

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

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
*MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29 and SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43***

**MOTION RECORD OF FAAN MORTGAGE ADMINISTRATORS INC., IN
ITS CAPACITY AS COURT-APPOINTED TRUSTEE**

(JANUARY 2022 COMPREHENSIVE UPDATE)

VOLUME 2 OF 3

January 18, 2022

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 COMMERCIAL LIST**

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Counsel for Snoxons Holdings Inc.

AND **KSV RESTRUCTURING INC.**
TO: 150 King St. W., Suite 2308
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Jordan Wong

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Email: jwong@ksvadvisory.com

Go-To Receiver

AND **RUSSELL JOHN (TIG) FONG**
TO: tig@flyingkneefilms.com

Email List:

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mcalvaruso@osler.com; naveed@faanmortgageadmin.com; daniel@faanmortgageadmin.com;
lane@faanmortgageadmin.com; shelby@faanmortgageadmin.com; naomi@faanmortgageadmin.com;
sgraff@airdberlis.com; iaversa@airdberlis.com; mspence@airdberlis.com;
Jennifer.teskey@nortonrosefulbright.com; Jeremy.devereux@nortonrosefulbright.com;
dtaub@robapp.com; jfox@robapp.com; dullmann@blaney.com; harvey@chaitons.com;
george@chaitons.com; troy.harrison@fsrao.ca; sylvia.ezeard@fsrao.ca; steven.groeneveld@ontario.ca;
leslie.crawford@ontario.ca; vince@fortressrdi.com; jawad@fortressrdi.com;
BahnuiK@olympiatrust.com; johnsons@olympiatrust.com; sales@pacedev.ca; dfazari@cityzen.ca;
catalinadevelopments@gmail.com; jvalela@tercot.com; dan@kingridgedevelopments.ca;
nate@lambdevcorp.com; jessica@lambdevcorp.com; brad@lambdevcorp.com; oswin@kingsquare.ca;
mike@enginedevelopments.ca; shawn.keeper@dunsire.com; planni@averton.ca;
info@fusionhomes.com; mtomaszewski@amadongroup.com; mario@rosewatergroup.com;
naram.mansour@carlylecommunities.com; ramsey@cachetdevelopments.com;
shussain@sunrisehomes.ca; dbunston@georgianinternational.com;
pgoldfischer@solotexcorporation.com; pbates@batesbarristers.com; Jeff.berger@rsmcanada.com;
tmazzoli@ffmcapital.com; kkochhar@ffmcapital.com; zafar@fdsbroker.com;
cmills@millerthomson.com; davidn@gsnh.com; niedzviecki@omh.ca; mwine@MSTWLaw.com;
marg@waddellphillips.ca; David@davidchong.ca; mtamblyn@torkinmanes.com;
Mark.Adams@mcap.com; Philip.Frank@mcap.com; Bruno.Iacovetta@mcap.com; jgalati@cdcminc.ca;
tpringle@spergel.ca; arif.dhanani@rsmcanada.com; danny.nunes@dlapiper.com;
Edmond.lamek@dlapiper.com; jjoffe@ksvadvisory.com; bkofman@ksvadvisory.com;
zweigs@bennettjones.com; samantha@tsklaw.ca; jfried@mwb.ca; khampton@millerthomson.com;
Jackson@gsnh.com; micolae@harris-sheaffer.com; Robert.Armstrong@computershare.com;
Info@rosengoldberg.com; dforgione@owenswright.com; jason.wong@rcmp-grc.gc.ca;
drickards@soblerickards.ca; pcho@weirfoulds.com; Derek.sorrenti@sorrentilaw.com;
Derek.sorrenti@dslaw.ca; DJMiller@tgf.ca; Ben@northcove.net; wf@friedmans.ca; pfesharaki@tgf.ca;
lmargulies@robapp.com; nmusclow@lso.ca; HJankovi@lso.ca; gmurdoch@sorbaralaw.com;
aiqbal@millerthomson.com; pguaragna@millerthomson.com; rscott@fusionhomes.com;
jiselby@millerthomson.com; Jacqueline.Maarse@ca.gt.com; darryl@darryllevitt.com;
serge@kalloghlianmyers.com; aj@kalloghlianmyers.com; garth@kalloghlianmyers.com;
ryan.morris@blakes.com; ksherkin@millerthomson.com; Amanda.Yu@computershare.com;
PCSmortgages@computershare.com; ryan@bradjlambrealty.com; brjones@groiaco.com;
gullman@blacksutherland.com; tig@flyingkneefilms.com; bkofman@ksvadvisory.com;
mvininsky@ksvadvisory.com; jwong@ksvadvisory.com;

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TAB	DOCUMENT	Page No.
1.	Notice of Motion dated January 18, 2022	021
2.	Twenty-Seventh Report of the Trustee dated January 18, 2022	039
3.	Draft January 2022 Omnibus Order	537

Appendix 6:
Snoxons Pari Passu Agreement

PARI PASSU AGREEMENT

THIS AGREEMENT dated as of the ^{4th} day of February, 2011

AMONG:

SNOXONS HOLDINGS INC.
(hereinafter referred to as the "Original 2nd Mortgagee")
OF THE FIRST PART;

- and -

**DEREK SORRENTI IN TRUST, B2B TRUST COMPANY
AND THE BANK OF NOVA SCOTIA TRUST COMPANY**
(hereinafter referred to as the "New 2nd Mortgagee")

OF THE SECOND PART;

(the Original 2nd Mortgagee and the New 2nd Mortgagee hereinafter being sometimes individually referred as a "Mortgagee" and sometimes collectively referred to as the "Mortgagees")

- and -

2221563 ONTARIO INC.
(hereinafter referred to as the "Borrower")
OF THE THIRD PART;

RECITALS:

- A. The Borrower has executed the first mortgage as listed on Schedule "A" hereto in favour of the Original 2nd Mortgagee (the "Original 2nd Mortgage Security").
- B. The Borrower has executed a second mortgage as listed on Schedule "B" in favour of the New 2nd Mortgagee (the "New 2nd Mortgage Security").
- C. The parties hereto desire to outline the respective priorities, rights and obligations of holders of the Original 2nd Mortgage Security and the New 2nd Mortgage Security.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and other good and valuable consideration, the parties hereto hereby covenant, undertake, declare and agree as follows:

ARTICLE 1 - DEFINITIONS

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

- (i) **"Property"** means the property described in Schedule "C".

ARTICLE 2 - CONSENT

- 2.01 The Original 2nd Mortgagee hereby acknowledges its consent to the creation and issue by the Borrower of the New 2nd Mortgage Security to the New 2nd Mortgagee and to the incurring by the Borrower of the indebtedness evidenced thereby.
- 2.02 The New 2nd Mortgagee hereby acknowledges the creation, validity and issue by the Borrower of the Original 2nd Mortgage Security to the Original 2nd Mortgagee and to the incurring by the Borrower of the indebtedness evidenced thereby.

ARTICLE 3 - PRIORITY

- 3.01 Notwithstanding any provision contained in the security documentation executed by the Borrower in connection with the Original 2nd Mortgage Security or the New 2nd Mortgage Security, the Original 2nd Mortgagee and the New 2nd Mortgagee covenant and agree with each other that their respective security interest in the Property of the Borrower shall rank equally and they shall be entitled to share, on a pro rata dollar for dollar basis, in the assets of the Borrower, in the event of the repayment of all or a portion of their respective security interests registered against the Borrower.

ARTICLE 4 - ENFORCEMENT

- 4.01 If either Mortgagee makes a demand or accelerates the time for payment of any indebtedness of the Borrower or gives notice to the Borrower of its intention to enforce security or commences proceedings in court or otherwise for the enforcement of any security or collection of any indebtedness of the Borrower, such Mortgagee, shall give the other Mortgagee seven (7) days notice of such intention, and shall from time to time, promptly provide the other Mortgagee, at its request, full information concerning the status of any action it has taken or is contemplating taking against the Borrower or any of its assets.

- 4.02 Any payments or distributions received by any Mortgagee contrary to the provisions hereof shall be received in trust for the benefit of the other Mortgagee and shall be paid to the Mortgagee or party so entitled.
- 4.03 Neither Mortgagee or the Borrower shall challenge or contest the validity, priority or enforceability of the security held by the other Mortgagee as set out herein. Neither Mortgagee shall take any steps or do or cause any act or thing to be done whereby the respective priorities of the Original 2nd Mortgagee nor the New 2nd Mortgagee as defined herein may be defeated or impaired. Neither Mortgagee shall claim or prove in the bankruptcy or insolvency of the Borrower in competition with the other Mortgagee or in a manner inconsistent with this Agreement.

ARTICLE 5 - GENERAL

- 5.01 From time to time upon request therefor the Original 2nd Mortgagee and the New 2nd Mortgagee may advise each other of the particulars of the indebtedness and liability of the Borrower and any other information about the Borrower to each other and all security held by each therefor and the Borrower hereby expressly consents to the sharing of information about the Borrower among the Original 2nd Mortgagee and the New 2nd Mortgagee.
- 5.02 Each of the Original 2nd Mortgagee, New 2nd Mortgagee and the Borrower shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the intent of this Agreement; provided, however, that no consent of the Borrower shall be necessary to any amendment of the terms hereof by the Original 2nd Mortgagee or the New 2nd Mortgagee unless the interests of the Borrower are directly affected thereby.
- 5.03 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.
- 5.04 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, and shall supercede and replace any other priority or similar agreement executed by the parties with respect to the matters contained herein; provided that a Mortgagee assigning or transferring any of the indebtedness of the Borrower or any security held in connection therewith shall first deliver to the other Mortgagee a written agreement by the proposed assignee or transferee in favour of the other Mortgagee acknowledging such proposed assignee or transferee to be bound by the provisions hereof to the same extent as the assignor or transferor.
- 5.05 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
- 5.06 Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by: (i) personal delivery; or (ii) by transmittal by facsimile, or

other electronic means of communication, other than e-mail, (with a copy to follow by regular mail), addressed to the respective parties as follows:

To the Borrower(s):

2221563 Ontario Inc.
#205 - 55 St.Clair Avenue West
Toronto, ON
M4V 2Y7

To the Original 2nd Mortgagee:

Snoxons Holdings Inc.
2 Cuthrie Court
Stouffville, ON
L4A 7X2

To the New 2nd Mortgagee:

c/o Derek Sorrenti, Barrister & Solicitor
#400 - 3800 Steeles Avenue West
Vaughan, ON
L4L 4G9

or to such other address or telex number or telecopy number as any party may from time to time notify the others in accordance with this Section 5.06. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof or, if made or given by telex, telecopy or other electronic means of communication (other than e-mail), on the first business day following the transmittal thereof.

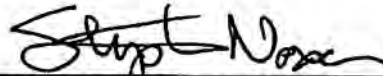
IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers.

DEREK SORRENTI, IN TRUST


- New 2nd Mortgagee

c/o DEREK SORRENTI
TRUSTEE

SNOXONS HOLDINGS INC.
- Original 2nd Mortgagee



Name: Stephen C. Noxon
Title: President



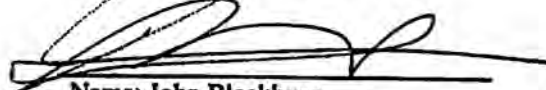
Name: Sandra J.W. Noxon
Title: Secretary

We have authority to bind the Corporation

2221563 ONTARIO INC.
- Borrower



Name: Alan Chapple
Title: Chief Executive Officer



Name: John Blackburn
Title: Vice-President

We have authority to bind the Corporation

Schedule "A"

LRO # 65 Charge/Mortgage

Registered as YR1416446 on 2009 12 09 at 16:48

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 12

Properties

<i>PIN</i>	03475 - 0123 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY AS IN R533209 ; GEORGINA		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0124 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LT 1 PL 447 N GWILLIMBURY; LT 2 PL 447 N GWILLIMBURY; LT 3 PL 447 N GWILLIMBURY; LT 4 PL 447 N GWILLIMBURY; LT 5 PL 447 N GWILLIMBURY; LT 6 PL 447 N GWILLIMBURY; LT 7 PL 447 N GWILLIMBURY; LT 8 PL 447 N GWILLIMBURY ; GEORGINA		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0125 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	DOREDA DR PL 447 PT 2 65R16653, GEORGINA AS STOPPED UP AND CLOSED BY BY-LAW REGISTERED AS YR45264		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0126 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 6 PL 170 N GWILLIMBURY AS IN B31794B ; GEORGINA.		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0127 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LT 5 PL 170 N GWILLIMBURY TW R737440 ; GEORGINA		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0868 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LT 9 PL 447 N GWILLIMBURY; LT 10 PL 447 N GWILLIMBURY; LT 11 PL 447 N GWILLIMBURY; LT 12 PL 447 N GWILLIMBURY; LT 13 PL 447 N GWILLIMBURY; LT 14 PL 447 N GWILLIMBURY; LT 15 PL 447 N GWILLIMBURY; BLK A PL 447 N GWILLIMBURY ; GEORGINA		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0869 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY PT 1 65R16653 LYING NW OF LTS 6 & 7, PL 447; GEORGINA		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0870 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY PT 1 65R16653 LYING S OF DOREDA DR , LTS 9 10 & BLK A PL 447 ; GEORGINA		
<i>Address</i>	KESWICK		
<i>PIN</i>	03475 - 0927 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 6 PL 170 N GWILLIMBURY; PT LT 7 PL 170 N GWILLIMBURY; PT LT 8 PL 170 N GWILLIMBURY AS IN R649566 ; GEORGINA		
<i>Address</i>	KESWICK		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 2221563 ONTARIO INC.
Address for Service 608450 - 12th Sideroad R.R.#2, P.O.
 Box 415, Ravenna, Ontario N0H 2E0

I, Stephen Glogowski, A.S.O., have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)	Capacity	Share
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Name SNOXONS HOLDINGS INC.
Address for Service 2 Guthrie Court, Stouffville, Ontario L4A 7X2

Statements

Schedule: See Schedules

LRO # 65 Charge/Mortgage

Registered as YR1416446 on 2009 12 09 at 16:48

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 12

Provisions

<i>Principal</i>	\$6,000,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	monthly, not in advance		
<i>Balance Due Date</i>	2010/05/31		
<i>Interest Rate</i>	12.0%		
<i>Payments</i>			
<i>Interest Adjustment Date</i>	2009 12 08		
<i>Payment Date</i>	Last business day of each month		
<i>First Payment Date</i>	2009 12 31		
<i>Last Payment Date</i>	2010 05 31		
<i>Standard Charge Terms</i>	200033		
<i>Insurance Amount</i>	full insurable value		
<i>Guarantor</i>	BRIGHTSTAR CRATES LANDING (ONTARIO) GENERAL PARTNER INC. AND BRIGHTSTAR DEVELOPMENTS INC. jointly and severally		

Additional Provisions

The monthly payments will be be interest only.

PRIORITY AND POSTPONEMENT

It is understood and agreed that this mortgage is hereby postponed in favour of the first mortgage in favour of Foremost Mortgage Holding Corporation et. al. registered against the subject properties on December 9th, 2009 as Instrument No. YR1416425 for the principal amount of \$2,400,000.00, which first mortgage shall have priority over the within second mortgage in respect of all interest, taxes, costs and other sums secured thereby and that all funds advanced pursuant to the said first mortgage, regardless of the day or dates made, shall be entitled to priority over all monies advanced or owing under the within second mortgage.

Signed By

Gordon Alfred Ullman	130 Adelaide Street West, Suite 3425, PO Box 34 Toronto M5H 3P5	acting for Chargor (s)	Signed 2009 12 09
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Tel 4163611500

Fax 4163611674

I have the authority to sign and register the document on behalf of the Chargor(s).

Submitted By

BLACK SUTHERLAND LLP	130 Adelaide Street West, Suite 3425, PO Box 34 Toronto M5H 3P5	2009 12 09
----------------------	--	------------

Tel 4163611500

Fax 4163611674

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$60.00
<i>Total Paid</i>	\$60.00

SCHEDULE

INDEBTEDNESS

1. For the purposes of this Charge, the term "Indebtedness" means the aggregate of all present and future indebtedness and liabilities of the Chargor to the Chargee (direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred as principal or surety, whether incurred alone or with another or others and whether arising from dealings between the Chargee and the Chargor or from other dealings or proceedings by which the Chargee may become a creditor of the Chargor) payable under or by virtue of:
 - (a) the Loan Agreement dated the ___ day of December, 2009 as may be amended from time to time including but not limited to the Loan, Project Advances, Project Loan Balance, Land Purchase Note and Project Loan Note as defined and described therein;
 - (b) any instrument, agreement or other document whatsoever taken by way of renewal or replacement thereof, as amended from time to time; and
 - (c) the Charge.

