

**Appendix 14:**  
**Snoxons 2014 Inter-Lender Agreement**

**INTERLENDER AGREEMENT**

THIS AGREEMENT made as of the 9<sup>th</sup> day of December, 2014.

**A M O N G :**

**CENTRO MORTGAGE INC., IN TRUST**  
(hereinafter called the "Lender")

OF THE FIRST PART

- and -

**2221563 ONTARIO INC.**  
(hereinafter called the "Borrower")

OF THE SECOND PART

- and -

**SNOXONS HOLDINGS INC.**  
(hereinafter called the "Subsequent Encumbrancer")

OF THE THIRD PART

**WHEREAS** the Borrower is the registered owner of the lands described in Schedule "A";

**AND WHEREAS** the Project is encumbered by the Lender Security and the Subsequent Encumbrancer Security;

**AND WHEREAS** the Subsequent Encumbrancer has agreed, among other things, to postpone the Subsequent Encumbrancer Security to the Lender Security;

**NOW THEREFORE** in consideration of the sum of Two Dollars (\$2.00) now paid by the Lender to the Subsequent Encumbrancer, the receipt and sufficiency whereof are hereby acknowledged, and other good and valuable consideration, it is hereby covenanted and agreed as follows:

**SECTION 1 - DEFINITIONS**

- (a) "Borrower" means 2221563 Ontario Inc. and its successors and assigns;
- (b) "Business Day" means a day other than a Saturday, Sunday or other day on which banks are authorized or obligated to close under the laws of the Province of Ontario or of Canada;
- (c) "Charged Property" means the Project, all leases pertaining thereto, all rents, revenues and personal property of the Borrower pertaining thereto

or arising therefrom, and all associated rights, benefits and proceeds therefrom, as charged, assigned, pledged or in which a security interest has been created by the Lender Security;

- (d) "Lender" means Centro Mortgage Inc., in Trust and its successors and assigns;
- (e) "Lender Obligations" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender under or pertaining to the loan agreement dated as of October 21, 2014, to a maximum principal amount of \$20,000,000.00, as now or hereafter amended or restated from time to time (the "Loan Agreement");
- (f) "Lender Security" means all mortgages, pledges, charges, debentures, assignments and security agreements of any nature now or hereafter executed or made by the Borrower or others in favour of the Lender to secure the Lender Obligations, as amended or supplemented from time to time, and includes, without limitation, the security documents described in the Loan Agreement.
- (g) "Project" means the lands described in Schedule "A" attached hereto, a residential condominium development to be constructed thereon, and all buildings, structures, improvements, parking facilities, walkways, expansions, reconfigurations, additions, fixtures, renovations and alterations thereon, thereof and thereto, from time to time.
- (h) "Subsequent Encumbrancer Obligations " means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Subsequent Encumbrancer.
- (i) "Subsequent Encumbrancer Security" means all mortgages, pledges, charges, assignments and security agreements of any nature now or hereafter executed or made by the Borrower in favour of the Subsequent Encumbrancer to secure the Subsequent Encumbrancer Obligations, as amended or supplemented from time to time.
- (j) "Subsequent Encumbrancer " means Snoxons Holdings Inc. and its successors and assigns.

## **SECTION 2 - REPRESENTATIONS AND WARRANTIES OF THE SUBSEQUENT ENCUMBRANCER**

- (a) The Subsequent Encumbrancer hereby represents and warrants to the Lender that:

- (i) the Subsequent Encumbrancer Security is in full force and effect and has not been amended, and as of the date hereof, there is no default thereunder by the Borrower;
- (ii) it has received all necessary approvals, directions, authorizations and consents to enter into and perform its obligations under this Agreement;
- (iii) there is currently outstanding under the Subsequent Encumbrancer Security the principal amount of \$7,891,796.00; *see*
- (iv) it has the legal right and the power and authority to execute and deliver this Agreement and perform and observe its obligations and agreements hereunder; and
- (v) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with the terms hereof.

**SECTION 3 - SUBORDINATION AND POSTPONEMENT**

- (a) The Subsequent Encumbrancer and the Lender hereby agree that:
  - (i) the Subsequent Encumbrancer Security and the mortgages, charges, pledges, assignments and security interests constituted by the Subsequent Encumbrancer Security, together with all of the rights, title, interest, benefits and advantages of the Subsequent Encumbrancer therein or derived thereunder; and
  - (ii) the Subsequent Encumbrancer Obligations,are hereby and shall hereafter be postponed and subordinated to:
  - (iii) the Lender Security and the mortgages, charges, pledges, assignments and security interests constituted by the Lender Security, together with all of the Lender's rights, title, interest, benefits and advantages therein or derived thereunder, and
  - (iv) the Lender Obligations;

to the intent and purpose that the Lender Security, the mortgages, charges, pledges, assignments and security interests constituted by the Lender Security and the Lender Obligations shall at all times hereafter rank prior and superior to the Subsequent Encumbrancer Security, the mortgages, charges, pledges, assignments and security interests constituted by the Subsequent Encumbrancer Security, and the Subsequent Encumbrancer Obligations to the extent of the principal secured thereby and the interest accrued thereon and all other amounts

secured by the Lender Security. Without limiting the generality of the foregoing:

- (v) the Subsequent Encumbrancer shall not be entitled to receive any amounts owing under the Subsequent Encumbrancer Security, including, without limitation, any principal, interest or fees, until all of the Lender Obligations have been fully paid and performed; and
  - (vi) the Lender shall have priority to, and the first right to receive, all proceeds, rents, revenues and other amounts arising out of or pertaining to the Charged Property until all of the Lender Obligations have been fully paid and performed; and
- (b) for the purposes of paragraphs 3(a)(v) and (vi) hereof only, the Lender agrees that all of the Lender Obligations shall be deemed to have been fully paid and performed when the principal secured thereby and the interest accrued thereon and all other amounts secured by the Lender Security have been paid in full to the Lender and the Loan Agreement secured by the Lender Security shall have been cancelled or terminated.

#### **SECTION 4 - EFFECT OF POSTPONEMENT**

This Agreement shall be effective as between the Lender and the Subsequent Encumbrancer notwithstanding any past, present or future agreement, event, act or omission to act on the part of the Lender, the Subsequent Encumbrancer, the Borrower or any other person, including, without limitation, any one or more of the following :

- (a) the timing of execution, delivery, attachment, perfection, registration or enforcement of the Lender Security or the Subsequent Encumbrancer Security;
- (b) the failure of the Lender to register, maintain, renew or keep current any registration of or pertaining to any of the Lender Security;
- (c) the respective dates or timing of any advances or defaults under the Lender Obligations or the Subsequent Encumbrancer Obligations, and
- (d) any partial or complete repayment at any time and from time to time by the Borrower of any monies secured by the Lender Security.

#### **SECTION 5 - APPLICATION OF PROCEEDS**

The Subsequent Encumbrancer acknowledges that all and every part of the Lender Security is held by the Lender as security for all and every part of the Lender Obligations and agrees that the Lender may apply as a permanent reduction any monies received, whether from the enforcement of and realization upon any or all of the Lender Security, the sale or refinancing of all or any part of the Charged Property or

otherwise, to any part of the Lender Obligations which the Lender, in its sole and unfettered discretion, may determine.

#### **SECTION 6 - DELIVERY OF INFORMATION AND NOTICES**

- (a) Within a reasonable time following the Lender's reasonable request (which includes, for example, the Lender not obtaining such information from the Borrower or not obtaining same in a timely fashion), the Subsequent Encumbrancer shall provide the Lender with all material information relating to the Subsequent Encumbrancer Security and any property charged thereby;
- (b) Within a reasonable time following the Subsequent Encumbrancer's reasonable request (which includes, for example, the Subsequent Encumbrancer not obtaining such information from the Borrower or not obtaining same in a timely fashion), the Lender shall provide the Subsequent Encumbrancer with all material information relating to the Lender Security and any property charged thereby; and
- (c) The Borrower shall immediately provide the Lender with all material information relating to the Subsequent Encumbrancer Security and any property charged thereby.

#### **SECTION 7 - AGREEMENTS OF THE SUBSEQUENT ENCUMBRANCER**

The Subsequent Encumbrancer agrees with the Lender and the Borrower that:

- (a) notwithstanding the provisions of the Subsequent Encumbrancer Security, the Borrower shall be entitled to sell lots in the Project to bona fide third party purchasers without the consent of the Subsequent Encumbrancer;
- (b) the Subsequent Encumbrancer shall forthwith execute partial discharges of the Subsequent Encumbrancer Security for each of the lots as and when required upon request by the Lender or its solicitors, and shall provide such executed acknowledgments and directions with respect to such partial discharges to the solicitors for the Lender to be held by such solicitors in escrow until completion of the sale of each of the lots, whereupon the partial discharge relating to such lots may be registered by such solicitors without any further direction or consent from the Subsequent Encumbrancer and without any payment of principal, interest or any other amount being made to the Subsequent Encumbrancer; provided net proceeds from each sale are paid to the Lender to reduce the Lender Obligations. Upon the Lender Obligations being fully satisfied and upon the termination or cancellation of the Loan Agreement secured by the Lender Security, the Lender agrees to provide the partial discharges still in its or its solicitor's possession to the Subsequent Encumbrancer together with any other partial discharges of the Subsequent Encumbrancer Security held by the Lender;

- (c) it shall not increase the principal amount secured by the Subsequent Encumbrancer Security, the interest rate charged thereon, the calculation, timing and/or accrual of payment of such interest, amend the maturity date thereof, terminate the Subsequent Encumbrancer Security, nor consent to the doing of the same, without first receiving the Lender's prior written consent thereto;
- (d) it shall not transfer, assign or dispose of any interest in the Subsequent Encumbrancer Security, nor consent to the doing of the same, unless the transferee, assignee, etc. executes and delivers to the Lender contemporaneously with such transfer, assignment, etc. an agreement agreeing to be bound by all of the terms and the obligations of the Subsequent Encumbrancer under this Agreement;
- (e) if the Borrower defaults under the Subsequent Encumbrancer Security, then the Subsequent Encumbrancer shall forthwith give written notice to the Lender of such default, which notice shall specify the nature of such default;
- (f) the Subsequent Encumbrancer hereby covenants and agrees that it shall not take or authorize to be taken any action by way of suit, power of sale, foreclosure, summary proceedings, or otherwise, or exercise any rights or remedies under the Subsequent Encumbrancer Security or otherwise for the purpose, directly or indirectly, of realizing on any of the Charged Property, until the repayment in full of the Lender Obligations and until the termination or cancellation of the Loan Agreement secured by the Lender Security;
- (g) that the Borrower proposes to build a residential condominium development on the lands described in Schedule "A" attached hereto and register one or more plan(s) of condominium thereon. The Subsequent Encumbrancer covenants and agrees to forthwith execute and deliver to the Lender such documentation (without charge, delay or requiring payment of any amount secured by the Subsequent Encumbrancer Security) as may be required to effect creation of such lots and blocks, including, without limitation, the registration of such plan(s) of subdivision; and
- (h) The Subsequent Encumbrancer covenants and agrees to forthwith execute and deliver to the Lender or the applicable authority, as the case may be, such consents, postponements, authorizations, etc. (without charge, delay or requiring payment of any amount secured by the Subsequent Encumbrancer Security) as may be required from time to time in order to allow for the completion of the Project.

## SECTION 8 - FURTHER ASSURANCES

The Subsequent Encumbrancer and the Borrower shall forthwith, and from time to time, on the request of the Lender, execute and do all deeds, documents and things which the Lender requests in order to give full effect to the subordinations and postponements of the Subsequent Encumbrancer Security, the rights and remedies of the Subsequent Encumbrancer thereunder and the Subsequent Encumbrancer Obligations to the Lender Security, the rights and remedies of the Lender thereunder and the Lender Obligations in accordance with the intent of this Agreement.

## SECTION 9 - SUCCESSORS AND ASSIGNS

Subject to subsection 7(d), above, this Agreement is binding upon and shall enure to the benefit of the Lender, the Borrower, and the Subsequent Encumbrancer and their respective successors and permitted assigns.

## SECTION 10 - NOTICE

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile or other means of electronic communication or by hand delivery as hereinafter provided. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the business day it was sent or, if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below to the individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. Notices and other communications shall be addressed as follows :

- (a) if to the Lender:

Centro Mortgage Inc., in Trust  
25 Brodie Drive, Unit 1  
Richmond Hill, Ontario, L4B 3K7

Attention:  
Facsimile Number:

- (b) if to the Subsequent Encumbrancer:

Snoxons Holdings Inc.

Attention :  
Facsimile number:

- (c) if to the Borrower:

2221563 Ontario Inc.  
25 Brodie Drive, Unit 1  
Richmond Hill, Ontario, L4B 3K7

Attention:  
Facsimile number:

#### **SECTION 11 - GOVERNING LAW**

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

#### **SECTION 12 - HEADINGS**

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

#### **SECTION 13 - 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.

#### **SECTION 14 - ACKNOWLEDGEMENT OF BORROWER**

The Borrower acknowledges and consents to this Agreement and agrees to perform its obligations and hold and deal with the Charged Property in accordance with the priorities set out in this Agreement.

**SECTION 15 EXECUTION IN COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

**CENTRO MORTGAGE INC., IN TRUST**

Per: 

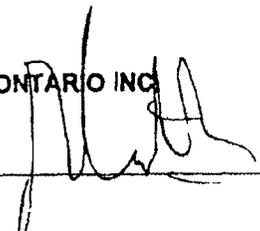
Name:

Title:

**C. Bennett**

I have authority to bind the Bank.

**2221563 ONTARIO INC**

Per: 

Name:

Title:

I have authority to bind the Corporation

**SECTION 15 - EXECUTION IN COUNTERPARTS**

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**IN WITNESS WHEREOF** the parties have executed this Agreement.

**CENTRO MORTGAGE INC., IN TRUST**

Per: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the Bank.

**2221563 ONTARIO INC**

Per: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the Corporation

**SNOXONS HOLDINGS INC.**

Per: Shyob Nam  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I/We have authority to bind the Corporation

**SCHEDULE "A"**  
**LEGAL DESCRIPTION OF LANDS**

Those lands and premises legally described in PIN Nos. 03475-0123 (LT), 03475-0124 (L5), 03475-0125 (LT), 03475-0126 (LT), 03475-0127 (LT), 03475-0868 (LT), 03475-0869 (LT), 03475-0870 (LT) and 03475-0927 (LT), Keswick, Ontario

**Appendix 15:**  
**March 2017 South Shore 2 Notice**



# BDMC

Building & Development Mortgages Canada Inc.

March 20<sup>th</sup>, 2017

Dear Investor:

RE: Syndicated Mortgage Loan (the "Loan") of \$10,700,000.00 to 2221563 Ontario Inc. on the security of a Pari Passu 2<sup>nd</sup> mortgage on 230-240 Cameron Crescent, Keswick ON (the "Project")

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Please accept this update to your original investment in the South Shore project. As anticipated in the original Loan Agreement, the borrower registered a Face Value amount of \$14,100,000.00. Upon review, the borrower has decided to close funds via a separate charge and as such has amended the registered charge to the current amount closed in the mortgage of \$10,700,000.00.

If you have additional questions about the revised Face Value, your investment, or the development in general, please speak to your mortgage agent, brokerage, or associated principal broker.

Regards,

Ildina Galati-Ferrante

Principal Broker

**Building & Development Mortgages Canada Inc. o/a BDMC**

*(Formerly Centro Mortgage Inc.)*

**Appendix 16:**

**South Shore Hybrid Loan Agreement and related documentation (redacted)**

## LOAN AGREEMENT

THIS AGREEMENT made as of the 21<sup>st</sup> day of April, 2016.

**B E T W E E N:**

**Building & Development Mortgages Canada Inc., In Trust Or its Assignee(s) In Trust for the The Lender**

(the “Lender”), as lender and Trustee

- and -

**2221563 Ontario Inc.**

(the “Borrower”), as borrower

**WHEREAS** the Lender agreed to advance the Loan to the Borrower;

**AND WHEREAS** the Loan will be secured by a pari passu second-ranking mortgage against the Property. This ranking will change from time to time over the duration of the Term;

**AND WHEREAS** the balance of the terms of the Loan are set out in this Agreement;

**FOR GOOD AND VALUABLE CONSIDERATION**, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms**

Unless expressly stated otherwise, the following capitalized terms shall have the meanings indicated:

- (a) “**Agreement**” means this agreement and all amendments thereof;
- (b) “**Borrower**” means 2221563 Ontario Inc. and its successors and permitted assigns;
- (c) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (d) “**Conditions Precedent**” shall have the meaning attributed thereto in Section 13 hereof;
- (e) “**Default**” means an event or condition, the occurrence of which would, with the lapse of time or the giving of notice, or both, become an Event of Default;

- (f) “**Events of Default**” shall have the meaning attributed thereto in Section 16 hereof;
- (g) “**First-Ranking Construction Loan Security**” means one or more secured Project construction loans, in favour of arm’s-length Lender(s), in an aggregate principal amount not to exceed \$100,000,000.00 (plus a 10% contingency), ranking *pari passu* or with stated priority between them (in the case of multiple loans), with usual cost-to-complete advances and related security/documentation;
- (h) “**Force Majeure**” means any prevention, delay, stoppage or interruption in the Borrower’s performance of any obligation by reason of strike, lock-out, war or acts of military authority, rebellion or civil commotion, major disruption to financial markets, adverse economic conditions, a material equity request by the Project’s Construction Lender(s), fire or explosion, flood, wind, water, earthquake, act of God, or other casualty or by reason of being unable to obtain the material, goods, equipment, services, utility or labour required to enable it to fulfil such obligation or by reason of any Applicable Law or by reason of not being able to obtain permission or authority required thereby, or by reason of any other cause beyond its control or not wholly or mainly within its control, whether of the foregoing character or not, and not caused by its default or its act of commission or omission and not avoidable by the exercise of reasonable effort or foresight by it;
- (i) “**Hazardous Substances**” means all contaminants, pollutants, substances and materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances and/or materials are or shall become prohibited, controlled or regulated pursuant to environmental laws and shall include “contaminants”, “dangerous substances”, “hazardous materials”, “hazardous substances”, “hazardous wastes”, “industrial wastes”, “liquid wastes”, “pollutants” and “toxic substances”, all as defined in, referred to and/or contemplated in environmental laws, but exclude all cleaning and related products used in the usual operation and maintenance of property;
- (j) “**Lender**” means **Building & Development Mortgages Canada Inc., In Trust OR its Assignee(s) In Trust**, for and on behalf of certain persons/entities, and their respective successors and assigns;
- (k) “**Loan**” shall have the meaning attributed thereto in Section 3 hereof;
- (l) “**Loan Documents**” means this Agreement, the Security, all other documentation delivered in connection with the Loan and all amendments thereof;
- (m) “**LTV**” means a ratio equal to the total amount of the Loan outstanding at such time and all prior ranking charges and liens, including the First-Ranking Construction Loan Security, divided by the fair market value of the Project as determined from time to time by the Lender, acting reasonably;

- (n) “**Maturity Date**” shall have the meaning attributed thereto in Section 4 hereof;
- (o) “**Notice**” shall have the meaning attributed thereto in Subsection 16(b) hereof;
- (p) “**Permitted Encumbrances**” means the First-Ranking Construction Loan Security and such financial and non-financial encumbrances as shall be reasonable for a development such as the Project (including, without limitation, encumbrances pertaining to purchaser’s deposits, required Bonds, easements, rights-of-way, subdivision agreements, site plan control agreements, development agreements, cost-sharing agreements, encroachment agreements, zoning/use laws, utility licences, utility easements, Crown patent reservations and restrictive covenants);
- (q) “**Project**” means the development to be constructed on the Property, comprised of 230-240 Cameron Crescent, Keswick, Ontario.
- (r) “**Project Cost Consultant**” means an arm’s-length cost consultant approved by the Lender, acting reasonably;
- (s) “**Property**” means the lands municipally and legally described in Schedule “A” attached hereto, together with all personal, intellectual and other property and all contracts relating thereto or associated therewith;
- (t) “**Security**” shall have the meaning attributed thereto in Section 11 hereof;
- (u) “**Realized Profit**” shall mean the actual profit generated by the Project in respect of the development of the Property after substantial completion thereof and sale of all of the residential units and all other components of the Project, calculated in accordance with the same methodology utilized by the Project in the calculation of the Pro Forma Profit;
- (v) “**Term**” shall have the meaning attributed thereto in Section 4 hereof.

## 2. **Schedules**

The following are the schedules attached to and forming part of this Agreement:

- (a) Schedule “A” - Municipal and Legal Description of the Property
- (b) Schedule “B” – Project Budget/Proforma
- (c) Schedule “C” – Priority of Repayment/Waterfall

## 3. **Loan**

The loan to be provided by the Lender to the Borrower herein shall consist of a non-revolving loan in an amount up to and including the sum of \$10,500,000.00 of which \$5,000,000.00 is a buffer (collectively with the Pari Passu mortgage, never exceeding

\$20,000,000.00) (the “**Loan**”), to provide for the Borrower’s Project Equity, land costs, hard costs and soft costs to be incurred prior to the construction financing of the Project.

4. **Term**

The term of the Loan shall be two (2) years (the “**Term**”), commencing on or before April 21, 2016 and ending on the final day of such period (the “**Maturity Date**”). At the Borrower’s option (to be exercised in writing not less than three (3) months prior to the Maturity Date), the Borrower may extend the Maturity Date for an additional twelve (12) months (the “**Term Extension**”) only if the mortgage is up to date and in good standing at the time of such extension.

5. **Funding Schedule:**

The Loan will be initially advanced with an LTV of 62% (based on a face value of \$5,900,000.00) and will increase and decrease over the duration of the term.

