



**Seventh Report to Court of
KSV Kofman Inc. as CCAA Monitor of
Urbancorp Toronto Management Inc.,
Urbancorp (St. Clair Village) Inc.,
Urbancorp (Patricia) Inc., Urbancorp
(Mallow) Inc., Urbancorp (Lawrence) Inc.,
Urbancorp Downsview Park Development
Inc., Urbancorp (952 Queen West) Inc.,
King Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
Schedule “A” Hereto**

October 24, 2016

Contents		Page
1.0	Introduction.....	1
1.1	Purposes of this Report.....	2
1.2	Currency	2
1.3	Restrictions	3
2.0	Background of Property Company	3
3.0	Sale Process for the Property	4
4.0	Condominium Purchasers.....	5
5.0	Travelers Mortgage.....	6
6.0	Allocation of Proceeds Between the Co-owners.....	6
7.0	Recommendation.....	6
8.0	Update on Sale Process for Urbancorp School Board Properties	6
9.0	Confidential Appendices	7
10.0	Conclusion and Recommendation	8

Schedules and Appendices

Schedules

Urbancorp CCAA Entities.....	A
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Appendix

Tab

First Report	A
Co-Owners Agreement	B

Confidential Appendix

Offers and Offer Summary	1
New Offer	2
Purchase and Sale Agreement.....	3

COURT FILE NO.: CV-16-11389-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW) INC., URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC., BRIDGE ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE AFFILIATED ENTITIES LISTED IN SCHEDULE "A" HERETO

SEVENTH REPORT OF KSV KOFMAN INC.

OCTOBER 24, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (collectively, St. Clair, Patricia, Mallow, Downsview, Lawrence and UTMI are referred to as the "Companies".) KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee of each of the Companies.
2. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) (the "Court") dated May 18, 2016 (the "Initial Order"), the Applicants (which include the Companies) together with the entities listed on Schedule "A" attached (collectively, the "Urbancorp CCAA Entities" and each an "Urbancorp CCAA Entity") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor").
3. On August 29, 2016, the Court issued an order extending the stay of proceedings for the Urbancorp CCAA Entities to November 25, 2016.

4. The principal purpose of the restructuring proceedings is to create a stabilized environment to allow the Urbancorp CCAA Entities the opportunity to consider their restructuring options, including selling some or all of their properties through a Court-supervised process. On September 15, 2016, the Court issued an order approving the sales of the lands for which St. Clair, Patricia, Mallow and Lawrence were the registered owners (the “Urbancorp School Board Properties”).
5. Prior to these proceedings, a sale process had been commenced for a property located at 834 to 840 St. Clair Avenue West, Toronto (the “Property”), in which Urbancorp 60 St. Clair Inc. (the “Property Company”) has a 40% interest.
6. This report (the “Report”) is filed by KSV in its capacity as Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) Provide background regarding the Property;
 - b) Provide an update on the sales (the “Sales”) of the Urbancorp School Board Properties;
 - c) recommend that the Court issue orders:
 - i. approving the sale of the Property Company’s interest in the Property to Worsley Urban Partners Limited (“Worsley”);
 - ii. vesting title in the Property Company’s interest in the Property in Worsley, free and clear of all liens, claims and encumbrances, other than permitted encumbrances, as detailed in the Purchase and Sale Agreement dated August 9, 2016 for the sale of the Property (the “PSA”);
 - iii. terminating the Co-Owners Agreement, as defined in Section 2.0 of this Report and approving the distribution of funds as set out in Schedule F of the PSA;
 - iv. sealing the confidential appendices set out in Section 8 of this Report; and
 - v. Unsealing the purchase and sale agreements relating to St. Clair (the “St. Clair Agreement”), Patricia (the “Patricia Agreement”) and Mallow (the “Mallow Agreement”).

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the Urbancorp CCAA Entities, the books and records of the Urbancorp CCAA Entities and discussions with representatives of the Urbancorp CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is preliminary and remains subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2.0 Background of Property Company

1. The Urbancorp CCAA Entities, together with several affiliates, comprise the Urbancorp Group (collectively, the "Urbancorp Group"). The Urbancorp Group's background is summarized in the First Report of the Monitor dated June 9, 2016. A copy of the First Report is provided in Appendix "A", without appendices.
2. In 2011, the Property Company, together with Hendrick and Main Developments Inc. ("HMDI"), acquired the Property from an affiliate of First Capital Corporation ("FCC"). FCC has an indirect interest in HMDI. The acquisition was an all-cash transaction.
3. The Property Company has a forty percent (40%) undivided interest in the Property and HMDI has a sixty percent (60%) interest in the Property. As it relates to the Property, the Property Company and HMDI are referred to herein as the "Co-Owners". HMDI loaned the Property Company approximately 50% of the Property Company's share of the purchase price (the "Loan").
4. The Co-Owners entered into an agreement (the "Co-Owners Agreement") dated December 12, 2011 that, *inter alia*, governs the relationship between the Property Company and HMDI. A copy of the Co-Owners Agreement is provided in Appendix "B" to this Report. The PSA requires the Co-Owners Agreement to be terminated upon completion of the PSA.
5. Title to the Property is registered to 840 St. Clair Avenue West Inc. (the "Nominee"), as nominee for the Co-Owners.
6. The initial intention of the Co-Owners was to develop the Property into a residential condominium and retail project (the "Project").
7. An affiliate of the Property Company, Urbancorp (St. Clair West) Inc. ("St. ClairCo"), was a Tarion Warranty Corporation ("Tarion") registrant and conducted the sales and marketing of the residential condominiums in the Project on behalf of the Co-Owners.

8. The Property Company incurred costs in the marketing of the residential condominiums in the Project, some of which were not authorized in accordance with the Co-Owners Agreement. The Co-Owners orally agreed that should the Co-Owners not complete the Project, the Property Company would bear one hundred percent (100%) of those costs (the “Condominium Expenses”) relating to the marketing of the residential condominiums, even though it only had a forty percent (40%) interest in the Property.
9. St. ClairCo entered into thirteen (13) agreements of purchase and sale for the Project’s residential condominiums (the “Condominium Purchase Agreements”) and received deposits (the “Deposits”) totaling \$622,630 from purchasers (the “Condominium Purchasers”). The Deposits were held by St. ClairCo’s legal counsel, Harris Sheaffer LLP (“Harris Sheaffer”), in its trust account.
10. In connection with the Project, St. ClairCo arranged for Travelers Insurance Company of Canada (“Travelers”) to issue a bond (the “Bond”) to Tarion to secure Tarion’s obligations to purchasers of condominiums in the Project. As collateral for its obligations under the Bond, Travelers was granted a mortgage (the “Travelers Mortgage”) on the Property from the Co-Owners.
11. In the autumn of 2015, the Co-Owners decided not to proceed with the Project and instead decided to offer the Property for sale, on an *as is* basis.

3.0 Sale Process for the Property

1. On October 13, 2015, the Co-Owners engaged Colliers MacCaulay Nichols (Ontario) Inc. (“Colliers”) to market the Property on an exclusive basis.
2. The marketing process developed by Colliers, in conjunction with the Co-Owners, included:
 - Preparing an information package about the Property;
 - Advertising the Property for sale in the October 28, 2015 edition of *The Globe and Mail* newspaper;
 - Sending e-mail blasts about the Property to its local, regional, national and international data base; and
 - Having an unpriced tender process, with a November 19, 2015 deadline for submission of offers.
3. Colliers advises that it contacted or met with over forty (40) potential purchasers during the marketing period.
4. Colliers received three (3) written offers by the November 19, 2015 tender deadline. One of the offers was submitted by Worsley. None of the offers were accepted. A summary of the offers received and copies of the offers are provided in Confidential Appendix “1” to this Report.

5. In the spring of 2016, HMDI, on behalf of the Co-Owners, commenced negotiations for the sale of the Property with another party (the “New Party”). The negotiations led to an offer (the “New Offer”) being submitted by the New Party. A copy of the New Offer is provided in Confidential Appendix “2” to this Report. Due primarily to uncertainty surrounding the Property Company as a result of the then recently filed insolvency proceedings of the Applicants, the Co-Owners and the New Party did not enter into an agreement for the sale and purchase of the Property.
6. In July, 2016, HMDI, on behalf of the Co-Owners, negotiated with Worsley for the sale of the Property, which culminated in the execution of the PSA among HMDI, the Property Company, Worsley and an affiliate of HMDI. A copy of the PSA is provided in Confidential Appendix “3” to this Report.
7. The PSA was conditional on, among other things:
 - a) a thirty-day due diligence period in favour of Worsley;
 - b) confirmation that the Condominium Purchase Agreements would not be assumed by Worsley;
 - c) discharge of the Travelers Mortgage; and
 - d) this Court issuing orders approving the sale of the Property Company’s interest in the Property and vesting the Property Company’s interest in the Property free and clear of all liens, claims and encumbrances, other than permitted encumbrances.
8. Conditions (a) through (c) have been waived or satisfied. Only condition (d) remains outstanding.

4.0 Condominium Purchasers

1. As set out in Section 2(9) of this Report, St. ClairCo entered into Condominium Purchase Agreements with thirteen (13) Condominium Purchasers.
2. On August 5, 2016, Harris Sheaffer, on behalf of St. ClairCo, issued to each of the Condominium Purchasers a notice terminating the Condominium Purchase Agreements (the “Termination Notice”), in accordance with the terms of the Condominium Purchase Agreements. In addition to the Termination Notice, each of the Condominium Purchasers received a form of mutual release and termination agreement (the “Mutual Release and Termination Agreement”).
3. All of the Condominium Purchasers have executed the Mutual Release and Termination Agreement.
4. Harris Sheaffer has refunded all of the Deposits provided by the Condominium Purchasers.

5.0 Travelers Mortgage

1. In order to have the Travelers Mortgage discharged, Travelers required the return of the Bond issued to Tarion. As a result of: a) St. ClairCo entering into the Mutual Release and Termination Agreement with each of the Condominium Purchasers; b) Harris Sheaffer refunding all the Deposits to the Condominium Purchasers; and c) certain declarations being provided to Tarion, the Bond was returned to Travelers. The Travelers Mortgage was discharged on October 18, 2016.

6.0 Allocation of Proceeds Between the Co-owners

1. As set out in Sections 2(3) and 2(8) of this Report, the Property Company has a forty percent (40%) interest in the Property and is indebted to HMDI for providing the Property Company with the Loan. The Property Company agreed to be responsible for one hundred percent (100%) of the Condominium Expenses, in the event the Project was not completed.
2. The Co-Owners have agreed that HMDI would be repaid its Loan out of the proceeds from the sale of the Property, together with unpaid and accrued interest and the Condominium Expenses, as referenced in Schedule F of the PSA.

7.0 Recommendation

1. For the following reasons, the Monitor recommends that the Court issue an order approving the Property Company's sale of its interest in the Property in accordance with the PSA and vesting the Property Company's interest in the Property free and clear of all liens, claims and encumbrances, other than permitted encumbrances to Worsley:
 - Colliers conducted an extensive marketing process for the Property;
 - HMDI, the co-Owner with a sixty percent (60%) interest in the Property, is satisfied with the PSA;
 - It is a condition of the transaction; and
 - The PSA represents the highest offer submitted for the Property.

8.0 Update on Sale Process for Urbancorp School Board Properties

1. On September 15, 2016, the Court issued Approval and Vesting Orders in respect of the St. Clair Agreement, the Patricia Agreement, the Mallow Agreement and the asset purchase agreement relating to Lawrence (the "Lawrence Agreement") (collectively, the "Sales Agreements").

2. The St. Clair Agreement was originally scheduled to be completed on September 30, 2016. The purchaser requested that the closing of the St. Clair Agreement be extended until October 7, 2016. The Monitor consented to the extension request, provided the purchaser increased its deposit. The purchaser increased the deposit and the St. Clair Agreement was completed on October 7, 2016.
3. The Patricia Agreement was scheduled to close on October 11, 2016 and did so as scheduled.
4. The Mallow Agreement was scheduled to close on October 11, 2016 and did so as scheduled.
5. The Lawrence Agreement was scheduled to be completed on September 30, 2016; however, on that date, counsel for the purchaser advised the Applicants' counsel (the "Applicants' Counsel") that his client will not be delivering the closing funds. Accordingly, as at the date of this Report, the Lawrence Agreement has not been completed. The Monitor has retained the deposit provided under the Lawrence Agreement and is considering options to realize on the Lawrence property. Subsequently, letters have been issued by counsel for the Applicants, the Monitor and the purchaser, each setting out their client's respective legal position. The Applicants' and the Monitor's position is that the purchaser repudiated the Lawrence Agreement and that the Monitor is entitled to retain the deposit.
6. The proceeds from the completion of the St. Clair Agreement, the Patricia Agreement and the Mallow Agreement have been paid to the Monitor's Urbancorp trust account. By Court Order dated September 29, 2016, the Monitor was authorized to repay the first mortgage indebtedness to Terra Firma Capital Corporation and Atrium Mortgage Investment Corporation ("AMIC") in respect of the Patricia property and the Mallow property and the indebtedness under the DIP Facility (as defined in the Court Order dated June 30, 2016) to AMIC. The Monitor has repaid the foregoing indebtedness:
 - Pre-NOI first mortgage on Patricia totaling \$3,927,726;
 - Pre-NOI first mortgage on Mallow totaling \$4,011,817; and
 - DIP Facility totaling \$3,277,637.

9.0 Confidential Appendices

1. This Report contains appendices ("Confidential Appendices "1" to "3") relating to offers received, including the PSA. The Monitor recommends the appendices be filed with the Court on a confidential basis and be sealed until further order of the Court. If these documents are not sealed, the information contained therein could negatively impact the Property Company's realization in the event that the PSA is not completed.

2. In the Monitor's Fifth Report, the Monitor recommended that the Sales Agreements be filed with the Court on a confidential basis and be sealed. The Monitor made the recommendation on the basis that if the documents were not sealed, the information contained therein could negatively impact the realizations in the event that the transactions did not close. On September 15, 2016, the Court ordered that the Sale Agreements be sealed until further order of the Court. As the St. Clair Agreement, the Patricia Agreement and the Mallow Agreement have been completed, the Monitor recommends that those documents now be unsealed.

10.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in Section 1.1(c) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE URBANCORP CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp Power Holdings Inc.

Vestaco Homes Inc.

Vestaco Investments Inc.

228 Queen's Quay West Limited

Urbancorp Cumberland 1 LP

Urbancorp Cumberland 1 GP Inc.

Urbancorp Partner (King South) Inc.

Urbancorp (North Side) Inc.

Urbancorp Residential Inc.

Urbancorp Realtyco Inc.

Appendix “A”



**First Report to Court of
KSV Kofman Inc. as CCAA Monitor of
Urbancorp Toronto Management Inc.,
Urbancorp (St. Clair Village) Inc.,
Urbancorp (Patricia) Inc., Urbancorp
(Mallow) Inc., Urbancorp (Lawrence) Inc.,
Urbancorp Downsview Park Development
Inc., Urbancorp (952 Queen West) Inc.,
King Residential Inc., Urbancorp 60 St.
Clair Inc., High Res. Inc., Bridge On King
Inc. and the Affiliated Entities Listed in
Schedule "A" Hereto**

June 9, 2016

Contents	Page
1.0 Introduction.....	1
1.1 Purposes of this Report.....	2
1.2 Currency.....	3
1.3 Restrictions.....	3
2.0 Background.....	4
2.1 Israeli Proceedings.....	4
3.0 Update on the Israeli Proceedings.....	5
4.0 Restructuring Process.....	6
4.1 Development Proposal.....	6
4.2 Broker Solicitation Process.....	6
5.0 Cash Flow.....	7
6.0 DIP Financing Process.....	7
7.0 Downsview.....	8
7.1 DHI Facility.....	8
7.2 Monitor’s Recommendation.....	10
8.0 Request for an Extension.....	11
9.0 Overview of the Monitor’s Activities.....	11
10.0 Conclusion and Recommendation.....	14

Schedules and Appendices

Schedule	Tab
Urbancorp CCAA Entities.....	A

Appendix Tab

Group Organization Chart.....	A
Request for Proposals from Brokers.....	B
Projection and Management’s Report on Cash Flow.....	C
Monitor’s Report on Cash Flow.....	D
Solicitation Letter.....	E
DHI Term Sheet.....	F

COURT FILE NO.: CV-16-11389-00CL

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF URBANCORP TORONTO MANAGEMENT INC., URBANCORP (ST. CLAIR
VILLAGE) INC., URBANCORP (PATRICIA) INC., URBANCORP (MALLOW)
INC., URBANCORP (LAWRENCE) INC., URBANCORP DOWNSVIEW PARK
DEVELOPMENT INC., URBANCORP (952 QUEEN WEST) INC., KING
RESIDENTIAL INC., URBANCORP 60 ST. CLAIR INC., HIGH RES. INC.,
BRIDGE ON KING INC. (COLLECTIVELY, THE "APPLICANTS") AND THE
AFFILIATED ENTITIES LISTED IN SCHEDULE "A" HERETO**

JUNE 9, 2016

1.0 Introduction

1. On April 21, 2016, Urbancorp (St. Clair Village) Inc. ("St. Clair"), Urbancorp (Patricia) Inc. ("Patricia"), Urbancorp (Mallow) Inc. ("Mallow"), Urbancorp Downsview Park Development Inc. ("Downsview"), Urbancorp (Lawrence) Inc. ("Lawrence") and Urbancorp Toronto Management Inc. ("UTMI") each filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "NOI Proceedings"). (Collectively, St. Clair, Patricia, Mallow, Downsview and Lawrence are referred to as the "NOI Entities" and the NOI Entities and UTMI are referred to as the "Companies".)
2. KSV Kofman Inc. ("KSV") was appointed as the Proposal Trustee in the NOI Proceedings.
3. Pursuant to an Order made by the Ontario Superior Court of Justice (Commercial List) ("Court") dated May 18, 2016 ("Initial Order"), the Applicants (which include the Companies) together with the entities listed on Schedule "A" attached (collectively, the "Urbancorp CCAA Entities") were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") and KSV was appointed monitor (the "Monitor").
4. This report (the "Report") is filed by KSV in its capacity as Monitor.

5. The Initial Order:

- a) granted a stay of proceedings for the Urbancorp CCAA Entities to June 17, 2016;
- b) approved an interim credit facility (the “Interim Credit Facility”) in the amount of \$1.9 million between Urbancorp Partner (King South) Inc. (“King South”), as lender, and the Urbancorp CCAA Entities, as borrowers, and authorized the Monitor to cause any Urbancorp CCAA Entity with available cash to loan that cash to another Urbancorp CCAA Entity, as required (an “Approved Intercompany Advance”);
- c) authorized the Monitor to solicit proposals for interim financing to replace or augment the Interim Credit Facility (the “DIP Solicitation Process”);
- d) approved a protocol (the “Protocol”) between the Monitor and Guy Gissin, functionary of Urbancorp Inc. (the “Functionary”), as appointed by the Israeli District Court in Tel Aviv-Yafo (the “Tel Aviv Court”);
- e) provided the Monitor with enhanced authority in the CCAA proceedings, including control of the cash management system, operational decision making and the direction of the restructuring process generally; and
- f) granted the Administration Charge, the Intercompany Lender’s Charge, the Interim Lender’s Charge and the Director’s Charge, all as defined in the Initial Order.

6. The principal purpose of the CCAA proceedings is to create a stabilized environment to allow the Urbancorp CCAA Entities the opportunity to consider their restructuring options, including development opportunities and/or selling some or all of their properties through a Court approved process.

1.1 Purposes of this Report

- 1. The purposes of this Report are to:
 - a) provide background information about the Urbancorp CCAA Entities and these proceedings;
 - b) provide the Court with an update on:
 - i. Urbancorp Inc.’s proceedings in Israel (the “Israeli Proceedings”), which have been recognized as a foreign main proceeding by the Court under Part IV of the CCAA (the “Part IV Proceedings”);

- ii. the Urbancorp CCAA Entities' restructuring, including the status of development opportunities and a sale process to be finalized shortly by the Monitor; and
 - iii. the DIP Solicitation Process;
- c) report on the Urbancorp CCAA Entities' cash flow projection for the period June 4, 2016 to September 2, 2016 ("Cash-Flow Statement");
- d) summarize the terms of a debtor-in-possession facility (the "DHI Facility") in the amount of \$8 million between Mattamy (Downsview) Limited ("Mattamy"), as lender, and Downsview, as borrower, as well as a charge (the "DHI Facility Charge") in favour of Mattamy over Downsview's assets, properties and undertakings to secure repayment of the amounts borrowed by Downsview under the DHI Facility;
- e) provide an overview of the Monitor's activities since the commencement of the CCAA proceedings; and
- f) recommend that the Court make an Order:
 - i. granting the Urbancorp CCAA Entities' request for an extension of its stay of proceedings from June 17, 2016 to September 2, 2016;
 - ii. approving the DHI Facility and the DHI Facility Charge; and
 - iii. approving this Report and the activities of the Monitor as set out in this Report.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information of the Urbancorp CCAA Entities, the books and records of the Urbancorp CCAA Entities and discussions with representatives of the Urbancorp CCAA Entities, including their lawyers and accountants. The Monitor has not performed an audit or other verification of such information. The financial information discussed herein is preliminary and remains subject to further review. The Monitor expresses no opinion or other form of assurance with respect to the financial information presented in this Report.

2. An examination of the Urbancorp CCAA Entities' Cash Flow-Statement as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Urbancorp CCAA Entities' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or form of assurance on whether the Cash-Flow Statement will be achieved.