PAYMENT PROVISIONS

2. The amount of principal money secured by this Charge is Six Million Dollars (\$6,000,000.00) and the rate of interest chargeable thereon is as hereinafter set out.

PROVIDED this Charge to be void upon payment of the Indebtedness in lawful money of Canada with interest at the rate per annum which is twelve percent (12%) per annum adjusted and calculated daily and payable monthly as follows:

The whole of the principal sum of Six Million Dollars (\$6,000,000.00) or so much thereof as has been advanced hereunder shall become due and be payable on the 31st day of May, 2010, and interest, adjusted and calculated daily, and payable monthly at the aforesaid rate, as well after as before maturity and both before and after default, on such portion of the principal sum advanced as remains from time to time unpaid on the last business day of each and every month in each and every year until the said principal sum has been fully paid; the first payment of interest shall be computed from the date of the first advance hereunder upon the portion of the principal sum advanced to become due and payable on the last business day of the calendar month commencing immediately following the month in which the first advance is made hereunder. Any overdue payment of interest shall bear interest at the same rate. Any payment made after 12:00 p.m. noon on any payment date shall be deemed, for the purposes of calculation of interest, to have been made and received on the next bank business day.

ADDITIONAL PROVISIONS

3. The within Charge is being given as additional security to a Loan Agreement of even date between the parties hereto and payments made on account of the said Loan Agreement shall be applied to the within Charge. Payment under the Loan Agreement shall be considered payment under this Charge. Upon payment of all amounts owing under the Loan Agreement and this Charge, the Chargee shall execute, at the expense of the Chargor, a discharge of this Charge. Default under the Loan Agreement shall constitute a default under this Charge and default under this Charge shall constitute a default under the Loan Agreement.
4. Provided that the Chargor herein shall have the privilege of prepaying the whole of the principal sum secured on any payment date upon payment of all outstanding interest and other costs secured by the Charge.

5. In the event that the Chargor shall sell, transfer or otherwise dispose of the lands herein at the Mortgagee's option, the entire principal balance outstanding together with interest and other costs secured shall become due and payable forthwith.

EVENTS OF DEFAULT

6. An "Event of Default" shall occur upon the happening of any of the following, namely:
- (a) if the Chargor shall make default under any one or more of the covenants, conditions, terms, agreements, provisos and obligations herein contained by and on the part of the said Chargor to be kept, observed and performed;
 - (b) if the Chargor becomes insolvent or bankrupt, or a trustee in bankruptcy be appointed for the Chargor or if the Chargor shall make a general assignment for the benefit of creditors or shall go into liquidation either voluntarily or under an order of a court of competent jurisdiction or otherwise acknowledges its insolvency;
 - (c) if at any time there is or has been any discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Chargee by or on behalf of the Chargor with respect to the charged property or any of the Chargor's financial condition and responsibility, and if such discrepancies or inaccuracies are material and cannot be rectified or nullified by the Chargor to the satisfaction of the Chargee within forty-eight (48) hours of written notification thereof to the Chargor;
 - (d) if any charge or encumbrance affecting the charged property to which the Chargee has consented is in default;
 - (e) if the Chargor shall make default under any one or more of the covenants, agreements, provisions, obligations, representations or warranties contained in the Loan Agreement made between the Chargor and the Chargee in connection with this Charge;
 - (f) if the lands charged herein being sold, conveyed, transferred or if the Chargor enters into an agreement for sale or transfer of title of the property hereby mortgaged to a purchaser or transferee not approved in writing by the Chargee, which approval may be unreasonably withheld;

The Chargor having obtained any subsequent financing or refinancing of the property, other than such financing as exists on the date of registration of this Charge without having obtained the prior written approval of the Chargee, such approval may be unreasonably withheld;

On the death of a Chargor or of a shareholder owning the majority of the shares issued in the capital stock of the Chargor (if the Chargor is a corporation) or in the event that any or all of the shares issued and outstanding in the capital stock of the Chargor are directly or indirectly transferred, pledged, encumbered or hypothecated or dealt with in any manner whatsoever;

There is litigation or any other proceeding, application, claim or action pending or threatened before any court, administrative board or other tribunal which, if determined adversely to the Chargor, in the opinion of the Chargee would materially affect the charged property or would have a material adverse effect on the financial condition of the Chargor or the income of the property; and/or

The Chargor fails to observe and perform any covenant contained in this Charge or in any additional security document given in connection herewith.

7. If an Event of Default shall occur, the Chargee, in addition to and without prejudice to any other rights it has hereunder may at its option treat this Charge as being in default and at the option of the Chargee and on demand the full principal balance outstanding and all other costs, charges and expenses hereby secured including legal fees and disbursements on a solicitor and his own client basis shall immediately become due and payable and all the powers in and by this Charge conferred shall become exercisable, at the option of the

Chargee, and the powers of sale herein contained may be exercised as herein provided.

PROVIDED further that nothing herein shall be construed so as to permit the Chargor the privilege of prepaying the said Charge in whole or in part upon the happening of any of the Events described above.

PROVIDED further that an Event of Default may be waived by the Chargee provided such waiver shall not operate as a waiver of any other or further Event of Default.

INSURANCE PROVISIONS

8. (a) In addition to the insurance provided for under paragraph 16 of Standard Charge Terms No. 200033 the Chargor, in accordance with the provisions of this paragraph, shall maintain insurance against the perils therein described on all chattels used on, in or about the charged property, including if applicable, boiler and machinery insurance, builder's risk insurance and such other insurance as may be reasonably required by the Chargee including loss of rental income insurance on a 100% basis. The fire insurance on the buildings and chattels on the charged property shall contain a standard extend coverage endorsement to full one hundred percent (100%) replacement cost or the full insurable value, whichever shall be the greater, but in no event less than the principal amount of the Charge; with standard mortgage endorsement clause (IBC 3000) to form part of the policy. The policy must also allow for partial occupancy and contain a comprehensive public liability coverage for a minimum of TWO MILLION DOLLARS (\$2,000,000.00) per each occurrence; no insurance may be subject to a co-insurance clause.
- (b) The Chargor shall provide such time or times as requested by the Chargee written evidence of the continuation and of the existence of the insurance as required by this Charge.
- (c) In the event that evidence of continuation of insurance as herein required has not been delivered to the Chargor, the Chargee shall be entitled to a servicing fee for each written enquiry which the Chargee shall make to the insurer pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargor pursuant to the within provision arranges insurance coverage with respect to the said lands, the Chargee in addition to the afore-noted servicing fee shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

REALTY TAXES

9. (a) The Chargor shall throughout the term of the Charge:
- (i) Pay all municipal taxes levied upon the property as the same fall due and furnish to the Chargee, within thirty (30) days after payment of such taxes in full, evidence of payment thereof, and
- (b) Notwithstanding paragraph 8(a) above, the following provisions shall apply at the option of the Chargee:
- (i) The Chargee may deduct from any advances of money secured by this Charge an amount sufficient to pay any and all taxes (and any other liens, charges, encumbrances or claims against the lands) which have become or will become due and payable and are unpaid at the date of such advance;
- (ii) The Chargor shall pay to the Chargee on each monthly payment date of principal and interest and in addition thereto until the indebtedness hereby secured is fully paid an installment in the amount of the taxes; the amount of the monthly installments shall be equal to the amount of such annual taxes next due as estimated by the Chargee, less all installments already paid

therefor, divided by the number of monthly installments therefor becoming due not later than one (1) month prior to the due date of any such taxes and shall be subject to increase or decrease to the extent required to create as of the monthly payment date on the Charge immediately preceding the due date of any such taxes an amount sufficient for the payment thereof in full on such due date (the due date is that date from and after which penalties accrue and become an additional charge if payment is not made on or before such date).

- (iii) The Chargor covenants to transmit to the Chargee all assessment notices, tax notices or other documents affecting the imposition and payment of taxes against the lands as soon as the same shall have been received by the Chargor and to obtain and deliver the same to the Chargee at least thirty (30) days prior to the date for the payment thereof.
- (iv) In no event shall the Chargee be liable for any interest on any amount paid to it as in this clause required and the money so received may be held by it with its own funds pending payment or application thereof as herein provided.
- (v) The Chargee shall pay the taxes to the amount of the then unused credit therefor on or before their due date and may at its option pay any of such taxes when payable either before or after the said due date without notice or make advances therefor in excess of the then amount of credit for such taxes; any excess amount advanced shall be immediately due and payable to the Chargee and shall be secured as additional principal sum under this Charge and bear the same rate of interest from the date of advance as the principal indebtedness;
- (vi) An official receipt therefor shall be conclusive evidence of such payment and of the validity of such taxes.
- (vii) The Chargee may apply credits for the above taxes or any part thereof on account of any delinquent installments of principal or interest or any other payments maturing or due under this Charge and the amount of credit existing at any time shall be reduced by the amount thereof paid or applied as herein provided.
- (viii) The amount of the existing credit hereunder at the time of any transfer of the Chargor's interest in the said lands shall without assignment thereof enure to the benefit of the Chargor's successor and shall be applied under the subject of all the provisions hereof;
- (ix) Upon the payment in full of the money secured hereby, the amount of any used credit shall be paid to the party lawfully entitled thereto;
- (x) If payments are not made as in this clause provided and such default continues for a period of ten (10) days, the Chargee may at its option declare the whole of the principal sum and interest hereby secured and not previously paid immediately due and payable and proceed as in the case of any other default in payment thereof.

UFFI AND ASBESTOS WARRANTY

10. The Chargor represents and warrants that the charged property is not, has never been, and will not during the term and any extension of the term of this mortgage contain asbestos in any form, urea formaldehyde in any form, polychlorinated bi-phenol or products treated with polychlorinated bi-phenol, radioactive substances or any other substance which have been determined by any government authority having jurisdiction, (including the Worker's Compensation Board) to be injurious to human life or health. If such a substance is found in the subject property prior to any advances of funds hereunder, the Chargee shall be relieved of its obligation to make any advance and the fees payable by the Chargor to the Chargee

shall be immediately forfeited to the Chargee. If such a substance is found in the subject property after funds have been advanced by the Chargee to the Chargor, then at the Chargee's sole option, the funds so advanced with all other amounts payable under the Charge shall become immediately due and payable by the Chargor to the Chargee.

HAZARDOUS WASTE

11. In addition to the liability imposed on the Chargor under any instrument evidencing or securing the Charge, the Chargor shall be liable for any and all of the Chargee's costs, expenses, damages or liabilities (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge disposal or presence on, under or about the charged property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the Charge and any other extinguishing of the obligations of the Chargor to the Chargee in respect of the Charge and any other exercise by the Chargee of any remedies available to it for any default under the Charge.

LOAN AGREEMENT REMAINS IN EFFECT

12. Provided further that the Chargor covenants and agrees that all the obligations, terms, covenants, warranties and stipulations on the part of the Chargor contained in the Loan Agreement dated the ____ day of December, 2009 made between the Chargee and the Chargor (the "Loan Agreement") form an integral part of this Charge and all such terms of the aforesaid Loan Agreement shall be deemed to be part of this Charge and of the same force and effect as if they were fully set forth herein, and the Chargor covenants and agrees to keep and perform such terms and failure on the part of the Chargor to observe, keep and perform such terms shall constitute an act of default hereunder and this Charge shall then be deemed to be in default. To the extent that any term or terms of the Loan Agreement conflicts with any term or terms of this Charge, the Chargee in its sole and unfettered discretion shall determine which term or terms shall be effective.

RETURNED OR LATE CHEQUES

13. In the event that any of the Chargor's cheques are not honoured when presented for payment to the Bank or Trust Company on which they are drawn or in the event that any payment cheque is received late the Chargor shall pay to the Chargee for each such late or returned cheque the sum of TWO HUNDRED DOLLARS (\$200.00) as a servicing fee as a liquidated amount to cover the Chargee's administrative costs with respect to same. In the event that the said cheque which has not been honoured by the Chargor's Bank is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque. The aforementioned fee shall become part of the debt secured and shall bear interest at the interest rate set forth in this Charge.

DISCHARGE PROVISIONS

14. The Chargee shall have a reasonable time after payment of the Charge monies in full within which to prepare and execute a discharge or assignment of this Charge. Any discharge of this Charge shall be prepared by the Chargee at the Chargor's expense. All prepayments of principal and other monies required to be made other than regular monthly mortgage payments are to be made by way of certified cheque, cash, bank draft or money order and any interest as aforesaid shall continue to run on any payments received after 12:00 p.m. and shall not be credited until the following banking business day. The Chargee's administrative costs, legal costs and other expenses and costs incurred shall be paid by the Chargor prior to the Chargee being required to prepare the discharge or assignment contemplated herein.

Any prepayments or payments of principal monies owing hereunder shall, notwithstanding any other provision of this Charge, only be made and credited on a banking business day. In the event a maturity date shall fall on a non-banking business day, interest shall continue to accrue until the next bank business day.

VALIDITY OF PROVISIONS

15. If any provision of this Charge is held to any extent invalid or unenforceable, the remainder of this Charge, other than the provision which is held invalid or unenforceable, shall not be affected.

PRESENT AND FUTURE FIXTURES ENCUMBERED

16. All erections and improvements fixed or otherwise now on or hereafter put upon the said premises including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the realty as between the parties hereto, their heirs, executors, administrators, successors, legal representatives and assigns and all persons claiming by, through or under them and shall be a portion of the security for the indebtedness herein mentioned.

APPOINTMENT OF RECEIVER

17. (a) At any time after the security hereby constituted becomes enforceable, or the monies hereby secured shall have become payable, without limiting any rights otherwise available to the Chargee under the Loan Agreement, the Chargee may from time to time appoint by writing a Receiver of the lands, with or without Bond, and may from time to time remove the Receiver and appoint another in his stead, and any such Receiver appointed hereunder shall have the following powers:
- (i) To take possession of the charged lands and to collect and get in the same and for such purpose to enter into and upon any lands, buildings and premises wheresoever and whatsoever and for such purpose to do any act and take any proceedings in the name of the Chargor or otherwise as he shall deem necessary;
 - (ii) To carry on or concur in carrying on the business of the Chargor, and to employ and discharge agents, workmen, accountants and others upon such terms and with such salaries, wages or remuneration as he shall think proper, and to repair and keep in repair the charged lands and to do all necessary acts and things for the carrying on of the business of the Chargor and the protection of the said charged lands of the Chargor;
 - (iii) To sell or lease or concur in selling or leasing any or all of the charged lands, or any part thereof, and to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise; and any such sale may be made either at public auction or private sale as seen fit by the Receiver and any such sale may be made from time to time as to the whole or any part or parts of the charged lands; and he may make any stipulations as to title or conveyance or commencement of title or otherwise which he shall deem proper; and he may buy or rescind or vary any contracts for the sale of any part of the charged lands and may resell the same; and he may sell any of the same on such terms as to credit or part cash and part credit or otherwise as shall appear in his sole opinion to be most advantageous and at such prices as can reasonably be obtained therefor and in the event of a sale on credit neither he nor the Chargee shall be accountable for or charged with any monies until actually received;
 - (iv) To make any arrangement or compromise which the Receiver may think expedient in the interest of the Chargee and to consent to any modification or change in or omission from the provisions of this Charge and to exchange any part or part of the charged lands for any other property suitable for the

purposes of the Chargee and upon such terms as may seem expedient and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;

- (v) To borrow money to carry on the business of the Chargor and to charge the whole or any part of the charged lands in such amounts as the Receiver may from time to time deem necessary and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall charge the charged lands in priority to this Charge;
 - (vi) To execute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the charged lands, to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceedings or action then pending or thereafter instituted and to appeal any suit, proceeding or action;
 - (vii) To execute and deliver to the purchaser of any part or parts of the charged lands, good and sufficient deeds for the same, the Receiver hereby being constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deed, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Chargor, and all other persons claiming the said property or any part of parcels thereof by, from, through or under the Chargor, and the proceeds of any such sale shall be distributed in the manner hereinafter provided;
- (b) And it is agreed that no purchaser at any sale purporting to be made in pursuance of the aforesaid power or powers shall be bound or concerned to see or inquire whether any default has been made or continued, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which such sale shall have been made, or otherwise as to the propriety of such sale or regularity of its proceedings, or be affected by notice that no such sale default has been made or continues, or notice given as aforesaid, or that the sale is otherwise unnecessary, improper or irregular; and notwithstanding any impropriety or irregularity or notice thereof to such purchaser, the sale as regards such purchaser shall be deemed to be within the aforesaid power and be valid accordingly and the remedy (if any) of the Chargor, or of any part claiming by or under it, in respect of any impropriety or irregularity whatsoever in any such sale shall be in damages only.