Future tranches: Advances will continue to be made into the Project in stages until \$10,500,000.00 of which \$5,000,000.00 is a buffer (and collectively with the Pari Passu mortgage, never exceeding \$20,000,000.00) of advances (including interest capitalization) has been reached. Updated valuations/appraisals will be provided by the Borrower to the administrator over the duration of the term to substantiate increased property value and to ensure 100% LTV is not exceeded at any time.

6. **Interest Rate**

Interest on the Loan shall be paid upfront for the first year and shall accrue at the rate of eight percent (8%) per annum for the remainder of the term.

7. **Interest Payment**

Interest on the Loan shall be paid in advance for the first year, the initial payment being pro rata from the date of advance up to the one year anniversary of the original registered charge. Interest for the remainder of the term, calculated annually, not in advance, shall accrue and be payable at the maturity date.

Should the Borrower choose to exercise the 12 month term extension, interest will continue to accrue at Eight Percent (8%) per annum (calculated annually, not in advance) and the final year of accrued interest will be paid in full with all other accrued interest at the time of the “extended” maturity.

**Method of Payment of Monthly Interest Payment**

The Borrower shall subscribe to the “pre-authorized payment” system to allow monthly instalments to be withdrawn automatically. – N/A

8. **Prepayment/Repayment of Principal**

The Borrower may prepay the Loan, in whole or in part, at any time or times without notice, bonus or penalty.

The outstanding Loan principal together with accrued interest and all other amounts due and owing, if any, pursuant to the Loan Documents shall become wholly due and payable on the earlier of the Maturity Date (Or Term Extension, if applicable) and the date of full disposition of the entire Project.

9. **Security**

The security for the Loan (the “**Security**”) shall be as follows, registered in a priority position that is subject only to the Permitted Encumbrances:

- (a) Pari Passu Second-Ranking Property mortgage executed by the Borrower in a principal amount equal to a maximum of \$10,500,000.00 of which \$5,000,000.00 is a buffer, of the Loan (and collectively with the Pari Passu mortgage, never exceeding \$20,000,000.00), which mortgage shall remain registered until the date which is the later of the date of payment of the final amount owing to the Lender pursuant to this Agreement and the date which is sixty (60) days following full disposition of the entire Project;
- (b) if the Property beneficial owner is not the Borrower, then a direction, acknowledgement and security agreement executed by the beneficial owner, Borrower and Lender, including confirmation of a pari passu second-ranking charge of the beneficial owner’s interest in the Property and a direction by the beneficial owner to the Borrower to execute the Loan Documents to which the Borrower is a party, such direction to be duly acknowledged by the Borrower;
- (c) a pari passu second-ranking general security agreement executed by the Borrower charging the personal property and undertaking of the Borrower, present and future, used in connection with the Property including, without limitation, all accounts, equipment, goods, inventory, chattel paper, documents of title, intangibles, securities and proceeds therefrom;
- (d) an indemnity from the Borrower indemnifying the Lender from and against all losses, demands, claims, liabilities, costs, actions, penalties, obligations and expenses imposed upon the Lender and arising in connection with the Lender being a Lender hereunder in respect of the Property and all assets relating thereto, save and except in respect of matters arising and caused by the gross negligence of the Lender during any period in which the Lender shall be in exclusive possession of the Property and/or arising and caused after a completed foreclosure proceeding or sale proceeding pursuant to the Security and/or caused by the gross negligence of the Lender; such indemnity shall survive the full payment and discharge of the Loan; and

- (e) such further and/or other security relating to the Property as the Lender shall reasonably require, provided that no security, or notice thereof, shall be registered against title to the Property for such further and/or other security.

10. **Deliveries to Lender**

The Borrower shall deliver, within five (5) Business Days following execution of this Agreement, a copy of each of the following:

- (a) the Property parcel pages, existing registered encumbrances and existing surveys thereof;
- (b) the appraisal and professional reports described in Section 13 hereof; RECEIVED
- (c) the financial statements and Project Budget described in Section 13 hereof; RECEIVED
- (d) the off-title search results and corporate/personal search results described in Section 13 hereof;
- (e) evidence of reasonable Property insurance coverage (when available); RECEIVED
- (f) all material Project contracts (when available); RECEIVED
- (g) all Project plans and specifications and all periodic Project development reports issued to date; RECEIVED
- (h) all architectural and engineering documents together with the draft plan, zoning analysis, traffic study, sanitary study, water study, storm-water study, utility study and road study (all when available); RECEIVED and
- (i) all other information and/or documentation in respect of the Project, the Property and/or the Borrower as the Lender may request, acting reasonably.

11. **Conditions Precedent to Advance**

Each advance pursuant to the Loan shall be conditional upon the Lender's receipt of the following (the "**Conditions Precedent**"), which Conditions Precedent are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part:

- (a) the Security, duly registered and perfected (as the case may be) together with all other documentation relating to the Loan, the Property, the Project and the Borrower required by the Lender, acting reasonably;
- (b) title insurance from a title insurance company approved by the Lender, acting reasonably;

- (c) an opinion from the Borrower's counsel confirming the subsistence, power and authority of the Borrower, the due authorization, execution, delivery and enforceability (subject to customary assumptions and qualifications) of the Loan Documents and such other matters as the Lender shall reasonably require;
- (d) a mortgage statement from the holder of all Permitted Encumbrance(s) confirming that the relevant loan is in good standing; RECEIVED
- (e) a certificate from the Borrower certifying no Event of Default or default, the truth of all representations and warranties, the satisfaction of all conditions and compliance with all covenants set out in the Loan Documents;
- (f) an appraisal indicating a property land value with approvals in place of not less than \$32,100,000.00; RECEIVED
- (g) satisfactory environmental report, geotechnical report, mechanical engineering report, structural engineering report and zoning report (all when available), prepared by the appropriate professionals (with reliance letters in favour of the Lender); RECEIVED
- (h) confirmation that realty taxes that are due and payable have been paid to the relevant date;
- (i) satisfactory financial statements in respect of the Borrower and a satisfactory summary of Borrower share ownership; RECEIVED
- (j) satisfactory Project Budget, duly approved by the Project Cost Consultant (when available) and the Lender; RECEIVED
- (k) satisfactory insurance coverage for the Project, duly approved by the Lender's insurance consultant (if any) and the Lender;
- (l) all relevant consents pursuant to the Loan Documents; and
- (m) a certificate from the Borrower certifying that there have been no material changes affecting the Property and/or the Borrower since the later of the date of execution of this Agreement and the immediately prior advance hereunder.

12. **Representations and Warranties**

The Borrower represents and warrants as follows:

- (a) the Borrower is duly constituted and validly subsisting under the laws of the Province of Manitoba, has all necessary power and authority to own its properties and assets and to carry on its business as now conducted and is duly licensed or registered or otherwise qualified in all jurisdictions wherein the nature of its assets or the business transacted by it makes such licensing, registration or qualification necessary;

- (b) the Borrower has full power and capacity to enter into, deliver and perform its obligations under the Loan Documents to which it is a party and all other instruments contemplated hereunder to which it is a party;
- (c) the execution and delivery and performance by the Borrower of the Loan Documents to which it is a party and all obligations contained herein and therein, and all other instruments contemplated hereunder to which it is a party and the consummation of the transactions contemplated hereby and thereby:
  - (i) have been duly authorized by all necessary action;
  - (ii) do not and will not conflict with, result in any breach or violation of, or constitute a default under any such party's constituting documents or by-laws, or any applicable laws or judgment presently in effect and applicable to it, or of any material Project agreement to which any such party is bound;
  - (iii) do not (except for the Security) result in or require the creation of any security interest or encumbrance upon or with respect to which the Borrower is bound; and
  - (iv) do not require the consent or approval (other than those consents or approvals already obtained and copies of which have been delivered to the Lender and other than those consents which, if not obtained, would not adversely affect any material component of the Security, the value of the Property or the operation of the business of the Borrower at the Property) of, or registration or filing with (except as contemplated herein), any other person, including any public authority;
- (d) the Borrower has provided to the Lender accurate and complete copies of all material Project agreements;
- (e) each Loan Document and all other instruments contemplated hereunder are, or when executed and delivered to the Lender will be, legal, valid and binding obligations enforceable against the Borrower in accordance with their respective terms, subject to the limitations with respect to enforcement imposed under law in connection with bankruptcy, insolvency, liquidation, reorganization and other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies which are only available in the discretion of the court from which they are sought;
- (f) the Security granted by the Borrower constitutes an assignment, a fixed and specific mortgage and charge, a floating charge and security on its undertaking, property and assets purported to be assigned, mortgaged, charged or subjected to the Security thereby and ranks in priority to all other security interests upon such undertaking, property and assets other than Permitted Encumbrances;

- (g) subject to any limitations stated therein, all financial statements which were furnished to the Lender hereunder, fairly present the financial condition of the relevant party as at the date thereof, and no material adverse change has occurred since the date of such delivery;
- (h) no event has occurred and is continuing, and no circumstance exists which has not been waived, which:
  - (i) constitutes a default or Event of Default; or
  - (ii) constitutes a default or event of default under any Permitted Encumbrance which may materially adversely affect the value of the Property or impair the validity or enforceability of the Security;
- (i) the Borrower is not in violation of any terms of its constating documents or, in any material respect, of any applicable law (including, without limitation, all building, zoning, planning, development, construction, construction lien, environmental and occupation laws);
- (j) the Borrower owns all intellectual property used and/or to be used in connection with the Project, free from all encumbrances;
- (k) the Borrower is solvent and will not become insolvent after giving effect to the transactions contemplated in this Agreement;
- (l)
  - (i) each material Project agreement is in full force and effect and has not been modified or supplemented;
  - (ii) the Borrower is not in default under any material Project agreement, and to the knowledge of the Borrower, no other party to any such material Project agreement is in default of any material obligation thereunder; and in each such case, no event has occurred which, with the giving of notice or the lapse of time, or both, would constitute such a default; and
  - (iii) no notice or other written or oral communication has been provided by or to the Borrower to or from any party under any material Project agreement which alleges that, as of the date hereof, either a default exists or with the passage of time will exist under the provisions of such material Project agreement;
- (m) the Property has full and free legally enforceable access to and from public highways, which access is sufficient for the purposes of the normal operation of the Property and the Borrower has no knowledge of any fact or condition that would result in the interruption or termination of such access;
- (n) all public utilities required for the normal operation of the Property are or will be accessible to the Property through adjoining public highways or if they pass

through adjoining private land, do so in accordance with valid registered easements and are sufficient for the operation of the Property;

- (o) no legal action or other proceeding has been instituted or, to the best of its knowledge after making diligent enquiry, threatened against the Borrower; the Borrower has not received notice of any work orders, deficiency notices or notices of violation pertaining to the Property;
- (p) to the best of its knowledge, the Property complies with all laws regarding environmental matters; save and except as already disclosed by the Borrower, the Property has never been used as a land fill site or to store Hazardous Substances either above or below ground, in storage tanks or otherwise; no Hazardous Substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Property; and there are no outstanding directions, writs, injunctions, orders or judgments issued pursuant to environmental laws in respect of the Property;
- (q) the Borrower has good, valid and marketable title to the Property, free from all encumbrances except the Permitted Encumbrances; and
- (r) the Borrower has filed or caused to be filed in a timely manner all tax returns, reports and declarations required to be filed under law; all information in such tax returns, reports and declarations is complete and accurate in all material respects; the Borrower has paid all taxes due and payable.

13. **Covenants**

The Borrower covenants and agrees as follows:

- (a) to defend its right, title and interest in the Property for the benefit of the Lender against all claims and demands whatsoever of all persons/entities, other than holders of Permitted Encumbrances;
- (b) not to create or suffer to exist any encumbrance of any nature (whether prior to, *pari passu* with or subordinate to the Security) upon the Property or any part thereof other than Permitted Encumbrances;
- (c) to preserve, repair and keep in good order, condition and repair or cause to be preserved, repaired and kept in good order, condition and repair the Property and all appurtenances thereto and all properties and assets used in connection with the Property, to the standard of a prudent owner of similar property, and the Borrower shall carry on and conduct, or cause to be carried on and conducted, the operation of the Property in a prudent manner so as to preserve and protect the Property; the Borrower shall keep the Property in good condition and order, or shall cause the Property to be put and kept in good condition and order, and shall promptly make, or cause to be made, all needed repairs and replacements thereto, including such repairs and replacements to implement the recommendations which a prudent owner of a property similar to the Property would deem appropriate or necessary

from time to time; the Borrower shall at any and all reasonable times, upon the prior written request of the Lender, permit the Lender to inspect the Property or any part thereof during normal business hours;

- (d) to carry on or cause to be carried on and conduct or cause to be conducted the operation of the Property in a prudent manner so as not to materially impair the value of the Property or the use of the Property for the purpose for which it is held;
- (e) to duly and punctually pay, or cause to be paid, to the Lender the principal of and interest accrued on the Loan, any premium of the Loan and all other amounts owing in respect of the Loan on the dates, at the places, in the monies, and in the manner mentioned herein and in the Loan, in strict conformity therewith, and shall faithfully observe and perform all the conditions, covenants and requirements of all Loan Documents;
- (f) to pay or cause to be paid, on or before the due date thereof, all taxes, rates, levies, duties and assessments, general and special, ordinary and extraordinary, of every nature and kind whatsoever, including local improvement taxes which shall be levied, assessed or imposed upon the Property or any part thereof, or upon the Borrower or any other person on account thereof, and shall from time to time as the same are paid, at the written request of the Lender produce for inspection by the Lender, satisfactory evidence that all such taxes have been paid when due (together with such further supporting information or documentation reasonably required by the Lender);
- (g) the Lender shall register or file or cause to be registered or filed the Security (or a notice or financing statement in respect hereof) without delay at every public office of record in the Province of Ontario and in any other jurisdiction where the Borrower is "located" for the purposes of perfecting a security interest pursuant to the *Personal Property Security Act* (Ontario), in each case, where the registration or filing thereof is, in the opinion of the Lender, required to preserve, perfect and/or protect the security hereby or thereby created; and the Borrower shall renew or cause to be renewed any such registrations or filings as may be necessary from time to time to so preserve, perfect and/or protect the security hereby or thereby created, provided that no registration, or notice thereof, shall be registered against title to the Property;
- (h) the Borrower shall fully and effectively maintain and keep the Security or cause the Security to be maintained and kept as valid and effective security at all times while the Loan is outstanding and shall not permit or suffer the registration of any lien whatsoever, whether of workmen, builders, contractors, engineers, architects or suppliers of material, upon or in respect of any of the Property, which would rank subsequent to, *pari passu* with or prior to the security of the Security other than Permitted Encumbrances;
- (i) the Borrower shall cooperate fully with the Lender with respect to any proceedings before any court, board or other public authority which may in any

way materially and adversely affect the rights of the Lender hereunder or any rights obtained by it under any of the Loan Documents and, in connection therewith, shall keep the Lender fully advised of the status of all such proceedings and shall allow the Lender and its counsel at its election to attend meetings in respect of such proceedings; the Borrower shall cooperate with the Lender in obtaining for the Lender the benefits of any insurance proceeds lawfully or equitably payable in connection with the Property to the extent that the Lender is entitled to the same under the terms of the Loan Documents, and the Lender shall be reimbursed for any reasonable actual out-of-pocket expenses incurred in connection therewith (including, without limitation, legal fees and disbursements, and the payment by the Borrower of the expense of an appraisal on behalf of the Lender in case of a fire or other casualty affecting the Property or any part thereof) out of such insurance proceeds;

- (j) the Borrower shall cause the Property to be used only for retail/commercial and residential purposes and for no other purpose without the Lender's prior written consent, which consent shall not be unreasonably withheld, and the Borrower will do, observe and perform or cause to be done, observed and performed, in all material respects, all of its obligations and all matters and things necessary or expedient to be done, observed or performed under or by virtue of all applicable laws;
- (k) the Borrower shall do, observe and perform, or cause to be done, observed and performed, in all material respects, all of the obligations and things necessary or expedient to be done, observed or performed by the Borrower under or by virtue of all Permitted Encumbrances and material Project agreements; for greater certainty, this covenant regarding Permitted Encumbrances applies to all prior-ranking financial encumbrances which are Permitted Encumbrances;
- (l) if the Borrower shall fail to perform any covenant on its part contained in this Agreement and does not remedy such failure within the prescribed period of time following receipt of written notice from the Lender, the Lender may, after giving concurrent written notice to the Borrower, itself perform (but shall not be obliged to perform), any of such covenants provided no payment or expenditure of funds is required in connection therewith, or, if a default has occurred and is not remedied within the prescribed period of time following receipt of written notice from the Lender, and if any such covenant requires the payment or expenditure of money, the Lender may make such payment or expenditure with its own funds, or with money borrowed by or advanced to it for such purpose; all sums so expended or advanced shall be payable by the Borrower together with interest thereon which shall accrue, until paid, at the interest rate applicable to the Loan from the date of such expenditure or advance until repayment but no such performance or payment shall be deemed to relieve the Borrower from any default hereunder;
- (m) the Borrower shall, on a best efforts basis, encumber or cause to be encumbered in favour of the Lender, as part of the Security, all additional improvements, licenses, easements and rights of way which, in any way or manner, it shall hereafter acquire in connection with the Property, and the Borrower shall, on a

best efforts basis, make or cause to be made all requisite registrations required by this Agreement with respect thereto; any and all times the Borrower will on a best efforts basis, do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all and every such further acts, deeds and assurances in law as the Lender shall reasonably require, for the purpose of giving the Lender a valid encumbrance of the nature herein specified upon all such property (subject only to Permitted Encumbrances) for the better encumbering unto the Lender all and singular the lands and premises, and property encumbered under the Security, or intended so to be or which the Borrower may hereafter become bound to encumber or cause to be encumbered in favour of the Lender;

- (n) so long as the Loan or any portion thereof remains outstanding the Borrower shall not cancel or materially amend any material Property agreements without the Lender's prior written consent, which consent shall not be unreasonably withheld;
- (o) the Borrower shall give prompt notice to the Lender upon the occurrence of any default or any Event of Default or any event, circumstance or matter which may reasonably be expected to have a material adverse effect on the financial condition of the Borrower and/or the Property; the Borrower shall not, without the Lender's prior written consent, create, assume, incur or suffer to exist any security interest in or upon any of its undertakings, properties, rights or assets secured by the Security except for Permitted Encumbrances;
- (p) upon two (2) Business Days' prior written notice or at any time in an emergency as reasonably determined by the Lender, the Borrower shall permit the Lender at the Lender's sole cost and expense, to have reasonable access at all reasonable times and from time to time, to the Property and to all related records (including records pertaining to the Borrower), and shall permit the Lender, acting reasonably, to make copies of and abstracts from such records;
- (q) the Borrower shall give to the Lender prompt written notice of any material adverse change in the condition of the business, financial or otherwise, of the Borrower;
- (r) the Borrower shall give to the Lender prompt written notice of all actions, suits, litigation or other proceeding commenced or threatened against the Borrower and/or in respect of the Property;
- (s) the Borrower shall obtain and maintain during the term the following Property insurance coverage:
  - (i) builder's all risk insurance for all of the houses and services to be installed in the Project in amounts and on terms acceptable to the Lender and its counsel, and its insurance consultants, if required by the Lender;

- (ii) general liability insurance covering damages in the amount of not less than \$2,000,000.00 per occurrence and including the Lender as an additional named insured; and
  - (iii) such other insurance as shall be requested by the Lender, acting reasonably.
- (t) the Borrower shall deliver to the Lender, within one hundred and twenty (120) days following the Borrower's fiscal year, unaudited financial statements in respect of the Property and unaudited financial statements in respect of the Borrower, prepared internally by a qualified person in accordance with generally accepted accounting principles, consistent with prior years, and shall include all appropriate documents, explanatory notes and additional information; in addition to the above financial statements, the Borrower covenants to provide to the Lender, from time to time, upon request, any further financial information then still undisclosed and reasonably required, pertaining to the Property and/or the Borrower; the Lender reserves the right to disclose to third parties any financial information concerning the Property and/or the Borrower, provided that such third parties shall be limited to potential assignees of part or all of the Loan, the Lender's auditors, the Lender's solicitors, the Lender's bankers, the Lender's other advisors and persons to whom such information is ordinarily disclosed in a mortgage securitization or mortgage syndication;
- (u) the Borrower covenants to develop and construct and/or cause the development and construction of the Property in accordance with the delivered plans and specifications using only new materials and not Hazardous Substances, without defect in construction, installation and/or materials;
- (v) the Borrower covenants not to materially amend the delivered plans and specifications or fail to construct in accordance with the delivered plans and specifications without the Lender's prior written consent, which consent shall not be unreasonably withheld;
- (w) the Borrower shall pay, regardless of whether any part of the Loan shall be advanced, all reasonable third party costs, fees and expenses incurred by the Lender in connection with the transaction hereunder including, without limitation:
  - (i) all costs incurred in connection with a survey, an appraisal, an engineering review, an architectural review, an environmental review, other professional consultant review, a credit review, a lease review and an insurance review;
  - (ii) all legal fees and disbursements of the Lender's solicitors; and
  - (iii) all registration, recording and filing fees and transfer and mortgage taxes; and
- (x) the Borrower shall not sell, transfer, lease, license or otherwise convey an interest in the Property or any part thereof, save and except as contemplated for the

staging and completion of the Project or to an entity approved by the Lender, in its sole, absolute and unfettered discretion.