2.0 Background

1. The Urbancorp CCAA Entities, together with several affiliates, comprise the Urbancorp Group (collectively, the "Group"). The business of the Group commenced in 1991. The Group primarily engages in the development, construction and sale of residential properties in the Greater Toronto Area. The Group also owns rental properties and geothermal assets¹. A condensed organization chart for the Group is provided in Appendix "A".
2. The ultimate shareholders of the Group are Alan Saskin and members of his family.
3. At the commencement of the CCAA proceedings, the Urbancorp CCAA Entities had several projects in various stages of development and construction. The projects require significant capital in order to be completed. The Urbancorp CCAA Entities are in need of funding. They will be unable to generate positive cash flow until the projects are advanced.
4. UTMI provides back-office support for the Group, including human resources and accounting. As at June 6, 2016, UTMI employed approximately 13 individuals; it is the sole employer in the Group. UTMI provides services to the Urbancorp CCAA Entities and to other entities in the Group, including: (i) Edge Residential Inc., Edge on Triangle Park Inc. and Bosvest Inc. which are subject to the NOI proceedings in which The Fuller Landau Group Inc. ("Fuller Landau") is the Proposal Trustee; and (ii) Urbancorp (Leslieville) Developments Inc., Urbancorp (Riverdale) Developments Inc. and Urbancorp (The Beach) Developments Inc. which are subject to receivership proceedings in which Alvarez & Marsal Canada Inc. ("A&M") has been appointed receiver. UTMI's workforce is not unionized and it does not maintain a pension plan.

2.1 Israeli Proceedings

1. Urbancorp Inc. was incorporated on June 19, 2015 for the purpose of raising capital in the public markets in Israel.

¹ Geothermal assets use "green technology" to provide heating and cooling to residential developments.

2. Pursuant to a deed of trust dated December 7, 2015, Urbancorp Inc. made a public offering of debentures (the “IPO”) in Israel for NIS 180,583,000 (approximately C\$64 million based on the exchange rate at the time of the IPO) (the “Bonds”). The Bonds traded on the Tel Aviv Stock Exchange (the “TASE”). Urbancorp Inc. is alleged to have defaulted on the Bonds and trading in the Bonds has been suspended by the TASE.
3. The majority of the proceeds from the Bonds were used to provide loans to the NOI Entities so that the NOI Entities could in turn repay their loan obligations owing at the time. The loan agreements between Urbancorp Inc. and the NOI Entities set out that these advances are unsecured and can only be paid from surplus cash flow after all other creditors are paid in full. The maturity date of the Bonds is December 31, 2019, at which time they must be repaid.
4. Pursuant to the Recognition Order issued in the Part IV Proceedings:
 - a) Mr. Gissin was appointed as the foreign representative of Urbancorp Inc.;
 - b) the Israeli Proceedings were recognized as a “foreign main proceeding”;
 - c) a decision by the Tel Aviv Court granting the Functionary certain powers, authority and responsibilities over Urbancorp Inc. was recognized by the Court; and
 - d) KSV was appointed as the Information Officer;
5. Pursuant to the Initial Order, the Court approved the Protocol between the Monitor and the Functionary. The Protocol addresses, *inter alia*, the sharing of information between the Functionary and the Monitor, the manner in which the Functionary is to have input in the CCAA restructuring process and that KSV would be the Information Officer in the Part IV Proceedings.
6. Further background concerning the Group and the Israeli Proceedings was provided in the affidavit of Alan Saskin, the sole director and officer of each of the Companies, sworn May 13, 2016 (the “Saskin Affidavit”) and the First Report of KSV as Proposal Trustee dated May 13, 2016 (the “Proposal Trustee Report”). The Saskin Affidavit, the Proposal Trustee Report and other publically available materials filed in the insolvency proceedings are available on KSV’s website at: <http://www.ksvadvisory.com/insolvency-cases-2/urbancorp/>.

3.0 Update on the Israeli Proceedings

1. Since the commencement of the CCAA proceedings, the Monitor has been in regular contact with the Functionary and its Canadian counsel, Goodmans LLP, to provide updates and consult with the Functionary on major issues in the Urbancorp CCAA Entities’ restructuring process.

2. On May 10, 2016, the Functionary made an application to the Tel Aviv Court to, *inter alia*, authorize the Functionary to enter into the Protocol. On May 11, 2016, the Tel Aviv Court made an Order authorizing the Functionary to enter into the Protocol. On May 22, 2016, the Tel Aviv Court made an order extending the appointment of the Functionary to September 22, 2016.
3. The Functionary shortly intends to seek an Order of this Court calling for claims by Canadian creditors against Urbancorp Inc. and establishing a bar date for same. The Monitor expects that the Functionary will seek an order of this Court approving a claims process, including the form of claims' notice that is to be published. The Monitor and the Functionary have been in discussions in this regard.

4.0 Restructuring Process

4.1 Development Proposal

1. Prior to the commencement of the restructuring proceedings, the Group was engaged in discussions with a real estate developer regarding a development proposal for the properties owned by the NOI Entities, other than the property owned by Downsview (the "Properties").
2. On May 12, 2016, the Monitor received a letter of intent from the developer. The Monitor engaged in negotiations with the developer and considered making the development proposal a stalking horse offer in a realization process. A stalking horse process is often beneficial to maintain stakeholder support, such as employees, customers and vendors during a sale process, so that goodwill is preserved. As the main asset of the NOI Entities is raw land, the Monitor concluded that a stalking horse is of limited benefit, if any, at this stage of the sale process². Accordingly discussions with the developer were discontinued during the week of May 27, 2016.

4.2 Broker Solicitation Process

1. In early June, the Monitor requested proposals from realtors to act as its listing agent for the Properties. Proposals are due on June 13, 2016.
2. Upon selection of one or more successful proposals, the Monitor and the realtor(s) will develop a realization process to be approved by the Court. The Monitor expects Court approval to be sought prior to the end of June, 2016. A copy of the package sent to the realtors is provided in Appendix "B".
3. Each of the realtors has a national or significant practice and has experience selling real estate similar to the Properties.
4. In selecting a realtor, the Monitor will also consider unsolicited proposals it receives.

² The Monitor contemplates that the sale process for which it intends to seek Court approval will provide the option, but not the obligation, to have the best offer or offers to be a stalking horse in an auction.

5.0 Cash Flow

1. The Cash-Flow Statement and related assumptions for the period June 4, 2016 to September 2, 2016 (the “Period”), together with Management’s Report on the Cash-Flow Statement, are provided in Appendix “C”.
2. The Urbancorp CCAA Entities’ principal assets are undeveloped real estate, which do not presently generate positive cash flow. The most immediate cash requirement is \$8 million required to fund an equity injection by Downsview to DHI under the DHI Facility (discussed in Section 7 below). The remaining expenses in the Cash-Flow Statement include payroll, general and administrative expenses and professional fees.
3. As of the date of this Report, the Urbancorp CCAA Entities have a cash balance of approximately \$2.1 million. The Urbancorp CCAA Entities’ cash balance is projected to be fully utilized by July 15, 2016. Accordingly, a debtor-in-possession facility (a “DIP Facility”) will be required at that time.
4. The Monitor is of the view that the material assumptions in the Cash-Flow Statement are reasonable. The Monitor’s report on the Projection is provided in Appendix “D”.

6.0 DIP Financing Process

1. The Initial Order authorized the Monitor to conduct the DIP Solicitation Process.
2. The Monitor is seeking a DIP Facility in the amount of \$10 million. The DIP Facility is to be secured by unencumbered raw land owned by Lawrence and St. Clair (the “Collateral”). Estimates of value recently received by the Monitor indicate that the value of the Collateral exceeds the anticipated amount of the DIP Facility.
3. It is contemplated that the proceeds from the DIP Facility will be used to fund operating costs and professional fees incurred by the Urbancorp CCAA Entities during the restructuring process. It may also be used to repay amounts that have been loaned among the Urbancorp CCAA Entities since the commencement of the NOI proceedings under the Intercompany Lender’s Charge and the Interim Lender’s Charge.
4. Between June 6 and 8, 2016, the Monitor sent a letter to several parties detailing the DIP opportunity (the “Solicitation Letter”).³ Attached to the Solicitation Letter was: (i) a confidentiality agreement (the “CA”); and (ii) a form of term sheet to be used by interested parties to submit their bids. A copy of the Solicitation Letter is attached as Appendix “E”. Interested parties who sign CAs will be provided access to an online data room. The data room contains information concerning the Collateral, including environmental reports, zoning studies and appraisals.

³ The majority of the Solicitation Letters were sent on June 6, 2016. Additional letters were sent on June 7 and 8, 2016 to parties who expressed an interest on these dates.

5. The following criteria, among others, will be considered in respect of DIP proposals:
 - a) term;
 - b) interest rate and fees; and
 - c) conditions.
6. The terms of the selected DIP proposal will be subject to Court approval.

7.0 Downsview

1. Downsview Homes Inc. (“DHI”) owns land located at 2995 Keele Street in Toronto, which is being developed into condominiums and low-rise residences (the “Downsview Project”). Construction is in process. When completed, the Downsview Project will consist of 1,136 residential units.
2. The shares of DHI are owned as follows: Downsview (51%) and Mattamy (49%).
3. Prior to the commencement of the CCAA proceedings, Mattamy made advances to DHI on behalf of Downsview. Downsview also has obligations to Mattamy under a co-ownership agreement (“Agreement”). Downsview has pledged its shares in DHI to Mattamy as security for the advances and for Downsview’s obligations under the Agreement.
4. Pursuant to a term sheet dated May 25, 2015 (the “bcIMC Term Sheet”), bcIMC Construction Fund Corporation (“bcIMC”) provides construction financing for the Downsview Project. A condition of the bcIMC Term Sheet is that Mattamy and Downsview inject equity into DHI; approximately \$8 million is required to be advanced by Downsview.
5. Downsview does not have the cash to fund its portion of the required equity. If the equity injection is not made, bcIMC may discontinue funding the Downsview Project. Mattamy has agreed to loan Downsview the funds it requires to fund the equity contribution.
6. Downsview has no material assets other than the shares of DHI which are subject to transfer restrictions and co-ownership obligations.

7.1 DHI Facility⁴

1. The terms of the DHI Facility are set out in a term sheet (the “DHI Term Sheet”). A copy of the DHI Term Sheet is attached as Appendix “F”. The significant terms of the DHI Facility are below.
 - a) Amount: \$8 million;

⁴ Terms not defined in this section have the meaning provided to them in the DHI Term Sheet.

- b) Maturity date: the earliest of (i) December 31, 2018; (ii) the date upon which all conditions precedent to a plan under the CCAA have been satisfied; (iii) the date on which Downsview has sufficient funds to repay the DHI Facility in full; and (iv) such earlier date upon which repayment is required due to the occurrence of an Event of Default;
- c) Interest rate: 15% per annum, payable on maturity;
- d) DHI Facility Charge: all obligations of Downsview under the DHI Facility are to be secured by a first-ranking Court ordered charge over all present and after acquired property, assets and undertakings of Downsview, subject only to the UDDI Administration Charge;
- e) Right of First Refusal (“ROFR”): provides Mattamy with 15 days to match the terms of any take-out financing for the DHI Facility;
- f) Conditions:
 - i. entry of the DHI Facility Approval Order by June 15, 2016;
 - ii. Alan Saskin to resign as an officer and director of DHI;
 - iii. bcIMC continues to fund DHI; and
 - iv. the absence of an Event of Default.
- g) Events of default:
 - i. termination of the CCAA proceedings or the CCAA stay of proceedings;
 - ii. an Order modifying the DHI Financing Charge or the Interim Financing Charge, which adversely impacts the rights of Mattamy;
 - iii. an Order modifying the Interim Financing Approval Order or DHI Financing Approval Order without the consent of Mattamy, in a manner which adversely impacts the rights of Mattamy;
 - iv. failure of Downsview to pay any amounts owing to Mattamy when due;
 - v. if Downsview, or an affiliate of Downsview or any director and/or officer of Downsview, takes any actions with respect to Downsview’s business or assets which have a material adverse effect on Mattamy or any assets subject to the DHI Facility Charge;
 - vi. any material breach of a Court Order; and
 - vii. breaches of covenants in the DHI Term Sheet or the bcIMC Term Sheet, which are not remedied for a period of five days.

7.2 Monitor's Recommendation

1. The Monitor considered the following factors when considering the terms of the DHI Facility, as well those set out in Section 11.2 of the CCAA:
 - a) Downsvie is without cash to fund the equity injection. Mattamy has advised that it may consider enforcing its security on the shares of DHI if Downsvie does not contribute its portion of the required equity. Without the equity injection from Downsvie and Mattamy, bcIMC may not fund its loan to the project, which could put the Downsvie Project at risk. The Downsvie Project appears to be a valuable asset. Making the equity injection allows the project to continue without risk to Downsvie's interest;
 - b) At this time, Mattamy is the only party with sufficient understanding of the Downsvie Project and DHI to be able to advance funds prior to the deadline for the equity injection, particularly since the only security to support such funding are Downsvie's shares in DHI, which are already pledged to Mattamy.
 - c) The Monitor is able to repay the DHI Facility at any time, without penalty;
 - d) The DHI Term Sheet is the result of negotiations among the Monitor, Downsvie and Mattamy. The Monitor understands that Mattamy is not willing to provide the interim financing other than on the terms and conditions of the DHI Term Sheet;
 - e) The interest rate on the DIP Facility is consistent with market, particularly given the complexities of the Downsvie project. It is also consistent with the interest rates for advances made on behalf of a defaulting party under the Agreement; and
 - f) The only meaningful security for the DHI Facility are the shares of DHI which are currently pledged to Mattamy to secure obligations owing under the Agreement. The Monitor has considered the ROFR and does not consider this condition to be a practical or material impediment to receiving alternative financing offers which may prove to be more advantageous than the DHI Facility. The Monitor and Downsvie have no current plans to seek alternative financing, in these circumstances;
2. Based on the foregoing, the Monitor believes that the terms of the DIP Term Sheet are reasonable in the circumstances.

8.0 Request for an Extension

1. The Urbancorp CCAA Entities are seeking an extension of the stay of proceedings from June 17, 2016 to September 2, 2016. The Monitor supports the Urbancorp CCAA Entities' request for an extension of the stay of proceedings for the following reasons:
 - a) the Urbancorp CCAA Entities are acting in good faith and with due diligence;
 - b) no creditor will be materially prejudiced if the extension is granted;
 - c) it will allow the Urbancorp CCAA Entities the opportunity to continue the realization process for the Properties;
 - d) it will allow the Monitor to address a myriad of other issues affecting the Urbancorp CCAA Entities; and
 - e) as of the date of this Report, neither the Urbancorp CCAA Entities nor the Monitor is aware of any party opposed to an extension.

9.0 Overview of the Monitor's Activities

1. The Monitor's activities since the commencement of the proceedings have included:
 - a) carrying out the Monitor's duties and responsibilities in accordance with the Initial Order;
 - b) corresponding with Davies Ward Phillips & Vineberg LLP, counsel to the Monitor, and Borden Ladner Gervais LLP, counsel to the Urbancorp CCAA Entities, concerning all matters in the CCAA proceedings;
 - c) attending on a near daily basis at the Urbancorp CCAA Entities' head office;
 - d) corresponding regularly with purchasers of residential units regarding the status of their deposits and their projects;
 - e) preparing and arranging for an advertisement in *The Globe and Mail* as required under the CCAA;
 - f) preparing and e-filing with the Office of the Superintendent of Bankruptcy Form 1 and Form 2, as required by the CCAA;
 - g) considering a letter of intent provided by a national home builder in respect of the Properties;
 - h) reviewing the Urbancorp CCAA Entities' daily bank activity;
 - i) reviewing information regarding the Group's geothermal assets;
 - j) making a digital backup of the Group's books and records;

- k) considering UTMI's costs, as well as the allocation of those costs between the Urbancorp CCAA Entities and entities not included in the CCAA proceedings;
- l) corresponding with Fuller Landau and A&M regarding their insolvency proceedings;
- m) corresponding with Harris Schaeffer LLP, the Group's corporate lawyers, to obtain information concerning the background of the Urbancorp CCAA Entities;
- n) corresponding with MNP LLP, the Group's accountants;
- o) considering and advancing a sale process, including compiling a list of prospective purchasers and assembling an electronic data room;
- p) corresponding frequently with interested purchasers and lenders;
- q) convening meetings with UTMI's employees to apprise them of developments in the restructuring process;
- r) reviewing information provided by the Urbancorp CCAA Entities in connection with the Properties, including:
 - i. purchase and sale agreements;
 - ii. site plan details;
 - iii. environmental reports and development reports;
 - iv. schedules summarizing deposits received from home buyers;
 - v. property surveys; and
 - vi. appraisals.
- s) corresponding extensively with key stakeholders in these proceedings, including secured lenders and their respective legal counsel;
- t) preparing the DIP Solicitation Process materials;
- u) compiling information in a data room in respect of the DIP Solicitation Process;
- v) corresponding with the Urbancorp CCAA Entities' insurance broker to add the Monitor as a loss payee and named insured on the insurance policies;
- w) preparing a Request for Proposals in connection with the process to solicit proposals from realtors;
- x) paying expenses incurred in the CCAA proceedings;
- y) corresponding regularly with the Functionary and its Canadian counsel;

- z) corresponding regularly with Mattamy and its counsel;
- aa) negotiating the DHI Facility;
- bb) changing the signatories on the Urbancorp CCAA Entities' bank accounts to representatives of the Monitor, as required pursuant to the Initial Order;
- cc) mailing a notice to the Urbancorp CCAA Entities' creditors, as required pursuant to the CCAA;
- dd) reviewing the Projection and the underlying assumptions;
- ee) preparing Management's Reports on Cash Flow Statement;
- ff) preparing the Monitor's Reports on Cash Flow Statement;
- gg) preparing an e-mail to the Service List, as required pursuant to the Commercial List E-Service Protocol;
- hh) corresponding with UTMI's employee benefits provider to arrange for the continuation of benefits during the CCAA proceedings;
- ii) corresponding with Bennett Jones LLP, Mr. Saskin's counsel, regarding various matters in these proceedings;
- jj) corresponding with prospective purchasers of the Urbancorp CCAA Entities' properties;
- kk) responding to enquiries from creditors, including the various secured creditors of the Urbancorp CCAA Entities;
- ll) corresponding with representatives of Scotiabank, a lender to Kings Club Development Inc. ("Kings Club");
- mm) reviewing information concerning Urbancorp New Kings Inc.'s ("UNKI") investment in Kings Club;
- nn) corresponding with legal counsel for representatives of First Capital Realty Inc., UNKI's partner in the Kings Club development;
- oo) posting materials filed with the Court to the Monitor's website for these proceedings;
- pp) maintaining the service list; and
- qq) drafting this Report.

10.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (f) of this Report.

* * *

All of which is respectfully submitted,

A handwritten signature in cursive script that reads "KSV Kofman Inc".

**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE URBANCORP CCAA ENTITIES
AND NOT IN ITS PERSONAL CAPACITY**

Schedule "A"

Urbancorp (952 Queen West) Inc.
King Residential Inc.
Urbancorp 60 St. Clair Inc.
High Res. Inc.
Bridge on King Inc.
Urbancorp Power Holdings Inc.
Vestaco Homes Inc.
Vestaco Investments Inc.
228 Queen's Quay West Limited
Urbancorp Cumberland 1 LP
Urbancorp Cumberland 1 GP Inc.
Urbancorp Partner (King South) Inc.
Urbancorp (North Side) Inc.
Urbancorp Residential Inc.
Urbancorp Realtyco Inc.

Appendix “B”

HENDRICK AND MAIN DEVELOPMENTS INC.

- and -

URBANCORP 60 ST. CLAIR INC.