The net profits of the business of the Chargor and the net proceeds of any sale of the charged lands or part thereof shall be applied by the Receiver subject to the claims of any creditors ranking in priority to this Charge:

- (i) Firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by him;
- (ii) Secondly, in payments of all costs, charges and expenses payable hereunder;
- (iii) Thirdly, in payment to the Chargee of the principal sum owing hereunder;
- (iv) Fourthly, in payment to the Chargee of all interest and arrears of interest and any other monies remaining unpaid hereunder; and
- (v) Fifthly, any surplus shall be paid to the Chargor; provided that, in the event that any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the

Receiver deems appropriate in the circumstances.

- (c) The Chargee shall not be liable to the Receiver for his remuneration costs, charges or expenses, and the Receiver shall not be liable for any loss howsoever arising unless the same shall be caused by his own negligence or willful default; and he shall, when so appointed, by notice in writing pursuant hereto, be deemed to be the agent of the Chargor and the Chargor shall be solely responsible for his acts and defaults and for his remuneration.

It is agreed that the Chargee in exercising any of the rights given to the Chargee under this Charge shall be deemed not to be a Chargee in possession or a Mortgagee in possession.

POST-DATED CHEQUE REQUIREMENT

18. Provided that the Chargor shall deliver to the Chargee or Assignee of the Chargee on the execution of the within Charge and upon any renewal thereof, a series of six (6) post-dated cheques, each cheque to be in the amount of the monthly payment hereinbefore mentioned, failing which, the within Charge shall be deemed to be in default and the balance of the principal, together with accrued interest shall, at the option of the Chargee, forthwith become due and payable.

TITLE INSURANCE

19. As further security the Chargee shall require Title Insurance satisfactory in form, content and coverage to the Chargee's solicitor, from First American Title Insurance Company. The cost of said insurance shall be borne by the Chargor.

SUBSEQUENT FINANCING

20. No financing subject to the Chargee's Mortgage shall be permitted without the prior written consent of the Chargee.

INSPECTION

21. The Chargor agrees to permit the Chargee the right to inspect the property as the Chargee deems necessary to ensure the up keep of the property.

CONSTRUCTION LIEN ACT

22. No portion of the proceeds of the within loan is being borrowed by the Chargor for the purposes of financing any alteration, additions or repair to any building on the property or for any construction, erection or installation on the property, otherwise the whole of the outstanding principal and interest accrued thereon shall immediately become due and payable at the option of the Chargee and if any amount of monies be claimed in priority over this Charge pursuant to the Construction Lien Act, and amendments thereto, same may be added to the principal amount outstanding under this Charge and, in the event the Chargee be obliged to pay any amounts owing under the said Act, same shall be added to the debt of the within Charge.

ACCELERATION ON BREACH OF COVENANTS

23. If the Chargor defaults in the performance or observance of any covenant, term or provision contained in the Standard Charge Terms and within Additional Provisions, including default in payment of any amount due and payable hereunder, then, at the option of the Chargee, the balance of the principal and interest hereby secured, together with accrued interest shall immediately become due and payable.

AMENDMENTS

24. No change to vary or to amend this Charge is binding on the Chargee unless made in writing, signed by the Chargor and Chargee.

GOODS AND SERVICES TAX AND PROVINCIAL SALES TAX

25. All applicable taxes which relate to any charge stated herein shall be paid by the Chargor when due.

SURVEY ETC.

26. An original copy of any certificate of Location and Survey, Reference Plan or any other document or agreement registered on title shall be provided to the Chargee within five (5) business days of registration on title c/o Mr. Gordon A. Ullman, Black Sutherland LLP, 130 Adelaide Street West, Suite 3425, Toronto, Ontario, M5H 3P5.

GUARANTEE AND COVENANTS

27. The Guarantors, in consideration of such advance or advances as the Chargee may make under the Charge and in consideration of the sum of One (\$1.00) Dollar now paid to them by the Chargee, the receipt of which is hereby acknowledged:

Hereby covenant and agree with the Chargee, as principal debtor and not as surety, to well and truly pay or cause to be paid to the Chargee up to an amount not to exceed the Principal, interest, taxes, charges and all other monies which the Chargor has by this Charge covenanted to pay to the Chargee or which are secured by this Charge or intended so to be secured, the said payments to be made on the days and times and in the manner provided for in this Charge;

Hereby further covenant and agree to keep, observe and perform the covenants, terms, provisos, stipulations and conditions of this Charge, the Standard Charge Terms or any other document which is to be kept, observed and performed by the Chargor and at all times to indemnify, protect and save harmless the Chargee from all loss, costs and damage in respect of the advances of the Charge money up to the maximum sum of the Principal Amount plus interest, costs, fees and charges and every other matter and thing contained or referred to in this Charge, the Standard Charge Terms or any other document.

Further agree that the Chargee may from time to time without notice extend the time for payment of all monies secured by this Charge, amend the terms and times of payment and the rate of interest with respect to the said monies, refrain from enforcing payment of the said monies, release of any portion or portions of the mortgaged premises and waive or vary any of the covenants and conditions in this Charge, the Standard Charge Terms or any other document to be kept observed and performed by the Chargor and grant any indulgence to the Chargor in respect of any default by the Chargor which may arise under this Charge, the Standard Charge Terms or any other document. And notwithstanding any such act by the Chargee, the Guarantors shall be bound by the provisions of this Charge, the Standard Charge Terms and any other document until the monies secured under this said Charge shall have been paid and satisfied.

Further acknowledges that the Chargee may at any time grant or refuse any additional credit to the Chargor, accept or release or renounce any collateral or other security, administer or otherwise deal with the land and premises described in this Charge, take any assignment of the rentals with respect to the said lands and premises and apply any and all monies at any time received from the Chargor or from any other person or from the proceeds of any securities given in connection with this Charge in any manner the Chargee may deem appropriate. The Chargee may also utilize any and all insurance proceeds in reduction of the principal monies and interest secured by this Charge or for the refurbishing of the lands and premises or in any other manner that the Chargee may in its absolute discretion deem advisable.

Agree that all of the matters mentioned herein may be performed by the Chargee without notice to them, the Guarantors, without releasing or in any way modifying, altering, varying or in any way affecting the liability of the Guarantors hereunder; and

Agree that all of the covenants and agreements of them, the Guarantors, contained herein shall be binding upon them and their respective heirs, executors, administrators and assigns and shall accrue to the benefit of the Chargee, its successors and assigns and that their liability as Guarantors hereunder and the liability of his executors, administrators and assigns shall be joint and several.

LRO # 65 Charge/Mortgage

In preparation on 2011 02 04 at 11:56

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Properties

<i>PIN</i>	03475 - 0123 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY AS IN R533209 ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0927 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 6 PL 170 N GWILLIMBURY; PT LT 7 PL 170 N GWILLIMBURY; PT LT 8 PL 170 N GWILLIMBURY AS IN R649566 ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0126 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY AS IN B31794B ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0127 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LT 5 PL 170 N GWILLIMBURY T/W R737440 ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0125 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	DOREDA DR PL 447 PT 2 65R16653, GEORGINA AS STOPPED UP AND CLOSED BY BY-LAW REGISTERED AS YR45264		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0124 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LT 1 PL 447 N GWILLIMBURY; LT 2 PL 447 N GWILLIMBURY; LT 3 PL 447 N GWILLIMBURY; LT 4 PL 447 N GWILLIMBURY; LT 5 PL 447 N GWILLIMBURY; LT 6 PL 447 N GWILLIMBURY; LT 7 PL 447 N GWILLIMBURY; LT 8 PL 447 N GWILLIMBURY ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0868 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	LT 9 PL 447 N GWILLIMBURY; LT 10 PL 447 N GWILLIMBURY; LT 11 PL 447 N GWILLIMBURY; LT 12 PL 447 N GWILLIMBURY; LT 13 PL 447 N GWILLIMBURY; LT 14 PL 447 N GWILLIMBURY; LT 15 PL 447 N GWILLIMBURY; BLK A PL 447 N GWILLIMBURY ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0869 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY PT 1 65R16653 LYING NW OF LTS 6 & 7, PL 447; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		
<i>PIN</i>	03475 - 0870 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 8 PL 170 N GWILLIMBURY PT 1 65R16653 LYING S OF DOREDA DR , LTS 9 10 & BLK A PL 447 ; GEORGINA		
<i>Address</i>	CAMERON CRESCENT KESWICK		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 2221563 ONTARIO INC.
Acting as a company

Address for Service 55 St. Clair Avenue West, Suite 205, Toronto, Ontario, M4V 2Y7

I, Alan Chapple, have the authority to bind the corporation.

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

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Chargee(s)	Capacity	Share
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<i>Name</i>	SORRENTI, DEREK Acting as an individual	Trustee	100.0%
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Address for Service 3800 Steeles Avenue West, Suite 400, Vaughan, Ontario, L4L 4G9

Statements

Schedule:

Provisions

<i>Principal</i>	\$ 4,800,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	annually		
<i>Balance Due Date</i>	2014/01/21		
<i>Interest Rate</i>	8.0%		
<i>Payments</i>	\$ 96,000.00		
<i>Interest Adjustment Date</i>	2011 01 21		
<i>Payment Date</i>	due and payable quarterly commencing April 21, 2011		
<i>First Payment Date</i>	2011 04 21		
<i>Last Payment Date</i>	2014 01 21		
<i>Standard Charge Terms</i>	200033		
<i>Insurance Amount</i>	full insurable value		
<i>Guarantor</i>			

File Number

Chargee Client File Number : 100119-1

ADDITIONAL PROVISIONS

1. Default

In addition to any other Default Clauses set out in this Charge, or in the Standard Charge Terms referred to herein, the monies hereby secured, together with interest thereon as aforesaid, shall become payable and the security hereby constituted shall become enforceable immediately upon demand by the Chargee on the occurrence or happening or any of the following events ("Event(s) of Default"):

- (a) the Chargor makes default in the payment of the principal, interest or other monies hereby secured on any principal or interest payment and other monies owed by it to the Chargee whether secured by this Charge or not;
- (b) the Chargor makes material default in the observance or performance of any written covenant or undertaking heretofore or hereafter given by it to the Chargee and such default has not been cured within fifteen (15) days of written notice thereof being delivered to the Chargor;
- (c) if any statement, information (oral or written) or representation; heretofore or hereafter made or given by or on behalf of the Chargor to the Chargee and pertaining to the assets or the financial condition of the Chargor, and whether contained herein or not is false, inaccurate and/or misleading in any material respect;
- (d) an order is made or an effective resolution passed for the winding-up, liquidation, amalgamation or reorganization of the Chargor, or a petition is filed for the winding up of the Chargor;
- (e) the Chargor becomes insolvent or makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency; or the Chargor makes a bulk sale of its assets; or a bankruptcy petition or receiving order is filed for the winding up of the Chargor;
- (f) any proceedings with respect to the Chargor are commenced under the Companies' Creditors Arrangement Act;
- (g) the Chargor ceases or threatens to cease to carry on its business or the Chargor commits or threatens to commit any act of bankruptcy or insolvency;
- (h) the property hereby mortgaged and charged or any part thereof, other than sales of lots containing fully completed single family dwellings to bona fide purchasers for value, prior approved in writing by the Chargee, are sold by the Chargor or if there is a change in the present effective voting control of the Chargor or a change in the beneficial ownership of the Chargor or the assets or any one of them;
- (i) the monies secured hereby, together with interest thereon shall not be repaid to the Chargee on maturity;

2. Chargee May Remedy Default

If the Chargor should fail to perform any covenant or agreement of the Chargor hereunder, the Chargee may itself perform or cause to be performed such covenant or agreement and all expenses incurred or payments made by the Chargee in so doing, together with interest thereon at the rate set forth herein, shall be added to the indebtedness accrued herein and shall be paid by the Chargor and be secured by this Charge together with all other indebtedness secured thereby, provided however that the foregoing shall not in any way be interpreted as an obligation of the Chargee.

3. Construction Liens

Provided also that upon the registration of any construction lien against title to the charged property which is not discharged within a period of ten (10) days from the registration thereof, all monies hereby secured shall, at the option of the Chargee, forthwith become due and payable.

The Chargee may at its option, withhold from any advances for which the Chargor may have qualified, such holdbacks as the Chargee in its sole discretion, considers advisable to protect its position under the provisions of the Construction Lien Act, 1990, so as to secure its priority over any construction liens, until the Chargee is fully satisfied that all construction lien periods have expired and that there are no

preserved or perfected liens outstanding. Nothing in this clause shall be considered to make the Chargee an "owner" or "payer" as defined under the Construction Lien Act, 1990, nor shall there be, or be deemed to be, any obligation by the Chargee to obtain any holdback which may be required by the said legislation. Any holdback which may be required to be made by the owner or payer shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of the Construction Lien Act, 1990.

4. Construction Loan

Provided that the Chargor and Chargee agree that this is a construction loan, the following conditions apply:

- (a) the Chargor covenants that all installation of services and construction on the lands hereby secured shall be carried out by reputable contractors with sufficient experience in a project of this nature and size, which contractors must be approved by the Chargee and which approval shall not be unreasonably withheld.
- (b) that the installation of services and the construction of dwellings on the said lands, once having been commenced, shall be continued in a good and workmanlike manner, with all due diligence and in substantial accordance with the plans and specifications delivered to the Chargee and to the satisfaction of the Municipality and all governmental and regulatory authorities having jurisdiction.
- (c) provided that should the servicing and constructions on the said lands cease for any reason whatsoever (strike, material shortages, weather and conditions or circumstances beyond the control of the Chargor excepted), for a period of fifteen (15) consecutive days unless explained to the satisfaction of the Chargee acting reasonably (Saturdays, Sundays and Statutory holidays excepted), then the monies hereby secured, at the option of the Chargee shall immediately become due and payable. In the event that construction does cease, then the Chargee shall have the right, at its sole option, to assume complete control of the servicing and construction of the project on the said lands in such manner and on such terms as it deems advisable. The cost of completion of servicing and construction of the project by the Chargee and all expenses incidental thereto shall be added to the principal amount of the Charge, together with a arrangement fee of fifteen percent (15%) of the costs of the construction completed by the Chargee. All costs and expenses, as well as the said management fee shall bear interest at the rate as herein provided for and shall form part of the principal secured hereunder and the Chargee shall have the same rights and remedies with respect so collection of name as it would have with respect to collection of principal and interest hereunder or at law.
- (d) at the option of the Chargee, at all times there shall be a holdback of ten percent (10%) with respect to work already completed.
- (e) all advances which are made from time to time hereunder shall be based on Certificate of the Chargee's agents prepared at the expense of the Chargor, which Certificates shall without limitation certify the value of the work completed and the estimated costs of any uncompleted work and such Certificates shall further certify that such completed construction and/or servicing to the date of such Certificate shall be in accordance with the approved plans and specifications for the said construction and further, in a good and workmanlike manner and in accordance with the permits issued for such servicing and construction and in accordance with all municipal and other governmental requirements of any authority having jurisdiction pertaining to such servicing and construction and there shall be no outstanding work orders or other requirements pertaining to service and construction on the said lands. Such Certificates with respect to any values shall not include materials on the side which are not incorporated into the buildings or the services.

5. Environmental

- (a) The following terms have the following meanings in this Section:
 - (i) "Applicable Environmental Laws" means all federal, provincial, municipal and other laws, statutes, regulations, by-laws and codes and all international treaties and agreements, now or hereafter in existence, intended to protect the environment or relating to Hazardous Material (as hereinafter defined), including without limitations the *Environmental Act (Ontario)*, as amended from time to time (the "EPA"), and

the *Canadian Environmental Protection Act*, as amended from time to time (the "CEPA"); and

- (ii) "Hazardous Material" means, collectively, any contaminants (as defined in the EPA), toxic substance (as defined in the CEPA), dangerous goods (as defined in the *Transportation of Dangerous Goods Act (Canada)*, as amended from time to time) or pollutants or any other substance which when released to the natural environment is likely to cause, at some immediate or future time, material harm to the natural environment or material risk to human health.

(b) The Chargor hereby represents and warrants that:

- (i) neither the Chargor nor, to its knowledge, after due enquiry, any other person, firm or corporation (including without limitation any tenant or previous tenant or occupant of the Lands or any part thereof) has ever caused or permitted any Hazardous Material to be placed, held, located or disposed of on, under or at the lands;
- (ii) the business and assets of the Chargor are in compliance with all Applicable Environmental Laws;
- (iii) no control order, stop order, minister's order, preventative order or other enforcement action has been threatened or issued or is pending by any governmental agency in respect of the Lands and Applicable Environmental Laws; and
- (iv) the Chargor has not received notice nor has any knowledge of any action or proceeding, threatened or pending, relating to the existence in, or under the Lands or on the property adjoining the Lands of, or the spilling, discharge or emission on or from the Lands or any such adjoining property of, any Hazardous Material.