14. **Events of Default**

Events of Default (“**Events of Default**”) shall be as follows:

- (a) if the Borrower fails to pay interest, principal or any other amount owing hereunder on a due date during the Term; or
- (b) if the Borrower fails to pay all principal on the Maturity Date; (or Term Extension if applicable); or
- (c) if the Borrower fails to pay when due, or cause to be paid when due, taxes, rates, levies, duties, public utility charges and assessments, general and special, ordinary and extraordinary, of any nature or kind whatsoever, including local improvement taxes, which shall be levied, assessed or imposed upon the Property or any part thereof, or upon the Borrower, on account thereof and any such default shall continue either for a period of five (5) Business Days after written notice to the Borrower from the Lender or for such shorter period as would, if continued, render the Property, or any part thereof, liable to forfeiture or sale; or
- (d) if the Borrower creates, permits or suffers to exist, any encumbrance against the Property or any part thereof, other than Permitted Encumbrances and, in the case of encumbrances which have not been created by the Borrower, the same continue to exist for a period of ten (10) days after written notice thereof has been given to the Borrower by the Lender or for such shorter period as would, if continued, render the Property or any part thereof, liable to forfeiture or sale; or
- (e) if any representation or warranty in any of the Loan Documents or any financial statements delivered pursuant thereto, is (or, at the time it was given or repeated, was) false or erroneous and such false or erroneous condition shall continue for a period of ten (10) days following the Borrower’s receipt of written notice thereof from the Lender; or
- (f) if the Borrower shall fail to comply with any covenant/agreement in any of the Loan Documents and such non-compliance shall continue for a period of ten (10) days following the Borrower’s receipt of written notice thereof from the Lender; or
- (g) if any material provision in the Loan Documents shall for any reason cease to be valid, binding and enforceable in accordance with its terms or the Borrower shall so assert in writing; or any security interest created under any of the Loan Documents shall cease to be a valid and perfected security interest having the priority in any of the collateral purported to be covered thereby; or
- (h) if the Borrower does, or fails to do, anything which would entitle an insurer to cancel or not renew a policy of insurance on the Property required hereunder

which is not rectified within fifteen (15) days following the Borrower becoming aware of such entitlement to cancel or not renew, and in any event not later than ten (10) days prior to the termination or expiry of such policy, or if any policy of insurance is cancelled, expires or terminates and is not replaced in accordance with the requirements of this Agreement; or

- (i) if all or any material part of the Property is expropriated; or
- (j) if one or more final judgments for the payment of money (which is not covered by insurance) shall be rendered against, and unpaid by, the Borrower; or
- (k) if any writ, attachment, execution, enforcement, sequestration, extent, distress or any other similar process shall become enforceable against the Borrower, or if a distress or any analogous process is levied against any properties or assets of the Borrower; or
- (l) if the Borrower shall suspend or cease or threaten to suspend or cease its business; or
- (m) if the Borrower shall breach any law which results in a notice or control order or cancellation of any license or certificate or approval that results in any material disruption of the business at the Property or that could reasonably be expected to have a material adverse effect on the Security, the repayment of the Loan, the Lender's rights under the Loan Documents, the Property or the business operations, prospect or condition of the Borrower (financial or otherwise); or
- (n) if any environmental order is issued by any public authority against the Property and such environmental order has not been satisfied or discharged within the shorter of time allowed for in such environmental order and within thirty (30) days after the date such environmental order was received by the Borrower; or
- (o) if the Borrower shall admit its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency or if an order shall be made or an effective resolution passed for the winding up of such entity or if such entity shall make an assignment for the benefit of its creditors or if a receiver or a liquidator or a trustee in bankruptcy of such entity shall be appointed or if such entity shall make a proposal to its creditors under a bankruptcy act including, without limitation, the *Companies' Creditors Arrangement Act* (Canada); or
- (p) if any proceeding is instituted for the winding up of the Borrower or a petition in bankruptcy be presented against such entity under a bankruptcy act and if in either case such proceeding or petition shall not have been dismissed or withdrawn within twenty (20) days of the commencement of the proceeding or petition; or
- (q) if ownership control of the Borrower shall be transferred without the Lender's approval, which approval may be withheld in the Lender's sole, absolute and unfettered discretion.

15. **Postponement, Standstill and Subordination**

The Lender covenants and agrees as follows:

- (a) to postpone, standstill and subordinate the Loan Documents in favour of the First-Ranking Construction Loan Security and to enter into such postponement, subordination and/or standstill agreements as shall be reasonably required by the First-Ranking Construction Loan lender(s)
- (b) to postpone, standstill and subordinate the Loan Documents in favour of each financial and non-financial encumbrance which is reasonable for a development such as the Project and which individually does not materially adversely affect the market value of the Property (including, without limitation, encumbrances pertaining to purchaser's deposits, required Bond, roads, sidewalks, easements, rights-of-way, subdivision agreements, site plan control agreements, development agreements, cost-sharing agreements, encroachment agreements, zoning/use laws, utility licences, utility easements, Crown patent reservations and restrictive covenants), subject to payment of the Lender's counsel's reasonable fees, and to enter into such postponement, subordination and/or standstill agreements as shall be reasonably required by the holders of the respective financial or non-financial encumbrances;
- (c) to discharge the Loan Documents in respect of any part of the Property which is not material to the Project and/or the market value of the Property or which is required by any municipal or governmental authority, without requirement for payment or prepayment of any part of the Loan, subject to payment of the Lender's counsel's reasonable fees; and
- (d) to provide partial discharges of the Loan Documents in respect of all Project residential sales to third parties and the sale of the other components of the Project to third parties, without compensation, provided that the full proceeds thereof shall be used immediately to first pay down the First-Ranking Construction Loan Security and the Second-Ranking financial security and then to pay down the Loan, subject to payment of Lenders counsel's reasonable fees.

16. **General**

- (a) If the Borrower shall be comprised of more than one person/entity, then such persons/entities shall be jointly and severally liable for all of the obligations of the Borrower pursuant to this Agreement.
- (b) All notices, directions, service, correspondence and communications (collectively "Notice") between the parties hereunder shall be in writing and delivered, sent by prepaid registered mail or electronically communicated by telecopier; delivered Notices shall be deemed to have been delivered on the day of delivery, if delivered at or before 5:00 p.m. (Toronto time) on a Business Day, or on the next Business Day if delivered after that time; Notices sent by prepaid registered mail shall be deemed to have been received on the third (3<sup>rd</sup>) Business Day following

the date of mailing (notwithstanding the date of actual receipt and the fact that it may not have then been received), except in the event of interruption of postal service during which period Notices shall not be mailed; Notices electronically communicated by telecopier shall be deemed to have been delivered on the day of communication with confirmation of transmission, if communicated at or before 5:00 p.m. (Toronto time), or on the next Business Day if communicated after that time; any party may provide Notice of a change of its address and/or telefax number, provided that the Notice is communicated in accordance with this Subsection 16(b).

- (c) The Borrower shall not assign its rights and obligations pursuant to this Agreement, in whole or in part, without the Lender's prior written consent, which consent may be withheld in the Lender's sole, absolute and unfettered discretion.
- (d) The Lender shall be entitled to assign all or part of its right, title and interest pursuant to this Agreement to one or more assignees, by way of simple assignment, syndication, securitization and/or other method of assignment.
- (e) All Loan Documents shall be governed by and interpreted in accordance with the laws in effect within the Province of Ontario.
- (f) The terms and conditions contained in this Agreement are inserted for the exclusive benefit of the Lender and may be waived, in whole or in part, by the Lender at any time or times. In the event of inconsistency or conflict between the provisions of this Agreement and the provisions of the Security, this Agreement shall prevail to the extent of such inconsistency or conflict.
- (g) This Agreement and the Loan Documents constitute the entire agreement between the parties hereto pertaining to the subject-matter hereof and supersede all prior agreements, negotiations, understandings and discussions, whether written or oral.
- (h) If any obligation contained in this Agreement or any other Loan Document or the application thereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement or such Loan Document and the application of such obligation to persons or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each obligation contained in this Agreement and each other Loan Document shall be separately valid and enforceable to the fullest extent permitted by law.
- (i) All amendments of this Agreement and any other Loan Document shall be in writing.
- (j) Time shall be of the essence of this Agreement and each other Loan Document.
- (k) This Agreement and each other Loan Document shall enure to the benefit of and be binding upon the successors and permitted assigns of the Borrower and the successors and assigns of the Lender.

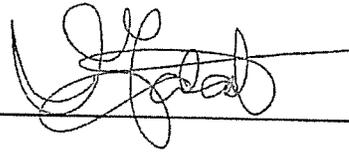
- (l) Words importing the singular number only shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations, and vice versa. Similarly, all references to any party or parties herein shall be read with such changes in number as the context or reference may require. References to any statute herein includes such statute as amended, revised, re-enacted and/or consolidated from time to time and any successor statute thereto.
- (m) In the event that any day on which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the first Business Day thereafter.
- (n) Any legal action or proceeding with respect to this Agreement shall be brought in the courts of the Province of Ontario and such courts shall have exclusive jurisdiction to deal with all matters relating to the interpretation of, or enforcement of rights under all Loan Documents and each of the parties hereto hereby irrevocably attorns to the jurisdiction of such courts.
- (o) Unless specifically otherwise provided herein, all references to dollar amounts herein or other money amounts herein are expressed in terms of lawful money of Canada.
- (p) The Borrower shall, at all times during the Term and for a period of two (2) years thereafter, maintain as confidential this Agreement and all related matters, except as required under law and except as disclosed to advisors and/or employees (who shall be bound by the same obligation).
- (q) The failure of any party hereto to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy contained herein, shall not be construed as a waiver or relinquishment of such provision/right/remedy, which provision/right/remedy shall remain in full force and effect.
- (r) This Agreement may be executed in counterparts.
- (s) If the Borrower shall, without the Lender's prior written consent, sell, transfer, lease, license or otherwise convey an interest in the Property or any part thereof in contravention of Subsection 13(x) hereof, or if the Borrower shall, without the Lender's prior written consent, mortgage or otherwise encumber an interest in the Property or any part thereof in contravention of this Agreement, then the Lender may, in its sole, absolute and unfettered discretion, demand in writing the immediate repayment of the Loan principal in full together with all accrued interest and all other amounts due hereunder.
- (t) Notwithstanding any other provision hereof, in the event that, for any reason whatsoever, less than the principal amounts required to be advanced by the Lender herein to the Borrower are available, then the Lender may, in its sole, absolute and unfettered discretion, agree to arrange a financing of the shortfall

through an additional loan from a third party lender or agree to finance the shortfall itself by way of additional loan.

Such additional loan shall rank in priority to the Loan and the Loan Documents and rank behind the First-Ranking Construction Loan Security and the Second-Ranking financial security, and the parties agree to execute and deliver all reasonable documentation to reflect such priority/ranking. Such additional loan shall provide for usual cost-to-complete advances and be secured by all usual security/documentation and such other conditions as the Lender may reasonably require, all of which the borrower agrees to execute. It shall provide for an interest rate and maturity date consistent with the provisions of this Loan Agreement and may be repaid from future advances made herein.

**Building & Development Mortgages Canada Inc., In Trust  
for the Lender as Trustee**

Per:



\_\_\_\_\_  
Name:  
Title:

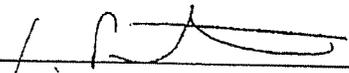
Per:

\_\_\_\_\_  
Name:  
Title:

We have the authority to bind the Corporation.

2221563 Ontario Inc.

Per:



\_\_\_\_\_  
Name:  
Title:

Per:

\_\_\_\_\_  
Name:  
Title:

We have the authority to bind the Corporation.

## SCHEDULE "A" TO LOAN AGREEMENT

### MUNICIPAL AND LEGAL DESCRIPTION OF THE PROPERTY

230-140 Cameron Crescent, Keswick, Ontario

LT 1-15 PL 447 N Gwillimbury; Georgina; Doreda Dr PL 447 PT 2 65R18653 Georgina as stopped up and closed by by-law register as YR45264; LT 5 PL 170 N Gwillimbury T/W R737440; Georgina; PT LT 8 Plan 170 N Gwillimbury PT 165R18653 Lying S Doreda Drive LTS 9, 10 and BLK A PL 447; Georgina; PT LT 6 PL 170 N Gwillimbury PT LT 7 Plan 170 N Gwillimbury PT LT 8 170 N Gwillimbury as in R649565 S/T Spousal Interest R649565; Georgina; PT LT 8 Plan 170 N Gwillimbury PT 1 65R16653; Georgina; PT LT 6 Plan 170 N Gwillimbury as in B317948; Georgina.

**SCHEDULE "B" TO LOAN AGREEMENT**

**PROJECT BUDGET / PROFORMA**

Item		Phases 1 & 2	Phase 3 (Commercial)
<b>Net Revenues</b>		<b>\$77,819,709</b>	<b>\$7,125,000</b>
<b>Projected Expenses</b>			
Land & Land Related Costs Total		6,600,000	2,100,000
Construction (Hard) Costs		43,956,900	1,850,000
Development (Soft) Costs		12,150,652	986,319
Finance & Interest Costs		5,054,779	250,000
Selling Costs	802,946		700,000
<b>Total Expenses</b>		<b>\$68,565,277</b>	<b>\$5,886,319</b>
<b>Profit</b>		<b>\$9,254,432</b>	<b>\$1,238,681</b>
<b>Project Statistics</b>			
Total Units Proposed		150	N/A
Gross Floor Area (sf)		170,588	17,250

**SCHEDULE "C" TO LOAN AGREEMENT**

**PRIORITY OF REPAYMENT THE "WATERFALL"**

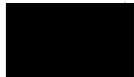
1. Repayment of Senior Debt
2. Repayment of Equity plus paid and accrued interest to the charge, instrument # YR2242948 in favour of Building & Development Mortgages Canada Inc. and this charge provided by the Lender and the Borrower
3. Repayment of Equity plus paid and accrued interest to the charge, provided by the Lender and the Borrower on the charge, instrument # YR1607456 in favour of Derek Sorrenti and Snoxons Holdings Ltd.
4. Balance of profit to be split 50/50 between the Borrower and the Development Consultant

**REGISTERED PLANS AND TAX FREE SAVINGS ACCOUNTS**

Syndicated Mortgage Investment Details	
Annuitant/ Holder/ Lender (referred to herein as the "undersigned", "I", "me" or "Lender"): 	
Olympia Plan Number (referred to herein as "my Plan"): 	
Borrower / Mortgagor (the "Borrower"): <b>2221563 ONTARIO INC. (SOUTH SHORE 2)</b>	
Principal Loan Amount Secured by Mortgage: \$ <b>5,900,000.00</b>	
Initial Mortgage Position: <b>3rd</b>	
Legal Description of Mortgaged Lands (the "Lands"): <b>PIN 03475-0123 LT, PIN 03475-0124 LT, PIN 03475-0125 LT, PIN 03475-0126 LT, PIN 03475-0127 LT, PIN 03475-0868 LT, PIN 03475-0869 LT, PIN 03475-0870 LT, PIN 03475-0927 LT</b>	
Street Address of Lands: <b>230 - 240 CAMERON CRESCENT KESWICK, ONTARIO</b>	
Broker: <b>BUILDING &amp; DEVELOPMENT MORTGAGES CANADA INC.</b>	
Interest Rate: <b>8 (YR 1 UPFRONT, THEN ACCRUED) %</b>	Interest Calculation Method: <b>ANNUALLY - NOT IN ADVANCE</b>
Term: <b>2YRS + 12 MOS</b>	Amortization Period: <b>NA - INTEREST ONLY</b>
Maturity Date: <b>APRIL 21, 2018 (ext. APRIL 21, 2019)</b>	Payment Amount: \$ 
Lawyer (name, firm name and address) to which Funds are to be paid in trust (the "Lawyer"):	
<b>AVI SUGAR, FOGLER RUBINOFF LLP 77 King Street West, Suite 3000, P.O. Box 95 Toronto, ON M5K 1G8</b>	

The undersigned and Olympia Trust Company ("Olympia") are parties to a Declaration of Trust (the "Trust Agreement") which governs my Plan (as identified above). In consideration of Olympia accepting the above loan and mortgage (the "Mortgage") as an asset of my Plan, I hereby agree to the following terms and conditions and I acknowledge that this Agreement shall constitute an addendum to the Trust Agreement as if the following terms and conditions were set out therein:

1. I acknowledge and confirm that I have entered into a loan agreement with the Borrower (the "Loan Agreement") and I have agreed to cause my Plan to loan the Borrower money in the amount set out above in exchange for a participating share in the Mortgage. I hereby confirm that I fully understand the terms of the Loan Agreement and the Mortgage and that I hereby confirm my instructions to Olympia to advance funds from my Plan to the Lawyer.
2. I acknowledge that I have been advised to seek independent legal, tax, or other professional advice before deciding to invest funds held in my Plan in the Mortgage, before entering into the Loan Agreement and before signing this Direction and Agreement.
3. I hereby authorize and direct Olympia to invest funds held by my Plan in the Mortgage as described herein.
4. I understand and acknowledge that it is my sole and entire responsibility to verify that:
  - a. the Mortgage is an "Arms-Length" transaction as defined in the *Income Tax Act (Canada)* (the "Tax Act");
  - b. the Mortgage is a "qualified investment" and is not a "prohibited investment" (as such terms are defined in the Tax Act);
  - c. the Mortgage is a proper charge against the Land (as specified in the Mortgage) and is fully secured;
  - d. all payments due on the Mortgage are to be made on the dates specified in the Mortgage and all Mortgage payments are to be paid directly to Olympia; and
  - e. there is adequate fire / property insurance in place for the Lands specified in the Mortgage.
5. I acknowledge that I do not rely and have not relied upon any representation made by Olympia in deciding to invest

  
Client Initials



# MORTGAGE INVESTMENT DIRECTION AND INDEMNITY AGREEMENT – SYNDICATED

Registered Plans and Tax Free Savings Accounts  
Registered Plans & TFSA Division

my Plan funds in the Mortgage. **Without limiting the generality of the foregoing, I also specifically agree and represent to Olympia that I have not, cannot and will not look to Olympia or any of its employees for advice as to:**

- a. whether an interest in the Mortgage constitutes a “qualified investment” for my Plan;
- b. whether the Lands securing the Mortgage are adequate or will be adequate security; and
- c. whether the interest in the Mortgage otherwise constitutes a suitable investment for my Plan.

Further, I understand and acknowledge that Olympia does not authorize its employees or any other person to make such representations or give such advice on its behalf.

- 6. I understand and acknowledge that I shall be solely and entirely responsible for the collection of all arrears of Mortgage payments to my Plan. Without limiting the generality of the foregoing:
  - a. I shall be solely and entirely responsible for instituting and pursuing any necessary legal proceeding in the event of a default by the Borrower, including all direct and indirect expenses, legal fees, costs (including all fees, costs, expenses and charges of Olympia if any) pertaining to such action;
  - b. I understand that I require Olympia’s authorization before I institute or respond to legal proceedings in connection with the Mortgage. I further understand that Olympia may refuse its authorization, at its sole discretion, and require that the Mortgage be withdrawn from my Plan and assigned to another party before commencing legal action;
  - c. I understand and accept that as a result of Olympia agreeing to be named as a party in any necessary legal proceeding, Olympia as the trustee shall be entitled to intervene, at its sole discretion, in any decision to be made with respect to the conduct of the proceeding (including the choice of legal counsel);
  - d. Olympia shall deposit all funds received as the result of such proceeding in my Plan;
  - e. Olympia shall forward by mail, facsimile or email copies of any legal proceeding received from a third party which relate to the Mortgage; and
  - f. I shall be solely and entirely responsible for any tax consequences resulting from such proceeding or from my decision not to institute any proceeding.
- 7. I acknowledge that Olympia is not a party to the Loan Agreement, that Olympia has not received a copy of the Loan Agreement and that Olympia will execute and deliver such documents and agreements contemplated herein based on written directions from the Borrower without any further investigation or review of the Loan Agreement to determine if such documents and agreements are permitted by the Loan Agreement. I acknowledge and agree that I am solely responsible for enforcing the terms of the Loan Agreement and that Olympia is only obligated to hold the Mortgage in the Deferred Plan Account and to take such actions as are specifically set out herein.
- 8. I hereby acknowledge and confirm that prior to entering into the Loan Agreement that I was aware that: (a) certain provisions in the Loan Agreement allow for the postponement of the Mortgage in favor of additional construction and/or mezzanine or related mortgage financing; and (b) that I am required to postpone my interest in the Mortgage in favor of certain development agreements between the Borrower and certain governmental authorities (including but not limited to: city site plan, development plans, Planning Act requirements, mezzanine financing and/or insurance on deposits, and/or Condominium Act registrations), as such requirements are more particularly described in the Loan Agreement, in order to facilitate the development of the Lands. Further, I hereby acknowledge that I was advised that the face value of the Mortgage could be amended periodically during the term to increase the face value of the Mortgage. I hereby confirm that I fully understand the effect of the Loan Agreement and that I confirm my instructions to Olympia to advance funds to the Lawyer.
- 9. I HEREBY IRREVOCABLY AUTHORIZE AND DIRECT OLYMPIA TO EXECUTE ANY DOCUMENTS, AGREEMENTS OR PARTIAL DISCHARGES OF THE MORTGAGE WHICH THE BORROWER HAS REQUESTED OLYMPIA EXECUTE (IN WRITING) AND HAS CONFIRMED TO OLYMPIA PURSUANT TO AN OFFICER’S CERTIFICATE THAT SUCH DOCUMENTS, AGREEMENTS OR PARTIAL DISCHARGES ARE: (a) REQUIRED BY SENIOR LENDERS OR ARE OTHERWISE REQUIRED TO DEVELOP THE LANDS; AND (b) PERMITTED PURSUANT TO THE TERMS OF THE LOAN AGREEMENT. I HEREBY AGREE THAT OLYMPIA SHALL NOT HAVE ANY OBLIGATION TO REVIEW THE TERMS, CONDITIONS OR PROVISIONS OF ANY SUCH DOCUMENTS, AGREEMENTS OR PARTIAL DISCHARGES (INCLUDING ANY PRIORITY AGREEMENTS) AND SHALL BE ENTITLED TO RELY SOLELY ON THE BORROWER’S OFFICER’S CERTIFICATE TO OLYMPIA THAT SUCH DOCUMENTS OR AGREEMENTS ARE PERMITTED TO BE EXECUTED UNDER THE LOAN AGREEMENT AND THAT SUCH DOCUMENTS OR AGREEMENTS ARE REQUIRED BY THE SENIOR LENDERS OR ARE OTHERWISE REQUIRED TO DEVELOP THE LANDS. FOR GREATER CERTAINTY, THE BORROWER SHALL BE SOLELY RESPONSIBLE FOR NEGOTIATING THE TERMS OF ALL SUCH DOCUMENTS AND

2200, 125 – 9 Avenue SE, Calgary, AB T2G 0P6

Mailing Address: PO Box 2581, STN Central, Calgary, AB T2P 1C8

Phone: 403.770.0001 Fax: 403.261.7523 Toll Free: 1.877.565.0001 Email: [rrspmortgageinfo@olympiatrust.com](mailto:rrspmortgageinfo@olympiatrust.com)

[www.olympiatrust.com](http://www.olympiatrust.com)

AGREEMENTS. IN THE EVENT THE BORROWER WAS NOT ENTITLED TO CAUSE OLYMPIA TO EXECUTE ANY DOCUMENT, AGREEMENT OR PARTIAL DISCHARGE OF MORTGAGE, MY RECOURSE SHALL BE LIMITED TO THE BORROWER AND I SHALL NOT HAVE ANY CLAIM FOR DAMAGES OR OTHERWISE AGAINST OLYMPIA FOR EXECUTING THE DOCUMENT, AGREEMENT OR PARTIAL DISCHARGE AS DIRECTED BY THE BORROWER.