**CO-OWNERS AGREEMENT
RE: 834, 836 AND 840 ST. CLAIR AVENUE WEST,
TORONTO PROPERTY**

DATED DECEMBER 12, 2011

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION.....	2
1.1 Definitions.....	2
1.2 Currency.....	9
1.3 Governing Law.....	9
1.4 Interpretation.....	10
1.5 Severability.....	10
1.6 Approvals.....	10
ARTICLE 2 RELATIONSHIP OF PARTIES.....	11
2.1 Scope of Agreement.....	11
2.2 Term of Agreement.....	11
2.3 Purpose.....	11
2.4 Intentions of the Co-Owners.....	12
2.5 Ownership Interest.....	12
2.6 Relationship.....	13
2.7 Limited Recourse and Several Liability under Contracts.....	13
2.8 Execution of Agreements.....	13
2.9 Right to Compete.....	13
2.10 Recognition Rights.....	14
2.11 Recourse.....	15
2.12 Conduct of the Co-Owners.....	15
2.13 Representations and Warranties re Title.....	15
ARTICLE 3 RESIDENTIAL NOMINEE.....	16
3.1 Residential Nominee.....	16
3.2 Restricted Activity by the Residential Nominee.....	17
3.3 Organization of the Residential Nominee.....	17
3.4 Shareholders Agreement.....	20
3.5 Financial Obligations of the Residential Nominee.....	21
ARTICLE 4 RETAIL NOMINEE.....	21
4.1 Retail Nominee's Purpose.....	21
4.2 Restricted Activity by the Retail Nominee.....	21
4.3 Organization of the Retail Nominee.....	21
4.4 Shareholders Agreement.....	25
4.5 Financial Obligations of the Retail Nominee.....	25
ARTICLE 5 MANAGEMENT.....	25
5.1 Management Committee.....	25
5.2 Full Disclosure of Non-Arm's Length Transactions.....	30
5.3 Bank Accounts.....	30

5.4	Books of Account	30
5.5	Harmonized Sales Tax	31
5.6	Insurance	31
5.7	Preparation of Development Plan	31
5.8	Urbancorp Development Services and Fee.....	31
5.9	Main & Main Development Services and Fees	32
5.10	Urbancorp Construction Services and Fees	32
5.11	Main & Main Miscellaneous Services	32
5.12	Financing Services	34
5.13	GST/HST	34
5.14	Budgets and Business Plans.....	34
5.15	Notice of Claims	35
5.16	Use of Retail Parking	35
5.17	Environmental Remediation	35
ARTICLE 6 CASH FLOW DISTRIBUTION AND FINANCING.....		35
6.1	Cash Flow Distributions	35
6.2	Losses.....	37
6.3	Indemnities.....	37
6.4	Financing Matters	38
6.5	Funding Obligations.....	39
ARTICLE 7 DEFAULT & REMEDIES		39
7.1	Events of Default	39
7.2	Rights Available to Non-Defaulting Co-Owner	41
7.3	Dilution Right	42
ARTICLE 8 TRANSFER OF CO-OWNERSHIP INTERESTS		44
8.1	Restrictions on Transfer	44
8.2	Co-Owner Cross Charges and Section 118 Restrictions.....	44
8.3	Changes in Control	45
8.4	Right of First Offer	45
8.5	Buy-Sell	47
8.6	Third Party Offer.....	47
8.7	Retail Development Right.....	48
8.8	Purchase Option for Commercial Retail Space	50
8.9	Closing of Transfers to Another Co-Owner.....	52
8.10	Assumption of Obligations by Transferee	56
8.11	One Voice Rule.....	56
8.12	Estoppel Certificate.....	58
ARTICLE 9 GENERAL PROVISIONS.....		58
9.1	Time of the Essence	58
9.2	Notices	58

9.3	Further Assurances.....	59
9.4	Amendments	59
9.5	Successors and Assigns.....	59
9.6	Waiver.....	59
9.7	Waiver of Partition.....	59
9.8	Paramountcy	60
9.9	Enurement	60
9.10	Confidentiality	60
9.11	Entire Agreement	60
9.12	Acknowledgements.....	61
9.13	Counterparts.....	61

SCHEDULES

Schedule "A" - Legal Description of the Lands

THIS CO-OWNERS AGREEMENT made as of this 12th day of December ,
2011

BETWEEN:

HENDRICK AND MAIN DEVELOPMENTS INC., a corporation
formed pursuant to the laws of the Province of Ontario

(hereinafter called "Main & Main")

AND:

Urbancorp 60 St. Clair Inc., a corporation incorporated pursuant to the
laws of the Province of Ontario

(hereinafter called "Urbancorp")

WHEREAS concurrent with execution and delivery of this co-owners agreement, Urbancorp and Main & Main will acquire a beneficial interest in the lands municipally known as 834, 836 and 840 St. Clair Avenue West, Toronto and legally described in Schedule "A" attached hereto (the "Lands"), Urbancorp as to an undivided 40% beneficial interest therein and Main & Main as to an undivided 60% beneficial interest therein.

AND WHEREAS concurrent with execution and delivery of this co-owners agreement, the Main & Main Lender and Urbancorp entered into the Urbancorp Loan Agreement;

AND WHEREAS the Co-Owners have agreed to enter into a co-ownership to:

- (a) own the Lands;
- (b) to develop and construct, to the extent feasible, on the Lands a mixed-use project consisting of: (i) the Residential Component; (ii) the Retail Component; (iii) the Retail Parking Component, subject to Section 5.16, for the exclusive use by the customers of the Retail Component; and
- (c) severing and selling the residential units forming part of the Residential Component,

in accordance with the terms of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

As used in this Agreement or any amendment hereof, unless the context otherwise requires, the following terms shall have the following meanings:

- (a) **“Acceptance Notice”** has the meaning ascribed thereto in Section 8.4.
- (b) **“Affiliate”** means, with respect to any Person, any other Person which, directly or indirectly, Controls or is Controlled by or is under common Control with such Person.
- (c) **“Agreement”** means this agreement and all schedules attached to this agreement, in each case as they may be amended, supplemented, amended and restated or otherwise modified from time to time; the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement as a whole and not to any particular article, section, schedule or other portion hereof.
- (d) **“Appraisal”** means, in respect of any real property or an interest in real property, the report of an Appraiser as to the Market Value of such property or interest therein.
- (e) **“Appraised Value”** means, in respect of any real property or an interest in real property, the Market Value of such property or interest therein as set forth in the Appraisal for such real property or interest therein.
- (f) **“Appraiser”** means an appraiser selected pursuant to Section 7.2(f), 7.3, 8.7 or 8.8 to determine the Appraised Value of the Project, a portion thereof or an interest therein, which appraiser is at Arm’s Length from each of the Co-Owners, has no direct or indirect interest in a Co-Owner or the Project and is qualified by education, experience and training to value properties such as the Project and will have been ordinarily engaged in the valuation of real property in the Province of Ontario for the immediately preceding five (5) years.
- (g) **“Approved by the Management Committee”** or **“Approval of the Management Committee”** means approved by the Management Committee in the manner set forth in Section 5.1(a), 5.1(b) or 5.1(c), as the case may be.
- (h) **“Approved Budget”** means, in respect of any year, the business plan, operating budget, capital budget, leasing plan, sales plan, sales policy and leasing policy in respect of such year that has been Approved by the Management Committee pursuant to Section 5.14.

- (i) “**Arm’s Length**” means the relationship between Persons who are not “related persons” as defined in the *Income Tax Act* (Canada).
- (j) “**Business Day**” means any day other than a Saturday, Sunday or a statutory or civic holiday in the Province of Ontario.
- (k) “**Buy-Sell Notice**” has the meaning ascribed thereto in Section 8.5.
- (l) “**Cash Surplus**” has the meaning ascribed thereto in Section 6.1(a)(v).
- (m) “**Change of Control**” means the occurrence of any change in the Control or Effective Control of a Person. For greater certainty, a change in either the equity ownership or the voting control of a Person which results in a decrease in the beneficial ownership of or control over the equity value or voting rights or interests, respectively, of that Person from more than 50% to 50% or less of the outstanding equity values or voting rights or interests, respectively, shall be considered a Change of Control.
- (n) “**Control**” means:
 - (i) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person at the relevant time of shares of such corporation: (a) carrying more than 50% of the voting rights ordinarily at meetings of shareholders of such corporation, and (b) representing more than 50% of the equity value of the corporation;
 - (ii) when applied to the relationship between a Person and a partnership or joint venture, (A) the beneficial ownership by such Person at the relevant time of: (i) more than 50% of the voting interests of the partnership or joint venture, and (ii) partnership or joint venture interests representing more than 50% of the equity value of the partnership or joint venture and (B) it can be reasonably expected that the Person directs the affairs of the partnership or joint venture; or
 - (iii) when applied to the relationship between a Person and a limited partnership, the beneficial ownership at the relevant time of: (A) shares of the general partner or general partners of such limited partnership carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such general partner or general partners such that it can reasonably be expected that the Person directs the affairs of the limited partnership, and (B) partnership interests representing more than 50% of the equity value of the limited partnership; and

the term “**Controlled by**” has a corresponding meaning; provided that a Person (the “**first-mentioned Person**”) who Controls a corporation, partnership, limited partnership or joint venture (the “**second-mentioned Person**”) shall be deemed to Control a corporation, partnership, limited

partnership or joint venture which is Controlled by the second-mentioned Person and so on.

- (o) **“Co-Owner”** means any of Main & Main, Urbancorp, and each of their respective successors and permitted assigns as tenants in common and beneficial owners of the Project; and **“Co-Owners”** means all of the Co-Owners.
- (p) **“Co-Owners Loan”** has the meaning ascribed thereto in Section 7.2(d).
- (q) **“Co-Ownership Interest”** means, with respect to a Co-Owner, the undivided interest of such Co-Owner in the Project, the Residential Nominee, the Retail Nominee (once incorporated) and all rights related thereto.
- (r) **“Co-Ownership Proportion”** means, with respect to a Co-Owner, the proportion that the Co-Ownership Interest of such Co-Owner is of the aggregate Co-Ownership Interests of all Co-Owners at the time of determination, expressed as a percentage; as at the date of this Agreement the Co-Ownership Proportion of each Co-Owner is acknowledged to be:

Main & Main	-	60%
Urbancorp	-	40%
- (s) **“Co-Tenancy”** means the co-tenancy of the Co-Owners created by this Agreement.
- (t) **“D&C Stage”** has the meaning ascribed thereto in Section 5.17.
- (u) **“Deadlock”** means the members of the Management Committee are deadlocked with respect to an Unresolved Decision and, despite considering the matter at three meetings of the Management Committee, have been unable to reach a decision, with respect to such Unresolved Decision.
- (v) **“Debtor Relief Law”** has the meaning ascribed thereto in Section 7.1(e).
- (w) **“Defaulting Co-Owner”** has the meaning ascribed thereto in Section 7.1.
- (x) **“Default Purchase Notice”** has the meaning ascribed thereto in Section 7.2(f).
- (y) **“Default Purchase Price”** has the meaning ascribed thereto in Section 7.2(f).
- (z) **“Development Plan”** has the meaning ascribed thereto in Section 5.7.

- (aa) **“Disposition”** includes any sale, assignment, exchange, transfer, mortgage, hypothecation, pledge, encumbrance or other disposition including by way of merger, amalgamation or other corporate reorganization, and any agreement to do so, directly or indirectly, legally or beneficially, by a Co-Owner of the whole or part of such Co-Owner’s Co-Ownership Interest (other than as collateral security under any Project Financing), and includes any transaction deemed to be a Disposition pursuant to Section 8.3.
- (bb) **“Effective Control”** means control in fact by one Person, together with its Affiliates and those with whom it is acting in concert, exercising effective control over another Person or over the decision-making of that other Person either directly or indirectly, whether through the holding of shares of the corporation or of any other corporation or through the holding of a significant portion of any class of shares of the corporation or through the holding of units in a partnership or limited partnership or the outstanding debt of the corporation, the partnership or limited partnership or of any shareholder or member of the corporation, partnership or limited partnership or by any other means; any Person which holds voting or equity securities (as defined in the *Securities Act* (Ontario)) representing, in the aggregate, 50% or more of the outstanding securities of any class of the Person shall be deemed to have “Effective Control” of that Person.
- (cc) **“Event of Default”** has the meaning ascribed thereto in Section 7.1.
- (dd) **“FCRI”** means First Capital Realty Inc.
- (ee) **“FCSC Junior Loan Agreement”** means the junior loan agreement among First Capital (S.C.) Corporation, as lender, and Main and Main Developments LP, as borrower, made as of March 28, 2011, as amended to the date hereof, and as same may be further amended, supplemented, extended, renewed, restated, replaced or superceded from time to time.
- (ff) **“FCSC Senior Loan Agreement”** means the senior loan agreement among First Capital (S.C.) Corporation, as lender, and Main and Main Developments LP, as borrower, made as of March 28, 2011, as amended to the date hereof, and as same may be further amended, supplemented, extended, renewed, restated, replaced or superceded from time to time.
- (gg) **“FCSC Loan Agreements”** means, collectively, the FCSC Junior Loan Agreement and the FCSC Senior Loan Agreement.
- (hh) **“Governmental Body”** means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the

relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator).

- (ii) **"HST"** means harmonized sales tax, value added taxes and other similar taxes howsoever characterized.
- (jj) **"Indemnified Co-Owner"** has the meaning ascribed thereto in Section 6.3.
- (kk) **"Indemnifier"** has the meaning ascribed to such term in Section 6.3.
- (ll) **"Lands"** has the meaning ascribed thereto in the recitals to this Agreement.
- (mm) **"Liabilities"** means debts, liabilities, obligations, duties, agreements, costs, expenses and losses.
- (nn) **"Main & Main Lender"** means Main & Main.
- (oo) **"Management Committee"** has the meaning ascribed thereto in Section 5.1(a).
- (pp) **"Market Value"** means the most probable price which the Project or part thereof or an interest therein should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of the appraisal date and the passing of title from the seller to the buyer whereby: (i) the buyer and seller are typically motivated; (ii) both parties are well informed or well advised and acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in Canadian Dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the Project, part thereof or an interest therein, as the case may be, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale, but taking into account the assumption by the buyer of any Project Financing to the extent that it may be assumed by the buyer.
- (qq) **"Material Adverse Effect"** means any event or circumstance that has or would reasonably be expected to have a material adverse effect on the ownership, value, operation, construction or use of the Lands, the Project and/or the income to be derived therefrom.
- (rr) **"Non-Defaulting Co-Owner"** has the meaning ascribed thereto in Section 7.1.
- (ss) **"Notice"** has the meaning ascribed thereto in Section 9.2.

- (tt) **“Offeree”** has the meaning ascribed thereto in Section 8.5.
- (uu) **“Offeror”** has the meaning ascribed thereto in Section 8.5.
- (vv) **“Offer Period”** has the meaning ascribed thereto in Section 8.5.
- (ww) **“Original Co-Ownership Interest”** means Urbancorp’s undivided 40% interest in the Project and all rights related thereto.
- (xx) **“Permitted Transferee”** means:
 - (i) in respect of Main & Main:
 - (A) Main and Main Developments LP; or
 - (B) any corporation or partnership 100% owned, directly or indirectly, by Main and Main Developments LP and/or one or more other Permitted Transferees; or
 - (C) any trust, the trustee or trustees of which are Main and Main Developments LP, Main and Main Developments Inc. and/or one or more other Permitted Transferees and/or officers or directors of Main and Main Developments Inc. or any other Permitted Transferees; or
 - (D) any Person, including without limitation any real estate investment trust, which acquires all or a substantial portion of the assets of Main and Main Developments LP directly or indirectly from one or more other Permitted Transferees; or
 - (E) FCRI; or
 - (F) any corporation or partnership 100% owned, directly or indirectly, by FCRI and/or one or more other Permitted Transferees; or
 - (G) any trust, the trustee or trustees of which are FCRI and/or one or more other Permitted Transferees and/or officers or directors of FCRI or any other Permitted Transferees; or
 - (H) any Person, including without limitation any real estate investment trust, which acquires all or a substantial portion of the assets of FCRI directly or indirectly from one or more other Permitted Transferees;
 - (I) 2270017; or
 - (J) any corporation or partnership 100% owned, directly or indirectly, by 2270017 and/or one or more other Permitted Transferees; or

- (K) any trust, the trustee or trustees of which are 2270017 and/or one or more other Permitted Transferees and/or officers or directors of 2270017 or any other Permitted Transferees; or
- (L) any Person, including without limitation any real estate investment trust, which acquires all or a substantial portion of the assets of 2270017 directly or indirectly from one or more other Permitted Transferees; and
- (ii) in respect of Urbancorp, any Person 100% owned by Urbancorp or Controlled by Alan Saskin or Controlled by Alan Saskin and his spouse, children or brother (or any trust established solely for the benefit of Alan Saskin's wife, children or brother).
- (yy) "Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Body or other entity.
- (zz) "Prime Rate" means the prime lending rate of interest expressed as a rate per annum which the Royal Bank of Canada establishes at its head office in Toronto as the reference rate of interest in order to determine interest rates it will charge on that day for demand loans in Canadian dollars to its Canadian customers and which it refers to as its "prime rate".
- (aaa) "Purchase Offer" has the meaning ascribed thereto in Section 8.5.
- (bbb) "Purchase Price" has the meaning ascribed thereto in Section 8.8.
- (ccc) "Project" means, collectively, the Lands, and all buildings, improvements and other structures located now or from time to time thereon, and all agreements, leases, chattels relating thereto.
- (ddd) "Project Financing" has the meaning ascribed thereto in Section 6.4 and shall include, without limitation, the mortgage financing provided by Bank of Montreal to the Co-owners in connection with the acquisition of the Lands.
- (eee) "Request for Funds" has the meaning ascribed thereto in Section 6.5.
- (fff) "Residential Component" has the meaning ascribed thereto in Section 2.3(b).
- (ggg) "Residential Nominee" means 840 St. Clair West Inc.
- (hhh) "Retail Component" has the meaning ascribed thereto in Section 2.3(b).

- (iii) **“Retail Nominee”** means the corporation to be incorporated by the Co-owners to hold registered title to the Retail Component as nominee and bare trustee for the Co-owners.
- (jjj) **“Retail Parking”** has the meaning ascribed thereto in Section 2.3(b).
- (kkk) **“ROFO Notice”** has the meaning ascribed thereto in Section 8.4.
- (lll) **“Sale Interest”** has the meaning ascribed thereto in Section 8.4.
- (mmm) **“Sale Offer”** has the meaning ascribed thereto in Section 8.5.
- (nnn) **“Selling Co-Owner”** has the meaning ascribed thereto in Section 8.4.
- (ooo) **“Subject Adjacent Lands”** means any lands on the north side of St. Clair Avenue West, Toronto between Winona Street, Toronto and Atlas Avenue, Toronto.
- (ppp) **“Third Party APS”** has the meaning ascribed thereto in Section 8.4.
- (qqq) **“Tranche I Loan”** has the meaning attributed to such term in the Urbancorp Loan Agreement.
- (rrr) **“Transfer Documents”** has the meaning ascribed thereto in Section 8.9(a).
- (sss) **“Unanimous Decision”** has the meaning ascribed thereto in Section 5.1(b).
- (ttt) **“Unresolved Decision”** has the meaning ascribed thereto in Section 5.1(j).
- (uuu) **“Urbancorp Cost Base”** means \$2,200,000.
- (vvv) **“Urbancorp Loan Agreement”** means the loan agreement between the Main & Main Lender, as lender, and Urbancorp, as borrower, dated the date hereof, as same may be amended, supplemented, amended and restated or otherwise modified from time to time.
- (www) **“2270017”** means 2270017 Ontario Inc.

1.2 **Currency**

All payments contemplated herein shall be made in Canadian funds, in cash or by bank draft, wire transfer or certified cheque.

1.3 **Governing Law**

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

1.4 Interpretation

Grammatical variations of any terms defined herein have similar meanings; words importing the masculine gender include the feminine or neuter gender; words in the singular include the plural and vice versa. The division of this Agreement into separate Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Severability

If any covenant, obligation or agreement contained in this Agreement, or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to any other Persons or circumstances shall not be affected thereby and each covenant, obligation and agreement contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

1.6 Approvals

Save as otherwise provided in this Agreement, wherever the provisions of this Agreement require an approval or consent of or to any action, Person, document or plan by a party, this Agreement shall (unless the text hereof expressly states that the time periods are to be otherwise, in which event this Section shall apply but the time periods shall be adjusted accordingly) be deemed to provide that:

- (a) such request for approval or consent shall:
 - (i) clearly set forth the matter in respect of which such approval or consent is being sought;
 - (ii) form the sole subject matter of correspondence containing such request for approval or consent; and
 - (iii) clearly state that such approval or consent is being sought;
- (b) such approval or consent shall be in writing;
- (c) such approval or consent shall not be unreasonably withheld, delayed or conditioned; and
- (d) the Co-Owner whose approval or consent is required shall, as soon as practicable and in any event within fifteen (15) days after the giving of a Notice requesting an approval or consent, advise the other Co-Owner by Notice either that the Co-Owner consents or approves, or that the Co-Owner withholds the Co-Owner's consent or approval and in which case the Co-Owners shall set forth in reasonable detail, the reasons for withholding the consent or approval.

ARTICLE 2 RELATIONSHIP OF PARTIES

2.1 Scope of Agreement

The provisions of this Agreement shall hereafter govern and define the respective rights, proceeds, revenues, benefits, liabilities, interests, powers and obligations of each of the Co-Owners, in their capacity as co-owners of the Project, as between themselves and as tenants-in-common with respect to the Project.

2.2 Term of Agreement

This Agreement shall come into force and effect as of the date, month and year first above written and shall continue in force until the earliest of:

- (a) the date on which only one Co-Owner holds an interest in the Project;
- (b) the date this Agreement is terminated by the unanimous written agreement of the Co-Owners; and
- (c) the date no part of any portion of the Project is owned by the Co-Owners or no part of any portion of the Project is subject to the terms and provisions of this Agreement.

Notwithstanding the termination of this Agreement, all obligations of the Co-Owners hereunder which are outstanding as of the date of such termination shall be performed and final settlement made between the Co-Owners with the intent that, subject to the provisions hereof, each of the Co-Owners shall have shared all the rights and benefits of and borne all the costs and liabilities provided for by this Agreement in accordance with their respective Co-Ownership Proportion to the date of such termination. Notwithstanding this Section 3.2, Section 5.1(k), Section 6.3, Section 5.15 and Section 8.9(e)(ii) shall survive termination of this Agreement.

2.3 Purpose

The Co-Owners agree that the purpose of the Co-Tenancy is to jointly:

- (a) own the Lands;
- (b) develop and construct, to the extent feasible, on the Lands a mixed-use project consisting of: (i) a first-class residential condominium complex of approximately one hundred and forty-eight (148) residential units and sufficient parking for such component (the "**Residential Component**"); and (ii) a commercial retail development of approximately Fifteen Thousand (15,000) square feet (the "**Retail Component**"); and (iii) underground parking spaces for the commercial development of no more than 4/1000 square feet of commercial development (the "**Retail Parking**"), subject to Section 5.16, reserved for the exclusive use by the customers of the Retail

Component. The Co-Owners acknowledge and agree that they will work together to increase the density available to the Lands with the intention of, to the extent feasible, increasing the size of Residential Component of the Project; and

- (c) severing and selling the residential units forming part of the Residential Component.

2.4 Intentions of the Co-Owners

It is the intention of the Co-Owners that \$1,133,500.00 of the initial capital for the acquisition by Urbancorp of its undivided 40% interest in the Lands shall be provided by the Main & Main Lender on behalf of Urbancorp. As a result of the Main & Main Lender assuming the additional risk associated with providing such capital on behalf of Urbancorp:

- (a) the Main & Main Lender will be entitled to earn interest on such capital contributed on behalf of Urbancorp at the interest rate described in the Urbancorp Loan Agreement;
- (b) the Main & Main Lender will be entitled to a mortgage and charge on Urbancorp's right, title and interest in the Project and such other security as described in the Urbancorp Loan Agreement;
- (c) subject to Sections 5.1(b) and 5.1(c), Main & Main will be entitled to a determining vote with respect to all decisions, consents, approvals and determinations required to be made in respect of the Project until Urbancorp has repaid to the Main & Main Lender the Tranche I Loan (plus accrued interest and any other amounts owing to the Main & Main Lender under the Urbancorp Loan Agreement); and
- (d) Main & Main will be entitled to the acquisition right described in Section 8.8.