(c) The Chargor covenants that:

- (i) the Chargor will not cause or knowingly permit to occur, a discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Material at, upon, under, into or within the Lands or any contiguous real estate or any body or water on or flowing through or contiguous to the Lands;
- (ii) the Chargor shall, and shall cause any person permitted by the Chargor to use or occupy the Lands or any part thereof, to continue to operate its business and assets located on the Lands in compliance with the Applicable Environmental Laws and shall permit the Chargee to review and copy any records of the Chargor insofar as they relate to the Lands at any time and from time to time to ensure such compliance;
- (iii) the Chargor will not be involved in operation at or in the Lands which could lead to the imposition on the Chargor of liability under the Applicable Environmental Laws or the issuance of any order under the Applicable Environmental Laws to stop discharging, shut down, clean up or decommission or the creation of a lien on the Lands under any of the Applicable Environmental Laws;
- (iv) the Chargor will not knowingly permit any tenant or occupant of the Lands to engage in any activity that could lead to the imposition of liability on such tenant or occupant or the Chargor of liability under the Applicable Environmental Laws or the issuance of any order under the Applicable Environmental Laws to stop discharging, shut down, clean up or decommission or the creation of a lien on the Lands under any Applicable Environmental Laws;
- (v) the Chargor shall strictly comply with the requirements of the Applicable Environmental Laws (including, but not limited to obtaining any permits, licenses or similar authorizations to construct, occupy, operate or use the Lands or any fixtures or equipment located thereon by reason of the Applicable Environmental Laws) and shall notify the Chargee promptly in the event of any spill or location of Hazardous

Material upon the Lands, and shall promptly forward to the Chargee copies of all notices, permits, applications or other communications and reports in connection with any spill or other matters relating to the Applicable Environmental Laws, as they may affect the Lands;

- (vi) the Chargor shall remove any Hazardous material (or if removal is prohibited by law, to take whichever action is required by law) promptly upon discovery as its sole expense;
 - (vii) the Chargor will not install on the Lands, nor knowingly permit to be installed on the Lands, asbestos or any substance containing asbestos deemed hazardous by any Applicable Environmental Law; and
 - (viii) the Chargor will at its own expense carry out such investigations and tests as the Chargee may reasonably require from time to time in connection with environmental matters.
- (d) The Chargor hereby indemnifies and holds harmless the Chargee, its officers, directors, employees, agents, shareholders and any receiver or receiver and manager appointed by or on the application of the Chargee (the "Indemnified Persons") from and against and shall reimburse the Chargee for any and all losses, liabilities, claims, damages, costs and expenses, including legal fees and disbursements, suffered, incurred by or assessed against any of the Indemnified Persons whether as holder of the within Charge, as mortgagee in possession, a successor in interest to the Chargor as owner of the Lands by virtue of foreclosure or acceptance of a deed in lieu of foreclosure or otherwise:
- (i) under or an account of the Applicable Environmental Laws, including the assertion or any lien thereunder;
 - (ii) for, with respect to, or as a result of, the presence on or under, or the discharge, emission, spill or disposal from, the Lands or into or upon and land, the atmosphere, or any watercourse, body or water of wetland, or any Hazardous Material where a source of the Hazardous Material is the Lands including, without limitation:
 - a. the costs of defending and/or counterclaiming or claiming over against third parties in respect or any action or matter; and
 - b. any costs, liability or damage arising out of a settlement of any action entered into by the Chargee;
 - (iii) in complying with or otherwise in connection with any order, consent, decree, settlement, judgement or verdict arising from the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking or other placement or release in on or from the Lands of any Hazardous Material (including without limitation any order under the Applicable Environmental Laws to clean up, decommission or pay for any clean up or decommissioning), whether or not such deposit, storage, disposal, burial, dumping, injecting, spilling, leaking or other placement or release in, on or from the Lands or any Hazardous Material:
 - a. resulted by, through or under the Chargor; or
 - b. occurred with the Chargor's knowledge and consent, or
 - c. occurred before or after the date of this Charge, whether with or without the Chargor's knowledge.

The provisions of this paragraph shall survive foreclosure of this Charge and satisfaction and release of this Charge and satisfaction and repayment of the amount secured hereunder. Any accounts for which the Chargor shall become liable to the Chargee under this paragraph shall, if paid by the Indemnified Person, bear interest from the date of payment at the interest rate stipulated herein and together with such interest shall be secured hereunder.

- (e) In the event of any spill of Hazardous Material affecting the Lands, whether or not the same originated from the Lands, or if the Chargor fails to comply with any of the requirements of the Applicable Environmental Laws, the Chargee may at its election, but without the obligation so to do, give such and cause such work to be performed at the Lands and take any and all other actions as the Chargee shall deem necessary or advisable in order to remedy said spill or Hazardous Material or cure said failure of compliance and say amounts paid as a result thereof, together with interest therein at the interest rate stipulated herein from the date of payment by the Chargee shall be immediately due and payable by the Chargor and until paid shall be added to and become a part of the amount secured hereunder.

6. Letters of Credit

The parties hereto acknowledge and agree that this Charge shall also secure payment by the Chargor to the Chargee of all amounts advanced by the Chargee pursuant to or by way or issuance or any letters of credit, renewals thereof, substitutions therefore and accretions thereto or pursuant to similar instruments issued at the Chargor's request or on its behalf and issued by the Chargee or on behalf of or at the request of or upon the credit of the Chargee and the total amount of such letters of credit shall be decreed to have been advanced and fully secured by this Charge from the date of the issuance of such letters of credit, regardless of when or whether such letters of credit are called upon by the holder(s) thereof. In the event of the enforcement or exercise by the Chargee or any of the remedies or rights provided for in this Charge, the Chargee shall be entitled to retain and shall not be liable to pay or account to the Chargor or any other party in respect of the full amount of any outstanding letters of credit from the proceeds of such enforcement or exercise until such time as the letters of credit have expired, have been cancelled and have been amended to the Lender or the issuer(s) thereof.

7. Appointment of a Receiver

NOTWITHSTANDING anything herein contained, it is declared and agreed that at any time, and from time to time, when there shall be default under the provisions of these presents, the Chargee may at such time, and from time to time, and with or without entering into possession of the Charged Property appoint in writing a receiver (the "Receiver" which term shall include a receiver/manager) of the Charged Property, or any part thereof, and of the rents and profits thereof and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in the making of any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby agrees and consents to the appointment of the Receiver of the Chargee's choice and without limitation, whether pursuant to this Charge, the Mortgages Act, the Construction Lien Act or pursuant to the Courts of Justice Act (as the Chargee may at its sole option require). Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Charged Property and every part thereof.

Upon the appointment of any such Receiver or Receivers from time to time the following provisions shall apply:

- (i) a statutory declaration of an officer of the Chargee as to default under the provisions of these presents shall be conclusive evidence thereof;
- (ii) every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due with respect to the Charged Property, and every part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
- (iii) the Chargee may from time to time fix the remuneration of every such Receiver who shall be entitled to deduct same out of the Charged Property or the proceeds thereof;
- (iv) each such Receiver shall, so far as concerns responsibility and liability for its acts or omissions, be deemed to be the agent or attorney of the Chargor and in no event the agent of the Chargee;
- (v) the appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such Receivership shall not have the effect of constituting the Chargee a chargee in possession with respect to the Charged Property or any part thereof;

- (vi) the Receiver shall have the power to rent any portion of the Charged Property for such terms and subject to such provisions as it may deem advisable or expedient and in so doing such Receiver shall be acting as the attorney or agent of the Chargor and shall have the authority to execute any lease of any such premises in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever acts such Receiver may do in the Charged Property;
- (vii) every such Receiver shall have full power to complete any unfinished construction upon the Charged Property;
- (viii) any such Receiver shall have full power to carry on or concur in the carrying on of the business of the Chargor, and to employ and discharge such agents, workmen, accountants and other individuals or companies as are required to carry on the said business, upon such terms and with such salaries, wages or remuneration as it shall think proper, and to repair and keep in repair the Charged Property and to do all necessary acts and things for the carrying on of the business of the Chargor and the protection of the Charged Property.
- (ix) any such Receiver shall have the power to sell or lease or concur in selling or leasing the Charged Property, or any part thereof, any to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise, and any such sale may be made either a public auction or private sale as to the Receiver may seem best and any such sale may be made from time to time as to the whole or any part of the Charged Property; and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise as it shall deem proper;
- (x) any such Receiver shall have the power to borrow money to carry on the business of the Chargor or to maintain the whole or any part of the Charged Property, in such amounts as the Receiver may from time to time deem necessary as in so doing, the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall charge the Charged Property in priority to this Charge;
- (xi) any such Receiver shall have the power to execute and prosecute all suits, proceedings and actions which the Receiver in its opinion considers necessary for the proper protection of this Charged Property, to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding or action then pending or thereafter instituted and to appeal any suit, proceeding or action;
- (xii) any such Receiver shall not be liable to the Chargor to account: for moneys or damages other than cash received by it with respect to the Charged Property or any part thereof and out of such cash so received every such Receiver shall pay in the following order:
 - (a) its remuneration;
 - (b) all payments made or incurred by the Receiver in connection with the management, operation, amendment, repair, alteration or extension of the Charged Property or any part thereof.
 - (c) in payment of interest, principal and other money which may from time to time be or become a charge upon the Charged Property in priority to moneys owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it with respect to the Charged Property or any part thereof;
 - (d) in payment of all interest and arrears of interest and any other moneys remaining unpaid hereunder;
 - (e) the residue of any money so received by the Receiver shall be applied to the principal sum or any other amounts from time to time owing under this Charge;
 - (f) subject to subparagraph (e) above, in the discretion of the Receiver, interest, principal and other moneys which may from time to time constitute a charge or encumbrance on the

Charged Property subsequent in priority or subordinate to the interest of the Chargee under this Charge;

and that such Receiver may in its discretion retain reasonable reserves to meet accruing amounts and anticipated payments in connection with any of the foregoing, and further, that any surplus remaining in the hands of the Receiver, after payments made and such reasonable reserves retained as aforesaid, shall be payable to the Chargor.

PROVIDED that save as to moneys payable to the Chargor pursuant to subparagraph (xiii) of this Paragraph, this Chargor hereby releases and discharges the Chargee and every such Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by the Chargee or any such Receiver under the provisions of this Paragraph, unless such claim be the direct and proximate result of bad faith or gross neglect.

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

8. Miscellaneous

The Chargor agrees as follows:

- (a) to maintain the project in good repair and in a state of good operating efficiency;
- (b) to pay taxes, utilities and other operating and maintenance costs and provide evidence thereof to the Chargee;
- (c) to perform all governmental requirements and obligations as required;
- (d) to deliver to the Chargee all reasonable financial information deemed necessary by the Chargee, when requested;
- (e) to provide or comply with such other covenants and terms as the Chargee may reasonably require.

9. Restriction on Transfer

In the event of the Chargor selling, transferring or conveying title or its rights to a purchaser, transferee or grantee not approved by the Chargee, (other than agreements of purchase and sale related to individual residential condominium units to be built on the Charged Property as part of the proposed development project for the Charged Property) then, at the sole option of the Chargee, all monies secured, together with all accrued and unpaid interest thereon and any other amounts due under this Charge shall become due and payable.

10. Subsequent Financing

No financing subsequent to the Chargee's facilities shall be permitted, without the prior written consent of the Chargee. However, a new first mortgage of not more than \$40,000,000 is permitted in the place of the existing first mortgage currently registered in the amount of \$2,400,000, and such new first mortgage shall be for the purpose of providing construction financing for the residential condominium project to be built on the Charged Property.

11. Development Allowances

Notwithstanding any other provision herein:

- (a) The Chargor shall have the privilege of installing roads, watermains, sewers and other internal or external services or utilities and services in connection with the development of the Charged Property and carry on building operations generally and such acts shall not be deemed to be acts of waste hereunder.
- (b) The Chargee shall execute and deliver within a reasonable time and without payment on account of principal and/or interest or any other costs or amount other than the Chargee's reasonable legal costs, any and all plans and documents and postponements required to facilitate the registration of a

plan or plans of subdivision or condominium of the Charged Property and/or to rezone the Charged Property and/or to obtain approval for the development of the Charged Property and/or to convert the registration of the Charged Property from Land Titles qualified to absolute title and to do the foregoing, the execution of consents or agreements with the relevant municipality or region or any other governmental authority or agency or utility which may be required for such registration, rezoning or development, the execution of any cost sharing agreements with adjoining property owner or owners of properties in the same vicinity as the Charged Property and the execution of a consent of the Chargee under any declaration creating a condominium on the Charged Property or any part or parts thereof.

- (c) In the event the Chargor is required to grant easements and/or property to any municipal or regional authority, conservation authority or public utility commission or private utility supplier for the supply and/or installation of gas services, telephone services, cable television, electrical services, water, sewers or similar services in order to service the Charged Property, the Chargee shall execute and deliver within a reasonable time and without payment on account of principal and/or interest or any other costs or amounts, other than the Chargee's reasonable legal costs, any consent or postponement required for such grants.
- (d) The Chargee shall execute and deliver within a reasonable time and without payment on account of principal and/or interest or any other cost or amount other than the Chargee's reasonable legal costs, such partial discharge or discharges or other assurances or postponements as may be required to convey to any governmental authority or agency, or conservation authority, any part of the Charged Property required for municipal, regional or governmental purposes in order to register a plan or plans of subdivision or condominium of the Charged Property, or any part of parts thereof, or as may be required to rezone the Charged Property or obtain approval for the development of the Charged Property and without limiting the generality of the foregoing, such public purposes as roads, road widenings, walkways 1-foot reserves, school sites, parks, easements and rights-of-way.

12. Voting Control

The Chargor agrees that voting control shall not change during the currency of this loan without the prior written consent of the Chargee.

13. Prepayment Privileges

The within Charge may be prepaid in whole or in part at any time and times without notice, bonus or penalty including without limitation, prepayment of any individual lender to the exclusion of any and all other lenders.

Appendix 7:
Sample LAC (redacted)



**ACKNOWLEDGEMENT AND CONSENT AGREEMENT –
LENDER**
Registered Plans & TFSA Division

This Agreement made and effective as of the 17th day of Aug, 2014.