10. I irrevocably authorize and consent to the execution of any documents by Olympia on my behalf without further notice to, or approval by me for the purpose of granting a full discharge of the Mortgage provided that Olympia receives an officer's certificate from the Borrower that it has paid my Plan all such amounts owing under the Loan Agreement and that the discharge of the Mortgage is permitted pursuant to the Loan Agreement. For greater certainty, I agree that Olympia shall be entitled to rely solely on the Borrower's officer's certificate above without any further investigation or verification that all such amounts have actually been paid by the Borrower to my Plan as required by the Loan Agreement. In the event that my Plan has not been paid all amounts owing under the Loan Agreement and Olympia has discharged the Mortgage based on the Borrower's officer's certificate above, my recourse shall be limited to the Borrower and I shall not have any claim for damages or otherwise against Olympia for discharging the Mortgage.
11. I irrevocably authorize and consent to the execution of any documents by Olympia on my behalf without further notice to, or approval by me, relating to default remedies provided that Olympia: (a) receives a written request from the Broker to sign such default related documents or agreements; (b) receives an officer's certificate from the Broker that such documents or agreements are required in order to protect my interest in the Mortgage; and (c) receives an officer's certificate from the Broker that such documents and agreements are permitted pursuant to the Loan Agreement.
12. In addition to all indemnities and other provisions benefiting Olympia that I have agreed to in the Trust Agreement, I agree to indemnify and save harmless Olympia and their respective officers, directors, and employees from and against all claims, demands, actions, suits, or other proceedings by whomsoever brought, and from all losses, costs, fines, levies, damages, expenses (including any legal fees and disbursements on a solicitor and client basis and any costs incurred in connection with the enforcement of this indemnity), taxes, penalties, and other liabilities whatsoever, directly or indirectly arising from or in connection with: (a) Olympia acting in accordance with the instructions set out herein; (b) the investment of funds from my Plan in the Mortgage; or (c) any breach of any representation, warranty or covenant made by me in the Trust Agreement or this Agreement. This indemnity shall survive the termination of or transfer out of my Plan; the termination of the investment in the Mortgage; and the resignation or revocation of the trusteeship of my Plan by Olympia.
13. I acknowledge and agree that Olympia may be required to deem the Mortgage to be a Non-Qualified Investment pursuant to the *Income Tax Act (Canada)* in the event that it is concluded that the loan-to-value of the Lands exceeds 100%. If the Mortgage is deemed as a Non-Qualified Investment, I acknowledge that a statement will be issued to me and Canada Revenue Agency (hereinafter called "CRA") by Olympia, advising of the Non-Qualified Status, and I will be required to complete and file certain forms with CRA, including an RC339. I understand that a tax of 50% of the principal loan amount at the time the Mortgage was deemed Non-Qualified will need to be remitted to CRA with the RC339. I acknowledge that I will suffer adverse tax consequences in the event that Olympia is required to deem the Mortgage to be a Non-Qualified Investment in accordance with the *Income Tax Act (Canada)*.
14. I acknowledge that Olympia will rely on an appraisal of the Lands and a legal opinion provided by the Borrower to confirm the Mortgage is a "qualified investment". I acknowledge and agree that Olympia will rely on the fair market value stated in the appraisal or in the legal opinion without any further investigation or consideration to the various assumptions made by the appraiser. I acknowledge and agree that I am solely responsible for determining the loan-to-value of the Lands does not exceed 100% as at the date the Mortgage is granted.
15. The parties hereto agree that this agreement shall be construed and enforced in accordance with the laws of the Province of Alberta.
16. I agree that Olympia's obligation to me is limited to accounting to me from time to time for the actual amounts received by Olympia in respect of the Mortgage. I agree that for each and every payment remitted to Olympia by the Mortgagor which is not honored for any reason, a charge (in accordance with the current fee schedule) shall be payable by me.



AUTHORIZATION

TO: Olympia Trust Company

RE: ADDRESS to Olympia Trust Company

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**PROPERTY:**

**230-240 Cameron Crescent Keswick, Ontario**

LT 1-15 PL 447 N Gwillimbury; Georgina; Doreda Dr PL 447 PT 2 65R18653 Georgina as stopped up and closed by by-law register as YR45264; LT 5 PL 170 N Gwillimbury T/W R737440; Georgina; PT LT 8 Plan 170 N Gwillimbury PT 165R18653 Lying S Doreda Drive LTS 9, 10 and BLK A PL 447; Georgina; PT LT 6 PL 170 N Gwillimbury PT LT 7 Plan 170 N Gwillimbury PT LT 8 170 N Gwillimbury as in R649565 S/T Spousal Interest R649565: Georgina; PT LT 8 Plan 170 N Gwillimbury PT 1 65R16653: Georgina; PT LT 6 Plan 170 N Gwillimbury as in B317948: Georgina.

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This is to direct you and shall constitute your good and sufficient irrevocable authority to authorize and invest the amount of \$ [REDACTED] into the Olympia Trust Company plan number [REDACTED], registered as Instrument No. YR2510956

Dated at Mississauga, ON this 16 day of August, 2016.





**SOLICITOR'S CERTIFICATE OF DISCLOSURE & UNDERTAKING  
REGARDING SYNDICATED MORTGAGES**  
Registered Plans & TFSA Division

I, AVI SUGAR, of the firm FOGLER RUBINOFF LLP, practicing in the City of TORONTO, Province of ONTARIO, acknowledge that my services have been retained to prepare and register a mortgage (the "Mortgage") in favor of Olympia Trust Company ("Olympia") as Trustee for a syndicate of Lenders having Self-Directed accounts with Olympia (the "Lenders"). The Mortgage will be registered on the property described as 230 - 240 CAMERON CRESCENT, KESWICK, ONTARIO (the "Lands") owned by 2221563 ONTARIO INC. (SOUTH SHORE 2) (the "Borrower").

I acknowledge that my services have been retained by the Mortgage Servicing Company and/or the Mortgage Broker and not by Olympia in their role as Trustee, and not by the Borrower.

I confirm that I have no interest, direct or indirect, in the Mortgage or the Lands.

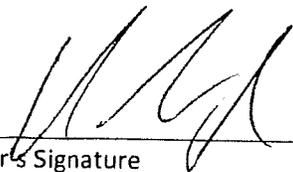
I understand that Olympia will, upon receipt of a direction from the Lenders, advance funds to me, in trust, from the Lenders Self-Directed accounts (collectively, the "Funds"). I undertake to hold these Funds in trust and not release the same to the Borrower (or any other party) until registration on the appropriate Land Title Register of a valid and enforceable 3rd (indicate position of mortgage) Mortgage on the Lands described above.

I further undertake to provide Olympia with a copy of the Mortgage, duly registered, within 30 days of the advance of the Funds to the Borrower.

I acknowledge that this *Certificate of Disclosure and Undertaking* is a requirement of Olympia and is for the benefit of both Olympia and the Lenders. Further, I declare that Olympia has no obligation towards me or the Lenders in connection with this transaction.

If the transaction contemplated is not completed, I undertake to return the Funds to Olympia, for deposit back into the Lenders Self-Directed accounts.

Signed this 16<sup>th</sup> day of June, 2016

  
Solicitor's Signature

## Investment Authority – Form 9D

Building & Development Mortgages Canada Inc.  
Ildina Galati- Ferrante  
8-25 Brodie Drive  
Richmond Hill, Ontario L4B 3K7

I, [REDACTED] hereby instruct you to act on my behalf, on my mortgage investment of \$ [REDACTED], the details, conditions and disclosures of which are set below.

### **A. Details about the investment:**

1. Name and Address of the Borrower: 2221563 Ontario Inc.  
1-25 Brodie Drive  
Richmond Hill, ON L4B 3K7
  
2. Municipal Address and Legal Description of real property (ies) Against which my investment will Be secured:  
  
230-240 Cameron Crescent  
Keswick, Ontario  
  
LT 1-15 PL 447 N Gwillimbury; Georgina; Doreda Dr PL 447 PT 2 65R18653 Georgina as stopped up and closed by by-law register as YR45264; LT 5 PL 170 N Gwillimbury T/W R737440; Georgina; PT LT 8 Plan 170 N Gwillimbury PT 165R18653 Lying S Doreda Drive LTS 9, 10 and BLK A PL 447; Georgina; PT LT 6 PL 170 N Gwillimbury PT LT 7 Plan 170 N Gwillimbury PT LT 8 170 N Gwillimbury as in R649565 S/T Spousal Interest R649565: Georgina; PT LT 8 Plan 170 N Gwillimbury PT 1 65R16653: Georgina; PT LT 6 Plan 170 N Gwillimbury as in B317948: Georgina.
  
3. Type of property: **Residential Condominium towers on Lake Simcoe.**
  
4. Principal amount of mortgage or charge: **\$5,900,000.00** – (increasing to a Maximum of **\$10,500,000.00** of which **\$5,000,000** is a buffer (collectively with the **Pari Passu second mortgage, never exceeding \$20,000,000.00**). See Paragraph 19.
  
5. Amount of loan to be advanced: \$ [REDACTED]
  
6. Rank of mortgage or charge: **Pari Passu Second Ranking Charge/Mortgage to instrument number YR2242948 (The ranking of the mortgage can change at any time over the duration of the term) – subject to paragraph 20, below.**

7. Encumbrances: **First ranking Charge/Mortgage will be registered in priority of this mortgage investment.**

**Balance 1<sup>st</sup> mortgage \$4,500,000.00 to Diversified Capital Inc.**

**2<sup>nd</sup> Mortgage (Pari Passu) registered with a face value of \$14,100,000.00 and an outstanding balance of \$9,471,268.00 to Building & Development Mortgages Canada Inc.**

**Please refer to paragraph 20, below for details on future postponements to construction financing and development agreements.**

8. My investment of \$ [REDACTED] represents [REDACTED] % of the total loan to the borrower.
9. I am satisfied that the approximate and current market value of the property against which my investment has been secured is **\$32,100,000.00**. The means taken to determine said value was a Letter of Opinion authored by Kevin Ferguson & Jeff Cheong of Legacy Global Mercantile Partners Ltd. dated March 17, 2016.
10. Including my investment and mortgage amount of \$ [REDACTED], the percentage of the value of the property including this mortgage and all prior ranking charges is currently: 62% - **The LTV on this project is calculated on the 1<sup>st</sup> and 2<sup>nd</sup> mortgage values only, there are encumbrances that postpone to this charge that are not calculated into the current LTV.**
11. 2 years (“**Term**”), commencing on April 21<sup>st</sup> 2016 and ending on the final day of such period (the “**Maturity Date**”). At the Borrower’s option (to be exercised in writing not less than three (3) months prior to the Maturity Date), the Borrower may extend the Maturity Date for twelve (12) additional months. **THE LENDER ACKNOWLEDGES INTEREST CALCULATIONS AND PAYMENT DATES ARE TO BE BASED ON THE ACTUAL DATE OF THE FIRST ADVANCE OF FUNDS TO BORROWER UNLESS OTHERWISE PROVIDED IN ANY LOAN AGREEMENTS OR DOCUMENTS THERETO.**
12. The due date of the loan is **April 21<sup>st</sup> 2018. (Extension date April 21<sup>st</sup> 2019)** **THE LENDER ACKNOWLEDGES INTEREST CALCULATIONS AND PAYMENT DATES ARE TO BE BASED ON THE ACTUAL DATE OF THE FIRST ADVANCE OF FUNDS TO BORROWER UNLESS OTHERWISE PROVIDED IN ANY LOAN AGREEMENTS OR DOCUMENTS THERETO.**
13. The loan is amortized over **0 years**- the mortgage is an interest only mortgage.
14. The interest rate is **8.00%** calculated annually, not in advance.
15. Particulars of amounts and due dates (monthly, quarterly, etc.) of payments of interest only: Paid in advance for the first year. Interest for the remainder of the term, calculated annually, not in advance, shall accrue and be payable at the maturity date.

Should the Borrower choose to exercise the 12 month term extension, interest will continue to accrue at Eight Percent (8%) per annum (calculated annually, not in advance) and the final year of accrued interest will be paid in full with all other accrued interest at the time of the “extended” maturity.

15 Particulars and amounts of any bonus or holdback or any other special terms:

Waterfall:

1. Repayment of Senior Debt
2. Repayment of Equity plus paid and accrued interest to the charge, instrument # YR2242948 in favour of Building & Development Mortgages Canada Inc. and this charge provided by the Lender and the Borrower
3. Repayment of Equity plus paid and accrued interest to the charge, provided by the Lender and the Borrower on the charge, instrument # YR1607456 in favour of Derek Sorrenti
4. Balance of profit to be split 50/50 between the Borrower and the Development Consultant

16 The mortgage is to be registered in the name of: “**Building & Development Mortgages Canada Inc.**” FOR [REDACTED]

17 After completion of the mortgage transaction, a collection or administration fee of per instalment is payable by the borrower: N/A

18 If the mortgage is held in trust, the dates on which payments are made by the trustee to me are:

Paid in advance for the first year, the initial payment being pro rata from the date of advance up to the one year anniversary of the original registered charge. Interest for the remainder of the term, calculated annually, not in advance, shall accrue and be payable at the maturity date.

19 I understand that the mortgage shall be initially registered indicating a face value of **\$5,900,000.00**, and that from time to time the loan amount will increase upon the completion of certain development and construction milestones on the Property by the Borrower. It is anticipated that the loan amount shall be amended during the term of the loan to a **MAXIMUM OF \$10,500,000.00 of which \$5,000,000.00 is a buffer (collectively with the Pari Passu mortgage, never exceeding \$20,000,000.00)**

20 I understand the Charge/Mortgage in which I have an interest is currently a pari passu second ranking Charge/Mortgage against the Property and the position of the mortgage can change over the duration of the term.

I understand that a first ranking Charge/Mortgage against the Property in favour of Diversified Capital Inc. in the principal amount of \$4,500,000.00 the first and second mortgagees will postpone their positions to construction financing.

I understand that a pari passu second ranking Charge/Mortgage against the Property in favour of Building & Development Mortgages Canada Inc. in the principal amount of \$14,100,000.00 with an outstanding balance of \$9,471,268.00 the first and second mortgagees will postpone their positions to construction financing.

I understand that during the course of this investment the Borrower anticipates obtaining additional construction financing for the Property which is expected to take priority to the first Charge/Mortgage, changing its position to a second Charge/Mortgage.

I hereby understand, consent and agree that other charges/mortgages and/or development agreements may be registered in priority to the first/second charge/mortgage against the property during the term of my investment in the first/second charge/mortgage.

I hereby confirm that I understand and agree that the pari passu second charge/mortgage in which I have invested shall be required to postpone and standstill to prior charges/mortgages to a maximum of \$100,000,000, plus a 10% contingency if required, in priority financing. I understand that priority financing is expected to periodically increase over the term of the second charge/mortgage and that such postponements shall be permitted and shall occur on the basis of cost consultant reports prepared on behalf of the borrower.

I understand that additional priority financing may be required if there is a shortfall pursuant to the terms of the charge/mortgage in which I am investing. In the event of a shortfall in the funding of this charge/mortgage I understand and agree that other charges/mortgages may be registered against the property to fund and secure any such shortfall.

I understand that the trustees of this charge/mortgage may requested to execute such documents as may be required to permit the registration of certain agreements for the purpose of facilitating the planned development of the property, examples of such agreements include, but are not limited to: site plans, development plans, planning act requirements, mezzanine financing, insurance on deposits, or condominium registration documents.

I hereby confirm that I am aware of and understand that I have provided the trustee of my charge/mortgage with my irrevocable consent to execute any required documents as a condition of my participation in this charge/mortgage.

I hereby re-confirm my consent and agreement to postpone and standstill to any required financing or development agreements, and to partially discharge my charge/mortgage, without payment, with respect to any lands secured by the charge/mortgage which may be required for public or quasi-public purposes.

I understand and agree to provide partial discharges of this security for sales of all condominium units or the office/retail/parking components, without charge, provided the proceeds of the sale are used to pay off the First-Ranking and Second-Ranking Construction Loan Security and/or trade creditors.

I understand that save and except as outlined herein, there shall be no other postponements or encumbrances which affect the position or security afforded by the current second charge/mortgage.

I agree to provide partial discharges of the Loan Documents in respect of all Project lot/unit sales to third parties and in respect of all Project office/retail/parking component sales to third parties, without compensation, provided that the full proceeds thereof shall be used immediately to first pay down the First-Ranking Construction Loan Security and then to pay down other Project trade creditors



21 I understand, covenant and agree to the following postponement, standstill and subordination terms:

- a. to postpone and subordinate the loan documents in favour of first-ranking construction loan security and to enter into such standstill agreements as shall be reasonable in the circumstances;
- b. to postpone and subordinate the loan documents in favour of each non-financial encumbrance, as well as any deposit insurer security, if applicable, which is reasonable for a development such as the project and which individually does not materially adversely affect the market value of the property (including, without limitation, encumbrances pertaining to roads, sidewalks, easements, rights-of-way, condominium agreements, site plan control agreements, development agreements, cost-sharing agreements, encroachment agreements, zoning/use laws, utility licences, utility easements, crown patent reservations and restrictive covenants);
- c. to discharge the loan documents in respect of any part of the property which is not material to the project and/or the market value of the property or which is required by any governmental authority, without requirement for payment or prepayment of any part of the loan; and
- d. if applicable, to provide partial discharges of the loan documents in respect of all project unit sales to third parties and in respect of all project sales to third parties, without compensation, provided that the full proceeds thereof shall be used immediately to first pay down the first-ranking construction loan security and then to pay down other project trade creditors.

**22 Partial Investor Discharges:**

Should the borrower, at any time, over the duration on the term choose to repay the loan in part, at any percentage, investors may be paid out based on the priority of registration.

The investor hereby agrees that in the event there is an early repayment of the Loan by the Borrower (excluding receipts from enforcement or sale of Project units) ("Early Repayment"), same shall be paid to investors in the Loan in the order of priority of advance by the applicable tranche in the original Loan, and the pari passu amongst the investors who had their share of the Loan funded within the same loan tranche.

Any portion of the mortgage repaid prior to the maturity will not be subject to any Deferred Lender Fee.