2.5 Ownership Interest

The Co-Owners shall hold ownership of the Lands and the Project as tenants-in-common, each as to an undivided interest therein, in the following Co-Ownership Proportions as of the date hereof:

Co-Owner	Co-Ownership Proportion
Main & Main:	60%
Urbancorp:	40%
	<hr/>
	100%

and unless this Agreement and/or the Urbancorp Loan Agreement shall otherwise provide, all revenue and benefits and advantages to be derived, and all costs, expenses and liabilities to be incurred in respect of the Project shall be borne by each Co-Owner *pro rata* in accordance with such Co-Owner's respective Co-Ownership Proportion (including without limitation those costs

and expenses described in Section 4 of an assignment of agreement of purchase and sale made as of December ■, 2011 among Main and Main Developments Inc., as assignor, and the Nominee, as assignee.

2.6 Relationship

The relationship of the Co-Owners with respect to the Project and the sharing of revenue therefrom do not constitute a partnership and nothing in this Agreement or any document pursuant hereto is to be construed to create or constitute any partnership or agency whatsoever. Except as specifically provided herein or provided in another agreement between the Co-Owners, no Co-Owner shall have any authority or power to act for or to incur any obligation or responsibility on behalf of the other Co-Owner. The Co-Owners shall not, by virtue of the provisions of this Agreement or their ownership in common of the Project, be deemed or construed to be carrying on business with one another.

2.7 Limited Recourse and Several Liability under Contracts

Unless otherwise provided in this Agreement or approved by the Management Committee, every agreement or instrument creating obligations of the Co-Owners to third parties and to each other in respect of the Project (other than any instrument entered into by a Co-Owner in its separate capacity as contemplated in this Agreement) shall contain a provision to the effect that:

- (a) only each Co-Owner's Co-Ownership Interest shall be bound thereby and the obligations thereunder are not otherwise personally binding upon nor shall recourse be had to any other assets or property of the Co-Owners; and
- (b) the rights and obligations of each Co-Owner thereunder shall be several and not either joint or joint and several and limited to each Co-Owner's Co-Ownership Proportion of the aggregate liability in respect thereof.

2.8 Execution of Agreements

If a decision is made in accordance with this Agreement that any contracts or agreements in connection with the Project should be entered into then such documents shall be executed by the Co-Owners, or executed by such other Person as is Approved by the Management Committee from time to time.

2.9 Right to Compete

Each of the Co-Owners shall have the absolute right to engage in other ventures, investments, businesses and activities for the Co-Owner's own account, including, without limitation, the ownership, improvement and operation of real property. None of the Co-Owners, except as expressly provided herein or as shall be reasonably required for it to perform its obligations hereunder, shall be required to devote any particular amount of time and attention to the purposes of the Co-Tenancy.

Notwithstanding the foregoing, each Co-Owner agrees that neither it nor any of its Affiliates for a period of ten (10) years following the entering into of this Agreement, shall directly or indirectly lease, acquire an interest in, lend money in respect of, purchase, develop or construct upon any portion of the Subject Adjacent Lands, unless, in each case, the applicable Co-Owner shall have previously advised in writing (the "Adjacent Land Notice") the other Co-Owner that it (or as applicable, one or more of its Affiliates) desires to do so (identifying the portion of the Subject Adjacent Lands which such Person desires to lease, acquire an interest in, lend money in respect of, purchase, develop or construct upon) and offers the other Co-Owner the opportunity to participate equally with such Person in the lease, acquisition, loan in respect of, purchase, development and building upon the Subject Adjacent Lands at the same cost as the Co-Owner (or as applicable, one or more of its Affiliates) (without any mark-up). The other Co-Owner will have fifteen (15) days following the giving of the Adjacent Land Notice to advise the Co-Owner in writing (the "Adjacent Land Acceptance Notice") that it will participate with the Co-Owner on the terms and conditions contained in the Adjacent Land Notice. If the other Co-Owner does not deliver the Adjacent Land Acceptance Notice within said fifteen (15) day period, the Co-Owner (or, as applicable, one or more of its Affiliates) may proceed with the proposed lease, acquisition, loan, purchase, development or construction in respect of the Subject Adjacent Lands on no better terms and conditions than those contained in the Adjacent Land Notice; if the terms and conditions are amended in a manner which is more favourable to the Co-Owner (or as applicable, one or more of its Affiliates), such Co-Owner will again offer the other Co-Owner the opportunity to participate in accordance with this Section 2.9. For certainty, if the Co-Owners (or as applicable, one or more of their Affiliates) participate together in any Subject Adjacent Lands, such participation shall be governed by this Agreement or shall be otherwise on the same terms and conditions as this Agreement and other changes as may be reasonably necessary to reflect the actual number of co-owners participating. Notwithstanding the foregoing, in no event shall Main and Main, the Main and Main Lender nor an Affiliate of either Main and Main or the Main and Main Lender be required to provide any loan to Urbancorp (or any of its Affiliates) in connection with any aspect of the Subject Adjacent Lands.

Notwithstanding the foregoing each of the Co-Owners acknowledge and agree that nothing herein will prevent the other Co-Owner or its Affiliates from having a financial interest in a Person whose securities are listed on a recognized stock exchange or traded in the over the counter market in Canada or the United States.

2.10 Recognition Rights

Main & Main and FCRI shall have the right to install a sign at the Project identifying Main & Main and/or FCRI's involvement with the Project, provided that it is understood that:

- (a) FCRI shall be entitled to display the corporate logo of FCRI (or that of an Affiliate) and identify itself or an Affiliate as an owner, manager and/or developer of the Project;
- (b) Main and Main shall be entitled to display the corporate logo of Main and Main (or that of an Affiliate) and identify itself or an Affiliate as an owner, manager and/or developer of the Project;

- (c) Urbancorp shall be entitled to display its corporate logo and to identify itself (or an Affiliate) as an owner, manager and/or developer of the Project.

2.11 Recourse

Each Co-Owner acknowledges and agrees that:

- (a) the obligations created under this Agreement and each agreement or instrument entered into by a Co-Owner, its Affiliates, the Residential Nominee or the Retail Nominee in respect or in furtherance of the Project or this Agreement are not personally binding upon, and resort will not be had to, nor will recourse or satisfaction be sought from the private property of any (i) unitholder, shareholder, beneficial owner, grantor, trustee or constituent member of a Co-Owner or its Affiliates, (ii) annuitants under a plan of which a unitholder of a Co-Owner or its Affiliates acts as a trustee or carrier; or (iii) any director, officer, trustee, employee or agent of a Co-Owner or its Affiliates; and
- (b) every written instrument creating an obligation of the Co-Owners, the Residential Nominee or the Retail Nominee to third parties in respect of the Project shall, unless Approved by the Management Committee or expressly agreed to in this Agreement, contain provisions to the effect that (i) only the Co-Ownership Interests shall be bound thereby and that the obligations thereunder are not personally binding upon nor resort be had to any other assets or property of the Co-Owners, and (ii) the obligations of the Co-Owners thereunder shall be several and not joint or joint and several and shall be limited to their respective Co-Ownership Interests.

2.12 Conduct of the Co-Owners

Each Co-Owner agrees to act honestly and in good faith and in the best interest of the Project and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise as a Co-Owner in comparable circumstances.

2.13 Representations and Warranties re Title

- (a) Urbancorp hereby represents, warrants and covenants to Main & Main that:
 - (i) Urbancorp holds beneficial title to an undivided 40% interest in the Lands;
 - (ii) subject to the provisions of this Agreement, Urbancorp will hold beneficial title to an undivided 40% interest in the Project; and
 - (iii) as of the date hereof, 100% of the issued and outstanding shares of Urbancorp are directly owned by Mr. Alan Saskin.
- (b) Main & Main hereby represents, warrants and covenants to Urbancorp that:

- (i) Main & Main holds beneficial title to an undivided 60% interest in the Lands;
- (ii) subject to the provisions of this Agreement, Main & Main will hold beneficial title to an undivided 60% interest in the Project; and
- (iii) as of the date hereof, 100% of the issued and outstanding shares of Main & Main are directly owned by Main and Main Developments LP.

ARTICLE 3 RESIDENTIAL NOMINEE

3.1 Residential Nominee

The Co-owners have established Residential Nominee for the purposes of, inter alia:

- (a) holding registered title to the Residential Component as nominee and bare trustee for and on behalf of the Co-owners;
- (b) holding registered title to the Retail Component and the Retail Parking Component, as nominee and bare trustee for and on behalf of the Co-owners until the date on which the Retail Component and the Retail Parking Component can be severed from the Residential Component, on which date title to the Retail Component and the Retail Parking Component will be transferred to the Retail Nominee, which Retail Nominee will hold the registered title to the Retail Component and the Retail Parking Component, as nominee and bare trustee for and on behalf of the Co-owners; and
- (c) effecting a registration with Tarion Warranty Corporation (“Tarion”) for the Residential Component (the “Tarion Registration”);
- (d) being a “Vendor” under the Tarion Registration and transferring title to the units forming part of the Residential Component to the purchasers of such units; and
- (e) being a “Builder” under the Tarion Registration and constructing the Residential Component.

The Co-owners hereby declare that they do not in any way intend to assign or delegate to the Residential Nominee any management, control or decision making function in respect of the Project, all of which are otherwise provided for in this Agreement and in that regard, the Residential Nominee will only act when it is required to do so by the Management Committee or by an individual Co-owner pursuant to the provisions of Section 5.1(c) of this Agreement. The Co-owners covenant and agree to direct and instruct their nominees at all meetings of directors and shareholders of the Residential Nominee to vote at all times in accordance with the terms of this Article 3 so as to give this Article 3 full force and effect and carry out its intent.

3.2 Restricted Activity by the Residential Nominee

The Residential Nominee shall not carry on, nor be permitted to carry on, any business of any nature or kind whatsoever in its own right and shall be restricted in all of its activities to the performance of its function as herein set forth. The ownership of the Project shall for all purposes be vested in the Co-owners in accordance with the provisions of this Agreement.

3.3 Organization of the Residential Nominee

The Residential Nominee shall be organized as follows:

- (a) the sole director of the Residential Nominee shall be Alan Saskin unless, subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), otherwise directed by the Management Committee;
- (b) each Co-owner shall hold a percentage of the common shares of the Residential Nominee equal to its Co-Ownership Proportion. Subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), the Co-Owners hereby covenant and agree to vote, or cause to be voted, their respective shares at all meetings of shareholders, or to consent to all resolutions of the shareholders as the case may be, respecting the election of the director, as directed by the Management Committee or by an individual Co-owner pursuant to the provisions of Section 5.1(c) of this Agreement. As of the date of this Agreement, the issued and outstanding shares of the capital stock of the Residential Nominee shall be held by the Co-Owners as shareholders as follows:

<u>Shareholder</u>	<u>No. of Shares</u>	<u>% of Shares</u>
Main & Main	60	60%
Urbancorp	40	40%

- (c) The Residential Nominee shall have the following officers, the offices of which shall at all times be filled by the following respective nominees:

Vice-President	Dori J. Segal
Vice-President	Gordon Driedger
President	Rick Iafelice
Vice-President	Roger J. Chouinard
Secretary	Alan Saskin

Notwithstanding the foregoing, if any of the above named officers resigns his/her office, then, if the officer resigning is the Secretary, the director shall be entitled to appoint a replacement. If the officer resigning is the President or a Vice-President, Main & Main, in its capacity as a shareholder of the Residential Nominee, shall be entitled to appoint a replacement;

- (d) subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), all cheques to be executed by the Residential Nominee from time to time may be executed on its behalf as follows:
 - (i) by one or more of the officers of the Residential Nominee appointed by Main & Main, or
 - (ii) by such other Person or Persons as is Approved by the Management Committee from time to time;
- (e) subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), all documents to be executed by the Residential Nominee from time to time shall be executed on its behalf by:
 - (i) two (2) persons, one of which shall be one of the officers of the Residential Nominee appointed by Main & Main and one of which shall be the director or one of the officers of the Residential Nominee appointed by Urbancorp; or
 - (ii) such other Person or Persons as is Approved by the Management Committee from time to time;
- (f) all share certificates issued or to be issued by the Residential Nominee shall be endorsed with a memorandum substantially in the following form:

“This certificate is issued to and held by the party to whom it is issued subject to the terms of a co-owners agreement made as of the 12th day of December, 2011, among Hendrick and Main Developments Inc. and Urbancorp 60 St. Clair Inc., as may be amended from time to time”;
- (g) notwithstanding anything to the contrary contained in the by-laws of the Residential Nominee:
 - (i) subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), in order to be effective, all resolutions and all by-laws executed by the director shall require, if at a meeting, the vote of the sole director which vote shall be consistent with the directions received by the director from the Management Committee or, if in writing, the approval of the sole director, which approval shall be consistent with the directions received by the director from the Management Committee;
 - (ii) subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), the presence of at least two shareholders holding shares having voting rights and representing in person or by proxy a majority of all issued shares entitled to voting rights at such meetings shall be required to constitute a quorum at any meeting of shareholders;

- (iii) subject to Sections 3.3(g)(iv), 3.3(g)(v) and 3.3(g)(vi), any resolution of shareholders shall require the affirmative votes of a majority of all issued shares entitled to voting rights at the meeting at which such resolution is passed;
- (iv) at any time during which a Co-Owner (the “**Non-Voting Co-owner**”) has lost its rights to vote in accordance with the provisions of Section 5.1(c) of this Agreement:
 - (A) in order to be effective, all resolutions and all by-laws executed by the director shall be consistent with the directions received from the Co-Owner which is not the Non-Voting Co-Owner;
 - (B) the presence of the Non-Voting Co-Owner shall not be required to constitute a quorum at any meeting of shareholders;
 - (C) any resolution of shareholders shall not require the affirmative vote of the Non-Voting Co-Owner;
 - (D) all documents to be executed by the Residential Nominee shall be executed on its behalf by: (1) if Main & Main is the Non-Voting Co-Owner, the director or the officer of the Residential Nominee appointed by Urbancorp; or (2) if Urbancorp is the Non-Voting Co-Owner, one of the officer(s) of the Residential Nominee appointed by Main & Main; and
 - (E) all cheques to be executed by the Residential Nominee shall be executed on its behalf by: (1) if Main & Main is the Non-Voting Co-Owner, the director or the officer of the Residential Nominee appointed by Urbancorp; or (2) if Urbancorp is the Non-Voting Co-Owner, one or more of the officer(s) of the Residential Nominee appointed by Main & Main;
- (v) at any time during which the Management Committee is comprised of three (3) members appointed by Main & Main and one (1) member appointed by Urbancorp in accordance with the provisions of Section 4.1 of this Agreement:
 - (A) no resolutions or by-laws shall be executed or approved by the director; all resolutions or by-laws customarily executed or approved by the director shall be solely within the power and authority of the shareholders of the Residential Nominee and shall not require the affirmative vote of Urbancorp (only the affirmative vote of Main & Main);
 - (B) the presence of Urbancorp shall not be required to constitute a quorum at any meeting of shareholders;

- (C) any resolution of shareholders shall not require the affirmative vote of Urbancorp;
 - (D) all documents to be executed by the Residential Nominee shall be executed on its behalf by an officer or officers of the Residential Nominee appointed by Main & Main; and
 - (E) all cheques to be executed by the Residential Nominee shall be executed on its behalf by an officer or officers of the Residential Nominee appointed by Main & Main;
- (vi) with respect to any decision requiring the unanimous consent of the Management Committee in accordance with the provisions of Section 5.1(b) of this Agreement:
- (A) no resolutions or by-laws shall be executed or approved by the director; all resolutions or by-laws customarily executed or approved by the director shall be solely within the power and authority of the shareholders of the Residential Nominee in accordance with the provisions of this Section 3.3(g)(vi);
 - (B) the presence of at least two shareholders holding shares having voting rights and representing in person or by proxy a majority of all issued shares entitled to voting rights at such meetings shall be required to constitute a quorum at any meeting of shareholders;
 - (C) any resolution of shareholders shall require the affirmative votes of all issued shares entitled to voting rights at the meeting at which such resolution is passed;
 - (D) all documents to be executed by the Residential Nominee shall be executed on its behalf by one of the officers of the Residential Nominee appointed by Main & Main and by the director or one of the officers of the Residential Nominee appointed by Urbancorp; and
 - (E) all cheques to be executed by the Residential Nominee shall be executed on its behalf by one or more of the officers of the Residential Nominee appointed by Main & Main.

3.4 Shareholders Agreement

The Co-Owners, as shareholders of the Residential Nominee, shall do, or cause to be done, all such acts and things as shall be necessary or desirable to give effect to the provisions of this Agreement including, without limiting the generality of the foregoing, voting, or causing to be voted, all of the shares in the capital of the Residential Nominee beneficially owned by it, if any, in accordance with this Agreement and calling or agreeing to the calling or, attending and

voting or refraining from voting at and consent to the holding of all meetings of shareholders or directors of the Residential Nominee.

3.5 Financial Obligations of the Residential Nominee

To the extent that the Residential Nominee incurs costs and expenses which were Approved by the Management Committee and the Co-owners have not obtained financing to pay for such costs and expenses, each Co-Owner covenants to advance to the Residential Nominee by certified cheque or bank draft, no less than two days prior to the date on which such costs or expenses are due and payable, its Co-Owners Proportion of such costs and expenses.

ARTICLE 4 RETAIL NOMINEE

4.1 Retail Nominee's Purpose

The Co-owners will establish the Retail Nominee for the purposes of, inter alia holding registered title to the Retail Component and the Retail Parking Component as nominee and bare trustee for and on behalf of the Co-owners on the date on which the Retail Component and the Retail Parking Component can be severed from the Residential Component. The Co-owners hereby declare that they do not in any way intend to assign or delegate to the Retail Nominee any management, control or decision making function in respect of the Project, all of which are otherwise provided for in this Agreement and in that regard, the Retail Nominee will only act when it is required to do so by the Management Committee or by an individual Co-owner pursuant to the provisions of Section 5.1(c) of this Agreement. The Co-owners covenant and agree to direct and instruct their nominees at all meetings of directors and shareholders of the Retail Nominee to vote at all times in accordance with the terms of this Article 4 so as to give this Article 4 full force and effect and carry out its intent.

4.2 Restricted Activity by the Retail Nominee

The Retail Nominee shall not carry on, nor be permitted to carry on, any business of any nature or kind whatsoever in its own right and shall be restricted in all of its activities to the performance of its function as herein set forth. The ownership of the Project shall for all purposes be vested in the Co-owners in accordance with the provisions of this Agreement.

4.3 Organization of the Retail Nominee

The Retail Nominee shall be organized as follows:

- (a) the sole director of the Retail Nominee shall be Dori J. Segal unless, subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), otherwise directed by the Management Committee.
- (b) each Co-owner shall hold a percentage of the common shares of the Retail Nominee equal to its Co-Ownership Proportion. Subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), the Co-Owners hereby covenant and agree to vote, or cause to be voted, their respective shares at

all meetings of shareholders, or to consent to all resolutions of the shareholders as the case may be, respecting the election of the director, as directed by the Management Committee or by an individual Co-owner pursuant to the provisions of Section 5.1(c) of this Agreement.