BETWEEN:

FORTRESS REAL DEVELOPMENTS INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called "Fortress")

- AND -

CENTRO MORTGAGE INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called the "Broker")

- AND -

CENTRO MORTGAGE INC. (The Mortgage Administrator License No. 12304), a corporation incorporated under the laws of the Province of Ontario, (hereinafter called the "Administrator")

- AND -

OLYMPIA TRUST COMPANY, a corporation incorporated under the laws of the Province of Alberta (hereinafter called "Olympia")

- AND -

The undersigned individual Lender that has advanced funds to the Borrower and has agreed to be a party hereto (hereinafter called the "Lender")

WHEREAS 2221563 Ontario Inc. (the "Borrower") is borrowing up to \$20,000,000.00 from the undersigned Lender pursuant to certain loan agreements (collectively referred to herein as the "Loan Agreements");

AND WHEREAS the loan from the Lender to the Borrower ranks *pari passu* with other borrowings by the Borrower pursuant to similar Loan Agreements with other individual lenders (collectively referred to herein with the Lender as the "Junior Secured Lenders") and such loans are collectively secured by a Mortgage (the "Mortgage") on the Borrower's lands described as PIN 03475-0123, PIN 03475-0124, PIN 03475-0125, PIN 03475-0126, PIN 03475-0127, PIN 03475-0868, PIN 03475-0869, PIN 03475-0870, PIN 03475-0927 (the "Lands");

AND WHEREAS the Lender and the Junior Secured Lenders have agreed to postpone their loans to one or more construction loans obtained by the Borrower up to \$100,000,000.00 plus a 10% contingency plus the maximum Mortgage amount of up to \$20,000,000.00 if required (the "First Priority Construction Loans"), whereby the collective indebtedness of the Junior Secured Lenders would rank junior to the First Priority Construction Loans;

AND WHEREAS the Lender is lending the Borrower funds from his or her registered savings plan accounts ("RRSP Account") and is holding the Mortgage granted by the Borrower in such account as security for payment;

AND WHEREAS the RRSP Account is administered by Olympia pursuant to a trust account agreement with the Lenders;

AND WHEREAS the RRSP Account is subject to the requirements of the *Income Tax Act* (Canada) and the regulations thereunder;

AND WHEREAS the Lender is a client of Fortress and/or the Broker and has been introduced to the Borrower by either Fortress or the Broker;

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**ACKNOWLEDGEMENT AND CONSENT AGREEMENT –
LENDER**
Registered Plans & TFSA Division

AND WHEREAS the Broker has delivered to Olympia a legal opinion confirming that the Mortgage granted by the Borrower to the Lender is eligible for investment by the RRSP Account provided the amount of the First Priority Construction Loans and the Mortgage granted to all of the Junior Secured Lenders do not exceed the fair market value of the Lands;

AND WHEREAS the above representations are being made by Fortress, the Broker and the Lender and not by Olympia or the Administrator;

NOW THEREFORE, IN CONSIDERATION OF the premises and mutual covenants herein contained, the sufficiency of which is hereby acknowledged and confirmed, do hereby covenant and agree as follows:

1. The Lender acknowledges and confirms that he or she has loaned the Borrower \$ [REDACTED] pursuant to the Loan Agreement, whereby his or her participating share in the Mortgage as at the date hereof is [REDACTED] % (based on the aggregate loans made by the Junior Secured Lenders being \$8,600,000.00).
2. The Lender hereby acknowledges and confirms that prior to entering into the Loan Agreement he or she was aware that: (i) 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 to a maximum of \$100,000,000.00 plus a 10% contingency plus the maximum Mortgage amount of up to \$20,000,000.00 if required (the "Maximum Priority Financing Amount" or "MPFA"); and (ii) the Lender is required to postpone his or her 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 insured deposit Mortgage security for AVIVA or other like insurance providers for purchaser's 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.
3. The Lender confirms that he or she fully understands the effect of the terms of the Loan Agreement and that the Lender hereby reconfirms his or her instructions to proceed with the loan pursuant to the terms and conditions outlined in the Loan Agreement.
4. The Lender hereby agrees to postpone the Mortgage to an amount not to exceed the MPFA and/or to any required development agreements between the Borrower and the applicable government authority(ies) in order to facilitate the development of the Lands.
5. The Lender acknowledges that the MPFA may be advanced to the Borrower in multiple stages based on the achievement of certain construction milestones, and may be advanced by various parties and/or secured via multiple registrations on the Lands.
6. The Lender hereby acknowledges that he or she was advised that the face value of the Mortgage could be amended periodically during the term to increase the face value of the Mortgage to a maximum of \$20,000,000.00. The Lender hereby confirms that he or she fully understands the effect of this term of the Loan Agreement and that the Lender re-confirms his or her instructions to proceed with the investment.
7. The Lender understands that, as at the date hereof, pursuant to the Loan Agreement, the Mortgage securing the loan ranks subsequent to other registered Mortgages against the Lands in the amount of \$2,400,000.00. Further, the Lender understands that prior to further advances under the Mortgage the Borrower shall be required to provide an updated valuation of the Lands to the Administrator for the purpose of confirming that the combined value of all registered Mortgage security on the Lands does not exceed the most recent valuation of the Lands (which currently indicates an estimated value of

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**ACKNOWLEDGEMENT AND CONSENT AGREEMENT –
LENDER**
Registered Plans & TFSA Division

\$22,600,000.00 for the Lands authored by [REDACTED] of Legacy GMP Ltd. dated as at May 8, 2014, and is in accordance with the terms and provisions of the Loan Agreement).

8. The Lender hereby acknowledges and confirms that the Mortgage he or she has an interest in is currently registered with a maturity date of January 21, 2014. The Lender further acknowledges the term shall be extended for a period of 2.5 additional year(s) (with the option to the Borrower to extend the maturity date an additional 12 months without penalty, should they provide 3 months written notice) and upon the original maturity date the registration will be amended to reflect the new maturity date of July 21, 2016 (July 21, 2017 if the extension is utilized). The Lender irrevocably authorizes and consents to the execution of any documents by Olympia or the Administrator on the Lender's behalf without further notice to, or approval by the Lender for the purpose of granting this term extension of the Mortgage.
9. The Lender hereby acknowledges and confirms that all interest payments due and payable after October 21, 2013 shall accrue and become payable by the Borrower, together with the principal sum, on the new maturity date.
10. The Lender hereby acknowledges that the "Administrator" of this Mortgage has changed from Derek Sorrenti to Centro Mortgage Inc.
11. THE LENDER HEREBY UNDERSTANDS, CONSENTS AND AGREES THAT OTHER CHARGES/MORTGAGES AND/OR DEVELOPMENT AGREEMENTS MAY BE REGISTERED IN PRIORITY TO THE MORTGAGE AGAINST THE LANDS DURING THE TERM OF THE MORTGAGE. THE LENDER HEREBY CONFIRMS THAT HE OR SHE UNDERSTANDS AND AGREES THAT THE MORTGAGE SHALL BE REQUIRED TO POSTPONE AND STANDSTILL TO PRIOR CHARGES/MORTGAGES TO A MAXIMUM OF \$130,000,000.00 IN PRIORITY FINANCING. THE LENDER ALSO UNDERSTANDS THAT PRIORITY FINANCING TO THE MORTGAGE IS EXPECTED TO PERIODICALLY INCREASE OVER THE TERM OF THE MORTGAGE AND THAT SUCH POSTPONEMENTS SHALL BE PERMITTED AND SHALL OCCUR ON THE BASIS OF COST CONSULTANT REPORTS PREPARED ON BEHALF OF THE BORROWER. THE LENDER UNDERSTANDS THAT ADDITIONAL PRIORITY FINANCING MAY BE REQUIRED IF THERE IS A SHORTFALL IN FUNDS PROVIDED BY OTHER INVESTORS PURSUANT TO THE TERMS OF THE MORTGAGE. IN THE EVENT OF A SHORTFALL IN THE FUNDING OF THE MORTGAGE, OTHER CHARGES/MORTGAGES MAY BE REGISTERED AGAINST THE LANDS TO FUND AND SECURE ANY SUCH SHORTFALL.

THE LENDER UNDERSTANDS THAT OLYMPIA AND/OR THE ADMINISTRATOR MAY BE REQUESTED BY THE BORROWER TO EXECUTE SUCH DOCUMENTS AS MAY BE REQUIRED TO PERMIT THE REGISTRATION OF CERTAIN DOCUMENTS OR AGREEMENTS FOR THE PURPOSE OF GRANTING SENIOR LENDERS PRIORITY TO THE MORTGAGE AND FACILITATING THE PLANNED DEVELOPMENT OF THE LANDS (EXAMPLES OF SUCH DOCUMENTS OR AGREEMENTS INCLUDE BUT ARE NOT LIMITED TO: PARTIAL DISCHARGES OF THE MORTGAGE, CITY SITE PLANS, DEVELOPMENT PLANS, PLANNING ACT REQUIREMENTS, MEZZANINE FINANCING, INSURED DEPOSIT MORTGAGE SECURITY FOR AVIVA OR OTHER LIKE INSURANCE PROVIDERS FOR PURCHASER'S DEPOSITS OR CONDOMINIUM REGISTRATION DOCUMENTS). THE LENDER HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS OLYMPIA TO EXECUTE ANY DOCUMENTS OR AGREEMENTS WHICH THE CORPORATION HAS REQUESTED OLYMPIA EXECUTE (IN WRITING) AND HAS ADVISED OLYMPIA (IN WRITING) THAT SUCH DOCUMENTS OR AGREEMENTS ARE: (I) REQUIRED BY SENIOR LENDERS OR ARE OTHERWISE REQUIRED TO DEVELOP THE LANDS; AND (II) PERMITTED PURSUANT TO THE TERMS OF THE LOAN AGREEMENT. THE PARTIES HEREBY AGREE THAT OLYMPIA SHALL NOT HAVE ANY OBLIGATION TO REVIEW THE TERMS, CONDITIONS OR PROVISIONS OF ANY SUCH DOCUMENTS OR AGREEMENTS (INCLUDING ANY PRIORITY AGREEMENTS) AND SHALL BE ENTITLED TO RELY SOLELY ON THE CORPORATION'S WRITTEN DIRECTION TO OLYMPIA THAT SUCH DOCUMENTS OR AGREEMENTS ARE PERMITTED TO BE EXECUTED UNDER THE LOAN AGREEMENT AND THAT SUCH DOCUMENTS OR

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ACKNOWLEDGEMENT AND CONSENT AGREEMENT – LENDER

Registered Plans & TFSA Division

AGREEMENTS ARE REQUIRED BY THE SENIOR LENDERS OR ARE OTHERWISE REQUIRED TO DEVELOP THE LANDS. FOR GREATER CERTAINTY, THE LENDER ACKNOWLEDGES AND AGREES THAT THE BORROWER WILL BE SOLELY RESPONSIBLE FOR NEGOTIATING THE TERMS OF ALL SUCH DOCUMENTS AND AGREEMENTS.

THE LENDER HEREBY RE-CONFIRMS HIS OR HER CONSENT AND AGREEMENT TO POSTPONE AND STANDSTILL TO ANY REQUIRED FINANCING OR DEVELOPMENT AGREEMENTS, AND TO PARTIALLY DISCHARGE THE MORTGAGE, WITHOUT PAYMENT, WITH RESPECT TO ANY LANDS SECURED BY THE MORTGAGE WHICH MAY BE REQUIRED FOR PUBLIC OR QUASI PUBLIC PURPOSES.

12. The Lender understands that additional priority financing may be required and may be registered against the Lands in priority to the Mortgage in the event there is a shortfall in funds provided by the Junior Secured Lenders. The maximum amount of funding that the Junior Secured Lenders will postpone to is \$100,000,000.00 plus a 10% contingency plus the maximum Mortgage amount of up to \$20,000,000.00 if required. In the event that additional priority financing is required, the Lender hereby irrevocably authorizes and directs the Administrator and/or Olympia to execute any documents or agreements on the Lender's behalf without further notice to, or approval by the Lender to postpone and standstill to such additional priority financing provided that Olympia: (i) receives a written request from the Borrower to sign such documents or agreements; (ii) receives written confirmation from the Borrower that such documents or agreements are required by the senior lenders or are otherwise required to develop the Lands; and (iii) receives written confirmation from the Borrower that such documents or agreements are permitted pursuant to the Loan Agreement.

13. The Lender irrevocably authorizes and consents to the execution of any documents by Olympia or the Administrator on the Lender's behalf without further notice to, or approval by the Lender for the purpose of granting partial discharges of the Mortgage in the course of the development of the Lands during the term of the Loan Agreement as more particularly described in the Loan Agreement provided that Olympia and the Administrator: (i) receives a written request from the Borrower to sign such documents or agreements; (ii) receives written confirmation from the Borrower that such documents or agreements are required by the senior lenders or are otherwise required to develop the Lands; and (iii) receives written confirmation from the Borrower that such documents or agreements are permitted pursuant to the Loan Agreement. For greater certainty, the Lender agrees that Olympia and the Administrator shall be entitled to rely solely on the Borrower's written confirmation in (ii) and (iii) above without any further investigation or verification. In the event that the Borrower was not entitled to receive a partial discharge of the Mortgage and Olympia or the Administrator has partially discharged the Mortgage based on a written confirmation of the Borrower in accordance with (ii) and (iii) above, the Lender's recourse shall be limited to the Borrower and the Lender shall not have any claim for damages or otherwise against Olympia or the Administrator for partially discharging the Mortgage. The Lender hereby confirms his or her authorization and consent in this regard.

14. The Lender irrevocably authorizes and consents to the execution of any documents by Olympia or the Administrator on the Lender's behalf without further notice to, or approval by the Lender for the purpose of granting a full discharge of the Mortgage provided that Olympia and the Administrator: (i) receives a written request from the Borrower to sign such discharge documents or agreements; (ii) receives written confirmation from the Borrower that it has paid the Lender 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, the Lender agrees that Olympia and the Administrator shall be entitled to rely solely on the Borrower's written confirmation in (ii) above without any further investigation or verification that all such amounts have actually been paid by the Borrower to the Lender as required by the Loan Agreement. In the event that the Lender has not been paid all amounts owing under the Loan Agreement and Olympia

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ACKNOWLEDGEMENT AND CONSENT AGREEMENT – LENDER

Registered Plans & TFSA Division

or the Administrator has discharged the Mortgage based on a written confirmation of the Borrower in accordance with (ii) above, the Lender's recourse shall be limited to the Borrower and the Lender shall not have any claim for damages or otherwise against Olympia or the Administrator for discharging the Mortgage. The Lender hereby confirms his or her authorization and consent in this regard.

15. The Lender understands that from time to time, as further advances are contemplated pursuant to the terms of the Loan Agreement, Olympia and/or the Administrator may be required to execute certain documents related to the provisions identified herein. The Lender hereby confirms that he or she continues to irrevocably authorize Olympia and/or the Administrator to execute any such required documentation on his or her behalf, provided that Olympia and/or the Administrator: (i) receives a written request from the Borrower to sign such documents or agreements; (ii) receives written confirmation from the Borrower that such documents or agreements are required by the senior lenders or are otherwise required to develop the Lands; and (iii) receives written confirmation from the Borrower that such documents or agreements are permitted pursuant to the Loan Agreement.
16. The Lender acknowledges and agrees that Olympia and/or the Administrator shall not be responsible for reviewing or negotiating any terms, conditions or provisions of any priority agreements, subordination agreements or other documents or agreements that may be required by senior lenders or as may otherwise be required to develop the Lands. The Lender acknowledges that the Borrower shall be solely responsible for reviewing and negotiating all such agreements and documents and that Olympia and/or the Administrator shall be entitled (without any further review or investigation) to execute and deliver such documents and agreements provided it receives the written confirmation from the Borrower as contemplated herein.
17. The Lender hereby indemnifies and saves harmless Olympia and the Administrator and each of their directors, officers, employees, shareholders and agents for, and hold such persons harmless against, any loss, liability, damage, judgment, fine, penalty, claim, demand, suit, settlement, cost or expense (including, without limitation, the fees and expenses of legal counsel), incurred without gross negligence, willful misconduct or fraud on the part of the indemnified person (each as determined by a final, non-appealable judgment of a court of competent jurisdiction), for any action taken, suffered or omitted to be taken by such indemnified person in connection with the exercise or performance of its duties hereunder, including without limitation, the costs and expenses of defending against any claim of liability hereunder, directly or indirectly. All indemnities, all limitations of liability and all other provisions for the protection of Olympia and the Administrator and the other indemnified persons provided for in this Agreement shall survive the termination of this Agreement.
18. All parties hereto (including the Lender) have obtained independent legal advice (and if necessary independent tax advice) with regard to the Loan Agreement, the Mortgage and this Agreement.
19. Fortress, the Broker and the Lender each acknowledge and agree that Olympia may be required to issue T4 slips to the Lender pursuant to the *Income Tax Act* (Canada) in the event that it is concluded that the First Priority Construction Loans and the Mortgage granted to all of the Junior Secured Lenders exceeds the fair market value of the Lands. Further, the parties also acknowledge that Olympia may be required to issue T4 slips to the Lender pursuant to the *Income Tax Act* (Canada) in the event that the Borrower fails to provide Olympia with the requisite confirmation as to the value of the Lands as set out above. Fortress, the Broker and the Lender acknowledge and agree that the Lender will suffer adverse tax consequences in the event that Olympia is required to issue T4 tax slips in accordance with the *Income Tax Act* (Canada) and each of Fortress and the Broker agrees to use its commercially reasonable efforts to take such actions to avoid such result.

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20. The parties hereto agree that this agreement shall be construed and enforced in accordance with the laws of the Province of Alberta.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as at the date first above written.

FORTRESS REAL DEVELOPMENTS INC.
Per:

CENTRO MORTGAGE INC.
Per:

Per: _____
CENTRO MORTGAGE INC.
Per:

Per: _____
OLYMPIA TRUST COMPANY
Per:

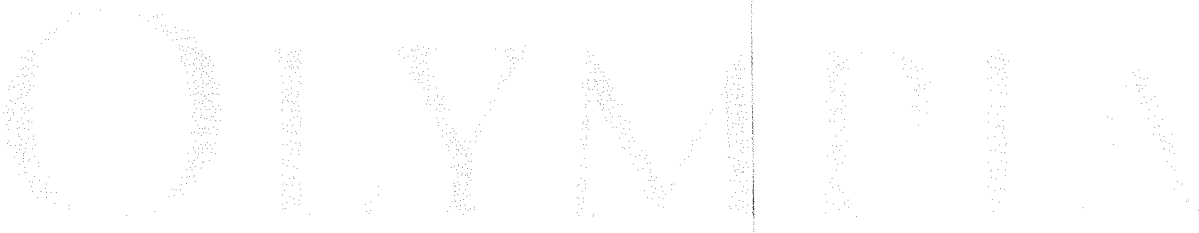
Per: _____

Per:

Name of Lender (please print)

Signature

Name of witness to Lender's signature



Appendix 8:
Crates Landing Amending Agreement

AMENDING AGREEMENT

THIS AMENDING AGREEMENT dated as of _____, 2014 is entered into by and between ● (the "**Lender**") and 2221563 Ontario Inc. (the "**Borrower**") (the "**Amending Agreement**").