- 23** In the event that BDMC & Olympia, in its sole discretion, acting as approved Lender and administrator, determines that the Borrower, as a result of an act of "*Force Majeure*" (shall mean any event or series of events beyond the control of the Borrower such as strikes, walkouts, labour troubles, inability to procure materials or services or construction financing, power failures, restrictive governmental laws or regulations or the orders or directions of any administrative board, governmental department, officer or other authority, riots, insurrections, war, sabotage, rebellion or acts of God, material changes or delays in market conditions affecting sales or closings, delays in obtaining governmental approvals, permits, rezoning or similar regulatory requirements, none of which is the fault of the Borrower.), will not be able to complete the Project so as to repay the Loan on or before the maturity date on the Loan under the Loan Agreement (as it may be extended under the terms thereof), it shall have the authority to extend the term of the Loan for such period of time, not exceeding **24** months so as to permit the Borrower to complete the Project and its sales, and thereby repay the Loan. BDMC & Olympia shall have the right to do so on one or more occasions but for a period of time not exceeding 24 months as aforesaid, without the consent of the investor;
- 24** Interest Accrual - Investor acknowledges that the Loan includes funds raised for an interest reserve to pay out regular Investor interest payments. In the event that such interest reserve is not fully funded to cover all interest payments to the Participants, interest payments may be delayed, reduced or be unpaid until maturity of the Loan. In such event, all such interest would continue to accrue and be recoverable as and when the interest reserves are replenished or the Loan matures and is fully repaid, assuming successful completion of the Project and full repayment of the Loan at that time. It is anticipated that such interest reserves will be fully funded for the term of the Loan provided BDMC & Olympia has raised all required funds contemplated under the Loan.
- 25** Net proceeds raised under this mortgage may be used to refinance portions of existing prior encumbrances and/or investors/lenders.
- 26** Particulars of disbursements made for legal, brokerage or other fees or commissions in connection with the placement of the loan, including the names of recipients and amounts paid by the borrower, are:

<b>Estimate</b>	<b>Paid to</b>	<b>Purpose</b>
\$1140.00	Building & Development Mortgages Canada Inc.	Co-Brokerage Fee - H/O
\$100.00	Building & Development Mortgages Canada Inc.	Administrator Fee – Per client/year
\$3420.00	FDS Broker Services Inc.	Brokerage Fee
\$2280.00	FDS Broker Services Inc.	Point of Sale expenses including, but not limited to, the following: maintenance of front office support for operations, staff, insurance, promotion, events, training, due diligence, pro forma reviews, reporting and compliance and legal
\$760.00	FDS Broker Services Inc.	For the provision of back office functionality including, but not limited to, customer service operations, project reviews, compliance, dedicated project & market communications, client updates, events, ongoing training, continuing education, site visits, reviews of Deloitte Special Audited Procedure Reports.
\$10,000	Project Conveyancer - Fogler Rubinoff LLP	Legal Fees – One-time payment for: - project setup - conveyancing - disbursements - security documents - placing security - various searches, etc.
\$3040.00		Upfront Interest Payment Equal to 1yr. of Interest
\$760.00		Lender Fee
\$282.50	ILA Provider	Independent Legal Advice Fee

1. (Instructions: Clauses (a) and (b) below refer to information which each investor may require from the lawyer. If you require the information referred to in a clause, initial the clause.)

The information which I require from you as my administrator before the administrator for the trustee completes the transaction and makes the advance is as follows:

(a) If my investment will be in a position other than a first mortgage or charge, details, including amounts, of all existing encumbrances outstanding:

1<sup>st</sup> Ranking Mortgage Charge registered to Diversified Capital Inc. with a face value of \$4,500,000.00. This mortgage is up to date and in good standing; subject to future postponements as per paragraph 21, above.

Pari Passu 2<sup>nd</sup> Ranking Mortgage Charge to Building & Development Mortgages Canada Inc. registered with a face value of \$14,100,000.00 and an outstanding balance of \$9,471,268.00. This mortgage is up to date and in good standing; subject to future postponements as per paragraph 21, above.

(b) If the mortgage or charge is a syndicated mortgage, and is prospectus exempt:

We have acknowledged and accept that you as my administrator express no opinion as to the necessity for a validity of a prospectus.

2. (Instructions: Each investor to complete and initial clause (a) and, if clause (a) is answered in the affirmative, to complete (if necessary) and initial clause (b) and to initial clause (c)).

(a) I instruct you to obtain a current and independent appraisal of the subject property and provide it to me before you complete this mortgage transaction. **No.**

(b) The appraisal is to be paid by me. **Not Applicable**

(c) I have been advised and accept that you as my administrator do not express an opinion as to the validity of the appraisal/valuation/letter of opinion.

**Disclosure:**

1. I acknowledge being advised by you as the Lender's Independent Legal Advice (ILA), or as an independent lawyer to the transaction, that to the best of our knowledge the Independent Legal Advice Solicitor does not have any direct or indirect interest in the Borrower. (Specify yes or no and indicate the date on which the lawyer advised you that he or she has no direct or indirect in the borrower or borrowers.)

No independent legal advice has a direct or indirect interest in the Borrower.

(If the lawyer has an interest in the borrower or borrowers, he or she is unable to act for you on this loan (Rule 2.06 of the Rules of Professional Conduct)).

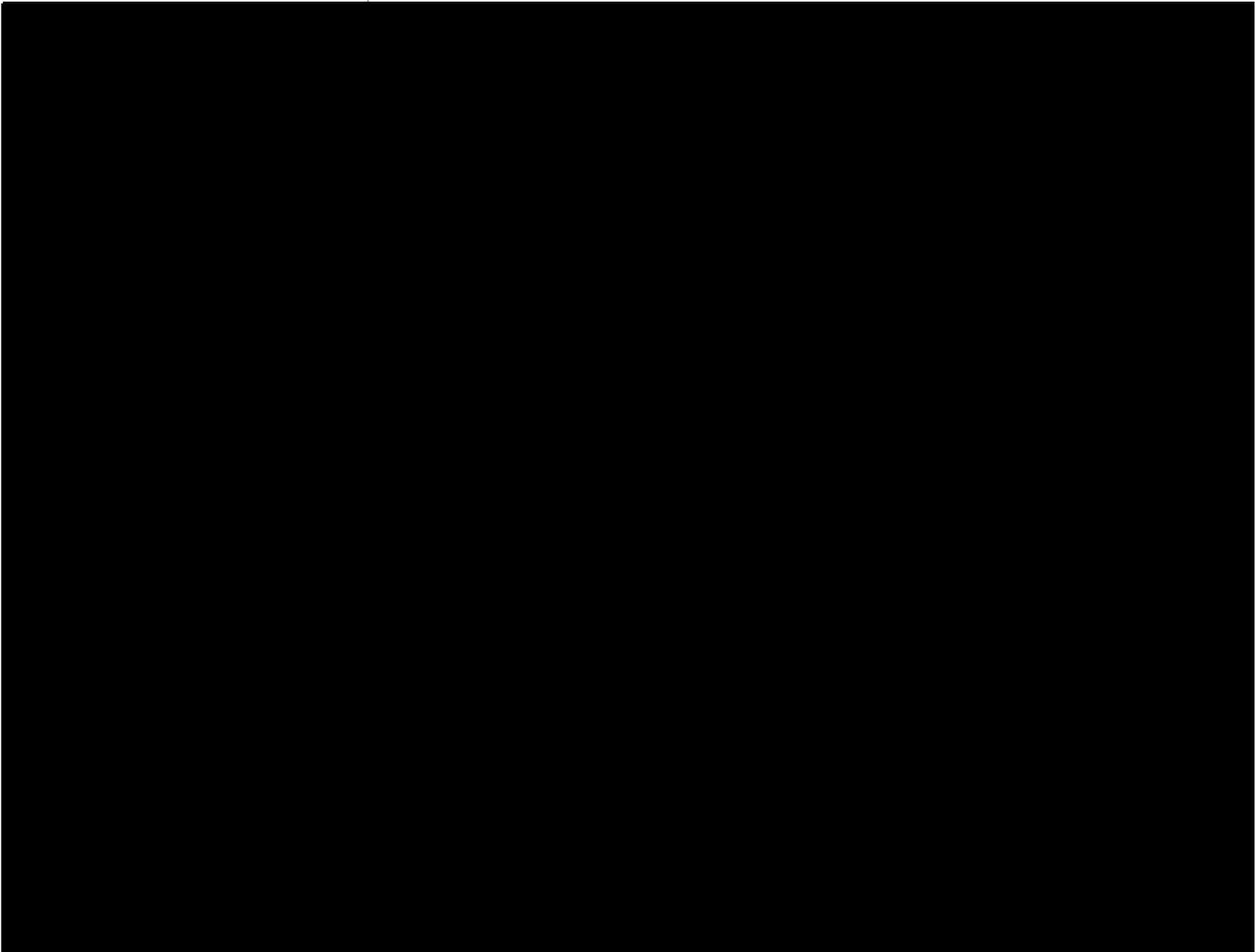
**WARNINGS:**

1. **You are cautioned that the responsibility for assessing the financial merits of the mortgage investment rests with YOU the investor or investors at all times. The above-named lawyer's responsibility is limited to ensuring the mortgage is legally registered on title in accordance with the investor's or investors' instructions. The lawyer is not permitted to personally guarantee the obligations of the Borrower or Borrowers nor the suitability of the Property as security for the mortgage investment.**

2. Any loss you may suffer on this mortgage investment will not be insured under the lawyer's professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.

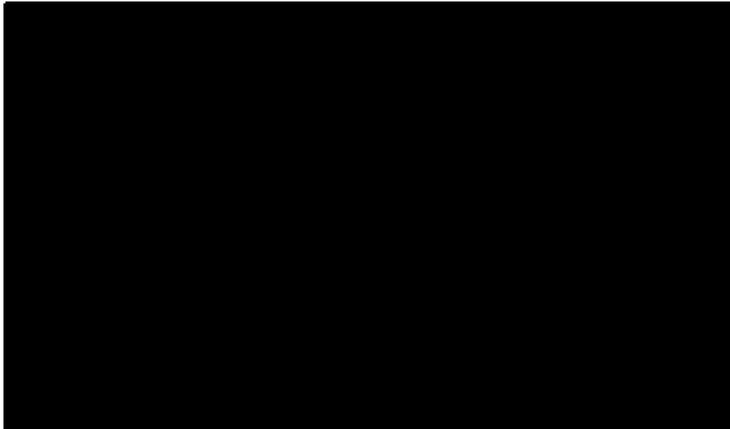


I hereby acknowledge receipt of a copy of this form prior to the advance of funds to or on behalf of the Borrower. I further acknowledge having read and understood the above warnings.



**CONFIRMATION OF LENDER'S INTEREST**

TO:



\_\_\_\_\_  
(insert address)

\_\_\_\_\_  
(insert email address)

\_\_\_\_\_  
(insert investment amount)

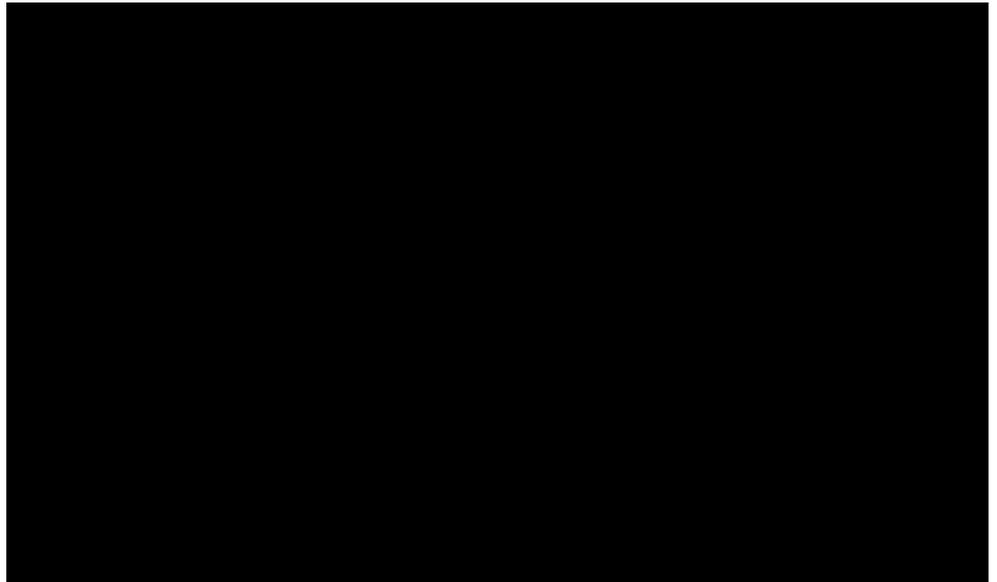
WHEREAS:

- A. **Building & Development Mortgages Canada Inc.** (Mortgage Administrator), in trust (the “**Lender**”), acted as lender in respect of a loan (the “**Loan**”) pursuant to a loan agreement dated April 21<sup>st</sup> 2016, 2221563 Ontario Inc., as borrower, a copy of which loan agreement is attached hereto (the “**Loan Agreement**”); and
- B. the Lender is assigned an undivided [REDACTED] % OR \$ [REDACTED] interest in the Loan pursuant to the Loan Agreement to **Building & Development Mortgages Canada Inc.** (Mortgage Administrator), in trust (the “**Assignee**”), pursuant to an assignment and assumption agreement dated April 21<sup>st</sup>, 2016; and
- C. the Lender holds its remaining interest in the Loan Agreement and all related documentation/security, in trust, for a series of persons/entities;

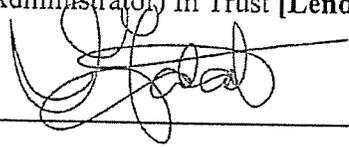
**FOR GOOD AND VALUABLE CONSIDERATION**, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. the Lender confirms that it holds an undivided [REDACTED] % OR \$ [REDACTED] in the Loan, in trust, for and on behalf of the Mortgage Investor; (based on a face value of \$5,900,000.00)
- 2. the Lender covenants to provide the Mortgage Investor with notice of any material default by the Borrower pursuant to the Loan;
- 3. the Lender covenants to enforce the Loan on behalf of the Mortgage Investor and in conjunction with the Assignee as would a prudent lender, having regard to the quantum of the Loan and nature of the development against which the Loan security is registered (the “**Mortgaged Property**”); and
- 4. the Mortgage Investor covenants and agrees as follows:

- (a) to postpone and subordinate its interest in the Loan in favour of one or more secured Mortgaged Property construction loans, in favour of arm's-length lenders, in an aggregate principal amount not to exceed \$100,000,000.00 plus a 10% contingency if required ranking *pari passu* or with stated priority between them (in the case of multiple loans), and all related security/documentation;
- (b) to postpone and subordinate its interest in the Loan in favour of each financial and non-financial encumbrance which is reasonable for a development such as the Mortgaged Property and which individually does not materially adversely affect the market value of the Mortgaged Property (including, without limitation, encumbrances pertaining to purchaser's Tarion Bind, deposits, roads, sidewalks, easements, rights-of-way, subdivision agreements, site plan control agreements, development agreements, cost-sharing agreements, encroachment agreements, zoning/use laws, utility licences, utility easements, Crown patent reservations and restrictive covenants); and
- (c) to discharge its interest in the Loan in respect of any part of the Mortgaged Property which is not material to the development and/or the market value of the Mortgaged Property or which is required by any municipal or governmental authority, without requirement for payment or prepayment of any part of the Loan.



**Building & Development Mortgages Canada Inc.**  
(Mortgage Administrator) In Trust [Lender]



Per: \_\_\_\_\_

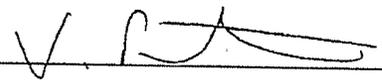
Name:  
Title:

Per: \_\_\_\_\_

Name:  
Title:

I/We have the authority to bind the Corporation.

**2221563 Ontario Inc. [Borrower]**



Per: \_\_\_\_\_

Name:  
Title:

Per: \_\_\_\_\_

Name:  
Title:

I/We have the authority to bind the Corporation.

**Appendix 17:**  
**Snoxons 2016 Inter-Lender Agreement**

**INTERLENDER AGREEMENT**

THIS AGREEMENT made as of the 21<sup>st</sup> day of July, 2016.

**A M O N G :**

**BUILDING & DEVELOPMENT MORTGAGES CANADA INC., IN TRUST**  
(hereinafter called the "Lender")

OF THE FIRST PART

- and -

**2221563 ONTARIO INC.**  
(hereinafter called the "Borrower")

OF THE SECOND PART

- and -

**SNOXONS HOLDINGS INC.**  
(hereinafter called the "Subsequent Encumbrancer")

OF THE THIRD PART

**WHEREAS** the Borrower is the registered owner of the lands described in Schedule "A";

**AND WHEREAS** the Project is encumbered by the Lender Security and the Subsequent Encumbrancer Security;

**AND WHEREAS** the Subsequent Encumbrancer has agreed, among other things, to postpone the Subsequent Encumbrancer Security to the Lender Security;

**NOW THEREFORE** in consideration of the sum of Two Dollars (\$2.00) now paid by the Lender to the Subsequent Encumbrancer, the receipt and sufficiency whereof are hereby acknowledged, and other good and valuable consideration, it is hereby covenanted and agreed as follows:

**SECTION 1 - DEFINITIONS**

- (a) "Borrower" means 2221563 Ontario Inc. and its successors and assigns;
- (b) "Business Day" means a day other than a Saturday, Sunday or other day on which banks are authorized or obligated to close under the laws of the Province of Ontario or of Canada;

- (c) "Charged Property" means the Project, all leases pertaining thereto, all rents, revenues and personal property of the Borrower pertaining thereto or arising therefrom, and all associated rights, benefits and proceeds therefrom, as charged, assigned, pledged or in which a security interest has been created by the Lender Security;
- (d) "Lender" means Building & Development Mortgages Canada Inc., in Trust and its successors and assigns;
- (e) "Lender Obligations" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Lender under or pertaining to the loan agreement dated as of April 21, 2016, to a maximum principal amount of \$10,900,000.00, as now or hereafter amended or restated from time to time (the "Loan Agreement");
- (f) "Lender Security" means all mortgages, pledges, charges, debentures, assignments and security agreements of any nature now or hereafter executed or made by the Borrower or others in favour of the Lender to secure the Lender Obligations, as amended or supplemented from time to time, and includes, without limitation, the security documents described in the Loan Agreement.
- (g) "Project" means the lands described in Schedule "A" attached hereto, a residential condominium development to be constructed thereon, and all buildings, structures, improvements, parking facilities, walkways, expansions, reconfigurations, additions, fixtures, renovations and alterations thereon, thereof and thereto, from time to time.
- (h) "Subsequent Encumbrancer Obligations " means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Subsequent Encumbrancer.
- (i) "Subsequent Encumbrancer Security" means all mortgages, pledges, charges, assignments and security agreements of any nature now or hereafter executed or made by the Borrower in favour of the Subsequent Encumbrancer to secure the Subsequent Encumbrancer Obligations, as amended or supplemented from time to time.
- (j) "Subsequent Encumbrancer " means Snoxons Holdings Inc. and its successors and assigns.

## **SECTION 2 - REPRESENTATIONS AND WARRANTIES OF THE SUBSEQUENT ENCUMBRANCER**

- (a) The Subsequent Encumbrancer hereby represents and warrants to the Lender that:

- (i) the Subsequent Encumbrancer Security is in full force and effect and has not been amended, and as of the date hereof, there is no default thereunder by the Borrower;
- (ii) it has received all necessary approvals, directions, authorizations and consents to enter into and perform its obligations under this Agreement;
- (iii) there is currently outstanding under the Subsequent Encumbrancer Security the principal amount of \$ 5,736,910.00 and accrued interest of \$3,097,926.00.
- (iv) it has the legal right and the power and authority to execute and deliver this Agreement and perform and observe its obligations and agreements hereunder; and
- (v) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with the terms hereof.

### SECTION 3 - SUBORDINATION AND POSTPONEMENT

- (a) The Subsequent Encumbrancer and the Lender hereby agree that:
    - (i) the Subsequent Encumbrancer Security and the mortgages, charges, pledges, assignments and security interests constituted by the Subsequent Encumbrancer Security, together with all of the rights, title, interest, benefits and advantages of the Subsequent Encumbrancer therein or derived thereunder; and
    - (ii) the Subsequent Encumbrancer Obligations,
- are hereby and shall hereafter be postponed and subordinated to:
- (iii) the Lender Security and the mortgages, charges, pledges, assignments and security interests constituted by the Lender Security, together with all of the Lender's rights, title, interest, benefits and advantages therein or derived thereunder, and
  - (iv) the Lender Obligations;

to the intent and purpose that the Lender Security, the mortgages, charges, pledges, assignments and security interests constituted by the Lender Security and the Lender Obligations shall at all times hereafter rank prior and superior to the Subsequent Encumbrancer Security, the mortgages, charges, pledges, assignments and security interests constituted by the Subsequent Encumbrancer Security, and the Subsequent Encumbrancer Obligations to the extent of the principal secured thereby and the interest accrued thereon and all other amounts

secured by the Lender Security. Without limiting the generality of the foregoing:

- (v) the Subsequent Encumbrancer shall not be entitled to receive any amounts owing under the Subsequent Encumbrancer Security, including, without limitation, any principal, interest or fees, until all of the Lender Obligations have been fully paid and performed; and
  - (vi) the Lender shall have priority to, and the first right to receive, all proceeds, rents, revenues and other amounts arising out of or pertaining to the Charged Property until all of the Lender Obligations have been fully paid and performed; and
- (b) for the purposes of paragraphs 3(a)(v) and (vi) hereof only, the Lender agrees that all of the Lender Obligations shall be deemed to have been fully paid and performed when the principal secured thereby and the interest accrued thereon and all other amounts secured by the Lender Security have been paid in full to the Lender and the Loan Agreement secured by the Lender Security shall have been cancelled or terminated.

#### **SECTION 4 - EFFECT OF POSTPONEMENT**

This Agreement shall be effective as between the Lender and the Subsequent Encumbrancer notwithstanding any past, present or future agreement, event, act or omission to act on the part of the Lender, the Subsequent Encumbrancer, the Borrower or any other person, including, without limitation, any one or more of the following :

- (a) the timing of execution, delivery, attachment, perfection, registration or enforcement of the Lender Security or the Subsequent Encumbrancer Security;
- (b) the failure of the Lender to register, maintain, renew or keep current any registration of or pertaining to any of the Lender Security;
- (c) the respective dates or timing of any advances or defaults under the Lender Obligations or the Subsequent Encumbrancer Obligations, and
- (d) any partial or complete repayment at any time and from time to time by the Borrower of any monies secured by the Lender Security.

#### **SECTION 5 - APPLICATION OF PROCEEDS**

The Subsequent Encumbrancer acknowledges that all and every part of the Lender Security is held by the Lender as security for all and every part of the Lender Obligations and agrees that the Lender may apply as a permanent reduction any monies received, whether from the enforcement of and realization upon any or all of the Lender Security, the sale or refinancing of all or any part of the Charged Property or

otherwise, to any part of the Lender Obligations which the Lender, in its sole and unfettered discretion, may determine.