- (c) the Retail Nominee shall have the following officers, the offices of which shall at all times be filled by the following respective nominees:

Vice-President	Dori J. Segal
Vice-President	Gordon Driedger
President	Rick Iafelice
Vice-President	Roger J. Chouinard
Secretary	Alan Saskin

Notwithstanding the foregoing, if any of the above named officers resigns his/her office, then, if the officer resigning is the President or a Vice-President, the director shall be entitled to appoint a replacement. If the officer resigning is the Secretary, Urbancorp in its capacity as a shareholder of the Retail Nominee, shall be entitled to appoint a replacement;

- (d) subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), all cheques to be executed by the Retail Nominee from time to time may be executed on its behalf as follows:
- (i) the director or one or more of the officers of the Retail Nominee appointed by Main & Main; or
 - (ii) by such other Person or Persons as is Approved by the Management Committee from time to time;
- (e) subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), all documents to be executed by the Retail Nominee from time to time shall be executed on its behalf by:
- (i) two (2) persons, one of which shall be the officer of the Retail Nominee appointed by Urbancorp and one of which shall be the director or one of the officers of the Retail Nominee appointed by Main & Main; or
 - (ii) such other Person or Persons as is Approved by the Management Committee from time to time;
- (f) all share certificates issued or to be issued by the Retail Nominee shall be endorsed with a memorandum substantially in the following form:

“This certificate is issued to and held by the party to whom it is issued subject to the terms of a co-owners agreement made as of the 12th day of December, 2011, among Hendrick and Main

Developments Inc. and Urbancorp 60 St. Clair Inc., as may be amended from time to time”;

- (g) notwithstanding anything to the contrary contained in the by-laws of the Retail Nominee:
- (i) subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), in order to be effective, all resolutions and all by-laws executed by the director shall require, if at a meeting, the vote of the sole director which vote shall be consistent with the directions received by the director from the Management Committee or, if in writing, the approval of the sole director, which approval shall be consistent with the directions received by the director from the Management Committee;
 - (ii) subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), the presence of at least two shareholders holding shares having voting rights and representing in person or by proxy a majority of all issued shares entitled to voting rights at such meetings shall be required to constitute a quorum at any meeting of shareholders;
 - (iii) subject to Sections 4.3(g)(iv), 4.3(g)(v) and 4.3(g)(vi), any resolution of shareholders shall require the affirmative votes of a majority of all issued shares entitled to voting rights at the meeting at which such resolution is passed;
 - (iv) at any time during which a Co-Owner (the “Non-Voting Co-owner”) has lost its rights to vote in accordance with the provisions of Section 5.1(c) of this Agreement:
 - (A) in order to be effective, all resolutions and all by-laws executed by the director shall be consistent with the directions received from the Co-Owner which is not the Non-Voting Co-Owner;
 - (B) the presence of the Non-Voting Co-Owner shall not be required to constitute a quorum at any meeting of shareholders;
 - (C) any resolution of shareholders shall not require the affirmative vote of the Non-Voting Co-Owner;
 - (D) all documents to be executed by the Retail Nominee shall be executed on its behalf by: (1) if Main & Main is not the Non-Voting Co-Owner, the director or one of the officer(s) of the Retail Nominee appointed by Main & Main; or (2) if Urbancorp is not the Non-Voting Co-Owner, the officer of the Retail Nominee appointed by Urbancorp; and
 - (E) all cheques to be executed by the Retail Nominee shall be executed on its behalf by: (1) if Main & Main is not the Non-Voting Co-

Owner, the director or one or more of the officer(s) of the Retail Nominee appointed by Main & Main; or (2) if Urbancorp is not the Non-Voting Co-Owner, the officer of the Retail Nominee appointed by Urbancorp;

- (v) at any time during which the Management Committee is comprised of three (3) members appointed by Main & Main and one (1) member appointed by Urbancorp in accordance with the provisions of Section 5.1(a) of this Agreement:
 - (A) in order to be effective, all resolutions and all by-laws executed by the director shall require, if at a meeting, the vote of the sole director which vote shall be consistent with the directions received by the director from the Management Committee or, if in writing, the approval of the sole director, which approval shall be consistent with the directions received by the director from the Management Committee;
 - (B) the presence of Urbancorp shall not be required to constitute a quorum at any meeting of shareholders;
 - (C) any resolution of shareholders shall not require the affirmative vote of Urbancorp;
 - (D) all documents to be executed by the Retail Nominee shall be executed on its behalf by an officer or officers of the Retail Nominee appointed by Main & Main; and
 - (E) all cheques to be executed by the Retail Nominee shall be executed on its behalf by an officer or officers of the Retail Nominee appointed by Main & Main;
- (vi) with respect to any decision requiring the unanimous consent of the Management Committee in accordance with provisions of Section 5.1(b) of this Agreement:
 - (A) no resolutions or by-laws shall be executed or approved by the director; all resolutions or by-laws customarily executed or approved by the director shall be solely within the power and authority of the shareholders of Retail Nominee in accordance with the provisions of this Section 4.3(g)(vi);
 - (B) the presence of at least two shareholders holding shares having voting rights and representing in person or by proxy a majority of all issued shares entitled to voting rights at such meetings shall be required to constitute a quorum at any meeting of shareholders;

- (C) any resolution of shareholders shall require the affirmative votes of all issued shares entitled to voting rights at the meeting at which such resolution is passed;
- (D) all documents to be executed by the Retail Nominee shall be executed on its behalf by one of the officers of the Retail Nominee appointed by Urbancorp and by the director or one of the officers of the Retail Nominee appointed by Main & Main; and
- (E) all cheques to be executed by the Retail Nominee shall be executed on its behalf by the director or one or more of the officers of the Retail Nominee appointed by Main & Main.

4.4 Shareholders Agreement

The Co-Owners, as shareholders of the Retail Nominee, shall do, or cause to be done, all such acts and things as shall be necessary or desirable to give effect to the provisions of this Agreement including, without limiting the generality of the foregoing, voting, or causing to be voted, all of the shares in the capital of the Retail Nominee beneficially owned by it, if any, in accordance with Article 4 of the Original Co-owners Agreement and this Amending Agreement and calling or agreeing to the calling or, attending and voting or refraining from voting at and consent to the holding of all meetings of shareholders or directors of the Retail Nominee.

4.5 Financial Obligations of the Retail Nominee

To the extent that the Retail Nominee incurs costs and expenses which were Approved by the Management Committee and the Co-owners have not obtained financing to pay for such costs and expenses, each Co-Owner covenants to advance to the Retail Nominee by certified cheque or bank draft, no less than two days prior to the date on which such costs or expenses are due and payable, its Co-Owners Proportion of such costs and expenses.

ARTICLE 5 MANAGEMENT

5.1 Management Committee

- (a) Subject to:
 - (i) matters which are delegated to a manager or other Person pursuant to a management, development or other agreement entered into by the Co-Owners (or on behalf of the Co-Owners) in connection with the Project in accordance with the provisions of this Agreement;
 - (ii) Unanimous Decisions; and
 - (iii) Section 5.1(c),

all consents, approvals and determinations required to be made by the Co-Owners in respect of the Project will be made by a majority vote of a committee (the "**Management Committee**") at a meeting at which a Quorum is present. All such consents, approvals and determinations shall be binding on the Co-Owners. The Management Committee will consist of four (4) members. For so long as any principal, interest and/or other amounts are outstanding under the Urbancorp Loan Agreement, Main & Main will appoint three (3) members to the Management Committee and Urbancorp will appoint one (1) member. Once all principal, interest and other amounts are fully repaid under the Urbancorp Loan Agreement, Main & Main and Urbancorp will each appoint two (2) members to the Management Committee. Each member of the Management Committee shall have a duty to make decisions, provide consents and approvals and make such other determinations in connection with the Project honestly, in good faith and in the best interest of the Project.

- (b) Notwithstanding the foregoing, the unanimous consent of the Management Committee at a meeting at which a Quorum is present will be required for the following decisions (collectively, the "**Unanimous Decisions**"):
 - (i) the acquisition of additional real estate or interests therein in connection with the Project if (and only if) Main & Main does not provide capital on behalf of itself and Urbancorp to fund such acquisition. Funds contributed by Main & Main on Urbancorp's behalf shall form a loan from Main & Main to Urbancorp on the same terms and conditions as those applicable to the Tranche I Loan described in the Urbancorp Loan Agreement;
 - (ii) subject to the provisions of Section 8.6, a Disposition of the Project to an Arm's Length Person (other than the Disposition of one or more residential condominium units in the Residential Component) if Urbancorp is not a Defaulting Co-Owner or in default of any of its obligations, liabilities and covenants under the Urbancorp Loan Agreement;
 - (iii) the appointment of the auditor for the Project if the auditor proposed by Main & Main is the same auditor as used by Main & Main in connection with the preparation of Main & Main's financial statements or if the auditor proposed by Main & Main is a person other than one of the top-five national accounting firms. The numbers contained in the financial and other statements prepared by the auditor are final and binding on the Co-Owners (absent manifest error);
 - (iv) the appointment of legal counsel for the Project if the legal counsel proposed by Main & Main is one of the Canadian law firms used by Main & Main in the majority of its property acquisitions or financings;

- (v) the award of any contract relating to the Project to a person who is not at Arm's Length to Main & Main if such contract is on terms which are not market terms; and
 - (vi) the terms of any financing described in Section 6.4 to the extent that such financing is on terms which are not market terms.
- (c) In the following circumstances, the member(s) of the Management Committee appointed by a Co-Owner will not have a vote in respect of an Unanimous Decision or any other decision, consent, approval or determination required to be made in respect of the Project:
- (i) where such Co-Owner (or an Affiliate) is a Defaulting Co-Owner or is in default of any of its obligations, liabilities and covenants under the Urbancorp Loan Agreement or any other agreement in respect of the Project, for as long as the applicable default remains uncured and has not been expressly waived by the Non-Defaulting Co-Owner; and/or
 - (ii) where such Co-Owners Proportion is less than thirty-three per cent (33%); and/or
 - (iii) where such Co-Owner's Management Committee members do not attend or are not properly represented at a meeting of the Management Committee which has been called and constituted in accordance with this Section 5.1, in which case a further Notice shall be given to the Management Committee members of such Co-Owner who failed to attend the meeting again calling for a meeting not less than four (4) Business Days after delivery of the second Notice and if such Management Committee members of the Co-Owner again fail to attend or be represented as aforesaid, such Co-Owner whose Management Committee members have failed to attend shall not be entitled to vote at such meeting,

in which case, the member(s) of the Management Committee appointed by the other Co-Owner will have the sole right to vote in respect of any such decision, consent, approval or determination. The Management Committee nominees of: (1) a Defaulting Co-Owner, (2) a Co-Owner who (or whose Affiliate) is in default of any of its obligations, liabilities and covenants under the Urbancorp Loan Agreement or any other agreement in respect of the Project, for as long as the applicable default remains uncured and has not been expressly waived by the Non-Defaulting Co-Owner, or (3) a Co-Owner whose Co-Owners Proportion is less than thirty-three per cent (33%), shall be entitled to attend meetings of the Management Committee, but shall not be entitled to vote at such meetings, and accordingly, the Quorum for such meetings shall be deemed to be the nominees of the other Co-Owner during such period.

- (d) Subject to Section 5.1(c), for so long as any principal, interest and/or other amounts are outstanding under the Urbancorp Loan Agreement, a Quorum

for any meeting of the Management Committee shall be one (1) member present in person, telephonically or by such other electronic means as contemplated in Section 5.1(f) appointed by Main & Main. Once all principal, interest and any other amounts owing under the Urbancorp Loan Agreement are fully repaid under the Urbancorp Loan Agreement, a Quorum for any meeting of the Management Committee shall be one (1) member present in person, telephonically or by such other electronic means as contemplated in Section 5.1(f) appointed by each of Main & Main and Urbancorp.

- (e) The office of a member of the Management Committee will be vacated upon the occurrence of any of the following events:
 - (i) if a receiving order is made against him/her or if he/she makes an assignment under the *Bankruptcy and Insolvency Act* (Canada), as amended or re-enacted from time to time;
 - (ii) if an order is made declaring him/her to be a mentally incompetent person or incapable of managing his/her affairs;
 - (iii) if he/she will be removed from office by a Notice from the Co-Owner that appointed him/her as provided above; or
 - (iv) if by Notice to the Co-Owners he/she resigns his/her office and such resignation, if not effective immediately, becomes effective in accordance with its terms.

Any vacancy in the Management Committee will be filled by the Co-Owner which appointed the former member of the Management Committee whose loss of office created the vacancy within ten (10) days of the creation of the vacancy. Such Co-Owner will fill the vacancy by Notice stating the name and address of the natural person whom it appoints to the Management Committee to fill the vacancy. Copies of such Notice will be given to the other Co-Owner.

- (f) Subject to Section 5.1(c), the powers of the Management Committee may only be exercised by resolution at a meeting at which a Quorum is present or by resolution in writing consented to by the signature of those members of the Management Committee appointed by the Co-Owners who are required to pass a resolution in accordance with Sections 5.1(a), (b) and (c) provided that each Co-Owner had been provided at least ten (10) Business Days' Notice of such proposed resolution. Copies of all minutes of the meetings of the Management Committee and of all resolutions passed by it in accordance with the terms hereof will be provided to all Co-Owners.
- (g) Physical meetings of the Management Committee will be held at such location in Toronto, Ontario, or elsewhere as may be agreed upon by the Co-Owners. Notwithstanding the foregoing, a meeting of the Management Committee may be held by telephone or other electronic means which

permits all participants to participate therein and to hear all other participants at all times during the meeting.

- (h) Meetings of the Management Committee shall be held at least every three (3) months, or more frequently as may be reasonably required, in order to review the development and operation of the Project. A meeting of the Management Committee may be called on ten (10) Business Days' Notice signed by any member of it accompanied by an agenda of matters to be addressed at the meeting, except in the case of an emergency when such Notice will be given in the manner provided herein to each member not less than four (4) Business Days before such time; provided that no Notice of a meeting will be necessary if one (1) member of the Management Committee from each of Main & Main and Urbancorp is present. Notices to members of the Management Committee may be given to them at the address in each case of the Co-Owner who nominated him or her.
- (i) The Approval of the Management Committee on any decision or other resolution of the Management Committee will constitute the approval of the Co-Owners of any steps reasonably required to implement such decision, and each Co-Owner will do all things and execute any and all deeds, transfers, leases, agreements and other documents reasonably required to carry out such decision.
- (j) If the members of the Management Committee are unable to reach a decision with respect to a decision, consent, approval or other determination contemplated in Section 5.1(a) or 5.1(b) (an "**Unresolved Decision**"), the Management Committee shall meet within 10 days in an effort to reach a decision with respect to such Unresolved Decision (the "**First Resolution Meeting**"). If after the First Resolution Meeting, a decision has still not been reached, the Management Committee shall meet within 10 days after the First Resolution Meeting in a further effort to reach a decision with respect to such Unresolved Decision (the "**Second Resolution Meeting**"). Finally, if after the Second Resolution Meeting, a decision has still not been reached, the Management Committee shall meet within 10 days after the Second Resolution Meeting in a further effort to reach a decision with respect to such Unresolved Decision (the "**Third Resolution Meeting**"). If no decision has been reached after the Third Resolution Meeting, a Deadlock with respect to such Unresolved Decision shall exist and the Management Committee shall have no further obligation to meet to reach a decision with respect to such Unresolved Decision.
- (k) Each Co-Owner hereby:
 - (i) releases and forever discharges each of the members of the Management Committee from any and all actions, proceedings, suits, liabilities, claims, damages, costs, expenses and demands which such Co-Owner may at any time hereafter have against any such member in respect of anything done

by him or her in his or her capacity as member of the Management Committee (provided however that such release does not release a Co-Owner from any action, proceeding, suit, liability, claim, damage, cost, expense or demand resulting from anything done by any member of the Management Committee appointed by it); and

- (ii) agrees to indemnify and save harmless its nominees on the Management Committee from any and all actions, proceedings, suits, Liabilities, claims, damages, costs, expenses and demands brought, commenced or had against such nominee in respect of anything done by him or her in the performance of his duties.

The provisions of this subsection 5.1(k) will survive the termination of this Agreement and may be relied upon by anyone who, from time to time, acts as a member of the Management Committee; it being acknowledged and/or otherwise agreed by the Co-Owners that any Co-Owner may institute and pursue an action to enforce the terms of this subsection 5.1(k) on behalf of a member of the Management Committee as a third party beneficiary of the provisions of this subsection or otherwise.

5.2 Full Disclosure of Non-Arm's Length Transactions

Prior to the Co-Tenancy entering into any non-Arm's Length agreement, contract, purchase order or any other commitment for the Project, the interested Co-Owner with whom such transaction is not at Arm's Length shall make prompt and full disclosure of its interest in the transaction in writing to the other Co-Owner for its consideration.

5.3 Bank Accounts

A separate bank account shall be established by Main & Main with a Canadian chartered bank in Toronto, Ontario (as Approved by the Management Committee) for the purposes of any and all banking transactions relating to the Co-Tenancy and the operation of the Project, and each Co-Owner shall have an undivided Co-Ownership Interest therein in accordance with such Co-Owner's Co-Ownership Proportion. Such bank account shall be in the name of Main & Main and any such other name as may be Approved by the Management Committee from time to time, and the signing authority in respect thereof shall be Approved by the Management Committee.

5.4 Books of Account

The Co-Owners shall keep proper and correct books of account through and shall appoint an auditor Approved by the Management Committee to audit the financial records relating to the management and operation of the Project and report to the Co-Owners thereon. All books of account and other records pertaining to the Project shall be available for examination by any of the Co-Owners and their respective auditors or authorized representatives on reasonable Notice. A Co-Owner will bear all expenses incurred in respect of any such examination made for its account. A Co-Owner shall be entitled, upon written demand, to obtain

copies of all underlying documents contained in the books, including, without limiting the generality of the foregoing, all contracts, plans, studies and invoices relating to the Project.

5.5 Harmonized Sales Tax

The Co-Owners agree to execute an election in the prescribed form under of the *Excise Tax Act* (Canada) to appoint Main & Main to complete and file all required harmonized sales tax returns and take all such other actions with respect to such tax as are permitted under such Act for and on behalf of the Co-Owners.

5.6 Insurance

The Co-Owners agree to insure and keep the Project insured to its full replacement value having regard to prudent practices and industry standards and the requirements of any financing described in Section 6.4. The Co-Owners further agree to obtain and maintain environmental liability insurance in connection with the Project. Each insurance policy in respect of the Project including, without limitation in respect of the Lands, will name the Co-Owners as insured parties in accordance with their respective Co-Ownership Proportion, and provide that a prior Notice of no less than sixty (60) days must be given to each Co-Owner before any insurance policy or coverage may be terminated or reduced.

5.7 Preparation of Development Plan

The Co-Owners will cause to be prepared a comprehensive development plan and a development cost and pro-forma operating budget (collectively, and once approved by the Management Committee, the "**Development Plan**") for the development of the Project as expeditiously as possible for review and approval by the Management Committee. Subject to the Approval of the Management Committee, the Co-Owners may retain other consultants to assist with the preparation and performance of the Development Plan (including retaining either or both of the Co-Owners or any of their Affiliates). The Development Plan will include plans for the development and construction of a mixed-use project consistent with the purpose described in Section 2.3 of this Agreement. Such Development Plan will be updated annually for approval by the Management Committee.

5.8 Urbancorp Development Services and Fee

In connection with the Project, Urbancorp and Main & Main hereby agree that Urbancorp Toronto Management Inc. shall be appointed to perform:

- (a) certain development management services in connection with the Residential Component of the Project;
- (b) jointly with Main & Main (or its Affiliates), certain management and development services in connection with the Project; and
- (c) certain marketing and sales management services in connection with the dwelling units forming part of the Residential Component,

on the terms and conditions set out in the development, marketing and sales management agreement entered into as of the date hereof among the Co-owners, as owners, and Urbancorp Toronto Management Inc., as manager.

5.9 Main & Main Development Services and Fees

In connection with the Project, Urbancorp and Main & Main hereby agree that Main & Main (or an Affiliate) shall perform:

- (a) certain management and development services in connection with the Retail Component of the Project; and
- (b) jointly with Urbancorp (or its Affiliates), certain management and development services in connection with the Project.

Urbancorp and Main & Main hereby further acknowledge and agree that in connection with said management and development services for the Project, and subject to the terms and conditions of the management and development services agreement to be entered into by Urbancorp and Main & Main, in their capacity as owner, and Main & Main (or an Affiliate) in its capacity as co-manager and developer of the Project (the "**Main & Main Management Services Agreement**"), Main & Main (or its Affiliate) shall be entitled to a development and management fee equal to 3% of the aggregate hard and soft construction costs relating to the Retail Parking Component and the Retail Component. Said fee shall be payable in installments as more particularly described in the Main & Main Management Services Agreement and no part of said fee shall be earned, due and payable until the initial construction draw from the construction financing for the Project (the "**Construction Financing**"). Urbancorp and Main & Main acknowledge and agree that the Main & Main Management Services Agreement shall be on market terms and conditions.

5.10 Urbancorp Construction Services and Fees

In connection with the Project, Urbancorp and Main & Main hereby agree that Urbancorp Toronto Management Inc. shall be appointed to perform the construction management services required in connection with the Project, on the terms and conditions set out in the construction management agreement entered into as of the date hereof among the Co-owners, as owners, and Urbancorp Toronto Management Inc., as construction manager.

5.11 Main & Main Miscellaneous Services

In connection with the Project, Urbancorp and Main & Main hereby agree that Main & Main (or an Affiliate) shall perform:

- (a) certain property management services in connection with the Retail Component and Retail Parking (the "**Property Management Services**");
- (b) certain leasing management services in connection with the Retail Component and Retail Parking (the "**Leasing Management Services**"); and

- (c) certain accounting services in connection with the Project (the "Accounting Services").

Urbancorp and Main & Main hereby acknowledge and agree that in connection with the Property Management Services, Leasing Management Services and Accounting Services for the Project, and subject to the terms and conditions of the Main & Main Management Services Agreement, Main & Main (or its Affiliate) shall be entitled to the following fees:

Service	Fees (exclusive of applicable taxes)
Property Management Services	4% per annum of the aggregate of: (i) the minimum/base rent per annum received, receivable or derived from or in connection with the Retail Component; (ii) the percentage rent per annum received, receivable or derived from or in connection with the Retail Component; and (iii) parking fees per annum received, receivable or derived from or in connection with the Retail Parking.
Leasing Management Services	In connection with any tenant lease of space in the Retail Component (including amendments or supplements of existing tenant leases which provide for leasing of additional space) where no third-party real estate broker or leasing agent is involved, a fee to Main & Main (or an Affiliate) of \$3.00 per square foot of rentable area.
	In connection with any tenant lease of space in the Retail Component (including amendments or supplements of existing tenant leases which provide for leasing of additional space) where a third-party real estate broker or leasing agent is involved, \$1.50 per square foot of rentable area. In addition, the Co-owners shall be responsible for all fees, commissions and applicable taxes, if any, payable to such third party real estate broker or leasing agent
Accounting Services	With respect to the Project, \$100,000 per annum commencing on the date on which the Co-owners begin marketing the residential condominium units forming part of the Project) and ending on the day immediately prior to the date on which the first purchaser of a residential unit in the Residential Component takes possession of his/her unit in the Residential Component (the "Occupancy Date"). The per annum accounting services fee payable to Main & Main following the Occupancy Date shall be approved by the Management Committee in advance of the Occupancy Date.

Said fees shall be payable in installments as more particularly described in the Main & Main Management Services Agreement and no part of said fee shall be earned, due and payable until the initial construction draw from the Construction Financing.

