LONDON/LONDON TOWNSHIP;

Municipal Description:

1234, 1236, 1238, 1240, 1244 and 1246 Richmond Street, London, 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, 2015. All funds advanced after July 1, 2015 will receive an initial payment pro rated up to and including October 1, 2015 and full payments quarterly until the maturity date, anticipated to be on or about June 1, 2018.

SCHEDULE "C"
EXPENSES

The Expenses include the following:

- a) Mortgage Brokerage Fee of \$135,000 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 \$13,550,000). The fee payable to the Mortgage Broker is 1% of the mortgage amount advanced.

- b) Referral and Related Fees of \$2,168,000 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 \$13,550,000 where the actual mortgage advance is less than \$13,550,000, the referral and related fees will be proportionately reduced); and,

- c) Legal Fees. Legal Fees of \$20,000.00 plus HST plus Disbursements (which shall include Title Insurance and other Expenses) shall be payable to the Lender's Solicitors which shall be deducted from the first Loan Instalment. In the event that there is more than one (1) Loan Instalments, then additional legal fees of \$3,000 plus HST plus Disbursements shall be paid to the Lender's Solicitors on each additional Loan Instalment. The fees, taxes and disbursements of the Borrower's Solicitors shall be paid in addition to the fees, taxes and disbursements of the Lender's Solicitors. It is estimated the fees of the Borrower's Solicitors shall be \$35,000 (plus HST and disbursements) for the first Loan Instalment and \$20,000 (plus HST and disbursements) for each Loan Instalment thereafter, exclusive of the costs of preparation of any offering documents in jurisdictions where such documents are required.

SCHEDULE "D"
ADDITIONAL LOAN PAYMENT

The Additional Loan Payment shall be an amount equal to four (4%) per cent per annum of the principal amount of the Mortgage advanced to the Borrower and shall be payable for such time as the Loan remains outstanding, as determined by the Lender (the "**Additional Loan Payment**"). The Additional Loan Payment shall be payable by the Borrower from the Distributable Cash Proceeds. The payment of the Additional Loan Payment may be paid at any time and from time to time to the Lender after the Loan, plus interest thereon in accordance with this Agreement and all Expenses are paid pursuant to this Agreement. If the principal amount advanced to the Borrower is less than \$13,550,000, 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 \$13,550,000 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 \$1,626,000, 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. The VTB Mortgage of \$4,500,000.