#### **SECTION 6 - DELIVERY OF INFORMATION AND NOTICES**

- (a) Within a reasonable time following the Lender's reasonable request (which includes, for example, the Lender not obtaining such information from the Borrower or not obtaining same in a timely fashion), the Subsequent Encumbrancer shall provide the Lender with all material information relating to the Subsequent Encumbrancer Security and any property charged thereby;
- (b) Within a reasonable time following the Subsequent Encumbrancer's reasonable request (which includes, for example, the Subsequent Encumbrancer not obtaining such information from the Borrower or not obtaining same in a timely fashion), the Lender shall provide the Subsequent Encumbrancer with all material information relating to the Lender Security and any property charged thereby; and
- (c) The Borrower shall immediately provide the Lender with all material information relating to the Subsequent Encumbrancer Security and any property charged thereby.

#### **SECTION 7 - AGREEMENTS OF THE SUBSEQUENT ENCUMBRANCER**

The Subsequent Encumbrancer agrees with the Lender and the Borrower that:

- (a) notwithstanding the provisions of the Subsequent Encumbrancer Security, the Borrower shall be entitled to sell lots in the Project to bona fide third party purchasers without the consent of the Subsequent Encumbrancer;
- (b) the Subsequent Encumbrancer shall forthwith execute partial discharges of the Subsequent Encumbrancer Security for each of the lots as and when required upon request by the Lender or its solicitors, and shall provide such executed acknowledgments and directions with respect to such partial discharges to the solicitors for the Lender to be held by such solicitors in escrow until completion of the sale of each of the lots, whereupon the partial discharge relating to such lots may be registered by such solicitors without any further direction or consent from the Subsequent Encumbrancer and without any payment of principal, interest or any other amount being made to the Subsequent Encumbrancer; provided net proceeds from each sale are paid to the Lender to reduce the Lender Obligations. Upon the Lender Obligations being fully satisfied and upon the termination or cancellation of the Loan Agreement secured by the Lender Security, the Lender agrees to provide the partial discharges still in its or its solicitor's possession to the Subsequent Encumbrancer together with any other partial discharges of the Subsequent Encumbrancer Security held by the Lender;

- (c) it shall not increase the principal amount secured by the Subsequent Encumbrancer Security, the interest rate charged thereon, the calculation, timing and/or accrual of payment of such interest, amend the maturity date thereof, terminate the Subsequent Encumbrancer Security, nor consent to the doing of the same, without first receiving the Lender's prior written consent thereto;
- (d) it shall not transfer, assign or dispose of any interest in the Subsequent Encumbrancer Security, nor consent to the doing of the same, unless the transferee, assignee, etc. executes and delivers to the Lender contemporaneously with such transfer, assignment, etc. an agreement agreeing to be bound by all of the terms and the obligations of the Subsequent Encumbrancer under this Agreement;
- (e) if the Borrower defaults under the Subsequent Encumbrancer Security, then the Subsequent Encumbrancer shall forthwith give written notice to the Lender of such default, which notice shall specify the nature of such default;
- (f) the Subsequent Encumbrancer hereby covenants and agrees that it shall not take or authorize to be taken any action by way of suit, power of sale, foreclosure, summary proceedings, or otherwise, or exercise any rights or remedies under the Subsequent Encumbrancer Security or otherwise for the purpose, directly or indirectly, of realizing on any of the Charged Property, until the repayment in full of the Lender Obligations and until the termination or cancellation of the Loan Agreement secured by the Lender Security;
- (g) that the Borrower proposes to build a residential condominium development on the lands described in Schedule "A" attached hereto and register one or more plan(s) of condominium thereon. The Subsequent Encumbrancer covenants and agrees to forthwith execute and deliver to the Lender such documentation (without charge, delay or requiring payment of any amount secured by the Subsequent Encumbrancer Security) as may be required to effect creation of such lots and blocks, including, without limitation, the registration of such plan(s) of subdivision; and
- (h) The Subsequent Encumbrancer covenants and agrees to forthwith execute and deliver to the Lender or the applicable authority, as the case may be, such consents, postponements, authorizations, etc. (without charge, delay or requiring payment of any amount secured by the Subsequent Encumbrancer Security) as may be required from time to time in order to allow for the completion of the Project.

### **SECTION 8 - FURTHER ASSURANCES**

The Subsequent Encumbrancer and the Borrower shall forthwith, and from time to time, on the request of the Lender, execute and do all deeds, documents and things which the Lender requests in order to give full effect to the subordinations and postponements of the Subsequent Encumbrancer Security, the rights and remedies of the Subsequent Encumbrancer thereunder and the Subsequent Encumbrancer Obligations to the Lender Security, the rights and remedies of the Lender thereunder and the Lender Obligations in accordance with the intent of this Agreement.

### **SECTION 9 - SUCCESSORS AND ASSIGNS**

Subject to subsection 7(d), above, this Agreement is binding upon and shall enure to the benefit of the Lender, the Borrower, and the Subsequent Encumbrancer and their respective successors and permitted assigns.

### **SECTION 10 --NOTICE**

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile or other means of electronic communication or by hand delivery as hereinafter provided. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the business day it was sent or, if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below to the individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. Notices and other communications shall be addressed as follows :

- (a) If to the Lender:

Building & Development Mortgages Canada Inc., in Trust  
25 Brodie Drive, Unit 1  
Richmond Hill, Ontario, L4B 3K7

Attention:  
Facsimile Number:

- (b) if to the Subsequent Encumbrancer:

Snoxons Holdings Inc.

Attention :  
Facsimile number:

- (c) if to the Borrower:

2221563 Ontario Inc.  
25 Brodie Drive, Unit 1  
Richmond Hill, Ontario, L4B 3K7

Attention:  
Facsimile number:

**SECTION 11 - GOVERNING LAW**

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

**SECTION 12 - HEADINGS**

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**SECTION 13 - 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.

**SECTION 14 - ACKNOWLEDGEMENT OF BORROWER**

The Borrower acknowledges and consents to this Agreement and agrees to perform its obligations and hold and deal with the Charged Property in accordance with the priorities set out in this Agreement.

**SECTION 15 - EXECUTION IN COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

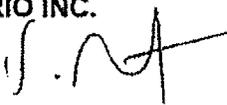
**IN WITNESS WHEREOF** the parties have executed this Agreement.

**BUILDING & DEVELOPMENT MORTGAGES  
CANADA INC., IN TRUST**

Per:   
Name: \_\_\_\_\_  
Title: I. Galah  
Principal Broker

I have authority to bind the Bank.

**2221563 ONTARIO INC.**

Per:   
Name: \_\_\_\_\_  
Title:

I have authority to bind the Corporation

SNOXONS HOLDINGS INC.

Per. Stephen Nixon  
Name: STEPHEN NIXON  
Title: President

Per. \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

We have authority to bind the Corporation

**SCHEDULE "A"**  
**LEGAL DESCRIPTION OF LANDS**

Those lands and premises legally described in PIN Nos. 03475-0123 (LT), 03475-0124 (L5), 03475-0125 (LT), 03475-0126 (LT), 03475-0127 (LT), 03475-0868 (LT), 03475-0869 (LT), 03475-0870 (LT) and 03475-0927 (LT), Keswick, Ontario

**Appendix 18:**  
**Certain BDMC Notices to South Shore Hybrid Investors**



**BDMC**  
Building & Development Mortgages Canada Inc.

March 20<sup>th</sup>, 2017

Dear Investor:

RE: Syndicated Mortgage Loan (the "Loan") of \$7,620,000.00 to 2221563 Ontario Inc. on the security of a Pari Passu 2<sup>nd</sup> mortgage on 230-240 Cameron Crescent, Keswick ON (the "Project")

Please accept this update to your original investment in the South Shore project. As anticipated in the original Loan Agreement, the borrower will need to increase the Face Value amount from the current \$5,900,000.00 to \$7,620,000.00 in order to fund the necessary costs, as outlined in the original budget. These funds will work towards the overall project development and completion.

If you have additional questions about the revised Face Value, your investment, or the development in general, please speak to your mortgage agent, brokerage, or associated principal broker.

Regards,

Ildina Galati-Ferrante

Principal Broker

**Building & Development Mortgages Canada Inc. o/a BDMC**

*(Formerly Centro Mortgage Inc.)*



**BDMC**  
Building & Development Mortgages Canada Inc.

May 1<sup>st</sup>, 2017

Dear Investor:

RE: Syndicated Mortgage Loan (the "Loan") of \$8,620,000.00 to 2221563 Ontario Inc. on the security of a 3<sup>rd</sup> mortgage on 230-240 Cameron Crescent, Keswick, Ontario (the "Project")

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Please accept this update to your original investment in the South Shore Hybrid project.

As anticipated in the original Loan Agreement, the borrower will need to increase the Face Value amount from the current \$7,620,000.00 to \$8,620,000.00 in order to fund the necessary costs, as outlined in the original budget. These funds will work towards the overall project development and completion.

If you have additional questions about the revised Face Value, your investment, or the development in general, please speak to your mortgage agent, brokerage, or associated principal broker.

Regards,

Ildina Galati-Ferrante

Principal Broker

**Building & Development Mortgages Canada Inc. o/a BDMC**

*(Formerly Centro Mortgage Inc.)*



**BDMC**  
Building & Development Mortgages Canada Inc.

June 1<sup>st</sup>, 2017

Dear Investor:

RE: Syndicated Mortgage Loan (the "Loan") of \$9,300,000.00 to 2221563 Ontario Inc. on the security of a Pari Passu 2<sup>nd</sup> mortgage on 230-240 Cameron Crescent, Keswick, Ontario (the "Project")

---

Please accept this update to your original investment in the South Shore Hybrid project.

As anticipated in the original Loan Agreement, the borrower will increase the Face Value amount from the current \$8,620,000.00 to \$9,300,000.00 in order to fund necessary costs as outlined in the original budget. These funds will work towards the overall project development and completion.

Diversified Capital Inc. has also signed off on an Amended Subordination and Standstill Agreement outlining the revised charge of \$9,300,000.

If you have additional questions about the revised Face Value, your investment, or the development in general, please speak to your mortgage agent, brokerage, or associated principal broker.

Regards,

Ildina Galati-Ferrante

Principal Broker

**Building & Development Mortgages Canada Inc. o/a BDMC**

*(Formerly Centro Mortgage Inc.)*

**Appendix 19:**  
**2018 South Shore Investor Notice**



# BDMC

Building & Development Mortgages Canada Inc.  
BROKERAGE LIC # 10102

January 5, 2018

Dear Lender:

Re: Syndicated Mortgage Loan (“the **Loan**”) of \$19,300,000.00 to 2221563 Ontario Inc. (the “**Borrower**”) on the security of a Second position mortgage on 230-240 Cameron Crescent, Keswick, ON (the “**Project**”)

The foundation piles and concrete footings (pile caps) have been completed. During the next 8 to 10 weeks preparations for commencement of superstructure will take place. This will include the completion and modifications that may be required on detailed drawings, bidding etc. and submission of permit applications. The sales office remains open during the winter months.

As you are aware, the South Shore Hybrid project has an upcoming maturity date of April 21, 2018 and the Original Loan Agreement contains provisions allowing the term to be prolonged with a revised maturity date of April 21, 2019. Interest will continue to accrue until project maturity.

Please see the attached letter from the Borrower engaging the twelve (12) month extension, as outlined in Section 4.0 of the original Loan Agreement.

If you have any further questions, please contact your licensed mortgage agent or their principal broker.

Thank you,

**Ildina Galati- Ferrante**  
Principal Broker  
Building & Development Mortgages Canada Inc.

# 2221563 Ontario Inc.

January 4, 2018

Building & Development Mortgages Canada Inc.  
8- 25 Brodie Drive  
Richmond Hill, ON  
L4B 3K7

Olympia Trust Company  
2200, 125-9<sup>th</sup> Ave. SE  
Calgary, Alberta  
T2P 0P6

Re: Extension of existing loan for the South Shore Hybrid Project

To whom it may concern;

Pursuant of Section 4.0 of the Loan Agreement, we hereby exercise our option to extend the maturity date on the above noted project by 12 months to April 21, 2019. Interest will continue to accrue until project maturity. All other terms and conditions shall remain the same.

Sincerely,

A handwritten signature in black ink, appearing to read 'V. Petrozza', with a long horizontal stroke extending to the right.

Vince Petrozza  
Vice President  
2221563 Ontario Inc.

**Appendix 20:**

**South Shore Investor Notice dated January 18, 2022 (without appendices)**



January 18, 2022

Dear Lender:

**Re: Syndicated Mortgage Loans (“South Shore Loans”) made to 2221563 Ontario Inc. in respect of properties located at 230-240 Cameron Crescent, Keswick, ON (“South Shore Project” or “Properties”)**

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As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the “**Trustee**”) over the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“**BDMC**”) under an order issued by the Ontario Superior Court of Justice (Commercial List) (“**Court**”) pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and section 101 of the *Courts of Justice Act*, each as amended. By order of the Court dated June 26, 2018, Chaitons LLP was appointed as representative counsel (“**Representative Counsel**”) to persons who made loans through BDMC. Notices have previously been sent to you regarding the appointment of FAAN Mortgage Administrators Inc. as Trustee and of Chaitons LLP as Representative Counsel.

We are writing to you in our capacity as Trustee regarding the South Shore Project (formerly known as Crates Landing) and further to our notice of June 2, 2021, which advised, among other things, that Diversified Capital Inc. (“**Diversified**”), the first priority mortgagee, completed a sale transaction for the Properties (“**South Shore Sale Transaction**”) that resulted in residual proceeds of approximately \$1.8 million being paid to the Trustee (“**South Shore Proceeds**”).

On January 18, 2022, the Trustee served motion materials seeking an order, among other things, approving the proposed distribution or distributions of 85% of the South Shore Proceeds and any further realized property, if any, received in respect of the South Shore Project (“**Realized Property**”) to all syndicated mortgage lenders in the South Shore Loans (collectively the “**South Shore SMLs**”) on a *pari passu* basis (“**South Shore Distribution Order**”).

The Trustee’s motion is scheduled to be heard via a virtual Court hearing on **January 31, 2022 at 12:00 p.m.** (“**January 31st Motion**”). At this time, the Trustee will also be seeking the Court’s approval of certain other matters, as detailed in **Appendix “A”**, attached hereto. To the extent that you would like further information on the January 31st Motion, please contact the Trustee directly at the contact number provided below.

The Trustee’s motion materials filed in support of the Trustee’s request for the South Shore Distribution Order, including its twenty-seventh report to Court (“**Twenty-Seventh Report**”), are available on the Trustee’s website: <http://faanmortgageadmin.com>.



The Twenty-Seventh Report describes the following matters in support of the proposed South Shore Distribution Order:

- a) an overview of the South Shore Project and the three underlying syndicated mortgage loans pursuant to which the South Shore SMLs loaned money in respect of the South Shore Project;
- b) an overview of the South Shore Sale Transaction; and
- c) information that supports the Trustee’s recommendation that any Realized Property received in respect of the South Shore Sale Transaction or the South Shore Project, including the South Shore Proceeds, should be distributed on a *pari passu* basis to all South Shore SMLs in accordance with the methodology described in the Twenty-Seventh Report, net of the Court approved administrative holdback (15%) (“**Administrative Holdback**”).

The Twenty-Seventh Report also describes certain outstanding matters related to the South Shore Project, including: (i) litigation commenced by the Trustee against Diversified seeking to recover certain of the amounts paid to Diversified, including amounts relating to the conduct of the power of sale proceeding leading up to the South Shore Sale Transaction and the quantum of fees and interest taken by Diversified as a result of same (“**Diversified Litigation**”); and (ii) ongoing discussions with respect to the remaining construction lien claim (“**Construction Lien Claim**”) for which approximately \$610,000 is being held by the Court, pending resolution of same.

**Next Steps:**

At this time, you should review this notice and the associated Court materials carefully, including the Twenty-Seventh Report available on the Trustee’s website, and, if desired, arrange to obtain independent legal advice regarding these matters. You can also consult Representative Counsel whose contact information is provided below.

Should the motion seeking the South Shore Distribution Order be successful, the Trustee will distribute the South Shore Proceeds, net of the Administrative Holdback, on a *pari passu* basis to the South Shore SMLs in accordance with the Twenty-Seventh Report as soon as practicable following Court Approval.

The Trustee will update the South Shore SMLs regarding the outcome of the Construction Lien Claim and the Diversified Litigation in due course.



Should you have any questions, our contact information is shown below (if you contact us, please reference the **South Shore Project**).

Email: [Info@FAANMortgageAdmin.com](mailto:Info@FAANMortgageAdmin.com)

Local Telephone Number: **416-606-3338**

Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference the **South Shore Project**).

Email: [BDMC@chaitons.com](mailto:BDMC@chaitons.com)

Toll-Free Telephone Number: **1-888-203-0509**

Yours very truly,

*Faan Mortgage Administrators Inc.*

**FAAN MORTGAGE ADMINISTRATORS INC.  
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF  
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.  
AND IN NO OTHER CAPACITY**

**Appendix 21:**  
**Kemp Investor Notice dated October 30, 2019**



October 30, 2019

Dear Lender:

**Re: Syndicated Mortgage Loan initially made to Harmony Village-Lake Simcoe Inc. and assumed by Fortress Kempenfelt Bay Developments Inc. ("Borrower") on the security of a mortgage on the property located at 51, 53, 55 & 75 Bradford Street, Barrie, ON ("Kemp Project" or "Properties")**

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As you are aware, on April 20, 2018, FAAN Mortgage Administrators Inc. ("**Trustee**") was appointed as trustee over the assets, property and undertakings of Building & Development Mortgages Canada Inc. ("**BDMC**") under a court order issued pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* and section 101 of the *Courts of Justice Act*. By order of the Ontario Superior Court of Justice (Commercial List) ("**Court**") dated June 26, 2018, Chaitons LLP was appointed as representative counsel to persons who made loans through BDMC.

We are writing to you in our capacity as Trustee and further to our notice dated August 7, 2019 ("**Notice**") regarding enforcement steps taken on the Kemp Project by Romspen Investment Corporation ("**Romspen**"), the Borrower's first priority lender.

As discussed in the Notice, Romspen issued a Notice of Sale Under Mortgage ("**Notice of Sale**") and advised that events of default under its mortgage had occurred. Romspen advised that unless the full amount of the outstanding debt was paid on or before January 21, 2019, Romspen intended to sell the Properties. A copy of the Notice of Sale was previously provided to you.

As the January 21<sup>st</sup> deadline was not met, a sale and marketing process ("**Sale Process**") for the Properties was commenced. As part of the Sale Process, the Properties were listed on the multiple listing service (MLS) website and were actively marketed by Colliers International ("**Colliers**"), the real estate broker retained by Romspen. The Properties were listed on an unpriced basis with an offer deadline of June 27, 2019.

On June 27, 2019 Romspen accepted an offer from Greenwin Barrie Inc. and 2714708 Ontario Inc., which represented the highest and best offer and proceeded to enter into an agreement of purchase and sale, as further amended, for the Properties ("**Sale Agreement**"). The transaction closed on September 10, 2019.

Key terms of the Sale Agreement include:

- a) Purchase price of \$14.9 million; and
- b) Proceeds from the transaction to be distributed as follows:
  - i. approximately \$7 million to Romspen, as first mortgagee;



- ii. approximately \$300,000 to Colliers for commissions;
- iii. approximately \$188,000 to the City of Barrie for property tax arrears;
- iv. approximately \$5.2 million to Magnetic Capital Group Inc., as the second and 3<sup>rd</sup> mortgagees; and
- v. the remaining proceeds, net of legal fees, of approximately \$2.2 million from the transaction (“**Residual Proceeds**”) to the Trustee’s counsel, on behalf of the syndicated mortgage lenders that advanced funds to the Kemp Project (“**Kemp SMLs**”), as the fourth ranking mortgagees on the Properties.

Subsequent to the closing of the Sale Transaction, counsel to Fortress Real Developments Inc. (“**FRDI**”) submitted a claim to the Residual Funds to the Trustee in the amount of approximately \$570,000 (“**FRDI Claim**”). FRDI is claiming that these amounts are in priority to the amounts owing to the Kemp SMLs.

An agreement was reached with Romspen and FRDI to distribute the Residual Proceeds to the Trustee’s counsel to be held in trust until either: (i) a consensual agreement is reached with counsel to FRDI regarding the FRDI Claim; or (ii) an order is obtained from the Court directing the distribution of the Residual Proceeds. The Trustee is in the process of reviewing the FRDI Claim. It is the Trustee’s intention to report on its review in its next comprehensive update report to the Court (currently anticipated for mid to late November).

The quantum of the distribution to the Kemp SMLs will be reduced by an administrative holdback of 15% to be retained by the Trustee in accordance with the Court orders issued in these proceedings.

Should you have any further questions at this time, our contact information is below (if you are contacting us by email, please use the subject line **Kemp Sale Transaction**).