5.12 Financing Services

Main & Main (or an Affiliate) in its sole, absolute, unfettered and subjective discretion may provide certain financial services to the Co-Owners in connection with the Project (the "**Financing Services**"). In the event that Main & Main (or an Affiliate), in its sole, absolute, unfettered and subjective discretion, agrees to provide a loan to the Co-Owners in connection with all or any portion of the Project, in addition to any interest payable by the Co-owners on the principal amount of such loan, Main & Main (or an Affiliate) shall be entitled to a financing fee equal to 1.5% of the principal amount of the loan, which fee shall be payable out of the first advance of any such loan. The terms and conditions of any such loan shall be determined in the sole, absolute and subjective discretion of Main & Main (or its Affiliate).

5.13 GST/HST

The Co-owners acknowledge that all fees payable to the managers in accordance with the Article 2 are taxable supplies under the Excise Tax Act (Canada) and shall bear HST and the Co-owners covenant to remit to the party making the supply any HST owing on such supply when the consideration for such supply is paid.

5.14 Budgets and Business Plans

The Co-Owners agree that the Management Committee will meet: (i) annually on or before December 1 in each year to review the annual business plan, operating budget, capital budget, sales plan and sales policy for the Residential Component and the leasing policy and leasing plan for the Retail Component for the following calendar year (such budgets, policies and business plans, once Approved by the Management Committee shall be collectively deemed the "**Approved Budget**"), and (ii) not less than every three (3) months to review and approve any changes or updates to the most recent Approved Budget or Development Plan.

If a new business plan, operating budget, capital budget, sales plan and sales policy for the Residential Component or the leasing policy and leasing plan for the Retail Component is not Approved by the Management Committee by January 1 for such calendar year, the prior year's budget, policy or plan will continue to constitute the Approved Budget for purposes of this Agreement and will govern until, as applicable, a new business plan, operating budget, capital budget, sales plan and sales policy for the Residential Component or leasing policy and leasing plan for the Retail Component is Approved by the Management Committee subject to a deemed increase of expenditure amounts equal to the actual increases in property taxes and utility rates and other actual increases provided for by the terms of any contracts which have been Approved by the Management Committee. The Co-Owners acknowledge and agree that each Approved Budget shall include provision for reasonable reserves.

5.15 Notice of Claims

Each of the Co-Owners agrees to give Notice forthwith to the other Co-Owner of any third party claim or threatened third party claim made by any Person in respect of the Project, any Co-Ownership Interest or any part thereof.

5.16 Use of Retail Parking

Subject to the approval of the Management Committee, a portion of the Retail Parking may be used as visitor parking for the Residential Component, if permitted by the City of Toronto and subject to payment to the Co-Owners of parking fees at market rates and the entering into of a parking license agreement on market terms and conditions.

5.17 Environmental Remediation

The Co-Owners acknowledge and agree that the environmental remediation of the Lands will be effected during the development and construction stages of the Project (the "D&C Stage") unless an order, directive or other request is issued or made by a Governmental Body requiring the environmental remediation to be effected prior to the D&C Stage in which case, the Co-Owners will effect the environmental remediation prior to the D&C Stage.

**ARTICLE 6
CASH FLOW DISTRIBUTION AND FINANCING**

6.1 Cash Flow Distributions

- (a) All proceeds or revenues derived from the Project from time to time, including, for certainty, cash receipts from rentals, sales and other sources of revenue, including from any Disposition of the Project, any compensation received from a Government Body as expropriation proceeds and any insurance proceeds from an insurer, shall, subject to the reserves included in any Approved Budget, be used monthly to pay in the following order of priority:
 - (i) first, to any lender under any Project Financing on account of principal, interest and other amounts then due under the Project Financing; and then
 - (ii) second, all proper operating costs and expenses then due in connection with the operation of the Project pursuant to an Approved Budget or Development Plan, or as otherwise Approved by the Management Committee; and then
 - (iii) third, any costs and expenses (other than the fees described in (iv) below) then due to either Co-Owner (or Affiliates thereof) pursuant to any Project agreements to the extent such costs and expenses are contained in the Approved Budget or Development Plan; and then

- (iv) fourth, all fees due to any of the Co-Owners (or the Affiliates thereof) pursuant to any Project agreements (including without limitation those fees contemplated in Sections 5.8 through 5.11, inclusive) to the extent such fees are contained in the Approved Budget or Development Plan, provided that:
 - (A) any such fees payable to a Defaulting Co-Owner to which a Co-Owners Loan has been made shall automatically be paid to the other Co-Owner which has advanced to such Defaulting Co-Owner a Co-Owners Loan up to the amount of principal, accrued interest and other amounts owing under such Co-Owners Loan. Any fees distributed to the Non-Defaulting Co-Owner in accordance with the foregoing shall for all purposes of this Agreement be treated as if distributed to the Defaulting Co-Owner (or its Affiliate); and
 - (B) any such fees payable to Urbancorp, after payment of any Co-Owner Loans incurred by Urbancorp, shall automatically be paid to Main & Main in respect of any principal, accrued interest or other amounts owing under the Urbancorp Loan Agreement if Urbancorp is in default of any of its obligations thereunder for so long as such default remains uncured or has not been expressly waived. Any fees distributed to Main & Main in accordance with the foregoing shall for all purposes of this Agreement be treated as if distributed to Urbancorp; and then
- (v) fifth, any excess funds (the "Cash Surplus") shall be distributed periodically to the Co-Owners based upon their respective Co-Ownership Proportions, from time to time, but not less than quarterly, provided that:
 - (A) any Cash Surplus payable to a Defaulting Co-Owner to which a Co-Owners Loan has been made shall automatically be paid to the other Co-Owner which has advanced to such Defaulting Co-Owner a Co-Owners Loan up to the amount of principal, accrued interest and other amounts owing under such Co-Owners Loan. Any Cash Surplus distributed to the Non-Defaulting Co-Owner in accordance with the foregoing shall for all purposes of this Agreement be treated as if distributed to the Defaulting Co-Owner;
 - (B) if either Co-Owner is an Indemnifier under this Agreement, any Cash Surplus payable to such Co-Owner up to the amount of the aggregate outstanding amount due and payable by such Co-Owner to the other Co-Owner (and its directors, officers, shareholders and employees) in accordance with the indemnity provisions contained in Section 6.3 of this Agreement shall be paid to the other Co-Owner to pay any outstanding amounts, until all such outstanding amounts shall be paid to the other Co-Owner in full. Any amount distributed to other Co-Owner in accordance with the foregoing

shall for all purposes of this Agreement be treated as if distributed to the Co-Owner which is an Indemnifier; and

- (C) any Cash Surplus payable to Urbancorp, shall automatically be paid to Main & Main in respect of any principal, accrued interest or other amounts owing under the Urbancorp Loan Agreement. Any Cash Surplus distributed to the Main & Main Lender in accordance with the foregoing shall for all purposes of this Agreement be treated as if distributed to Urbancorp.

6.2 Losses

All liabilities and losses which may be incurred by the Co-Ownership shall be paid or borne by the Co-Owners in their Co-Ownership Proportion as set out in Section 2.5 and each Co-Owner shall advance such funds as may be required to pay all liabilities and losses, in such proportions.

6.3 Indemnities

- (a) Each Co-Owner (hereinafter in this Subsection called the “**Indemnifier**”) indemnifies and agrees to save harmless the other Co-Owner (hereinafter in this Subsection called the “**Indemnified Co-Owner**”) and, in the case of any corporate Indemnified Co-Owner, its directors, officers, shareholders and employees, from and against any and all damages, costs, expenses, debts, liabilities and obligations (including solicitor’s fees and expenses on a solicitor and his own client basis) suffered or incurred by the Indemnified Co-Owner or (if applicable) any of its directors, officers, shareholders and employees as a result of, on account of or by reason of any and all actions, causes of action, proceedings, claims or demands relating to, arising from or in connection with:
 - (i) the Indemnifier being a Defaulting Co-Owner at any time;
 - (ii) any representation by the Indemnifier that he is the partner or agent of the Indemnified Co-Owner or any act done or taken by the Indemnifier that results, directly or indirectly, in the Indemnifier being held or deemed to be the partner or agent of the Indemnified Co-Owners, unless such representation or act made, done or taken by the Indemnifier was permitted hereby or approved by the Co-Owners Committee or otherwise consented to in writing by the Indemnified Co-Owner; or
 - (iii) the negligence, wilful misconduct, fraud or dishonesty of the Indemnifier or any of its directors, officers, shareholders and employees.
- (b) Subject to Section 6.3(a), the Co-Owners shall, as between themselves, be liable for the Liabilities arising from or incurred in connection with the Project, the Residential Nominee or the Retail Nominee in their respective Co-Ownership Proportions, and not jointly and severally liable, provided

such Liabilities have been approved by the Management Committee or incurred in accordance with this Agreement. Each Co-Owner shall be responsible for its Co-Ownership Proportion of all Liabilities and agrees to indemnify and save harmless the other Co-Owner (in this Subsection called the "Other Co-Owner") and, without duplication, any person that has guaranteed or is liable for the obligations of the Other Co-Owner with respect to the Co-Tenancy (the other Co-Owner and all such persons being in this Section collectively called the "Other Persons") from any and all Liabilities, present and future, arising from or incurred in connection with the Project, the Residential Nominee or the Retail Nominee which have been approved by the Management Committee or incurred in accordance with this Agreement, to the extent that the Other Persons have paid or are liable for greater than the Other Co-Owner's Co-Ownership Proportion of such Liabilities; provided that each such Indemnifier shall be liable under this indemnity only to the extent that such Indemnifier has not paid its Co-Ownership's Proportion of such Liabilities. In addition, each Co-Owner shall indemnify the other Co-Owner from all Liabilities that such Co-Owner incurs that were not Approved by the Management Committee (or otherwise authorized pursuant to this Agreement) and that arose as a result of the acts or omissions of such Co-Owner. In the event that a Co-Owner or its Co-Ownership Interest will be subject to any encumbrance, obligation or liability as a result of the action or omission of any other Co-Owner which was required by this Agreement to be Approved by the Management Committee, or as a result of any default, negligence or wilful misconduct of any other Co-Owner, the Co-Owner whose action, omission, default, negligence or wilful misconduct caused such encumbrance, obligation or liability will indemnify the other Co-Owner from all Liabilities it sustains in respect of such encumbrance, obligation or liability.

6.4 Financing Matters

The Co-Owners agree that, to the largest extent commercially practicable, they will actively pursue and work towards obtaining satisfactory bank credit, development, marketing, construction and permanent financing to fund the construction, development and ownership of the Project from financial institutions Approved by the Management Committee and in each case upon terms and conditions Approved by the Management Committee (each such approved financing, including if provided by Main & Main or an Affiliate of Main & Main in accordance with Section 5.12 and the following sentence, a "Project Financing"). Notwithstanding the foregoing, Main & Main will have the right, in its sole option, to arrange financing by an Affiliate of Main & Main in accordance with Section 5.12 and provided that the terms and conditions are otherwise at least as favourable as the best terms and conditions obtained from any financial institution. Market fees will be payable to any Co-Owner who arranges Project Financing on behalf of the Project.

Subject to the other provisions of this Agreement, each of the Co-Owners hereby covenants and agrees to permit all aspects of the Project, their shares in the Retail Nominee and the Residential Nominee or such of them as such banker or lender may require, to be mortgaged,

charged or otherwise encumbered to or in favour of such banker or lender in order to obtain Project Financing for the Co-Tenancy.

6.5 Funding Obligations

If a request for funds is approved by the Management Committee (the "**Request for Funds**") and such funds are not payable from the credit facility described in Section 6.4, then each Co-Owner shall provide its Co-Owners Proportion of the funds required. The Management Committee may make a call for funds from the Co-Owners by delivering a cash requirement statement in writing to the Co-Owners. Advances by each Co-Owner shall be made within ten (10) days after the receipt by the Co-Owner of a cash requirement statement.

ARTICLE 7 DEFAULT & REMEDIES

7.1 Events of Default

In this Section 7.1, a party to this Agreement in respect of which an Event of Default has occurred and is continuing is called a "**Defaulting Co-Owner**" and the other Co-Owner is called a "**Non-Defaulting Co-Owner**". In the event of the occurrence of more than one of the circumstances set forth in subsections (a) to (j) inclusive, with respect to the Co-Owner, each such circumstance will be deemed to be a separate Event of Default, entitling the Non-Defaulting Co-Owner to elect to exercise its remedies hereunder with respect to each such Event of Default.

For the purposes of this Section 7.1, any of the following circumstances is an "**Event of Default**" with respect to a Co-Owner:

- (a) if it fails to make a payment required hereunder pursuant to an Approved Budget, the Development Plan, or pursuant to a Request for Funds after ten (10) days' Notice thereof; or
- (b) any representation or warranty hereunder shall prove to have been inaccurate in any material respect when made, and if the circumstances giving rise to such inaccurate representation or warranty are capable of rectification (such that, thereafter, the representation or warranty would be correct), the representation or warranty remains uncorrected for a period of thirty (30) days after Notice from the other Co-Owner; or
- (c) a failure to comply with any of the covenants or obligations contained herein (other than to the extent such breach of covenant or obligation is the subject of any other Event of Default described in this Section 7.1) and, where such failure is capable of being cured, such failure remains unremedied for a period of thirty (30) days after Notice of such failure has been given by the other Co-Owner to such Co-Owner or such longer period, as may be required to cure such breach provided that reasonable steps to cure such default are taken and diligently pursued; or

- (d) if it commits an act of fraud, theft, gross negligence or wilful misconduct or it intentionally breaches any applicable laws in any material respect in respect of the Project (including any environmental laws); or
- (e) if it will be insolvent, fail to pay its debts generally as they become due, voluntarily seek, consent to or acquiesce in the benefit of any of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other applicable liquidation, bankruptcy, moratorium, rearrangement, receivership, administration, insolvency, reorganization, fraudulent transfer or conveyance, suspension of payments or similar laws from time to time in effect affecting the rights of creditors generally in any relevant jurisdiction (collectively, "Debtor Relief Law") other than as a creditor or claimant, or if it becomes a party to or is made the subject of any proceeding provided for under any Debtor Relief Law, other than as a creditor or claimant, unless in the event such proceeding is involuntary, such proceeding or the petition instituting same is dismissed within forty-five (45) days after its filing; or
- (f) if a liquidator, receiver, receiver and manager, or trustee in bankruptcy will be appointed to or of its Co-Ownership Interest or any part thereof with the consent or acquiescence of such Co-Owner; or
- (g) if an encumbrancer or secured creditor of a Co-Owner takes possession of its Co-Ownership Interest or any substantial part thereof, or if a distress or execution or any similar process is levied or enforced upon or against such Co-Ownership Interest and the same remains unsatisfied for the shorter of a period of forty-five (45) days or such period as would permit the same to be sold; provided that such process is not in good faith disputed by the Co-Owner and, in that event, provided further that non-payment will not in the reasonable opinion of the Non-Defaulting Co-Owner jeopardize the title to the Co-Ownership Interest or the security under or pursuant to Section 8.2, or in any way impair the security intended to be created thereby, and provided further that, if the Co-Owner desires to contest the same, it also gives to each Non-Defaulting Co-Owner security which, in the absolute and unfettered discretion of each Non-Defaulting Co-Owner, is sufficient to pay in full the amount claimed in the event it will be held to be a valid claim; or
- (h) if it completes or attempts to complete any Disposition contrary to the provisions of this Agreement; or
- (i) if any creditor registers a charge against all or part of its Co-Ownership Interest (other than the Co-Owner Cross-Charges described in Section 8.2 or charges and other security required in connection with a Project Financing or in connection with the Urbancorp Loan Agreement) and such registration is not cancelled within thirty (30) days of such Co-Owner being apprised in writing of such registration; or

- (j) in the case of Urbancorp, default under the Urbancorp Loan Agreement after the expiry of applicable cure periods thereunder.

7.2 Rights Available to Non-Defaulting Co-Owner

If an Event of Default in respect of any Co-Owner will have occurred, until such Event of Default is cured, any Non-Defaulting Co-Owner will have the right to:

- (a) bring any proceedings in the nature of specific performance, injunction or other equitable remedy, it being acknowledged by each of the Co-Owners that damages at law may be an inadequate remedy for a default or breach of this Agreement; and/or
- (b) remedy such default and any other default of the Defaulting Co-Owner under this Agreement or under any other agreement entered into by or on behalf of the Co-Owners, and will be entitled on demand to be reimbursed by the Defaulting Co-Owner for any monies expended to remedy any such default and any other expenses (including legal fees on a solicitor and client basis) incurred by the Non-Defaulting Co-Owner (and to bring any legal proceedings for the recovery thereof), together with interest, compounded monthly not in advance, at a rate equal to the greater of (a) fifteen per cent (15%) per annum; and (b) Prime Rate from time to time in effect plus 600 bps per annum, calculated semi-annually, not in advance and payable semi-annually; and, in addition, the Defaulting Co-Owner hereby directs that all amounts payable to it pursuant to this Agreement (including amounts distributable to it under Article 6) will be paid on demand to the Non-Defaulting Co-Owner, to the extent necessary to reimburse the Non-Defaulting Co-Owner for such monies with interest as aforesaid, on a *pro rata* basis based on funds expended by the applicable Non-Defaulting Co-Owners; and/or
- (c) bring any action at law as may be necessary or desirable in order to recover damages; and/or
- (d) in the case of an Event of Default pursuant to Section 7.1(a) above, any Non-Defaulting Co-Owner has the right but not the obligation to make a payment on behalf of the Defaulting Co-Owner, which payment will be deemed to be a loan (a "Co-Owners Loan") which is due and payable on demand and bears interest until repaid, compounded monthly not in advance, at a rate equal to the greater of: (a) fifteen per cent (15%) per annum; and (b) Prime Rate plus 600 bps per annum, calculated semi-annually, not in advance and payable semi-annually; and/or
- (e) to exercise any of its remedies under any security granted to the Non-Defaulting Co-Owner, including the security granted pursuant to Section 8.2;

- (f) in the case of an Event of Default described in Sections 7.1(a), 7.1(b), 7.1(d), 7.1(e), 7.1(f), 7.1(g), 7.1(h), 7.1(i) or 7.1(j) or in the case of an Event of Default described in Section 7.1(c) if such failure to comply relates to a material covenant or material obligation contained herein, to elect, by written Notice to be delivered to the Defaulting Co-Owner (referred to herein as the “**Default Purchase Notice**”) at any time when such Event of Default is continuing, to initiate a sale process for the Defaulting Co-Owner’s Co-Ownership Interest for a purchase price equal to 90% of the Appraised Value of the Co-Ownership Interest (the “**Default Purchase Price**”), provided that such Default Purchase Notice shall include:
- (i) the name of the Appraiser selected by the Non-Defaulting Co-Owner;
 - (ii) a complete copy of the Appraisal prepared by the Appraiser dated within twenty (20) days of such Default Purchase Notice being given, and shall set out a calculation of the Default Purchase Price.

Each purchase by a Non-Defaulting Co-Owner of the interest of a Defaulting Co-Owner pursuant to this Section 7.2(f) will be completed in accordance with the terms and conditions set forth in Section 8.9 hereof on the date which is twenty (20) Business Days from the date of such election. There shall be deducted from such purchase price the amounts necessary to reimburse the Non-Defaulting Co-Owner for remedying the Event of Default and all amounts otherwise payable by the Defaulting Co-Owner to the Non-Defaulting Co-Owner pursuant to this Agreement and, if Urbancorp is the Defaulting Co-Owner, all principal, accrued interest and other outstanding amounts under the Urbancorp Loan Agreement) shall become due and payable to the Main & Main Lender. Any such purchase is intended to be a purchase and not by way of security and does not constitute a foreclosure or give rise to any equitable rights of redemption; for greater certainty, upon delivery of the Default Purchase Notice, the Defaulting Co-Owner will lose any right to remedy its Event of Default. The Appraised Value of the Co-Ownership Interest as determined by the Appraiser shall be final and binding on the Co-Owners.

7.3

Dilution Right

- (a) If a Co-Owner Loan is not repaid by the Defaulting Co-Owner within 10 days after written demand therefor is made by the Non-Defaulting Co-Owner on the Defaulting Co-Owner, the Non-Defaulting Co-Owner shall be entitled, at any time, while the Event of Default remains uncured to give Notice (a “**Dilution Notice**”) to the Defaulting Co-Owner that it elects to have a determination of the Market Value of the Co-Ownership Interest of the Defaulting Co-Owner to be determined in the same manner as contemplated in Section 7.2(f), and either contemporaneously therewith or within 30 days after such determination, to give Notice (the “**Election Notice**”) to the Defaulting Co-Owner that it elects to purchase part of the Co-Ownership Interest of the Defaulting Co-Owner. Such part, measured as

a percentage on the date on which it is transferred in accordance with Section 7.3(b) below, shall be equal to the percentage which the outstanding Co-Owner Loan together with interest thereon at the interest rate provided in Section 7.2(d), divided by 0.90 then is, as of the date of such calculation, of the Market Value of the Co-Owner's Co-Ownership Interest of the Defaulting Co-Owner. The purchase price for such part shall be equal to the outstanding Co-Owner's Loan together with interest thereon at the interest rate provided in Section 7.2(d), and such price shall be deemed fully satisfied by the forgiveness of such Co-Owner Loan by the Non-Defaulting Co-Owner. The purchase of such interest shall close on the 30th day following the giving of the Election Notice in accordance with the procedures and on the terms set out in Section 8.9 hereof. Notwithstanding the foregoing, (i) the purchase price shall not exceed the Market Value of the Defaulting Co-Owner's Co-Ownership Interest being acquired by the Non-Defaulting Co-Owner, (ii) the Co-Owner Loan and interest thereon as aforesaid shall be forgiven only to the extent that the aggregate amount thereof is less than or equal to 90% of the Market Value of the Defaulting Co-Owner's Co-Ownership Interest being acquired by the Non-Defaulting Co-Owner, (iii) any balance of the Co-Owner Loan not so forgiven shall remain outstanding and shall continue to be subject to the provisions of Section 7.2(d) hereof, and (iv) when giving the Election Notice, the Non-Defaulting Co-Owner may elect to purchase less than the full amount which it is entitled to purchase in which case the above calculations shall be based upon the Market Value of the part so purchased, and any balance of the Co-Owner Loan shall remain outstanding and shall continue to be subject to the provisions of Section 7.2(d). The Appraised Value of the Defaulting Co-Owner's Co-Ownership Interest as determined by the Appraiser shall be final and binding on the Co-Owners.