RECITALS

A. WHEREAS the Lender and the Borrower are parties to a loan agreement dated ● (the "**Loan Agreement**");

B. AND WHEREAS the Borrower requires additional time in order to complete the Development;

C. AND WHEREAS Section 9.07 of the Loan Agreements provides that any supplement, modification or amendment of any term, provision or condition of the Loan Agreement shall not be binding or enforceable unless executed by the Parties in writing;

D. AND WHEREAS as a result the Parties wish to enter into the Amending Agreement in order to amend the Loan Agreement to reflect this extended timeline;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. All capitalized words used herein but not defined herein shall have the respective meanings ascribed to them in the Loan Agreement.
2. The Parties hereby amend the Loan Agreement as follows:
 - (a) Adding the following as the second recital: "The Lender is lending the Principal Sum to the Borrower as part of a syndicate of Lenders (the "**Syndicate**"), loaning an aggregate total of \$20,000,000 (the "**Maximum Syndicate Loan**") to the Borrower";
 - (b) Adding the reference "(the "**Property**")" to the end of the current third recital;
 - (c) Deleting the reference to "January 21, 2014" in Section 4.02 and replacing it with "July 21, 2016 or on the date agreed upon between the Parties pursuant to Section 4.04 (the "**Due Date**)";
 - (d) Deleting the second sentence in Section 4.02 in its entirety and replacing it with "The Borrower shall remit interest payments to the Lender quarterly in accordance with a pre-determined schedule, attached hereto as Schedule "B" up to and including October 21, 2013. Subject to Section 4.03, all interest payments due and payable after October 21, 2013 as set out in Schedule "B", shall accrue and become payable by the Borrower, together with the Principal Sum, on the Due Date";
 - (e) Adding in the following as Section 4.04: "The Borrower may at its option and upon written notice at least 30 days' prior to July 21, 2016 to the Lender, extend the Due Date from July 21, 2016 to July 21, 2017."
 - (f) Deleting the reference to "EIGHT MILLION, SIX HUNDRED, THOUSAND DOLLARS (\$8,600,000.00)" in Section 5.01(a) and replacing it with "TWENTY MILLION DOLLARS (\$20,000,000.00)".
 - (g) In the first full paragraph following Section 5.01(b) deleting the reference to "FOUR MILLION, EIGHT HUNDRED, THOUSAND DOLLARS (\$4,800,000.00)" and replacing it with "EIGHT MILLION, SIX HUNDRED, THOUSAND DOLLARS (\$8,600,000.00)" and

deleting the reference to “EIGHT MILLION, SIX HUNDRED, THOUSAND DOLLARS (\$8,600,000.00)” and replacing it with “TWENTY MILLION DOLLARS (\$20,000,000.00)”.

(h) Deleting Section 6.02 in its entirety and replacing it with the following:

“6.02 The Lenders and the Borrower mutually acknowledge, represent and covenant as follows:

- (a) Any amounts advanced by a Lender to the Borrower pursuant to this Loan Agreement shall occur in tranches (“**Instalments**”):
- (i) the initial face value of the Loan will be \$8,600,000;
 - (ii) it is anticipated that the face value of the Loan shall periodically increase upon the completion of certain construction and development milestones over the duration of the term in the form of various additional Instalments, to a total amount which shall not exceed the sum of \$20,000,000.00; and
 - (iii) prior to the release of any funds by the solicitor for the Lenders to the solicitor(s) for the Borrower, each Party hereby irrevocably acknowledges and directs that their respective solicitors are authorized to and shall cause to be registered any such instruments on title to the Property which in the sole discretion of the solicitor for the Lenders may be required as evidence of any sums advanced to the Borrower on the security of the Charge/Mortgage. The Lenders hereby waive any requirement to be notified of the registration of any subsequent Instalments under the Charge/Mortgage.
- (b) The Charge/Mortgage in which the Lenders have an interest pursuant to this Loan Agreement is currently a second ranking charge against title to the Property. The Lender acknowledges and agrees that the Borrower shall obtain construction financing for the development of the Property (“**Construction Financing**”) and such financing shall constitute a first charge/mortgage (“**First Charge**”). THE LENDER HEREBY UNDERSTANDS CONSENTS AND AGREES THAT THIS FIRST CHARGE SHALL PERIODICALLY INCREASE OVER THE TERM OF THE CHARGE/MORTGAGE. THE LENDER HEREBY AGREES THAT ITS INTERESTS SHALL BE POSTPONED, SUBORDINATED AND STANDSTILL TO ALL AMOUNTS ADVANCED FROM TIME TO TIME UNDER THE FIRST CHARGE TO THE AMOUNT OF \$100,000,000, PLUS A 10% CONTINGENCY, FOR A MAXIMUM AMOUNT OF \$110,000,000, AND SHALL ENTER INTO ANY POSTPONEMENT, SUBORDINATION AND/OR STANDSTILL AGREEMENTS AS SHALL BE REASONABLE. In addition, the Lender acknowledges and agrees that the Borrower shall obtain deposit insurance security (with Aviva or other like insurance providers or purchaser’s deposits, and or condominium act registrations), which will be registered as a second charge (the “**Second Charge**”) which secures purchaser’s deposits for the development of the Land and is held by insurance guarantee companies. The Lender agrees that its interests shall also be postponed to this Second Charge and agrees to execute, when necessary, any postponement, subordination and/or standstill agreements as shall be reasonable. Further, the Lender acknowledges and agrees that, where the Borrower is unable to borrow the Maximum Syndicate Loan from the Syndicate, the Borrower may borrow from a third party up to an amount equal to the difference between the amount raised from the Syndicate and the Maximum Syndicate Loan (the “**Third Party Loan**”), which will be registered as a third charge (the “**Third Charge**”) which secures the

Third Party Loan. The Lender agrees that its interests shall also be postponed to this Third Charge and thus becomes a fourth ranking charge and agrees to execute, when necessary, any postponement, subordination and/or standstill agreements as shall be reasonable.

In addition to the above the Lender hereby covenants and agrees:

- (a) to postpone and subordinate the Loan Documents in favour of each non-financial encumbrance which is reasonable for a development such as the Development and which individually and in the aggregate does not materially adversely affect the market value of the Property (including, without limitation, encumbrances pertaining to condominium 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 and restrictive covenants);
 - (b) to discharge the Loan Documents in respect of any part of the Property which is not material to the Development 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;
 - (c) to provide partial discharges of the Loan Documents in respect of all Development condominium unit sales to third parties and in respect of all Development office/retail/medical/parking component sales to third parties, without compensation, provided that the full proceeds thereof shall be used immediately to first pay down the Construction Financing and then to pay down other Development trade creditors; and
 - (d) to enter into a non-disturbance agreement, upon request, with any Development office/retail/parking component tenant; provided that such non-disturbance agreement includes the tenant's postponement and subordination of its lease in favour of the Loan Documents and the tenant's agreement to attorn to the Lender and its successors and assigns upon an Event of Default."
- (i) Adding the following as section 6.03:
- (i) The Lender acknowledges that by entering into the Loan Agreement, the Borrower will collect personal information about the Lender, including the Lender's name and other information it is required to provide to the Borrower pursuant to the Loan Agreement (in this section 6.03, "**personal information**"), and that such collection is necessary for the Borrower to perform its obligations hereunder.
 - (ii) The Lender hereby consents to: (i) the Borrower's collection and use of the Lender's personal information for the purpose of administering the Loan as contemplated by this Agreement; (ii) the Borrower's disclosure of the Lender's personal information to Centro Mortgage Inc. and to Fortress Real Developments Inc. for the purposes of administering the Loan and communicating with such Lender, and with each other about the Lender, in connection with the Loan Agreements, which third parties will only be permitted to use the Lender's personal information for such purposes; and (iii) the Borrower's disclosure of the Lender's personal information to a third party when the Borrower believes in good faith that such disclosures are required by applicable law.

- (iii) The Lender acknowledges that the Borrower will: (i) store and retain the Lender's personal information only for as long as is necessary to fulfill the purpose for which it was collected, and will require the third parties to which the Borrower has disclosed such personal information to do the same; (ii) ensure only those employees or agents of the Borrower, Centro Mortgage Inc. or Fortress Real Developments Inc. who need access to the Lender's personal information to perform a specific job are granted access to such personal information, and that all such employees and agents are made aware of the importance of maintaining the confidentiality of such personal information; and (iii) take measures designed to protect the Investor's personal information in an effort to prevent loss, theft, misuse, and unauthorized access, disclosure, alteration, copying, modification and destruction thereof through the implementation of physical, organizational, technological and procedural safeguards.
 - (iv) The Lender may contact the Borrower at any time in accordance with this Agreement, to: (i) request that the Borrower provide to the Lender a copy of any personal information the Borrower has about the Lender; (ii) require the Borrower change, correct or delete any personal information the Borrower has about the Lender; (iii) require the Borrower to provide a list of third parties to which it has disclosed the Lender's personal information; (iv) request the Borrower to change how the Borrower can use or disclose the Lender's personal information; or (vi) inquire with the Borrower as to how the Borrower collects, uses, discloses and manages personal information. The Borrower will respond to any such request, demand or inquiry within a reasonable time and at no cost to the applicable the Lender.
 - (j) Deleting Article 7 its entirety and replacing it with Schedule "A" hereto;
 - (k) Deleting the first sentence in Schedule "B" in its entirety and replacing it with "Interest payments shall be calculated at an annual interest rate of 8%, paid quarterly in trust to Derek Sorrenti or The Bank of Nova Scotia Trust Company or B2B Trust Company or Olympia Trust, as their interests may be, commencing April 21, 2011, except that all interest payments due and payable after October 21, 2013 as set out in this Schedule "B", shall accrue without compounding and become payable by the Borrower, together with the Principal Sum on the Due Date. All funds advanced after January 21, 2011 will receive an initial payment pro-rated up to and including April 21, 2011 based on days invested."
3. Each reference to "Loan Agreement" or other similar reference in any of the documents that have been delivered pursuant to or in connection with the Loan Agreement by any of the Parties thereto prior to the date hereof or on or after the date hereof shall mean and be a reference to the Loan Agreement as amended by the Amending Agreement.
 4. It is acknowledged and agreed that the terms of this Amending Agreement are in addition to and, unless specifically provided for, shall not limit, restrict, modify, amend or release any of the understandings, agreements or covenants as set out in the Loan Agreement.
 5. This Amending Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the _____ day of ●, 2014.

●

Per: _____
Name:
Title:

2221563 ONTARIO INC.

Per: _____
Name:
Title:

SCHEDULE 'A'

ARTICLE 7 – DEFAULT AND REMEDIES

7.01 Events of Default.

Any one or more of the following events will constitute an Event of Default hereunder:

- (a) Borrower fails to make the payments in the amounts and at the times specified in the Loan Agreement;
- (b) Borrower should breach any agreement entered into between the Lenders and the Borrower, including but not limited to the Loan Documents;
- (c) any representation or warranty or certification made or deemed to be made by Borrower or any of its respective directors or officers in any Loan Document shall prove to have been incorrect in any material respect when made or deemed to be made;
- (d) Borrower (i) becomes insolvent or generally not able to pay its debts as they become due; (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors; (iii) institutes or has instituted against it any proceeding seeking (a) to adjudicate it a bankrupt or insolvent, (b) dissolution, liquidation, winding-up, reorganization, assignment, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any moratorium or plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or (c) the entry of an order for relief or the appointment of a receiver, statutory manager, trustee or other similar official for it or for any substantial part of its properties and assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or (iv) takes any corporate or partnership action to authorize any of the above actions;
- (e) the Lenders in good faith believe that the prospect of payment or performance by the Borrower of the obligations under the Loan Agreement are impaired or that any collateral provided to the Lenders as security for payment of any obligations of the Borrower to the Lenders is in danger of being impaired, lost, damaged or confiscated;
- (f) in the event of any default whatsoever with respect to any charge/mortgage registered against the Property, including but not limited to the Charge/Mortgage, including without limitation, the commencement of power of sale proceedings.

If an Event of Default occurs the Lenders may, at their option, require the unpaid balance of the Principal Sum together with all interest accrued to become immediately due and payable.

7.02 Remedies.

Upon the occurrence of any Event of Default, the Lender, in its sole discretion, may take any or all of the following actions, with or without notice:

- (a) declare the Principal Sum, any accrued interest owing in respect of the Principal Sum and any other amounts owing under this Loan Agreement, contingent or otherwise, to be immediately due and payable without presentment, demand or other notice of any kind, all of which are hereby expressly waived to the extent permitted by law;

- (b) take enforcement proceedings under the Loan Documents or any other documents relating to this Loan Agreement; and
- (c) proceed by any other action, suit, remedy or proceeding authorized or permitted by the Loan Documents, or by law or by equity.

Appendix 9:
2014 Inter-Lender Agreement

INTERLENDER AGREEMENT

THIS AGREEMENT made as of the 9th 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 -

**DEREK SORRENTI, OLYMPIA TRUST COMPANY,
B2B TRUST and THE BANK OF NOVA SCOTIA
TRUST COMPANY**
(hereinafter collectively 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;

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- (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, collectively, Derek Sorrenti, Olympia Trust Company, B2B Trust and The Bank of Nova Scotia Trust Company and their respective 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 \$8,600,000.00;
 - (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

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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;

- 6 -

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 condominium units, including, without limitation, the registration of such plan(s) of condominium; 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 and registration 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:

- 8 -

Derek Sorrenti

Facsimile number:

Olympia Trust Company

Attention:

Facsimile number:

B2B Trust

Attention:

Facsimile number:

The Bank of Nova Scotia Trust Company

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

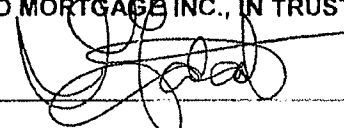
The Borrower acknowledges and consents to this Agreement and agrees to perform its obligations and hold and deal with the Charged Property in accordance with the priorities set out in this Agreement.

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.

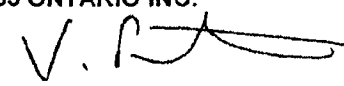
IN WITNESS WHEREOF the parties have executed this Agreement.

CENTRO MORTGAGE INC., IN TRUST

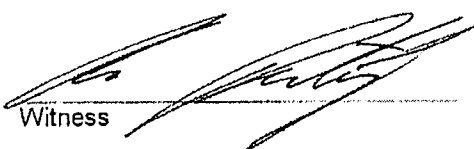
Per: 
Name: _____
Title: _____

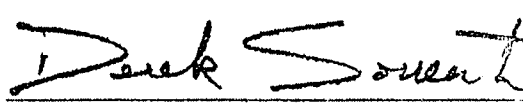
I have authority to bind the Bank.

2221563 ONTARIO INC.

Per: 
Name: Vincenzo Petrozza
Title: vice president

I have authority to bind the Corporation


Witness


Derek Sorrenti

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

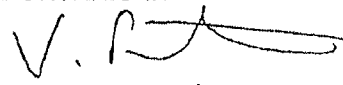
Per: _____

Name:

Title:

I have authority to bind the Bank.

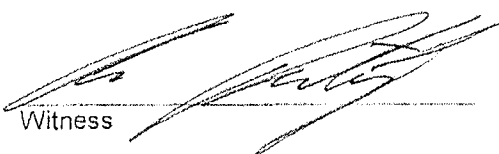
2221563 ONTARIO INC.