Email: [Info@FAANMortgageAdmin.com](mailto:Info@FAANMortgageAdmin.com)  
Toll-Free Telephone Number: **1-833-495-3338**

Yours very truly,

*Faan Mortgage Administrators Inc.*

**FAAN MORTGAGE ADMINISTRATORS INC.  
IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF  
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.  
AND IN NO OTHER CAPACITY**

**Appendix 22:**  
**Kemp Agency Agreement**

## AGENCY AGREEMENT

This agency agreement (the "**Agreement**") is made effective as of the 7<sup>th</sup> day of November, 2016 (the "**Effective Date**")

Between:

**BUILDING & DEVELOPMENT MORTGAGES  
CANADA INC., and OLYMPIA TRUST COMPANY**  
(individually, a "Trustee" and collectively, the  
"Trustees")

- and -

**FORTRESS HARMONY VILLAGE (2016) INC.**  
("FHVI")

- and -

**BUILDING & DEVELOPMENT MORTGAGES  
CANADA INC.,**  
(the "Agent")

- and -

Each of the persons that has executed an  
accession to this agreement in the form attached  
hereto as **Schedule "A"**  
(individually, a "Lender" and collectively, the  
"Lenders")

### RECITALS:

- A. Pursuant to a Loan Commitment dated March 20, 2012 (the "**Loan Commitment**"), the Agent has agreed to provide Harmony Village-Lake Simcoe Inc. (the "**Borrower**") various loan facilities totalling Twenty Three Million Two Hundred Ten Thousand Dollars (\$23,210,000.00) (the "**Loan**") for the purposes of financing the development and the construction of residential homes on lands known municipally as 51 Bradford Street, Barrie, Ontario (the "**Project**");
- B. Each of the Lenders has agreed to participate in the Loan pursuant to a Lender Acknowledgement & Consent (collectively, the "**Lender Consents**") dated the date set out opposite each Lenders' name in Exhibit "1" to the Accession Agreement attached as Schedule "A" to this Agreement;
- C. Pursuant to the Loan Commitment, the Borrower granted the Trustees, on behalf of the Lenders, a charge/mortgage (the "**Original Lender Mortgage**") on the Project;
- D. The Original Lender Mortgage was subordinate to a first mortgage dated May 25, 2012 and more particularly described in Schedule B to this Agreement (the "**Original First Mortgage**") in favour of certain mortgagees (collectively, the "**Original First Mortgagee**");

- E. On April 4, 2016, the Original First Mortgagee initiated power of sale proceedings with a view to selling the Project and recovering arrears in payment secured by the Original First Mortgage;
- F. In accordance with an agreement of purchase and sale made as of August 8, 2016 and fully accepted September 28, 2016 (the "**Purchase Agreement**") the Original First Mortgagee agreed to:
  - a. sell the Project to FHVI pursuant to power of sale provisions, in exchange for: a cash payment equal to all amounts outstanding with respect to the Original First Mortgage; and a vendor take back mortgage (the "**Collateral Mortgage**") equal to all amounts outstanding with respect to the Original Lender Mortgage; and
  - b. transfer the Collateral Mortgage to the Trustees, on behalf of the Lenders, in consideration of the discharge from title of the Original Lender Mortgage;
- G. The transaction contemplated in the Purchase Agreement closing on November 14, 2016, at which time the Original Lender Mortgage was discharged from title by virtue of the power of sale process;
- H. The Collateral Mortgage was registered as Instrument No. \_\_\_\_\_ in the Land Registry Office, and subsequently transferred to the Trustees, on behalf of the Lenders, pursuant to Instrument No. \_\_\_\_\_, a copy of which is attached as Schedule "C";
- I. The Collateral Mortgage is subordinate to a first charge in favour of Vector Financial Services Limited ("**Vector**") in the amount of Seven Million Dollars (\$7,000,000.00) and registered as Instrument No. \_\_\_\_\_, which secures financing arranged by FHVI to finance the acquisition and development of the Project; and
- J. Each Lender wishes to appoint the Agent to act as agent for the Lender to facilitate the management of the Lender's interest in the Collateral Mortgage and all such other documents, instruments, and security relating thereto (collectively, the "**Lender Documents**").

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT** in consideration of the mutual covenants and agreements between the parties to this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereby agree as follows:

**ARTICLE 1 FHVI'S OBLIGATION TO PAY NET CASH FLOW**

1.1 Project Completion

FHVI shall use its reasonable commercial efforts to complete construction, and sale of the Project in order to maximize Net Cash Flow (as defined below).

1.2 Limitation on Obligation of FHVI

The parties acknowledge that FHVI has not assumed any obligation to repay the Loan, save as specifically provided in Section 1.3 herein.

### 1.3 Repayment Obligations

FHVI covenants to pay to the Trustees, on behalf of the Lenders, all Net Cash Flow as defined below, up to the amount of the Loan including accrued interest, as and when received, after maintaining reasonable reserves for warranty claims, further expenses, unpaid Project expenses and other reasonable contingencies, as determined by FHVI in its sole discretion. Any remaining Net Cash Flow after repayment of the Loan as aforesaid shall be retained by FHVI.

### 1.4 Net Cash Flow

**"Net Cash Flow"** means all cash revenues received by FHVI with respect to the sale/leasing of the Project after payment of the following:

- (a) all debt secured by the first mortgage in favour of Vector in the principal amount of \$7,000,000.00, as may be increased at the sole discretion of FHVI to pay for Project costs, or any replacement of such mortgage, which first mortgage has been used to finance the acquisition and construction of the Project by FHVI, including all carrying costs, fees and other expenses related to the said mortgage;
- (b) all costs to obtain and arrange a bonding insurance facility, including all premiums, legal fees, etc. plus any payments or security paid to secure FHVI's obligations under any bonds issued by such bonding insurance to Tarion Warranty Corporation, or excess condominium deposit insurance in favour of the unit purchasers, and secured by a charge on the Project;
- (c) a further syndicated Lender loan with the Agent in the principal amount of up to \$\_\_\_\_\_ as it may be supplemented or refinanced from time to time with respect to funding, acquisition, construction and carrying costs of the Project and secured by a charge on the Project which charge shall rank in priority to the Collateral Mortgage;
- (d) any other loans arranged by FHVI to fund the cost of constructing, operating or carrying the Project and secured by a charge on the Project which charge shall rank in priority to the Collateral Mortgage;
- (e) any mortgages/charges or loans used for refinancing the mortgages referred to in Paragraphs 1.4(a), 1.4(c) and 1.4(d);
- (f) carrying costs, development, marketing, sales, leasing and other related expenses for constructing, leasing, selling or operating the Project and not otherwise financed by the Mortgages/charges referenced in Paragraphs 1.4(a), to 1.4(e) above (collectively, the **"Prior Mortgages"**); and
- (g) a market asset management fee (**"AMF"**) payable to FHVI monthly, as determined by FHVI in its sole discretion. The AMF shall only accrue and be payable once the commercial/retail component of the Project has at least 75% of its net leasable area fully leased and occupied. FHVI reserves the right to engage a third party asset manager in its place whose fees shall be a cost of the project and, if not financed, shall be paid in accordance with section 1.4(f) above.

1.5 Collateral Charge

The Collateral Mortgage shall secure the repayment obligations set out in Section 1.3 above. There shall be no restriction whatsoever on FHVI's ability to finance the Project and provide security therefor as it deems appropriate. The Trustees reserve the right to transfer their respective interests in the Collateral Mortgage

1.6 Repayment Priority

(a) The Lenders acknowledge that Net Cash Flow will be distributed to the Lenders in the following priority:

(i) First, in the order that each tranche of the Loan was advanced (or to any Lenders in an earlier tranche who had not been fully repaid their investments from prior distributions of Net Cash Flow), so that Lenders whose investment was advanced in a first tranche shall be fully repaid in priority to Lenders whose investment was advanced in a second tranche;

(ii) Second, within each tranche, Lenders will be repaid in the order of the dates when each of the Lenders were in a position to fund their investment, as evidenced by delivery of their invested funds to either the applicable broker or trustee, and execution of all of the required documentation and completion of all other steps and delivery of all documentation in order to permit release of their investment into the Project ("**Fund Ready**").

(iii) By way of example, if there is \$1,000,000.00 of Net Cash Flow available for distribution and there were 3 tranches of Loan advances of \$5,000,000.00 each, inclusive of accrued interest, the first \$1,000,000.00 of Net Cash Flow distribution would be made to those Lenders in the first tranche in the order that they were Fund Ready. If there were 4 Lenders in the first tranche with \$400,000.00 each invested in Tranche 1, inclusive of interest, the first 2 Lenders who were Fund Ready would get paid \$400,000.00 each and the third Lender who was Fund Ready, would receive \$200,000.00. Said third Lender and the fourth Lender would be first in line to receive the next distributions of Net Cash Flow in the amounts of \$200,000.00 and \$400,000.00 (subject to adjustment for interest). From the remaining Net Cash Flow available, the second tranche Lenders would be paid on the same basis.

(b) When providing funds to the Trustees for repayment to the Lenders, the Agent shall provide the Trustees with a certificate signed by an officer of the Agent, indicating the order of payment of the Lenders and the Trustees shall be entitled to rely on such certificate without further inquiry.

1.7 No Representation with respect to Project Economics

The Lenders acknowledge that FHVI makes no guarantees, representations or warranties as to the ultimate profitability of the Project and the amount of Net Cash Flow that may become available to the Lenders pursuant to this Agreement.

**ARTICLE 2 POSTPONEMENT, PARTIAL DISCHARGE AND SUBORDINATION AND PARTIAL DISCHARGE**

2.1 Each Lender irrevocably authorizes and directs the Trustees:

- (a) to postpone and subordinate the Collateral Mortgage in favour of any Prior Mortgages and to enter into such standstill agreements which may include a restriction on enforcement of the Collateral Mortgage until and unless the Prior Mortgages have been satisfied and discharged, as may be required by them;
- (b) to postpone and subordinate the Collateral Mortgage in favour of each non-financial encumbrance, as well as any deposit insurer security, if required for construction, completion and sale of the Project (including, without limitation, encumbrances pertaining to roads, sidewalks, easements, rights-of-way, subdivision agreements, site plan control agreements, development agreements, cost-sharing agreements, encroachment agreements, zoning/use laws, utility licenses, utility easements, Crown patent reservations and restrictive covenants);
- (c) to partially discharge the Collateral Mortgage in respect of any part of the Project which is not material to the Project and/or the market value of the Project or which is required by any governmental authority, without requirement for payment or prepayment of any part of the Loan;
- (d) if applicable, to provide partial discharges of the Collateral Mortgage in respect of all Project unit sales to third parties and in respect of all Project sales to third parties, without compensation, provided that the full proceeds thereof shall be used to pay down the Prior Mortgages or Project costs or are otherwise included in Net Cash Flow in accordance with Section 1.4;
- (e) if applicable, to enter into a non-disturbance agreement, upon request, with any commercial tenant in the Project; such non-disturbance agreement shall provide for the tenant's postponement and subordination of its lease in favour of the Collateral Mortgage and the tenant's agreement to attorn to the Trustees and their successors and assigns upon the taking possession of the Project; and
- (f) in the event that the Net Cash Flow after all of the Project has been sold or is under contract for sale is or will be insufficient to repay the Loan, to provide a full discharge of the Collateral Mortgage upon receipt by the Trustee, on behalf of its Lenders, of its respective portion of the Net Cash Flow provided for in Section 1.3 hereof,

and to execute or cause to be executed, and register (as applicable) any all documents and instruments as may be considered necessary or advisable to give full force and effect to the foregoing, as may from time-to-time requested by the Agent in accordance with an officer's certificate (the "**Officer's Certificate**") of the Agent addressed to the Trustees. The Officer's Certificate shall:

- (g) specify the documents and instruments (the "**Subject Documents**") to be executed and registered (as applicable) by the Trustees in accordance with this Section 2.1;
- (h) confirm that the Subject Documents are required by one or more senior lenders and/or are required to permit or facilitate the development of the Project; and
- (i) confirm that the terms and conditions of the Subject Documents to be executed by the Trustee are consistent with the Lender Documents.

Each of the Trustees is entitled to rely solely on the Officer's Certificate and have no duty or obligation to review the terms and conditions of the Subject Documents or make any inquiries or investigations as to whether the Subject Documents:

- (j) are required by one or more senior lenders and/or are required to permit or facilitate the development of the Project; or
- (k) are permitted under the Lender Documents.

Upon receipt of an Officer's Certificate, the Trustees sole obligation to each of their respective Lenders shall be to execute and register the Subject Documents specified in the Officer's Certificate and provide each Lender with a copy of the Officer's Certificate and Subject Documents by email at the email address specified in Exhibit "1" to the Accession Agreement attached as Schedule "A" to this Agreement (or as the Trustee may be advised by a Lender from time-to-time) within ten (10) business days of the execution and registration of Subject Documents. For greater certainty, each Lender is solely responsible for ensuring that the correct email address has been provided to their respective Trustee for the purposes of this Section 2.1.

2.2 For the purposes of this Agreement:

- (a) "**Losses and Liabilities**" means, in respect of a Party and in relation to a matter, any and all:
  - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which such Party suffers, sustains, pays or incurs directly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter, and
  - (ii) liabilities and obligations (whether under common law, in equity, under applicable law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such Party suffers, sustains, pays or incurs directly, as a result of or in connection with such matter,

including indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by such Party;

- (b) **"Claim"** means any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing; and
- (c) **"Party"** means any one Lender, Trustee or the Agent, as applicable.

2.3 **EACH OF THE LENDERS HEREBY RELEASES AND FOREVER DISCHARGES, THEIR RESPECTIVE TRUSTEES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, SERVANTS, AGENTS, ADVISORS, EMPLOYEES, AND CONSULTANTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (EACH, A "TRUSTEE ENTITY") FROM ANY AND ALL LIABILITY THAT SUCH TRUSTEE ENTITY MAY HAVE FOR ANY LOSSES AND LIABILITIES INCURRED OR SUFFERED BY SUCH LENDER TO THE EXTENT ARISING OUT OF, RELATING TO, OR RESULTING FROM: (A) THE EXECUTION AND REGISTRATION OF THE SUBJECT DOCUMENTS BY THE TRUSTEE; AND (B) THE RELIANCE BY A TRUSTEE ENTITY ON THE OFFICER'S CERTIFICATE OR THE INFORMATION CONTAINED THEREIN, EVEN IF IN EACH SUCH CASE SUCH LOSSES AND LIABILITIES ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY TRUSTEE ENTITY, EXCEPT TO THE EXTENT CAUSED BY OR ATTRIBUTABLE TO THE GROSS NEGLIGENCE, WILFUL MISCONDUCT OR FRAUD OF ANY TRUSTEE ENTITY.**

2.4 The Agent shall indemnify, defend and hold each of the Trustee Entities harmless from and against all Losses and Liabilities, excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by the Trustee Entity, incurred or suffered by a Trustee Entity to the extent arising out of, relating to, or resulting from: (a) the execution and registration of the Subject Documents by the Trustee; and (b) the reliance by a Trustee Entity on the Officer's Certificate or the information contained therein.

### **ARTICLE 3- APPOINTMENT OF AGENT**

#### 3.1 Appointment of Agent

Each Lender hereby irrevocably appoints and authorizes the Agent to act as its agent in accordance with Section 3.4, with the ability and discretion to, inter alia, exercise all rights and powers of the Lender under the Lender Documents.

#### 3.2 Agent Fees

There are no fees payable to the Agent under this Agreement. This Agreement is without prejudice to any right the Agent may have to collect fees under any other agreement with the Lenders.

#### 3.3 Former Trustee

The parties confirm that the Agent may rely on all documents and Lender Documents provided or executed by Sorrenti Law Professional Corporation, which was previously a trustee acting on behalf of certain Lenders.

### 3.4 Lender Agreements and Acknowledgements

The Lenders agree and acknowledge as follows:

- (a) The Agent shall not be required to take any action which (i) exposes it to liability; (ii) is contrary to this Agreement, the Lender Documents or any applicable law, rule, regulation, judgment or order; (iii) would require it to become registered to do business in any jurisdiction; (iv) would subject it to taxation; or (v) which it determines in its sole discretion is not a reasonable action to be taken;
- (b) The Agent has no duties or obligations other than as set out in this Agreement and there shall not be construed against the Agent any implied duties (including fiduciary duties), obligations or covenants. The Agent may execute or perform, and may delegate the execution and performance of, any of its powers, rights, discretions and duties under this Agreement through or to any persons designated by it. References in this Agreement to the Agent shall include references to any such persons;
- (c) The Agent is not obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Lender Documents; or (ii) incur or subject itself to any cost in connection with the Lender Documents, unless it is first specifically indemnified or furnished with security by the Lenders;
- (d) No Lender may take any independent legal action to enforce any obligation of FHVI under the Lender Documents. Each Lender hereby acknowledges that, to the extent permitted by applicable law, the Lender Documents and the remedies provided thereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally, and further acknowledges that each Lender's rights hereunder and under the Lender Documents are to be exercised jointly, not severally, by the Agent upon the decision of the Lenders. Accordingly, notwithstanding any of the provisions contained herein or in the Lender Documents, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action under the Lender Documents, including any declaration of default under the Lender Documents, but that any such action shall be taken only by the Agent with the prior written consent of the Lenders where required in accordance with Section 3.5 below, provided that, notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Agent the exigencies of the situation warrant such action, the Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders. Each Lender hereby further covenants and agrees that upon any such written consent being given by the other Lenders, it shall co-operate fully with the Agent to the extent requested by the Agent, and each Lender further covenants and agrees that all proceeds from the realization of or under the Lender

Documents, to the extent permitted by applicable law, are held for the benefit of all of the Lenders and shall be shared among the Lenders rateably in accordance with proportionate share of the Loan. Each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, so as to fully carry out the intent and purpose of this Section and each Lender hereby covenants and agrees that it shall not seek, take, accept or receive any security for any of the obligations and liabilities of the FHVI under the Lender Documents, or any other document, instrument, writing or agreement ancillary thereto, other than such security as is provided under the Lender Documents, and that it shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to any of the Lender Documents, unless all of the Lenders shall at the same time obtain the benefit of any such security or agreement, as the case may be; and

- (e) If any Lender obtains any payment (whether voluntary, involuntary or through the exercise of any right of set off or realization) on account of amounts owing to it pursuant to the Mortgage in excess of its rateable share of payments obtained by all the Lenders, the Lender shall account to and pay over the amount of the excess rateably to the other Lenders; and;
- (f) The Lenders acknowledge that it has made its own decision to participate in the Loan without any inducement from or reliance upon the Agent with respect to the financial condition of the Borrower or the sufficiency of the Project or the Lender Documents.

### 3.5 Consent of Lender

- (a) Save as set out herein, the Agent shall not, without the prior written consent of Lender, acting reasonably, agree to any renewal or any material amendment, modification or waiver of any of the terms of the Lender Documents, nor consent to any action or failure to act by FHVI or any other party, or exercise any rights that the Lender may have in respect thereof or pursuant to the Agreement;
- (b) If the Agent should request Lender's written consent to any actions and shall not receive Lender's consent or denial thereof in writing within ten (10) business days of the mailing, delivery or emailing of such request, Lender shall be deemed to have given its consent to such action; and
- (c) Notwithstanding anything contained herein, in the event that the Agent obtains the written consent or agreement of Lenders holding at least fifty percent (50%) plus one dollar of the amount of the Loan (a "**Majority**") advanced from time-to-time, to any of the actions described in Section 2.1 (collectively, the "**Change**"), the consent of all of the Lenders shall be deemed to have been given to the Change and the Agent shall be deemed to be authorized to instruct the Trustees to enter into any and all such documents and instruments required to give effect to the Change on behalf of all the Lenders. By way of example, in the event that the authorized loan is \$20,000,000.00 and when the Change is being requested \$10,000,000.00 has been advanced, provided that the Agent

obtains the written consent of Lenders to the Change who have advanced at least \$5,000,001.00, the Agent shall be permitted to proceed with the proposed Change.

- (d) In all other respects, the Agent is authorized to carry out its duties in accordance with this Agreement without the consent of the Lenders or the Trustees. The Agent may, if it chooses to so, seek instructions from the Lenders on any matter, in which case it shall only be entitled to act on such instructions if it received the approval of a Majority of Lenders.

### 3.6 No Liability

- (a) **THE LENDERS HEREBY RELEASE AND FOREVER DISCHARGE THE AGENT AND ITS DIRECTORS, OFFICERS, SERVANTS, AGENTS, ADVISORS, EMPLOYEES, AND CONSULTANTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (EACH AN "AGENT ENTITY") FROM ANY AND ALL LIABILITY THAT SUCH AGENT ENTITY MAY HAVE FOR ANY LOSSES AND LIABILITIES INCURRED OR SUFFERED BY SUCH LENDER TO THE EXTENT ARISING OUT OF, RELATING TO, OR RESULTING FROM ACTION TAKEN OR OMITTED TO BE TAKEN BY IT OR THEM IN CONNECTION WITH THIS AGREEMENT AND/OR THE LENDER DOCUMENTS, EXCEPT TO THE EXTENT IT IS SPECIFICALLY INSTRUCTED BY THE LENDERS UNDER THIS AGREEMENT.**
- (b) Without limiting the generality of the foregoing, the Agent (i) may consult with legal counsel, independent accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in accordance with their advice; (ii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for the form, substance, accuracy or completeness of any Lender Documents, or any other documents or information made available to the Lenders; (iv) has no duty to ascertain or inquire as to the existence of a default or an event of default or the observance of any of the terms or conditions of the Lender Documents; (v) is not responsible to any Lender for the execution, enforceability, genuineness, sufficiency or value of any of the Lender Documents; (vi) shall incur no liability by acting upon any notice, certificate or other instrument believed by it to be genuine and signed or sent by the proper person; and (vii) shall not be liable for any error of judgment or any action taken or omitted to be taken by it under or in connection with this Agreement if it acts upon or relies on any advice received from any expert retained by the Agent pursuant to Section 4.2, or otherwise acts in good faith.

### 3.7 Indemnity

Each Lender shall indemnify, defend and hold each of the Agent Entities harmless from and against all Losses and Liabilities (to the extent not reimbursed by FHVI) rateably (according to the amount of its investment) from any claim or loss suffered by, imposed upon or asserted against the Agent as a result of, or arising out of, this Agreement and/or the Lender Documents or any action taken or omitted by the Agent under this Agreement and/or the Lender Documents. The

provisions contained in this Section 3.7 related to the indemnification of the Agent by the Lenders, shall survive and continue in full force and effect, until liability of the Agent arising out of the transactions contemplated by this Agreement and the Lender Documents has been extinguished.