- (b) If the Non-Defaulting Co-Owner makes the election provided for in Section 7.3(a), the Defaulting Co-Owner shall sell and the Non-Defaulting Co-Owner shall purchase the applicable part of the Co-Owner's Co-Ownership Interest of the Defaulting Co-Owner in accordance with the procedures and on the terms set out in Section 8.9 hereof. Any such purchase is intended to be a purchase and not by way of security and does not constitute a foreclosure or give rise to any equitable rights of redemption. For greater certainty, upon delivery of the Dilution Notice, the Defaulting Co-Owner will lose any right to remedy its Event of Default to the extent of the Co-Ownership Interest being acquired by the Non-Defaulting Co-Owner.

ARTICLE 8 TRANSFER OF CO-OWNERSHIP INTERESTS

8.1 Restrictions on Transfer

- (a) Except as provided in this Article 8, no Co-Owner shall complete, or attempt to complete, or make any agreement to complete, a Disposition to any Person without the prior written consent of the other Co-Owner, which consent may be withheld in the sole, absolute, subjective and unfettered discretion of the other Co-Owner. For certainty, unless expressly permitted herein, no Co-Owner shall mortgage, pledge, charge or otherwise encumber all or any part of its Co-Ownership Interest except pursuant to any Project Financing, the Urbancorp Loan Agreement, the FCSC Loan Agreements and/or the Co-Owner cross charges contemplated in Section 8.2.
- (b) Notwithstanding Section 8.1(a), and subject to the conditions stipulated herein and any required consent from a lender under a Project Financing, each Co-Owner will be permitted to Dispose of all or part of its Co-Owner's Co-Ownership Interest in the Project, the Residential Nominee and the Retail Nominee without written consent of the other Co-Owner to its Affiliates or a Permitted Transferee provided that such Co-Owner shall deliver Notice to the other Co-Owner of said Disposition to an Affiliate or Permitted Transferee, as the case may be, and all pertinent details relating to said Disposition and in the case of a Disposition to an Affiliate, provided said Co-owner and the Affiliate remain Affiliates for so long as the acquiring Affiliate is a Co-Owner).
- (c) Notwithstanding anything contained in this Agreement, no Disposition may be made by a Co-Owner, other than pursuant to Article 7, if:
 - (i) by reason of such Disposition the other Co-Owner would become subject to additional taxation; or
 - (ii) the Disposition would be prohibited or rendered nugatory by law (such as the *Investment Canada Act*); or
 - (iii) any term of any mortgage, agreement or document entered into by the Co-Owners in respect of the Project requires approval from the other party to such mortgage, agreement or document unless any required approval has been obtained and is in effect.

8.2 Co-Owner Cross Charges and Section 118 Restrictions

- (a) It is expressly acknowledged that each Co-Owner shall charge and pledge in favour of the other Co-Owner its respective Co-Ownership Interest (including without limitation, a pledge of its respective shares in the Retail Nominee and the Residential Nominee) as security for its respective obligations under this Agreement (the "Co-Owner Cross-Charges"), which

charges shall be registered on title to the Project and which pledge shall be evidenced by registration of a financing statement under the *Personal Property Security Act* (Ontario). For greater certainty, the provisions in respect of defaults and remedies under any such Co-Owner Cross Charge shall not be any more onerous to the chargor thereunder than the provisions affecting such chargor in respect of defaults and remedies under this Agreement. The Co-Owner Cross Charges shall rank subordinate to the charges and security granted in connection with any Project Financing and subordinate to the charges and security granted to the Main & Main Lender under the Urbancorp Loan Agreement. The Co-Owner Cross Charges shall rank in priority to the charges and security granted in connection with the FCSC Loan Agreements.

- (b) The Co-Owners agree to make an entry on the register for the Lands pursuant to section 118 of the *Land Titles Act* (Ontario) requiring consent of the Co-Owners to the making of any transfer or charge of the Lands (the "Section 118 Restrictions"). Each of the Co-Owners agree to give such consent to any transfer or charge which is in accordance with the provisions of this Agreement.
- (c) In the event of any conflict between the provisions of this Agreement and the provisions of a Co-Owner Cross-Charge or a Section 118 Restriction, the provisions of this Agreement shall prevail.

8.3 Changes in Control

Subject to Section 8.1(b), each Co-Owner acknowledges and agrees that a Change of Control of a Co-Owner shall be deemed to constitute a Disposition for the purposes of this Agreement, provided that any such Change of Control shall be a Disposition permitted without consent to the extent any such Co-Owner is, or is a wholly-owned Affiliate of, directly or indirectly, an entity the securities of which are traded on a public market and such change in ownership arises in respect to publicly traded securities.

8.4 Right of First Offer

If at any time, and from time to time, on or after the second anniversary of the date of this Agreement, either Co-Owner (the "Selling Co-Owner") desires to sell, directly or indirectly, its Co-Ownership Interest, or any part thereof, to a Person who is not an Affiliate of the Selling Co-Owner or a Permitted Transferee of the Selling Co-Owner (the "Sale Interest"), it shall first give Notice of its wish to do so (the "ROFO Notice") to the other Co-Owner (for purposes of this Section 8.4, the "Other Co-Owner") which Notice shall include: (a) an offer to sell to the Other Co-Owner the Sale Interest; (b) the sale price for the Sale Interest; and (c) all of the other terms and conditions on which the Selling Co-Owner is prepared to sell the Sale Interest. The Other Co-Owner will have thirty (30) days following the giving of the ROFO Notice to advise the Selling Co-Owner in writing (the "Acceptance Notice") that it will acquire the Sale Interest at the price and on the terms and conditions contained in the ROFO Notice, subject to any required approval from lenders under any Project Financing. Closing will occur

within sixty (60) days after the Other Co-Owner delivers the Acceptance Notice. If the Other Co-Owner does not deliver the Acceptance Notice within said sixty (60) day period, subject to any required approval from lenders under any Project Financing, the Selling Co-Owner may enter into a purchase agreement (the "Third Party APS") to sell the Sale Interest to a bona fide, Arm's Length Person at the same or a higher price and otherwise on the same terms and conditions included in the ROFO Notice within a period of ninety (90) days following the expiry of the time period for delivery of an Acceptance Notice. Notwithstanding the foregoing, the Third Party APS may contain a due diligence condition in favour of the Arm's Length purchaser. If a Third Party APS is entered into within said ninety (90) day period, closing will occur within sixty (60) days thereafter. If a Third Party APS is not entered into within said ninety (90) day period or if a Third Party APS is entered into within said period but closing does not occur within sixty (60) days thereafter, the Selling Co-Owner will not proceed with the sale of the Sale Interest without again complying with the provisions of this Section 8.4.

If at the closing of the Sale Interest, the Project is subject to any Project Financing, the purchaser, with the consent of any lender under a Project Financing, will assume the Selling Co-Owner's share of such financing and the balance due on closing will be adjusted to reflect all amounts owing by the Selling Co-Owner with respect to such Project Financing and any other debt in respect of the Co-Tenancy which was approved by the Management Committee as of closing of the sale.

If at the closing of the Sale Interest any indebtedness (principal, accrued interest and any other amounts) is owing by one Co-Owner to the other Co-Owner under any Co-Owners Loan, such indebtedness shall become due and payable on closing of the Sale Interest.

In the event that Urbancorp (and/or an Affiliate or Permitted Transferee of Urbancorp) is the Selling Co-Owner and:

- (a) the Sale Interest is all of Urbancorp's Co-Ownership Interest in the Project, any principal, accrued interest and other amounts owing by Urbancorp under the Urbancorp Loan Agreement shall become due and payable on closing of the Sale Interest; or
- (b) if on the closing of the Sale Interest, Urbancorp's Co-Ownership Interest will be equal to 50% or less of its Original Co-Ownership Interest, all principal, accrued interest and other amounts owing by Urbancorp under the Urbancorp Loan Agreement shall become due and payable on closing of the Sale Interest. If on the closing of the Sale Interest, Urbancorp's Co-Ownership Interest will be greater than 50% of its Original Co-Ownership Interest, the indebtedness under the Urbancorp Loan Agreement shall not become due and payable on closing of the Sale Interest provided that the Arm's Length Person acquiring the Sale Interest enters into an agreement with the Main & Main Lender whereby such Person agrees to assume and be responsible for Urbancorp's obligations, liabilities and covenants under the Urbancorp Loan Agreement to the extent of such Person's Co-Ownership Interest, which assumption agreement shall be in form and substance acceptable to the Main & Main Lender, acting reasonably.

Notwithstanding anything to the contrary herein contained, if the provisions of this Section 8.4 have been invoked by a Co-Owner then the Other Co-Owner shall not be entitled to invoke the provisions of Section 8.5, Section 8.6, Section 8.7 or Section 8.8 until the completion or other termination of the transaction which is then pending.

8.5 Buy-Sell

At any time on or after the second anniversary of the date of this Agreement or at any time during which the Management Committee is in Deadlock, a Non-Defaulting Co-Owner (the "Offeror") may send the other Co-Owner (the "Offeree") Notice (the "Buy-Sell Notice") containing an offer (the "Purchase Offer") to purchase the entire Co-Owner's Co-Ownership Interest in the Project, shares in the Residential Nominee and shares in the Retail Nominee of the Offeree for cash. The Buy-Sell Notice will also contain an offer (the "Sale Offer") to sell all of the Offeror's Co-Ownership Interest to the Offeree at the same price (adjusted to reflect any difference in the Co-Owner's Co-Ownership Proportion of the Offeror and the Offeree) and upon the same terms and conditions as are contained in the Purchase Offer, *mutatis mutandis*. If at the closing the Project, the shares in the Residential Nominee and/or the shares in the Retail Nominee is subject to any Project Financing, subject to any required approvals from the lender of said Project Financing, the Offeror will assume the Offeree's share of such financing and the purchase price will be adjusted to reflect all amounts owing by the Offeree with respect to such financing and any other debt in respect of the Co-Tenancy which was Approved by the Management Committee as of the closing of the sale. The Offeree will respond to the Buy-Sell Notice within sixty (60) days after the receipt of the Buy-Sell Notice (the "Offer Period"). If, within the Offer Period, the Offeree does not accept the Purchase Offer or the Sale Offer, the Offeree will be deemed to have accepted the Purchase Offer effective on the last day of the Offer Period. The Offeror will deliver to the Offeree's solicitor a deposit in an amount equal to five per cent (5%) of the purchase price which deposit shall be held in trust until closing and then applied against the purchase price and the Co-Owner's Co-Ownership Interest of the Offeree will be sold to and purchased by the Offeror in accordance with the terms and conditions of the Purchase Offer. If the Offeree accepts the Sale Offer within the Offer Period, the Offeror's Co-Owner's Co-Ownership Interest in the Project, shares in the Residential Nominee and shares in the Retail Nominee will be sold to and purchased by the Offeree in accordance with the terms and conditions of the Sale Offer. Any indebtedness (principal, accrued interest and other amounts) owing by the Offeree to the Offeror or by the Offeror to the Offeree under the Urbancorp Loan Agreement or pursuant to Co-Owners Loans shall become due and payable on closing in its entirety.

Notwithstanding anything to the contrary herein contained, if the provisions of this Section 8.5 have been invoked by a Co-Owner then the Other Co-Owner shall not be entitled to invoke the provisions of Section 8.4, Section 8.6, Section 8.7 or Section 8.8 until the completion or other termination of the transaction which is then pending.

8.6 Third Party Offer

The Co-Owners agree that if (a) a bona fide Arm's Length Person offers to purchase the entire Project; and (b) subject to Section 5.1(c), the acceptance of such offer is unanimously approved by the Co-Owners in accordance with Section 5.1(b), the Co-Owners will

sell the entire Project (and, if applicable, its shares in the Residential Nominee and Retail Nominee) pursuant to the terms thereof and any indebtedness owing by one Co-Owner to the other Co-Owner pursuant to a Co-Owners Loan shall become due and payable on closing as well as any amounts due under any Project Financing (unless assumed by the Arm's Length person with the consent of any lender under a Project Financing). In the case of Urbancorp, all principal, accrued interest and other amounts owing under the Urbancorp Loan Agreement shall become due and payable on closing.

Notwithstanding anything to the contrary herein contained, if the provisions of this Section 8.6 have been invoked by a Co-Owner then the Other Co-Owner shall not be entitled to invoke the provisions of Section 8.4, Section 8.5, Section 8.7 or Section 8.8 until the completion or other termination of the transaction which is then pending.

8.7 Retail Development Right

If:

- (a) construction of the residential component of the Project is not commenced on or before the fifth anniversary of the entering into of this Agreement; and
- (b) at any time prior to the sixth anniversary of the entering into of this Agreement:
 - (i) Main & Main decides to proceed with the commercial retail space component of the Project and not the residential component; and
 - (ii) Urbancorp decides not to so proceed,

Main & Main shall have the option, to be exercised in its sole absolute, subjective and unfettered discretion, by delivery of Notice to Urbancorp (the "**Retail Purchase Notice**") to purchase Urbancorp's Co-Ownership Interest and, if applicable, its shares in the Retail Nominee and Residential Nominee in the Project for a price equal to its then Market Value provided that the Market Value is equal to or greater than the Urbancorp Cost Base. If the Market Value is less than the Urbancorp Cost Base, the purchase price shall be equal to the Urbancorp Cost Base. If the Co-Owners, each acting reasonably, disagree as to the Market Value of Urbancorp's Co-Ownership Interest in the Project, the Market Value shall be determined in accordance with the immediately following paragraph of this Section 8.7. Upon the closing of any such purchase, the Co-Tenancy and this Agreement will be terminated, all amounts outstanding (principal, accrued interest and other amounts) under the Urbancorp Loan Agreement will become due and payable and all amounts outstanding under any Co-Owners Loans will become due and payable.

If the Co-Owners are unable to agree upon the Market Value of Urbancorp's Co-Ownership Interest in the Project within thirty (30) days following receipt by Urbancorp of the Retail Purchase Notice (the "**Applicable Date**"), the Market Value thereof shall be determined in accordance with the following:

- (A) within ten (10) days after the Applicable Date, the Co-Owners shall jointly appoint an Appraiser to determine the Market Value of Urbancorp's Co-Ownership Interest in the Project;
- (B) if a single Appraiser is not jointly appointed within ten (10) days after the Applicable Date, the Co-Owners shall, within a further period of ten (10) days, each appoint an Appraiser and the two Appraisers so appointed shall promptly thereafter appoint a third Appraiser;
- (C) if either of the Co-Owners fails to appoint an Appraiser within such further period of ten (10) days, then the single Appraiser appointed by the other Co-Owner shall determine the Market Value of Urbancorp's Co-Ownership Interest in the Project;
- (D) if two Appraisers are appointed pursuant to Section (B) and they fail, within ten (10) days after the date of appointment of the later of them to be appointed, to appoint a third Appraiser, then such Appraiser shall be appointed by a Judge of the Ontario Superior Court of Justice upon the application of either party;
- (E) each party shall advise the other in writing of the Appraiser appointed by it. The party applying to a Judge of the Ontario Superior Court of Justice to have a third Appraiser appointed shall advise the other party in writing of the Appraiser appointed by the Judge;
- (F) within thirty (30) days after the date that the single or a third Appraiser is appointed, each Appraiser shall prepare and submit to the Co-Owners a written report setting forth the Appraised Value in his/her opinion;
- (G) in preparing their reports, the Appraiser(s) shall have access to all books of account and records of all vouchers, cheques, papers and documents of the Co-ownership. The Co-Owners shall cooperate with the Appraiser(s) for such purpose and provide all information and documents requested by him (them). For the purposes of this Agreement, the Market Value of the Urbancorp's Co-Ownership Interest in the Project shall be the Appraised Value set forth in the single Appraisal or, if there are three Appraisals, the average of the Appraised Values set forth in the three Appraisals;
- (H) the determination of the Market Value of the Urbancorp's Co-Ownership Interest in the Project pursuant to this Section 8.7 shall be final and binding on the Co-Owners and the Co-Owners shall abide thereby; and

- (I) if three Appraisers are appointed, the Co-Owners shall each bear the fees and expenses of the Appraiser appointed by or for it and shall share equally the fees and expenses of the third Appraiser. If a single Appraiser is appointed, the Co-Owners shall share equally the fees and expenses of the single Appraiser.

Notwithstanding anything to the contrary herein contained, if the provisions of this Section 8.7 have been invoked by a Co-Owner then the Other Co-Owner shall not be entitled to invoke the provisions of Section 8.4, Section 8.5, Section 8.6 or Section 8.8 until the completion or other termination of the transaction which is then pending.

8.8 Purchase Option for Commercial Retail Space

If construction of both the Residential Component and the Retail Component are substantially completed, Main & Main (or an Affiliate thereof) will have the option, to be exercised in its sole, absolute, subjective and unfettered discretion, by delivery of Notice to Urbancorp (the "**Retail Purchase Notice**") at any time during a twelve (12)-month period following the first day on which the first tenant occupies a portion of the Retail Component and is open and carrying on business in the Retail Component and commences to pay rent, to purchase Urbancorp's Co-Ownership Interest in the Retail Component for a purchase price based on a normalized "cap rate" equal to:

- (i) eight per cent (8%) (assuming an occupancy rate of ninety-five per cent (95%), where market rents are assumed for unleased space if actual lease-up is less than ninety-five per cent (95%)), and assuming deductions from income in amounts equal to a market management fee and a market structural allowance for new buildings (multiplied by Urbancorp's forty per cent (40%) Co-Ownership Interest; LESS
- (ii) an amount equal to fifty per cent (40%) of the sum of all tenant inducements, tenant allowances, leasing commissions, and landlord's work above base building condition incurred but remaining unpaid and all tenant inducements, tenant allowances, leasing commissions, and landlord's work above base building condition to be incurred assuming tenant inducements, tenant allowances, leasing commissions, and landlord's work above base building will be incurred at market rates and in accordance with market standards (the "**Purchase Price**"),

subject to normal course adjustments will be made to such Purchase Price consistent with commercial real estate practice in Ontario. The proceeds of such Purchase Price shall be utilized for: firstly, forty per cent (40%) of the costs of repaying any Project Financing with respect of the Retail Component only and secondly, repayment of all Co-Owner Loans made by Main & Main to Urbancorp and all principal, accrued interest and other amounts owing under the Urbancorp Loan Agreement. The Retail Purchase Notice will include Main & Main's calculation of the Purchase Price. If Urbancorp reasonably disputes Main & Main's calculation of the Purchase Price, the parties will negotiate in good faith for a period of thirty (30) days in an attempt to settle the final Purchase Price, failing which the parties will settle the matter in

accordance with the immediately following paragraph. If the Purchase Price proceeds are utilized to repay any Project Financing with respect to obligations relating to the Retail Component, Main & Main will, at its option, repay an equivalent amount or assume obligations equal to such amount on the closing of such purchase.

If the Co-Owners are unable to agree upon the Purchase Price for Urbancorp's Co-Ownership Interest in the Retail Component within said thirty (30) day period (the "Applicable Date"), the Purchase Price shall be determined in accordance with the following:

- (A) within ten (10) days after the Applicable Date, the Co-Owners shall jointly appoint an Appraiser to determine the Purchase Price for Urbancorp's Co-Ownership Interest in the Retail Component;
- (B) if a single Appraiser is not jointly appointed within ten (10) days after the Applicable Date, the Co-Owners shall, within a further period of ten (10) days, each appoint an Appraiser and the two Appraisers so appointed shall promptly thereafter appoint a third Appraiser;
- (C) if either of the Co-Owners fails to appoint an Appraiser within such further period of ten (10) days, then the single Appraiser appointed by the other Co-Owner shall determine the Purchase Price for Urbancorp's Co-Ownership Interest in the Retail Component;
- (D) if two Appraisers are appointed pursuant to Section 8.8(ii)(B) and they fail, within ten (10) days after the date of appointment of the later of them to be appointed, to appoint a third Appraiser, then such Appraiser shall be appointed by a Judge of the Ontario Superior Court of Justice upon the application of either party;
- (E) each party shall advise the other in writing of the Appraiser appointed by it. The party applying to a Judge of the Ontario Superior Court of Justice to have a third Appraiser appointed shall advise the other party in writing of the Appraiser appointed by the Judge;
- (F) within twenty-five (25) days after the date that the single or a third Appraiser is appointed, each Appraiser shall prepare and submit to the Co-Owners a written report setting forth the Purchase Price in his/her opinion;
- (G) in preparing their reports, the Appraiser(s) shall have access to all books of account and records of all vouchers, cheques, papers and documents of the Co-ownership relating to the Retail Component. The Co-Owners shall cooperate with the Appraiser(s) for such purpose and provide all information and documents requested by

him (them). For the purposes of this Agreement, the Purchase Price for Urbancorp's Co-Ownership Interest in the Retail Component shall be the Purchase Price set forth in the single Appraisal or, if there are three Appraisals, the average of the purchase prices set forth in the three Appraisals;

- (H) the determination of the Purchase Price pursuant to this Section 8.8 shall be final and binding on the Co-Owners and the Co-Owners shall abide thereby; and
- (I) if three Appraisers are appointed, the Co-Owners shall each bear the fees and expenses of the Appraiser appointed by or for it and shall share equally the fees and expenses of the third Appraiser. If a single Appraiser is appointed, the Co-Owners shall share equally the fees and expenses of the single Appraiser.