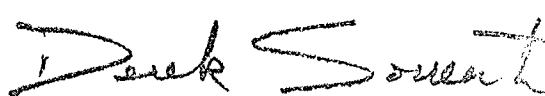
Per:  _____

Name: Vincenzo Petrozza

Title: vice president

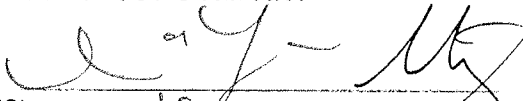
I have authority to bind the Corporation


Witness


Derek Sorrenti

- 11 -

OLYMPIA TRUST COMPANY

Per: 
 Name: Anna Le
 Title: Supervisor Alvin Amigo, Administratc

Per: _____
 Name: _____
 Title: _____

I/We have authority to bind the Corporation

B2B TRUST

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____

I/We have authority to bind the Corporation

THE BANK OF NOVA SCOTIA TRUST COMPANY

Per: _____
 Name: _____
 Title: _____

Per: _____
 Name: _____
 Title: _____

I/We have authority to bind the Corporation

- 11 -

OLYMPIA TRUST COMPANY

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

B2B TRUST

Brian A. Wale
Senior Manager, Dealer Operations
B2B Trustco / B2B Bank / B2B Bank Dealer Services

B

- F B2B TRUST.

Per: _____ *[Signature]*
Name: _____
Title: _____

Elizabeth Andaya
Administration Coordinator
Self-Directed Mortgages

Per: _____ *[Signature]*
Name: _____
Title: _____

I/We have authority to bind the Corporation

Registered Mtg # YK1607456

THE BANK OF NOVA SCOTIA TRUST
COMPANY

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

- 11 -

OLYMPIA TRUST COMPANY

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation


B2B TRUST

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

**THE BANK OF NOVA SCOTIA TRUST
COMPANY**

Per: 
Name: David MacBeth, Director
Title: The Bank of Nova Scotia Trust Company

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 10:
Centro Undertakings**



UNDERTAKING

To: Sorrenti Law Professional Corporation

Re: Crates Landing
230-240 Cameron Crescent
Keswick, ON L4P 3T6



As you may be aware, Fortress Real Developments Inc. has taken possession of 230-240 Cameron Street, Keswick.

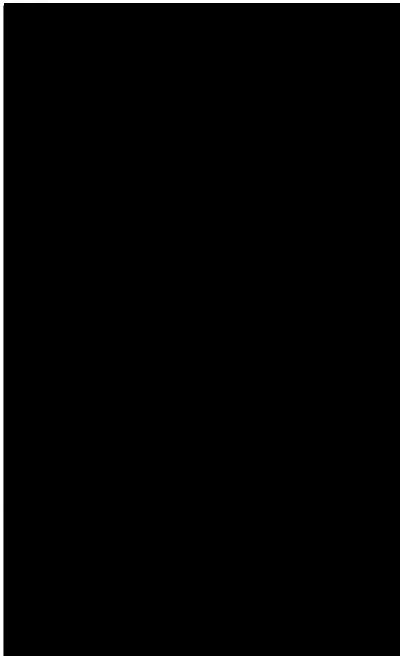
Funding is coming available to get the project moving. Each client invested into the project signed a loan agreement authorizing their respective trustee to execute postponement agreements on their behalf.

Additionally, recently, Norton Rose prepared a package including an agency accession agreement where all clients signed authorizing the administrator to provide direction to the various trustees on the clients behalf.

At this present time Centro is asking you to sign an acknowledgment and direction and interlender agreement.

Centro will continue to put forth efforts to collect missing 20 clients whose renewal package remains outstanding. The 20 clients are:

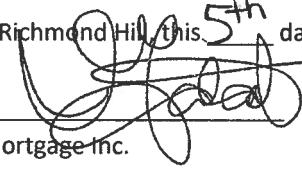
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- 20.



Should the above clients not be willing to sign Centro will make arrangements to have these investments replaced and returned to the clients.

Additionally, Centro Mortgage Inc. agrees to indemnify and save harmless Sorrenti Law Professional Corporation from and against any and all claims, demands, losses, damages, costs and expenses including legal fees and disbursements which Sorrenti Law Professional Corporation may suffer or incur by reason of Sorrenti Law Professional Corporation of Sorrenti Law Professional Corporation signing and delivering to Centro the requested postponement.

Dated at Richmond Hill, this 5th day of December 2014.



Centro Mortgage Inc.

Name: Ildina Galati

I have authority to bind the Corporation

25 Brodie Drive, Unit 8, Richmond Hill, Ontario, L4B 3K7 Tel: 905-508-4828 Fax: 905-508-3957



CENTRO
MORTGAGE INC.



FORTRESS
REAL CAPITAL
Product

UNDERTAKING

To: B2B Trust

Re: Crates Landing
230-240 Cameron Crescent
Keswick, ON L4P 3T6

As you may be aware, Fortress Real Developments Inc. has taken possession of 230-240 Cameron Street, Keswick.

Funding is coming available to get the project moving. Each client invested into the project signed a loan agreement authorizing their respective trustee to execute postponement agreements on their behalf.

Additionally, recently, Norton Rose prepared a package including an agency accession agreement where all clients signed authorizing the administrator to provide direction to the various trustees on the clients behalf.

At this present time Centro is asking you to sign an acknowledgment and direction and interlender agreement.

Centro will continue to put forth efforts to move the missing 4 clients out of B2B. These 4 clients are:

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]

Should the above clients not be willing to sign Centro will make arrangements to have these investments replaced and returned to the clients.

Additionally, Centro Mortgage Inc. agrees to indemnify and save harmless B2B Trust from and against any and all claims, demands, losses, damages, costs and expenses including legal fees and disbursements which B2B Trust may suffer or incur by reason of B2B Trust of B2B Trust signing and delivering to Centro the requested postponement.

Dated at Richmond Hill, this 4th day of December, 2014.

Centro Mortgage Inc.

Name: Ildina Galati

I have authority to bind the Corporation

25 Brodie Drive, Unit 8, Richmond Hill, Ontario, L4B 3K7 Tel: 905-508-4828 Fax: 905-508-3957

Appendix 11:
Sample Crates Landing MOU (redacted)

MEMORANDUM OF UNDERSTANDING

TO: Derek Sorrenti, Trustee

AND TO: The Bank of Nova Scotia Trust Company (Trustee on behalf of certain Self Directed Retirement Savings Plans (“SDRSPs”))

AND TO: B2B Trust, (Trustee on behalf of certain SDRSP’s) (Collectively, the “Trustees”)

AND TO: Olympia Trust Company, (Trustee on behalf of certain SDRSP’s) (collectively, the “Trustees”)

AND TO: 2221563 ONTARIO INC. (the “Borrower”)

AND TO: Derek Sorrenti, Barrister & Solicitor

RE: Participation in a Syndicated Second Mortgage loan to 2221563 ONTARIO INC. (“the Mortgage Investment”);

AND RE: Postponement of the Mortgage Investment to future construction financing to a maximum of Forty Million Dollars (\$40,000,000.00);

AND RE: An amendment increasing the registered amount and face value of the Mortgage Investment, registered as instrument YR1607456 (the “Charge”) in favor of the Trustees on behalf of various Lenders, against title to the property municipally described as 230-240 Cameron Crescent, Keswick, ON (the “Property”) to a maximum amount of Eight Million Six Hundred Thousand Dollars (\$8,600,000.00)

FROM: [REDACTED] (the “Lender”)

DATED: June 7th, 2011

Pursuant to the terms of the attached Loan Agreement and certain other related documents (the “Agreement”) which have been executed by the Lender, (hereinafter also sometimes referred to as, “I”, “me” or “my”) and the Borrower in respect of the Mortgage Investment, this memorandum is to acknowledge and confirm that:

- 1) my participating share in the Mortgage Investment (as amended) as at the date hereof is [REDACTED] % being an investment of \$ [REDACTED]

- 2) prior to deciding to participate in this Mortgage Investment I was aware of certain provisions in the Agreement allowing for the postponement of the Charge in favour of additional construction mortgage financing to a maximum of Forty Million Dollars (\$40,000,000.00) (the "Maximum Priority Financing Amount"). I confirm I fully understood the effect of this term of the Agreement and that I confirmed my instructions to proceed with the Mortgage Investment;
- 3) I hereby agree to postpone the Mortgage Investment to an amount not to exceed the Maximum Priority Financing Amount (\$40,000,000.00) pursuant to the terms of the Agreement;
- 4) I understand that it is anticipated the Maximum Priority Financing Amount will be advanced to the Borrower in multiple stages based on the achievement of certain construction milestones, and may be advanced by various parties and/or secured via multiple registrations on the Property;
- 5) prior to making this Mortgage Investment I was advised that the face value of the Mortgage Investment could be amended periodically during the term to increase the face value of the mortgage to a maximum of Eight Million Six Hundred Thousand Dollars (\$8,600,000.00). I confirm I fully understood the effect of this term of the Agreement and that I confirmed my instructions to proceed with the Mortgage Investment;
- 6) I understand that, as at the date hereof, pursuant to the Agreement, the Charge securing my Mortgage Investment has been postponed to other mortgages against the Property registered with a face amount of \$8,600,000.00;
- 7) I understand that prior to further advances under the Charge exceeding the most recent valuation of the Property, conducted on March 27, 2011 by Michael Crane Consultants, in the amount of Twenty Four Million Dollars (\$24,000,000), per the Agreement, the Borrower shall be required to provide an updated valuation of the Property to the Lenders for the purpose of confirming that the combined value of all registered mortgage security on the Property is in accordance with the terms and provisions of the Agreement;
- 8) I understand that from time to time, as further advances are contemplated pursuant to the terms of the Agreement, the Trustees, or any of them, may be required to execute certain documents related to the provisions identified herein. I hereby confirm that I continue to irrevocably authorize the Trustees to execute any such required documentation on my behalf, as required;
- 9) I continue to indemnify and hold harmless The Bank of Nova Scotia Trust Company, B2B Trust, Olympia Trust Company and Derek Sorrenti, in their capacity as trustees, and Derek Sorrenti, in his capacity as my solicitor in connection with my Mortgage Investment, the Charge, and all related matters thereto.

I hereby acknowledge my understanding and agreement to the contents hereof, by executing and forwarding a copy of this memorandum to Centro Mortgage Inc. in the postage-paid envelope included herewith.

A large black rectangular redaction box covering the signature area.A black rectangular redaction box covering the signature area.

Witness

Appendix 12:
2016 Inter-Lender Agreement

INTERLENDER AGREEMENT

THIS AGREEMENT made as of the 21st 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 -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC., OLYMPIA TRUST COMPANY, B2B TRUST and THE BANK OF NOVA SCOTIA TRUST COMPANY
(hereinafter collectively 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;

- 2 -

- (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 \$10,500,000.00, 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, collectively, Derek Sorrenti, Olympia Trust Company, B2B Trust and The Bank of Nova Scotia Trust Company and their respective 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 \$8,600,000.00.
 - (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

- 4 -

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;

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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 condominium units, including, without limitation, the registration of such plan(s) of condominium; 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 and registration 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:

Derek Sorrenti

Facsimile number:

Olympia Trust Company

Attention:

Facsimile number:

B2B Trust

Attention:

Facsimile number:

The Bank of Nova Scotia Trust Company

Attention:

Facsimile number:

(c) if to the Borrower:

2221563 Ontario Inc.
25 Brodle 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.

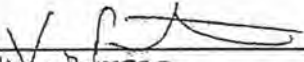
IN WITNESS WHEREOF the parties have executed this Agreement.

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

Per: 
Name: Ildina Galati-Ferrante
Title: President

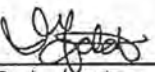
I have authority to bind the Bank.

2221563 ONTARIO INC.

Per: 
Name: Vince Petrozza
Title: Vice President

I have authority to bind the Corporation

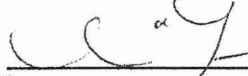
**BUILDING & DEVELOPMENT MORTGAGES
CANADA INC., IN TRUST**


Per: 
Name: Ildina Galati-Ferrante
Title: President

I have authority to bind the Corporation.

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OLYMPIA TRUST COMPANY

Per: 
Name: _____
Title: Anna Le, Supervisor

Per: 
Name: _____
Title: Cora Dumais, Team Lead

I/We have authority to bind the Corporation

B2B TRUST

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

THE BANK OF NOVA SCOTIA TRUST COMPANY

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

- 11 -

OLYMPIA TRUST COMPANY

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

**B2B TRUST
In Trust**

Elizabeth Andaya
Administration Coordinator
Self-Directed Mortgages

Per: Elizabeth Andaya
Name: _____
Title: _____

Janet Paulino
Senior Administration Officer
Self-Directed Mortgages

Per: Janet Paulino
Name: _____
Title: RE: NY Registration # YR1607456

I/We have authority to bind the Corporation

**THE BANK OF NOVA SCOTIA TRUST
COMPANY**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

OLYMPIA TRUST COMPANY

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation


B2B TRUST

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have authority to bind the Corporation

THE BANK OF NOVA SCOTIA TRUST COMPANY

Per: 
Name: David MacBeth, Director
Title: The Bank of Nova Scotia Trust Company

Per: 
Name: MANUELA LEITE
Title: EXECUTIVE TRUST MANAGER

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 13:
South Shore 2 Loan Agreement and related documentation (redacted)

LOAN AGREEMENT

THIS AGREEMENT made as of the 21st day of October, 2014,

B E T W E E N:

Centro Mortgage Inc., IN TRUST

(called the "**Lender**")

- and -

2221563 Ontario Inc.

(called the "**Borrower**")

WHEREAS the Lender has agreed to advance the Loan to the Borrower on the basis set forth herein;

AND WHEREAS the Loan will be secured by a second-ranking mortgage against the Property;

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) "**Bridge Lender**" shall have the meaning attributed thereto in Section 3(c);
- (d) "**Bridge Loan**" shall have the meaning attributed thereto in Section 3(c);
- (e) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (f) "**Conditions Precedent**" shall have the meaning attributed thereto in Section 11 hereof;

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- (g) “**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;
- (h) “**Development Consultant Agreement**” means the agreement between Fortress and the Borrower of even date relating to the provision of certain services to the Borrower for the Project;
- (i) “**Development Fees**” means any and all development management fees or construction management fees payable by the Borrower or any related parties in connection with the Project;
- (j) “**Event of Default**” shall have the meaning attributed thereto in Section 16 hereof;
- (k) “**First-Ranking Construction Loan**” means collectively, 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 (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;
- (l) “**First-Ranking Construction Loan Security**” means the security to be provided to the Senior Lender to service the First-Ranking Construction Loan;
- (m) “**Fortress**” means Fortress Real Developments Inc.;
- (n) “**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;
- (o) “**Interest Reserve**” means the amount of monies actually raised from investors and included in the Loan to cover interest payments on the Net Equity advanced under the Loan;
- (p) “**Lender**” means Centro Mortgage Inc., in trust, for and on behalf of certain persons/entities, and their respective successors and assigns;
- (q) “**Loan**” shall have the meaning attributed thereto in Section 3 hereof;
- (r) “**Loan Documents**” means this Agreement, the Security, all other documentation delivered in connection with the Loan and all amendments thereof;
- (s) “**Maturity Date**” shall have the meaning attributed thereto in Section 4 hereof;

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- (t) **“Net Equity”** means a portion of the principal amount of the Loan advanced to the Borrower, from time to time, excluding: (1) the Interest Reserve; (2) all other accrued interest; (3) the Deferred Lender Fee; and (4) the amounts raised and paid out on account of interest payments, all fees paid by the Borrower to Fortress under the Development Consultant Agreement as Development Consultant Fees / Costs, as defined therein;
- (u) **“Notice”** shall have the meaning attributed thereto in Subsection 18(b) hereof;
- (v) **“Permitted Encumbrances”** means the First-Ranking Construction Loan Security, a mortgage to secure any insurer providing bonding to the Tarion Warranty Corporation or providing excess deposit insurance to purchasers of condo units and such non-financial encumbrances as shall be reasonable for a development such as the Project (including, without limitation, encumbrances pertaining to easements, rights-of-way, subdivision agreements, condominium development or related agreements, site plan control agreements, Development Consultant Agreements, cost-sharing agreements, encroachment agreements, zoning/use laws, utility licences, utility easements, Crown patent reservations and restrictive covenants);
- (w) **“Project”** means residential condominium development to be constructed on the Property, comprised of the lands located at 230-240 Cameron Crescent Keswick, Ontario;
- (x) **“Project Budget”** means the Project budget attached hereto as Schedule “B”;
- (y) **“Project Cost Consultant”** means an arm’s-length cost consultant approved by the Lender, acting reasonably;
- (z) **“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;
- (aa) **“Security”** shall have the meaning attributed thereto in Section 10 hereof;
- (bb) **“Senior Lender(s)”** means the arm's length recognized financial institution providing the First-Ranking Construction Loan for the Project and receiving the First-Ranking Construction Loan Security, all as approved by the Lender, acting reasonably;
- (cc) **“Substantial Completion”** shall have the meaning attributed thereto pursuant to the *Construction Lien Act* (Ontario);
- (dd) **“Term”** shall have the meaning attributed thereto in Section 4 hereof; and
- (ee) **“Waterfall”** has the meaning attributed thereto under Section 5 of the Development Consultant Agreement.