### 3.8 Successor Agent

The Agent may resign at any time by giving written notice to the Lenders such resignation to be effective upon the appointment of a successor agent. Upon delivering notice of resignation to the Lenders, the Agent has the right to appoint a successor agent, on behalf of the Lenders. If no successor agent is appointed or has accepted the appointment within thirty days after the retiring Agent's notice of resignation, then the Lenders may appoint a successor agent. Upon the acceptance of any such appointment by a successor agent, the successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation the provisions of this Agreement shall enure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

## **ARTICLE 4- SERVICING OF INVESTMENT**

### 4.1 Servicing Duties

The Agent shall administer and service the Lender Documents for the Lenders in accordance with normal lending practice and with the same degree of care and skill as a prudent lending institution would exercise for its own account and shall perform, without limiting the generality of the foregoing, the following duties:

- (a) make reasonable efforts to collect all payments due under the Lender Documents and this Agreement, including without limitation, all principal, interest and interest on overdue interest, taxes (if applicable), and any other monies or payments required by the Lender Documents;
- (b) perform all necessary services with respect to the settlement of any loss under insurance policies in the event of damage to or destruction of the Project;
- (c) settle with the FHVI and any expropriating authority the amount and disposition of any compensation payable in connection with any expropriation of any part of or any interest in the Project;
- (d) pay out of payments of interest or other monies received from FHVI by the Agent:
  - (A) when necessary, insurance premiums, taxes and any other amounts which the Agent is authorized to pay on behalf of the FHVI under any of the Lender Documents;
  - (B) the reasonable fees and expenses of any experts retained by the Agent pursuant to section 4.2;

- (C) any other reasonable expenses necessary to protect or preserve the Project; and
- (e) maintain proper records and accounts showing all receipts and disbursements in respect of the Lender Documents and permit Lender, its auditors and agents, on reasonable notice to the Agent, to examine such records and accounts from time to time and provide such copies thereof as Lender may reasonably require at its expense relating to the Lender Documents;
- (f) in the event that the Agent, in its sole discretion, acting as approved Lender and administrator, determines that FHVI, as a result of an act of *Force Majeure*, will not be able to complete the Project so as to make payments on or before the maturity date on the Lender Documents under the Lender Documents (as it may be extended under the terms thereof), it shall have the authority to extend the term of the Lender Documents for such period of time, not exceeding **24** months so as to permit FHVI to complete the Project and its sales, and thereby repay the Loan. The Agent shall have the right to do so on one or more occasions but for a period of time not exceeding 24 months as aforesaid, without the consent of the Lender;
- (g) give such notices to FHVI and other Persons as the Agent may consider necessary;
- (h) take all reasonable steps to enforce performance of the obligations of the FVHI under the Lender Documents or to protect or preserve the Project;
- (i) if the Agent considers it necessary to accelerate repayment under the Lender Documents and realize upon the Project including, inter alia, the appointment of a receiver, the exercise of powers of distress, the institution of foreclosure or power of sale proceedings and/or any other legal or equitable remedy. The Agent shall not be required to consult with the Lenders prior to determining what action it should take to enforce its rights and exercise its remedies under the Security Documents or otherwise. The Agent shall not be required to take any action (or refrain from taking any action) that would result in the Agent being in default of any covenant, term, provision or condition of this Agreement, or the Lender Documents or any obligation imposed on it by law including, without limitation, the obligation to act in a reasonable manner and in accordance with normal lending practice and with the same degree of care and skill as a prudent lending institution would exercise for its own account;
- (j) ensuring that FHVI has made satisfactory arrangements for insurance as may be required by the Lender Documents; and
- (k) acquire, assemble, record and process all the necessary information, data, applications and other forms and reports in connection with the Lender Documents.
- (l)

4.2 Retain Counsel and other Experts

To assist in administering the Collateral Mortgage and carrying out its duties hereunder, the Agent may retain at the expense of FHVI, or failing same, the Lenders to be shared based on their respective proportionate shares, such solicitors, notaries, counsel, auditors, appraisers and other experts as the Agent may, acting reasonably, believe to be necessary or desirable. Without limitation, the Agent may retain solicitors to perform and carry out all instructions and requirements necessary with respect to the Collateral Mortgage including, without limitation, the requisite title searches, the preparation, execution and delivery of the Lender Documents and the registration and filing of the Lender Documents or notices thereof as may be required to ensure the priority of the Lender Documents subject only to such encumbrances and other qualifications permitted by this Agreement.

4.3 Dealings with Borrower

Lender shall not contact or deal either directly or indirectly with FHVI or any other person with respect to the servicing of the Lender Documents or the enforcement of the Security without the consent of the Agent. Lender shall also not enter into any other agreement or take any other security with respect to this Agreement, or the Lender Documents or its proportionate interest in the Lender Documents without the consent of the Agent.

**ARTICLE 5- TERM**

5.1 Term

This Agreement terminates upon the earlier of

- (a) written approval by the Agent and Lenders; or
- (b) upon the distribution of all Net Cash Flow.

5.2 Survival

Termination of this Agreement will not affect or prejudice any rights or obligations that have accrued or arisen under this Agreement prior to the time of termination and these rights and obligations will survive the termination of this Agreement.

**ARTICLE 6- GENERAL**

6.1 Entire Agreement

The Lender Documents, Lender Consents and this Agreement, including the documents and instruments contemplated by or delivered under or in connection herewith and the schedules and exhibits hereto, supersedes all prior representations, arrangements, negotiations, understandings and agreements between the parties, both written and oral, relating to the subject matter hereof, and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representation or writing whatsoever not incorporated herein and made a part hereof.

6.2 Conflict

In the event, and to the extent, of conflict between any of the terms of this Agreement, the terms of the Lender Consents, the terms of this Agreement shall prevail. In the event, and to the extent, of conflict between any of the terms of the body of this Agreement, the terms of the schedules or exhibits attached hereto, or the terms of a document or instrument to be delivered hereunder, the terms of the body of this Agreement shall prevail. In the event of a conflict between any of the terms of the schedules or exhibits attached hereto or the terms of a document or instrument to be delivered hereunder, the terms of the schedules or exhibits attached hereto shall prevail.

6.3 No Registration

The Lender shall not register this Agreement or notice thereof in any manner on the title to the Lands or with respect to any of the other Project.

6.4 Further Assurances

Each of the parties to this Agreement shall, at any time or from time to time after the date hereof, at the request of the other party hereto, execute and deliver, or cause to be executed and delivered, such additional instruments, notices, releases, certificates, powers of attorney, assurances and other documents and take such further actions as may be required in order to effectively complete the assignment and assumption contemplated hereby.

6.5 Invalidity

If at any time any one or more of the provisions hereof is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby to the fullest extent possible by law.

6.6 Expenses

The Agent shall pay all costs and expenses incurred in acting as Agent for the Lenders under the Lender Documents and this Agreement.

6.7 Assignment and Enurement

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and their respective successors and permitted assigns. The Lenders shall not assign any of its rights or obligations hereunder without the prior written consent of their respective Trustee.

6.8 Counterparts and Electronic Transmission

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party's electronic transmission of a copy of this Agreement duly executed by that party shall constitute effective delivery by that party of an executed copy of this Agreement to the party receiving the transmission. A party that has delivered this Agreement

by electronic transmission shall forthwith deliver an originally executed copy to the other party.

6.9 Governing Law and Jurisdiction

This Agreement, including the documents and instruments contemplated by or delivered under or in connection herewith and the schedules and exhibits hereto, are governed by and are to be construed with the in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and treated in all respects as an Ontario contract. The parties hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

6.10 Amendments and Waiver

No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided. No failure or delay on the part of a party in exercising any power or right hereunder will operate as a waiver thereof.

6.11 Headings

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

6.12 Recitals

The Parties hereby acknowledge and declare that the foregoing recitals are true and correct.

6.13 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by e-mail, with a read receipt, addressed:

(a) in the case of the Lenders to the address set out opposite each Lenders name in Exhibit "1" to the Accession Agreement executed by such Lender hereto;

(b) in the case of Building & Development Mortgages Canada Inc. as follows:

Building & Development Mortgages Canada Inc.

1-A, 25 Brodie Drive

Richmond Hill, Ontario

L4B 3K7, Canada

Attention:

Ildina Galati-Ferrante

E-mail:

igalati@bdmc.ca

(c) in the case of Olympia Trust Company as follows:

Olympia Trust Company  
2300, 125 – 9<sup>th</sup> Avenue SE  
Calgary, Alberta  
T2G 0P6  
Attention: Kelly Revol  
E-mail: Revolk@olympiustrust.com

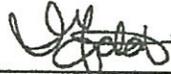
(d) in the case of FHVI as follows:

Fortress Harmony Village (2016) Inc.  
8, 25 Brodie Drive  
Richmond Hill, Ontario  
L4B 3K7, Canada  
Attention: Vincenzo Petrozza  
E-mail: vince@fortressrdi.com

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted e-mail before 5:00 p.m. (Toronto time) on a business day, will be deemed to have been given on such business day, and if transmitted by email after 5:00 p.m. (Toronto time) on a business day, will be deemed to have been given on the business day after the date of the transmission.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement with effect as of the date first written above.

**BUILDING & DEVELOPMENT MORTGAGES  
CANADA INC.**

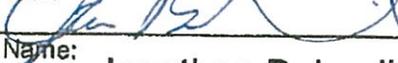
Per:   
Name: **Ilidina Galati-Ferrante**  
Title: **President**

Per: \_\_\_\_\_  
Name:  
Title:

*/We have the authority to bind the Corporation*

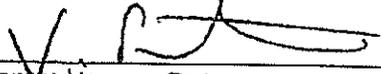
**OLYMPIA TRUST COMPANY**

Per:   
Name: **Carlavel Damard**  
Title: **CFO**

Per:   
Name: **Jonathan Bahnuik**  
Title: **General Counsel**

*/We have the authority to bind the Corporation*

**FORTRESS HARMONY VILLAGE (2016)  
INC.**

Per:   
Name: Vince Petrozza  
Title: Vice President

Per: \_\_\_\_\_  
Name:  
Title:

*I/We have the authority to bind the Corporation*

**SCHEDULE "A"**

**Form of Accession Agreement**

**ACCESSION AGREEMENT**

**TO:** Building & Development Mortgages Canada Inc. ("**BDMC**")

**AND TO:** Olympia Trust Company ("**Olympia**")

**AND TO:** Fortress Harmony Village (2016) Inc. ("**FHVI**")

**AND TO:** Each of the persons that has executed an accession to the Agency Agreement (as defined below)

**RE:** Agency Agreement made effective the 7<sup>th</sup> day of November, 2016 between BDMC and Olympia, as Trustees, FHVI, BDMC, as Agent, and each of the persons that has executed an accession to this Agency Agreement (the "**Agency Agreement**")

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THIS INSTRUMENT of accession forms part of an Agency Agreement which agreement permits execution by counterpart.

All of the capitalized terms used herein have the meanings ascribed to them in the Agency Agreement;

The undersigned Lender (the "**Acceding Lender**") hereby acknowledges that he/she/it has received a copy of the Agency Agreement and having read the Agency Agreement in its entirety, specifically acknowledges that:

Initial _____	In accordance with Section 2.3 of the Agency Agreement, <u>I am giving up my right to sue BDMC and Olympia</u> , in their respective capacities as trustees of the Collateral Mortgage, for any losses that I may suffer as a result of any postponement, subordination, discharge or other action taken by the Trustees with respect to the Collateral Mortgage, as instructed by the Agent and authorized by myself in accordance with Section 2.1 of the Agency Agreement.
Initial _____	In accordance with Section 3.5 of the Agency Agreement, BDMC, in its capacity as Agent, is authorized to instruct the Trustees to postpone, subordinate, discharge or proceed with any of the other matters authorized by myself in accordance with Section 2.1 of the Agency Agreement with respect to the Collateral Mortgage.
Initial _____	In accordance with Paragraph 3.6(a) of the Agency Agreement, <u>I am giving up my right to sue BDMC</u> , in its capacity as Agent, for any losses that I may suffer as a result of any action taken or omitted to be taken by the Agent in connection with the Agency Agreement, except to the extent such acts or omissions are inconsistent with my instructions to the Agent.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agrees that:

1. all of the provisions of the Agency Agreement shall be binding upon the Acceding Lender as if an original signatory to such Agency Agreement and such provisions shall enure to the benefit of and be binding upon the Acceding Lender's personal representatives, successors and permitted assigns; and
2. the Acceding Lender represents and warrants that he/she/it provided the Loan to the Borrower pursuant to a loan agreement between the trustee set out opposite the Acceding Lenders name in Exhibit "1", in trust for such Acceding Lender, and the Borrower, dated the date set out opposite the Acceding Lender name in Exhibit "1" hereto .

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

**DATED** as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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

\_\_\_\_\_  
Witness

\_\_\_\_\_  
NAME: «First\_Name» «Last\_Name»

Exhibit "1"

Lender name	Trustee	Amount of Loan	Tranche	Mailing Address	E-mail
«First Name» «Last Name»	«Trustee»	«Amount»	«Tranche»	«Address» «City», «Province» «Postal Code»	«Email»

**Schedule "B"**

**Mortgage**

First Charge registered on May 25, 2012 as Instrument No. SC983676 between Harmony Village-Lake Simcoe Inc. as Mortgagor and Blue Simcoe Developments Inc., Perfect Northern Developments Corporation, 1662893 Ontario Inc. and 1662894 Ontario Inc. as Mortgagee in the original principal sum of \$4,750,000.00. By Transfer of Charge registered May 25, 2012 as Instrument No. SC983677 the said Charge was transferred to Wayne Safety Limited, [REDACTED] Blencliff Construction Limited,

[REDACTED] Raicap Investments Corporation, [REDACTED]

**Appendix 23:**

**Email Exchange between Trustee's Counsel and Robins Appleby dated  
September 4, 2019 and September 12, 2019**

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**From:** Dacks, Jeremy [<mailto:JDacks@osler.com>]

**Sent:** September 12, 2019 3:09 PM

**To:** David Taub; De Lellis, Michael

**Cc:** Leor Margulies

**Subject:** RE: Fortress Real Developments Inc.: Claim re proceeds from sale of Fortress Kempenfelt Bay Developments Inc. lands

Hi David.

We acknowledge receipt of your e-mail correspondence.

The Trustee, as a court officer, is not in a position to properly consider the matters set out in your e-mail below as it does not contain sufficient particularity or supporting documentation with respect to your client's alleged claims.

Regards,  
Jeremy

**OSLER**

**Jeremy Dacks**

Partner

416.862.4923 | [JDacks@osler.com](mailto:JDacks@osler.com)

Osler, Hoskin & Harcourt LLP | [osler.com](http://osler.com)

---

**From:** David Taub

**Sent:** September 4, 2019 3:27 PM

**To:** Jeremy Dacks ([JDacks@osler.com](mailto:JDacks@osler.com)); De Lellis, Michael

**Cc:** Leor Margulies

**Subject:** Fortress Real Developments Inc.: Claim re proceeds from sale of Fortress Kempenfelt Bay Developments Inc. lands

Dear Sirs:

As you know, we represent Fortress Real Developments Inc. ("FRDI") We understand that the sale of the Fortress Kempenfelt Bay Developments Inc. site (the "Property") closed yesterday. This email constitutes notice to FAAN Mortgage Administrators Inc. ("FAAN"), in its capacity as Court-appointed Trustee of Building & Development Mortgages Canada Inc., that FRDI has a claim for the following amounts from the proceeds of sale:

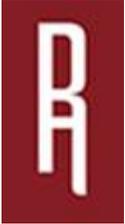
- (a) \$200,000 plus pre-judgment interest;
- (b) 2.5% of the sale price for the Property

FRDI claims these amounts in priority to the BDMC mortgage interest now represented by FAAN. FRDI's claim to the \$200,000 is made in reliance upon an agreement dated November 6, 2016 in which BDMC gave priority to various expenses incurred by the owner in funding the development. Its claim to the 2.5% fee is compensation for all the work undertaken by FRDI in finding the purchaser, negotiating with the purchaser and assisting with due diligence, the result of which was the purchaser's acquisition of the property. FRDI says that if it had had not brought the purchaser forward 9 months ago, the Purchaser would not have purchased the property from the lender, Firm Capital, at the purchase price and certainly not on an unconditional basis.

FRDI will cooperate with FAAN in discussing an appropriate procedure to resolve its claim.

I look forward to hearing from you.

Regards,



**David Taub** | [Bio](#)

T. 416.360.3354

E. [dtaub@robapp.com](mailto:dtaub@robapp.com)

**ROBINS APPLEBY**

BARRISTERS + SOLICITORS

---

\*\*\*\*\*

This e-mail message is privileged, confidential and subject to copyright. Any unauthorized use or disclosure is prohibited.

Le contenu du présent courriel est privilégié, confidentiel et soumis à des droits d'auteur. Il est interdit de l'utiliser ou de le divulguer sans autorisation.

\*\*\*\*\*

**Appendix 24:**

**Robins Appleby Email dated September 24, 2019**

**From:** David Taub <[dtaub@robapp.com](mailto:dtaub@robapp.com)>  
**Sent:** Tuesday, September 24, 2019 9:32 AM  
**To:** Dacks, Jeremy <[JDacks@osler.com](mailto:JDacks@osler.com)>; De Lellis, Michael <[MDeLellis@osler.com](mailto:MDeLellis@osler.com)>  
**Cc:** Leor Margulies <[lmargulies@robapp.com](mailto:lmargulies@robapp.com)>  
**Subject:** RE: Fortress Real Developments Inc.: Claim re proceeds from sale of Fortress Kempenfelt Bay Developments Inc. lands

Hi Jeremy,

---

Further to your email below, the subsequent exchange between Leor and Michael, and as requested, I am setting out the basis for our client's priority claim from the sale proceeds of the Fortress Kempenfelt Bay Developments Inc. ("FKBD") lands over FAAN Mortgage Administrators Inc., in its capacity as Court-appointed Trustee of Building & Development Mortgages Canada Inc.

Firstly, the proper claimant is FKBD (formerly known as Fortress Harmony Village (2016) Inc. ("FHVI") and not Fortress Real Developments Inc. ("FRDI") . While I understand that some of the funds at issue were provided by FRDI, they were advanced on behalf of FKBD and it is FKBD which has the contractual entitlement to priority. The claim is made in reliance on a series of Agency Agreements made as of November 7, 2016 among BDMC and Olympia Trust Company as Trustees, FHVI and the various project lenders. A copy of one sample Agency Agreement executed by BDMC and FHVI is attached. I am advised that multiple Agency Agreements were signed by the various lenders.

By Articles of Amendment dated November 15, 2016, a copy of which is attached, FHVI changed its name to FKBD.

Under the terms of the Agency Agreements, the parties agreed in section 1.3 that FHVI would purchase the Project (as defined in the Agency Agreements) and that FHVI would not be responsible for repayment of the prior mortgages registered on title to the Project. In place of the mortgage obligation, the parties agreed to repay the lenders on the specific terms contained in the Agency Agreements. That obligation was to repay "all Net Cash Flow as defined below, up to the amount of the Loan..."

"Net Cash Flow" was defined in section 1.4 as including "all cash revenues received by FHVI with respect to the sale/leasing of the Project after payment of the following:

- (a) all debt secured by the first mortgage in favour of Vector in the principal amount of \$7,000,000.00 as may be increased at the sole discretion of FHVI to pay for Project costs, or any replacement of such mortgage, which first mortgage has been used to finance the acquisition and construction of the Project by FHVI, including all carrying costs, fees and other expenses related to the said mortgage;
- (d) any other loans arranged by FHVI to fund the cost of constructing operating or carrying the Project and secured by a charge on the Project which charge shall rank in priority to the Collateral Mortgage;
- (e) any mortgages/charges or loans used for refinancing the mortgages referred to in Paragraphs 1.4(a), 1.4(c) and 1.4(d); and
- (f) carrying costs, development, marketing, sales, leasing and other related expenses for construction, leasing, selling or operating the Project and not otherwise financed by the Mortgages/charges referenced in Paragraphs 1.4(a) to 1.4(e) above (collectively the "Prior Mortgages").

FHVI says that it advanced various funds and into the Project and incurred expenses which are payments as defined by section 1.4(a), (d), (e) or (f) and therefore any and all of "carrying costs, fees and other expenses related to the said mortgage";

Please find attached a Promissory Note dated June 21, 2018 in which FKBD promised to pay certain lenders \$200,000 on or before June 22, 2019. I am advised that this note evidences consulting fees and funds paid into the Project. Also please find attached payment records and a spreadsheet documenting payments of \$116,742.61 made in respect of the Project, plus outstanding invoices for the consulting fees. Additionally, please find attached an invoice in the sum of \$94,920 dated September 1, 2019 from FRDI to FKBD for FRDI's development consulting services provided.

Finally, my client claims an entitlement to 2.5% of the \$14.9 million sale price. Its claim is based upon paragraph 1.4(f) of the Agency Agreements as this sum represents marketing and sales costs for the Project owing to FRDI. As you know, the purchaser was introduced to the Project by FRDI and FKBD. Advice was given by FRDI to FKBD and assistance was given to negotiate the terms of an agreement with the purchaser and then to assist the purchaser in all its due diligence over a period of eight months. The sale ultimate would not have occurred, without these efforts. As a result, FRDI claims payment of this sum. Attached is an invoice in the sum of \$420,925 dated September 20, 2019 from FRDI to FKBD for these services.



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