Notwithstanding anything to the contrary herein contained, if the provisions of this Section 8.8 have been invoked by a Co-Owner then the Other Co-Owner shall not be entitled to invoke the provisions of Section 8.4, Section 8.5, Section 8.6 or Section 8.7 until the completion or other termination of the transaction which is then pending.

Urbancorp hereby acknowledges and agrees that Main & Main may register against title to the Lands evidence of this option to purchase the Retail Component (the "Registered Option"). On the date on which the Retail Component is severed from the Residential Component of the Lands, the Registered Option shall be discharged from title to the Residential Component of the Lands. Main & Main agrees to postpone the Registered Option to all Project Financing applicable to the Retail Component, to any registered agreements entered into with the City of Toronto or a utility provider in connection with the development, construction or operation of the Retail Component and to any encumbrances registered against title to the Retail Component which have been approved by the Management Committee.

8.9 Closing of Transfers to Another Co-Owner

Except as may otherwise be contemplated in the sections of this Agreement relating to Dispositions and other transfers among Co-Owners, the following terms and conditions will apply with respect to all Dispositions or other transfers of a Co-Ownership Interest from one Co-Owner to another effected hereunder.

- (a) Delivery of Transfer Documents – At the closing, at the purchaser's request, the vendor will deliver to the purchaser conveyances in registerable form of all of the vendor's Co-Ownership Interest (such conveyances, instruments, agreements, orders and other documents whether written, electronic or otherwise, to be satisfactory to counsel for the purchaser, acting reasonably, and hereinafter collectively called the "Transfer Documents") warranting that the vendor has good and marketable title to its Co-Ownership Interest, free from all claims and encumbrances other than encumbrances Approved by the Management Committee or existing on the date of this Agreement,

and subject to adjustments as hereinafter provided. The Transfer Documents will include all those which the purchaser may deem necessary or desirable to effectuate the sale and transfer of such vendor's Co-Ownership Interest and will be legally sufficient to convey to the purchaser the vendor's Co-Ownership Interest, and any document required to transfer (i) all trade marks, trade mark applications, trade names, certification marks, patents, patent applications, copy-rights and other similar property, and all registrations and applications for registration thereof, to the extent used exclusively in connection with the Project or the business carried on thereon, (ii) all goodwill associated with the business carried on at the Project (including the right to continue using the name of the Project (iii) if applicable, all of the vendor's shares in the capital of the Residential Nominee and in that regard the vendor shall deliver a certificate(s) representing the shares in the capital of the Residential Nominee owned by the vendor duly endorsed in blank so as to be fully negotiable and (iv) if applicable, all of the vendor's shares in the capital of the Retail Nominee and in that regard the vendor shall deliver a certificate(s) representing the shares in the capital of the Retail Nominee owned by the vendor duly endorsed in blank so as to be fully negotiable). At the closing, the purchase price (subject to adjustments as hereafter provided) will be paid to the vendor. Where the liabilities to be assumed by the purchaser as contemplated below exceed the purchase price of the vendor's Co-Ownership Interest, such excess will be paid in cash by the vendor to the purchaser at the closing. At the closing, the purchaser will (i) assume all obligations of the vendor in connection with the vendor's Co-Ownership Interest which have been authorized by this Agreement or Approved by the Management Committee (including, for certainty, in respect of any security posted by the vendor but excluding any Co-Owner Loans and the Tranche I Loan), will agree to indemnify the vendor thereafter from any and all manner of claims and causes of action thereafter arising out of the vendor's Co-Ownership Interest, as well as any such liabilities as accrued before closing to the extent credited in favour of the purchaser against the purchase price, and (ii) will deliver to the vendor such instruments for the foregoing purposes as counsel for the vendor may reasonably require including, without limitation, any assumption documents required under any Project Financing and, to the extent applicable, letters of credit to replace letters of credit approved by the Co-Owners previously posted by the vendor.

- (b) Funds on Closing and Adjustments – At the closing, all amounts due by a Co-Owner to the other Co-Owners, including, without limitation, in respect of any Co-Owners Loans, will be settled and paid in full, either by way of set-off against the purchase price if the amount is owing by the vendor or by payment if the amount is owing to the vendor. In addition, the transfer will be subject to all usual adjustments, including without limitation, rents, taxes, utilities, insurance, and other items reasonably capable and properly subject to adjustment in connection with the ownership, operation and management of the Project. The adjustments at the closing date will reflect any

outstanding Project Financing and any other financing Approved by the Management Committee and will provide for any change in the amount of such liabilities occurring between the date of determination of the purchase price and the closing date. In the case of a sale pursuant to Section 7.2(f) or Section 7.3, the costs of the applicable Appraisal shall be an adjustment in favour of the buyer or buyers, provided that, to the extent such Appraisal was not paid for by any buyer, the vendor will reimburse the Co-Owner which paid for such Appraisal in respect of the cost thereof. All funds payable at closing will be held in escrow by the law firm responsible for registration of the Transfer Documents until such time as all deeds or electronic documents requiring registration have been registered where required by law without conflicting entries.

- (c) Proof of Residency – The vendor will either provide the purchaser with evidence reasonably satisfactory to the purchaser that it is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) or provide the purchaser with a certificate pursuant to Subsection 116(2) of the *Income Tax Act* (Canada) with a certificate limit in an amount not less than the purchase price in question; provided that if such evidence or certificate is not forthcoming, the purchaser will be entitled to make the payment of tax required under Section 116 of the *Income Tax Act* (Canada) and to deduct such payment from the purchase price in question.

- (d) Vendor's Failure to Close – If the vendor is not represented at closing or is represented but fails for any reason whatsoever to produce and deliver the Transfer Documents to the purchaser, then the purchase price may be deposited by the purchaser into a trust account of the solicitors for the purchaser, with interest earned thereon to accrue to the benefit of the vendor. Such deposit will constitute valid and effective payment of the purchase price to the vendor even though the vendor is in breach of this Agreement or voluntarily encumbered or disposed of its Co-Ownership Interest and notwithstanding the fact that a conveyance or conveyances or assignment or assignments for any of such Co-Ownership Interest may have been delivered in breach of this Agreement to any alleged pledgee, transferee or other Person. If the purchase price is deposited as aforesaid and the purchaser has complied with the other requirements of this Section 8.9, then from and after the date of such deposit, and even though the Transfer Documents have not been delivered to the purchaser, the purchase of the vendor's Co-Ownership Interest will be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to such Co-Ownership Interest will be conclusively deemed to have been transferred and assigned to and become vested in the purchaser and all right, title, benefit and interest, both in law and in equity, of the vendor, or of any transferee, assignee or any other Person having any interest, legal or equitable, therein or thereto will cease and determine, provided, however, that the vendor will be entitled to receive the purchase

price so deposited, without interest, upon delivery to the purchaser of the Transfer Documents.

(e) Release of Transferor –

- (i) As of the effective date of any transfer by a Co-Owner of its entire Co-Ownership Interest to another Co-Owner, such Co-Owner's rights and obligations hereunder and under any other agreements, including any agreements with the other Co-Owners entered into pursuant hereto in the capacity as a Co-Owner with respect to the Project will terminate except as to items accrued as of such date and except for any indemnity obligations of such Co-Owner attributable to acts or events occurring prior to such date.
 - (ii) The transferee will co-operate (without having to make any payment) with the transferor to obtain the release of the transferor (and any other Person which guaranteed any obligations or liabilities of the transferor) from all liability to any Project Financing lender and to obtain a release of any guarantees of the transferor of any indebtedness in connection with the Project held by any Project Financing lender or other secured party. If such releases cannot be obtained, the transferee will provide the transferor with a legally enforceable agreement indemnifying the transferor from all liabilities and costs that may be sustained by the transferor if it is called upon to honour any such obligations or guarantees.
- (f) Expenses – Each Co-Owner will bear its own expenses in connection with the preparation, execution and delivery of all closing documents.
- (g) Time and Place of Closing – The closing will take place at 11:00 a.m. at the office maintained by the vendor, or such other place as the purchaser and the vendor mutually agree.
- (h) HST – The purchaser will either provide evidence satisfactory to the vendor, acting reasonably, that the purchaser is registered under the provisions of the *Excise Tax Act* relating to HST or that the vendor has no obligation under the *Excise Tax Act* to collect HST in connection with the purchase and sale. The purchaser will pay any applicable HST to the vendor if such evidence is not provided.
- (i) Removal of Members of Management Committee – The vendor will provide, effective at the Closing, Notice of the removal of members of the Management Committee which the vendor appointed, if applicable, shall deliver to the purchaser signed resignations by all of its representatives on the board of directors of the Residential Nominee, all of the officers of the Residential Nominee appointed by the vendor and all other parties not dealing at arm's length with the vendor, as employees and members of the Residential Nominee and, if applicable, shall deliver to the purchaser signed

resignations by all of its representatives on the board of directors of the Retail Nominee, all of the officers of the Retail Nominee appointed by the vendor and all other parties not dealing at arm's length with the vendor, as employees and members of the Retail Nominee.

- (j) Compliance with Planning Act – If the provisions of Section 50 of the *Planning Act* (Ontario), as amended or re-enacted from time to time, apply to any Disposition under this Agreement, the Disposition is effective to create an interest in the Project only if Section 50 is complied with and shall be conditional upon such compliance and upon any final consent of the Committee of Adjustment or Land Division Committee being subject to conditions acceptable to the purchasing Co-Owner and all periods for appeal having expired and no appeals from the consent having been taken prior to the date of closing of the Disposition. A selling Co-Owner shall promptly apply at its expense for any required consent under the *Planning Act* (Ontario) to any Disposition by it and shall diligently pursue its application. If the selling Co-Owner fails to promptly apply for any required consent under the *Planning Act* (Ontario) to any Disposition by it or fails to diligently pursue its application, the purchasing Co-owner shall be permitted to apply for any required consent or to pursue the application, in each case, at the cost of the selling Co-Owner.

8.10 Assumption of Obligations by Transferee

- (a) It is agreed by and among the Co-Owners that it shall be a condition precedent to the Disposition of a Co-Owner's Co-Ownership Interest to any transferee who is not a party to this Agreement, that such transferee shall execute and deliver a counterpart to this Agreement in favour of the remaining Co-Owner, agreeing to be bound by the terms of this Agreement, to the extent of the Co-Ownership Interest acquired, as if it were an original party hereto or thereto as the case may be.
- (b) It is further agreed by and among the Co-Owners that in the event of a Disposition to an Affiliate, that the Agreement referred to in Section 8.9(a) shall contain a covenant by each of the Co-Owner and the Affiliate to remain an Affiliate of the other so long as the transferee is a Co-Owner.

8.11 One Voice Rule

In the event of a Disposition of part (but not all) of a Co-Owner's Co-Ownership Interest by a Co-Owner (the "Transferor"), it shall be a condition precedent to the Disposition that the transferee execute and deliver to the Transferor and other Co-Owner an agreement under which it agrees that:

- (a) notwithstanding any Disposition by a Co-Owner of part of its Co-Ownership Interest, there shall be no changes to the Co-Tenancy relationship as set out herein and all approvals and decisions of the Co-Owner required under this

Agreement shall be made by Urbancorp's and/or Main & Main's representative(s) on the Management Committee, and any approval or decision so made by Urbancorp's or Main & Main's representative(s) on the Management Committee shall be final and binding on all Transferees as if all such Transferees had made or approved such approval or decision;

- (b) in all matters in which a Co-Owner, by the terms of this Agreement, has a right, such right shall be exercised by the Transferor on behalf of itself and the Transferee, and the other Co-Owners will be entitled to rely on the actions of the Transferor in that regard as binding upon the Transferee and the Transferee hereby appoints the Transferor to be its attorney in accordance with the *Powers of Attorney Act* (Ontario) and to do on the Transferee's behalf anything that the Transferee can do by an attorney in connection with this Agreement, the Project or the Transferor's Co-Ownership Interest. This appointment, coupled with an interest, is irrevocable by the Transferee and shall not be revoked by the insolvency, bankruptcy, death, incapacity of the Transferee or the dissolution, liquidation or termination of the existence of the Transferee or otherwise.
- (c) in all matters in which a Co-Owner, by the terms of this Agreement, is subject to an obligation, prohibition or restriction, such obligation, prohibition or restriction, will be binding upon the Transferee to the same extent as the Transferor; and the Transferor remains responsible to the other Co-Owner for the fulfillment of any obligation hereunder by the Transferee, and a Co-Owner may, to the extent provided for this Agreement or at law, have recourse to the Co-Ownership Interest in the same manner and with the same effect as if the Co-Ownership Interest was entirely owned by the Transferor and no Disposition has occurred;
- (d) the Transferee subordinates and postpones any rights it may have in relation to the Transferor's Co-Ownership Interest or the Project or under this Agreement to the rights and remedies of the other Co-Owner;
- (e) the Transferor and the Transferee shall promptly do, make, execute and deliver, or cause to be done, made, executed and delivered all such further acts, documents and things as the other Co-Owner or any lender to the Co-Ownership may reasonably require to give effect to this Section 8.11; and
- (f) any Notices required to be given hereunder to the Transferor shall continue to be given only to the Transferor and not to the Transferee.

Despite the foregoing, the Transferor and the Transferee may enter into a separate agreement governing the manner in which matters between them, including matters arising from the operation of this Agreement, are to be dealt with.

8.12 Estoppel Certificate

Any Co-Owner will have the right to request in writing a certificate, from time to time, from any other Co-Owner, which certificate will be in writing and will certify to the Co-Owner requesting the certification that either the Co-Owner requesting it is not in default under the terms and provisions of this Agreement or the default or defaults of such Co-Owner to the knowledge of such other Co-Owner together with any other information concerning this Agreement which is reasonably requested by the requesting Co-Owner or any creditor thereof.

**ARTICLE 9
GENERAL PROVISIONS**

9.1 Time of the Essence

Time shall be of the essence in this Agreement and every part hereof.

9.2 Notices

Any Notice, demand or other communication required or permitted to be given to any party to this Agreement shall be in writing and shall be either:

- (i) personally delivered to such party; or
- (ii) sent by facsimile transmission (each, a "Notice").

Any Notice given pursuant to subparagraphs (i) and (ii) above shall be sent to the intended recipient at its address as follows:

(b) Main & Main

Hendrick and Main Developments Inc.
c/o Main and Main Developments
109 Atlantic Avenue
Suite 302B
Toronto, ON M6K 1X4

Attention: Rick Iafelice
Facsimile: (416) 530-1844

- and -

Attention: Roger J. Chouinard
Facsimile: (416) 941-1655

(c) Urbancorp:

1100 King Street West
Toronto, Ontario
M6K 3S3

Attention: Alan Saskin
Fax: (416) 928-9501

Any party may from time to time change its address by Notice to each other party given in accordance with the provisions of this Section 9.2.

Any Notice shall be considered to have been given, if personally delivered, on the date of delivery, or if sent by facsimile transmission, on the next business day following the day of sending the facsimile.

9.3 Further Assurances

The parties hereto shall sign such further and other documents, cause such meetings to be held, exercise their vote and influence, do and perform and cause to be done and performed such further and other acts as may be necessary or desirable to implement the provisions of the Agreement.

9.4 Amendments

This Agreement may not be modified or amended except with the written consent of the parties hereto.

9.5 Successors and Assigns

All of the terms and provisions of this Agreement shall be binding upon the parties hereto and their respective successors and assigns, but shall enure to the benefit of and be enforceable by the successors and assigns of any parties hereto only to the extent that they are permitted Successors and assigns pursuant to the terms hereof. No party may assign its rights hereunder except as expressly provided herein.

9.6 Waiver

No consent or waiver, express or implied, by a party to or of any breach or default by another party in the performance of such other party of its obligations hereunder shall be deemed or constructed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such other party hereunder. Failure on the part of a party to complain of any act or failure to act of another party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned party of its rights hereunder.

9.7 Waiver of Partition

Each of the Co-Owners hereby waives the benefit of all provisions of all laws now in effect or as may be hereafter enacted relating to actions for partition, for the administration of real or personal property, and for sale in lieu of partition, and each party agrees that it will not resort to any action at law or in equity to seek partition of the Lands and/or the Project, or for sale in lieu of partition, otherwise than as permitted by this Agreement.

9.8 Paramountcy

In the event of any conflict, inconsistency or ambiguity between the terms of this Agreement and the terms of any other agreement made between the parties hereto pertaining to the Project or any matter relating thereto, the terms of this Agreement shall govern.

9.9 Enurement

This Agreement shall enure to the benefit and be binding upon the parties hereto, their respective successors and permitted assigns.

9.10 Confidentiality

Each of the Co-Owners agrees to keep in the strictest confidence all information pertaining to the Project to which it may have access as a Co-Owner or otherwise, subject to the rights of the Co-Owners to:

- (a) give any potential purchaser of their Co-Owner's Co-Ownership Interest any relevant information about the Project or allowing it to determine the advisability of purchasing such Co-Owner's Co-Ownership Interest, provided however that the said potential purchaser sign in advance a confidentiality agreement with the selling Co-Owner;
- (b) disclose any information they are compelled to disclose under any law, regulation, judgement or order;
- (c) disclose any information as may be considered necessary or advisable by Main and Main (or an Affiliate thereof), in its sole, absolute and subjective discretion, for public company disclosure purposes;
- (d) disclose any information which is public knowledge; and/or
- (e) disclose any information to its attorneys, advisors, consultants, officers, appraisers, directors and employees, and those of its subsidiaries or its parent company, on a need to know basis, provided however, that each such Person agrees to keep such information in the strictest confidence.

9.11 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, there are no warranties, representations or other agreements among the parties in connection with the subject matter hereof except as specifically set forth herein or in any Schedules attached hereto.

9.12 Acknowledgements

- (a) Each of the Co-Owners shall pay its own costs, charges and expenses of an incidental to the negotiation and finalization of this Agreement.
- (b) By executing this Agreement, each of the parties acknowledges that it has either:
 - (i) obtained independent legal advice from their own solicitors with respect to the terms of this Agreement; or
 - (ii) declined to seek independent legal advice from their own solicitors with respect to the terms of this Agreement despite having been given the opportunity, and being advised, to do so.
- (c) By executing this Agreement, each of the parties further acknowledges that it understands the terms and its rights and obligations under this Agreement.

9.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed form and parties adopt any signatures received by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other parties an original of the signed copy of the relevant page of this Agreement which was so faxed.

THE BALANCE OF THIS PAGE DELIBERATELY LEFT BLANK

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement all as of the day, month and year first above written.

HENDRICK AND MAIN DEVELOPMENTS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:
I/We have authority to bind the corporation

URBANCORP 60 ST. CLAIR INC.

Per: _____
Name: Alan Saskin
Title: President

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement all as of the day, month and year first above written.

**HENDRICK AND MAIN
DEVELOPMENTS INC.**

Per:  _____

Name:

Title:

Per: _____

Name:

Title:

I/We have authority to bind the corporation

URBANCORP 60 ST. CLAIR INC.

Per: _____

Name: Alan Saskin

Title: President

SCHEDULE "A"

LEGAL DESCRIPTION OF THE LANDS

PIN 10471-0049 LT

PCL 32-1 SEC M427; LT 33 PL M427 TORONTO; LT 34 PL M427 TORONTO; LT 35 PL M427 TORONTO; PT LT 32 PL M427 TORONTO LYING TO THE W OF THE ELY 2 FT 6 INCHES OF SAID LT; PT LT 36 PL M427 TORONTO LYING TO THE E OF THE WLY 10 FT 3 3/4 INCHES OF SAID LT, T/W A ROW OVER AND ALONG THE NLY 14 FT 10 INCHES OF THE ELY 2 FT 6 INCHES OF LT 32 AND OVER AND ALONG THE NLY 14 FT 10 INCHES OF LT 31 AND 30 ON SAID PL BEING APPURTENANT TO ALL OF LT 33 AND THE ELY 9 FT 6 INCHES OF LT 34 AND ALL THAT PT OF LT 32 LYING TO THE W OF THE ELY 2 FT 6 INCHES OF SAID LT 32 ALL ON SAID PL; AND T/W A ROW FOR PERSONS, ANIMALS AND VEHICLES FOR ALL PURPOSES OVER AND ALONG A STRIP OF LAND DESCRIBED AS FOLLOWS: COMM AT A POINT IN THE NLY LIMIT OF LT 36, 10 FT 3 3/4 INCHES MEASURED ELY ALONG THE SAID NLY LIMIT FROM THE NW ANGLE OF LT 36; THENCE SLY PARALLEL WITH THE WLY LIMIT OF LT 36 14 FT 10 INCHES; THENCE WLY PARALLEL TO ST. CLAIR AV 39 FT AND 3 3/4 INCHES; THENCE NLY PARALLEL WITH THE ELY LIMIT OF LT 37, ON SAID PL 59 FT AND 3 1/2 INCHES MORE OR LESS TO THE SLY LIMIT OF BARRIE AV; THENCE N ELY ALONG THE S ELY LIMIT OF BARRIE AV AND FOLLOWING THE CURVE THEREOF TO A LINE DRAWN PARALLEL TO THE ELY LIMIT OF LT 37 DISTANT 9 FT WLY THEREFROM MEASURED ALONG THE PRODUCTION WLY OF THE NLY LIMIT OF LT 36; THENCE SLY ALONG THE SAID LINE 73 FT 7 1/2 INCHES MORE OR LESS TO THE SAID PRODUCTION; THENCE ELY ALONG THE SAID PRODUCTION AND THE NLY LIMIT OF LT 36 19 FT 3 3/4 INCHES TO THE POB, BEING APPURTENANT TO ALL THAT PT OF LT 36 LYING TO THE E OF THE W 10 FT 3 3/4 INCHES OF SAID LT 36 ON PL M427 AND ALL OF LT 35 AND ALL THAT PT OF LT 34 LYING TO THE W OF THE ELY 9 FT 6 INCHES OF LT 34 ALL ON PL M427; TORONTO , CITY OF TORONTO