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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

3. **Loan**

- (a) The Lender hereby establishes a non-revolving loan (the "**Loan**") in favour of the Borrower in an amount not exceeding \$20,000,000.00 to provide funding for the Borrower's costs related to the acquisition of the Property, as set out in Schedule "B" attached hereto (the "**Project Budget**") including, without limitation, funding to repay, if any, the Bridge Loan, other reasonable closing costs and reasonable soft costs incurred or to be incurred prior to construction financing and to provide for any shortfall in required equity (as determined by the Senior Lender in its sole, absolute and unfettered discretion) prior to the first advance of the First-Ranking Construction Loan, all as set out in the Project Budget, but specifically excluding Development Fees which must be funded by the Senior Lender;
- (b) If, for any reason whatsoever and notwithstanding any other provision hereof, the Lender is unable to fund the full Loan for the Project, as and when required, as per the Project Schedule as approved by the Lender, as amended from time to time, with consent of both the Lender and Borrower within ninety (90) days of being required to do so, then the security for the Loan funded shall be postponed and subordinated in favour of any and all security required by a lender providing the loan for the shortfall (the "**Replacement Lender**") and shall be postponed and subordinated in favour of the Security held by the Replacement Lender for advances to the Project. Either the Lender or the Borrower shall have the right to obtain a Replacement Lender on the best commercial terms available; and
- (c) Notwithstanding any other provision hereof, in the event that, for any reason whatsoever, less than the principal amount of the Loan is arranged for ultimate advance to the Borrower, as and when required as set out herein, then the Lender may, in its sole, absolute and unfettered discretion, agree to arrange a financing of the shortfall through an additional loan ("**Bridge Loan**") from a third party lender ("**Bridge Lender**"). The Bridge Loan shall rank in priority to the Loan and the Loan Documents and rank behind the First-Ranking Construction Loan Security (if applicable), and the Borrower and Lender agree to execute and deliver all reasonable documentation to provide required Security and related documents to the Bridge Lender as it may reasonably require to secure the Bridge Loan, and reflect such priority/ranking. The Bridge Loan shall provide for usual cost-to-complete advances and be secured by all usual security/documentation similar to the Security herein.

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4. **Term**

- (a) 21 months, commencing on the date of first advance 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 12 additional months.

The first advance (the “**First Advance**”) shall be made within sixty (60) days following the execution of this Loan Agreement, delivery of the Security and satisfaction of all Conditions Precedent.

Failing the first advance being completed as aforesaid, the Lender at its option, may terminate this Agreement and be relieved of all liability hereunder.

5. **Interest Rate**

Eight Percent (8%) per annum.

Notwithstanding any other provision hereof, the aggregate fees, donations, interest, share of profits, penalties and all other payments pursuant to the Loan (in addition to the repayment of Loan principal) shall be deemed not to exceed an effective annual rate of interest of 59% (calculated in accordance with generally accepted actuarial practices and principles).

6. **Interest Payment**

Calculated and payable quarterly, not in advance, both before and after default, first payment thereof to be made on the 21st day of the month next following the date of the first advance of the Loan. All interest during the Term shall be paid from the Interest Reserve raised by the Lender as part of the Loan, or failing same, it shall be accrued to the Maturity Date.

7. **Method of Payment of Quarterly Interest Payment**

The Borrower shall subscribe to the “pre-authorized payment” system to allow quarterly instalments to be withdrawn automatically, to be advanced from the Interest Reserve to the extent raised by the Lender (or the Lender is directed to make necessary advances from the Interest Reserve to make the quarterly interest payments as and when due).

8. **Prepayment/Repayment of Principal**

- (a) The Borrower may prepay the Loan, in whole but not in part, upon two (2) Business Days’ prior written notice to the Lender and without bonus, but the obligations to pay the Deferred Lender Fee and any payments to Fortress under the Development Consultant Agreement shall continue;
- (b) The outstanding Loan principal together with accrued interest owing and all other amounts due and owing, if any, pursuant to the Loan Documents shall become

- 6 -

wholly due and payable on the earlier of Maturity Date or the occurrence of an unremedied Event of Default;

- (c) In the event that the Senior Lender requires less equity that has already been advanced by the Lender, or to the extent the Project is refinanced, to the extent that such equity can be repatriated to the Borrower, same shall be paid to the Lender to pay down the Loan or at the option of the Lender, held in a separate trust account and pledged to the Lender to secure and be used to fund Interest Reserves and interest payments; and
- (d) Repayment of the Loan shall be subject to and in accordance with the provisions of the "Waterfall" in Section 5 of the Development Consultant Agreement.

9. **Security**

The security for the Loan (as amended, hereinafter the "Security") shall be as follows, subject only to the Permitted Encumbrances:

- (a) Property mortgage executed by the Borrower in the principal amount of \$20,000,000.00;
- (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 second/third-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 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 including *inter alia*, an appropriate indemnity for all environmental matters;
- (e) a completion guarantee from the Borrower;

- 7 -

- (f) an undertaking by the Borrower and the sponsors to obtain construction financing from the Senior Lender for all approved Project costs as described in the Project Budget, save for the equity to be advanced by way of the Loan Amounts under this Loan Agreement, on commercially reasonable terms to be approved by the Lender, acting reasonably;
- (g) such further and/or other security relating to the Property as the Lender shall reasonably require.

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 12 hereof;
- (c) the financial statements and Project Budget described in Section 12 hereof;
- (d) the off-title search results and corporate/personalty search results described in Section 12 hereof;
- (e) evidence of liability insurance in satisfactory amounts, with the Lender included as a named insured;
- (f) all material Project contracts;
- (g) all Project plans and specifications and all periodic Project development reports issued to date;
- (h) all architectural and engineering documents and any other consultant or internally generated developments reports with respect to the Project, together with the draft plan, zoning analysis, traffic study, sanitary study, water study, storm-water study, utility study and road study;
- (i) a copy of the Purchase Agreement and closing statement of adjustments; and
- (j) 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:

- 8 -

- (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 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 a Permitted Encumbrance mortgagee(s) confirming that the relevant mortgage loan is in good standing and the terms thereof;
- (e) 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 completed Project value of not less than \$22,600,000.00
- (g) satisfactory environmental report, geotechnical report, mechanical engineering report, structural engineering report and zoning report, prepared by the appropriate professionals (with reliance letters in favour of the Lender, it being understood that all zoning and development and building permits approvals for the Project are in place); Note: Environmental Provided is acceptable to the lender.
- (h) confirmation that realty taxes have been paid to the relevant date;
- (i) satisfactory financial statements in respect of the Borrower and a satisfactory summary of Borrower share ownership;
- (j) satisfactory Project Budget, duly approved by the Lender;
- (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;
- (m) 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;
- (n) confirmation of investors' interest – the Borrower acknowledges that the Lender will be syndicating this loan to individual investors, either through cash investments or RRSP investments and that each investor will have an individual beneficial interest in the Loan Amount proportionate to the overall contributions. As part of the syndication process, the Borrower agrees to execute a confirmation

- 9 -

of Lender's interest in the Lender's standard form with each of the investors to confirm their individual Loan Amounts;

12. **Reporting Mechanisms**

The Borrower hereby covenants and agrees to deliver and provide the following with respect to the Project on a monthly basis including:

- (a) copies of the Project Cost Consultant's reports with each advance, as well as any preliminary or supplementary reports including the last version issued by Altus Helyar;
- (b) a monthly report as to the status of all zoning and planning approvals;
- (c) a monthly status report as to revisions to the Budget, negotiations with Senior Lender, as well as updated plans and specifications for the Project. To the extent such plans and specifications materially change from those received and are approved by the Lender at the outset, same will require the approval of the Lender, acting reasonably;
- (d) financial reporting as to loan advances, sales reports, project expense reports and such other reasonable reporting requirements of the Lender and consistent with those to be provided to the Project Cost Consultant and the Senior Lender;
- (e) advice as to any material deviations to the Project Budget;
- (f) all preliminary and final plans for the design , layout , suite mix and proposed pricing of the Project and the units, any any other Project specifications required by the Lender,as amended from time to time, all to be approved by the Lender , acting reasonably;and
- (g) such other reasonable requirements of the Lender consistent with the terms of this Loan Agreement and industry practice for similar types of equity/loans.

The Borrower acknowledges that Fortress will be delegated the responsibilities of monitoring the Project and receiving all reports from the Borrower as contemplated in the Loan Agreement including completing the due diligence with respect to the funding obligation of the Lender under the Loan Agreement and providing approvals where required for the Lender.

13. **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 Ontario, 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

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- 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

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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;

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- (n) all public utilities required for the normal operation of the Property connect into 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, and save as otherwise disclosed to the Lender in the reports provided by the Borrower, including without limitation the potential presence of methane, the Property complies with all laws regarding environmental matters; 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.

14. **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,

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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 be entitled to 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 Lender shall be entitled to 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;
- (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;

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- (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 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 Project purposes and for no other purpose, 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 the Lender may, after giving concurrent 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 if any such covenant requires the payment or expenditure of money, it 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 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 make or cause to be made all requisite registrations required by this Agreement with respect thereto; any and all times the Borrower will do, execute, acknowledge and deliver or will cause to be done,

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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 Project agreements without the Lender's consent;
- (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 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 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) all risk builder's insurance with extended coverage for all other risks and perils in, representing an amount equal to 100% of the gross replacement cost of all buildings located on the Property, without deduction for foundations or footings; the proceeds payable under such policy shall be payable to the Lender as mortgage creditor, pursuant to a standard mortgage clause approved by the Insurance Bureau of Canada;
 - (ii) broad form boiler insurance with coverage on all electrical equipment, mechanical equipment and pressure vessels; such policy shall contain a standard mortgage clause approved by the Canadian Boiler and Machinery

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Underwriters Association, or an equivalent clause, with proceeds payable thereunder to the Lender as mortgage creditor;

- (iii) general liability insurance covering damages in an amount of not less than \$5,000,000.00 per occurrence;
 - (iv) environmental liability and remediation insurance covering damages in an amount of not less than \$5,000,000.00 per occurrence; such coverage shall include third party pollution liability claims and first party on-site remediation expenses; and
 - (v) 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;

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- (ii) all legal fees and disbursements of the Lender's solicitors; and
- (iii) all registration, recording and filing fees and transfer and mortgage taxes.
- (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.

15. **Events of Default**

Events of Default ("Events of Default") shall be as follows:

- (a) if the Borrower fails to pay interest, principal or other amount owing hereunder on a due date during the Term and such default remains outstanding for ten (10) days; or
- (b) if the Borrower fails to pay all principal on the Maturity Date, subject to the Waterfall; or
- (c) if the Borrower fails to complete all obligations it may have under the Purchase Agreement; or
- (d) if the Borrower fails to pay, or cause to be paid, 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
- (e) 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
- (f) 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 in any material respect 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
- (g) 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,

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or such longer cure period as may be reasonable in the circumstances, provided the Borrower takes diligent and commercially reasonable steps to cure such default as soon as possible; or

- (h) 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
- (i) 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
- (j) if all or any material part of the Property is expropriated; or
- (k) if one or more final judgments for the payment of money (which is not covered by insurance) shall be rendered against the Borrower; or
- (l) 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
- (m) if the Borrower shall suspend or cease or threaten to suspend or cease its business; or
- (n) 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
- (o) 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
- (p) 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

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make a proposal to its creditors under a bankruptcy act including, without limitation, the *Companies' Creditors Arrangement Act* (Canada); or

- (q) 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
- (r) 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; or
- (s) if the Borrower shall sell, transfer, lease, license or otherwise convey an interest in the Property or any part thereof in contravention of Subsection 15(x) hereof, or if the Borrower shall 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 immediate repayment of the Loan principal in full together with all accrued interest and all other amounts due hereunder; or
- (t) if the Borrower is in default of any Permitted Encumbrance for more than fifteen (15) days after receiving written notice of such default.

16. **Postponement and Subordination and Partial Discharge**

The Lender covenants and agrees as follows:

- (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, 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);
- (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;
- (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,

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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; and

- (e) if applicable, to enter into a non-disturbance agreement, upon request, with any Project; such non-disturbance agreement shall provide for the tenant's postponement and subordination of its lease in favour of the Loan Documents and the tenant's agreement to attorn to the Lender and its successors and assigns upon an Event of Default.

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.

17. 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 ("**Notice**") between the parties hereunder shall be in writing and delivered, sent by prepaid registered mail or electronically communicated by telecopier or e-mail as set forth below; 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 (3rd) 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 18(b):

To the Lender:

Centro Mortgage Inc.

Unit 8
25 Brodie Drive
Richmond Hill, ON L4B 3K7

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Attention: Ildina Galati

and a copy to:

Fogler, Rubinoff LLP
77 King Street West
Suite 3000, PO Box 95
Toronto, Ontario M5K 1G8

Attention: Richard Rotchtin
Fax: (416) 941-8852
Email: rrotchtin@foglers.com

To the Borrower:

2221563 Ontario Inc

1-25 Brodie Drive Richmond Hill, ON

Attention: Vince Petrozza

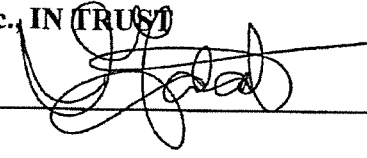
- (c) The Borrower shall not assign its rights and obligations pursuant to this Agreement, in whole or in part, without the Lender's prior written consent, which consent may be withheld in the Lender's sole, absolute and unfettered discretion.
- (d) The Lender shall be entitled to assign all or part 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

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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.

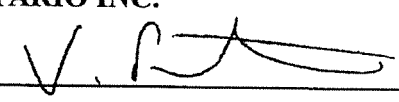
Centro Mortgage Inc. IN TRUST

Per: 
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Corporation.

2221563 ONTARIO INC.

Per: 
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Corporation.

SCHEDULE "A" TO LOAN AGREEMENT**MUNICIPAL AND LEGAL DESCRIPTION OF THE PROPERTY**

230-240 Cameron Crescent Keswick, ON

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





WITH US IT'S PERSONAL

MORTGAGE INVESTMENT DIRECTION AND INDEMNITY AGREEMENT - SYNDICATED

Registered Plans & TFSA Division

Syndicated Mortgage Investment Details

Annuitant/ Holder/ Subscriber (referred to herein as the "undersigned", "I" or "me"): 

Olympia Plan Number (referred to herein as "my Plan"): 

Borrower / Mortgagor (the "Borrower"): 2221563 ONTARIO INC (CRATES LANDING)

Face Value of Mortgage: As described in the Lender Acknowledgement and Consent Agreement

Discount Amount: \$ N/A Is this discount amount prepaid interest? N/A


Mortgage Position: As described in the Lender Acknowledgement and Consent Agreement

Legal Description of Mortgaged Lands (the "Lands"): PIN 03475-0123, PIN 03475-0124, PIN 03475-0125, PIN 03475-0126, PIN 03475-0127, PIN 03475-0868, PIN 03475-0869, PIN 03475-0870, PIN 03475-0927

Street Address of Lands: 230 - 240 CAMERON CRESCENT

Interest Rate: 8 % Interest Calculation Method: ANNUALLY - NOT IN ADVANCE

Term: 3 Amortization Period: ACCRUED FOR FULL TERM


Maturity Date: Jul 21, 2016 (ext. Jul 21, 2017) Payment Amount: \$ 

Lawyer (name, firm name and address) to which Funds are to be paid in trust (the "Lawyer"): Sorrenti Law Professional Corporation in trust

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 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 hereby confirm that I am fully aware of the nature of the Mortgage and its terms and conditions.
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 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 above.
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 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.


Initialed by Annuitant / Holder / Subscriber

Courier Address: 2200, 125 - 9 Avenue SE, Calgary, AB T2G 0P6
Mailing Address: PO Box 2581, STN Central, Calgary, AB T2P 1C8
Phone 403.770.0001 Toll Free 1.877.565.0001



WITH US IT'S PERSONAL

MORTGAGE INVESTMENT DIRECTION AND INDEMNITY AGREEMENT - SYNDICATED

Registered Plans & TFSA Division

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:
- 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;
 - 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;
 - 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);
 - Olympia shall deposit all funds received as the result of such proceeding in my Plan;
 - Olympia shall forward by mail, facsimile or email copies of any legal proceeding received from a third party which relate to the Mortgage; and
 - 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 irrevocably authorize and consent to the execution of any documents by Olympia on my behalf without further notice to me, or approval by me for the purpose of granting partial discharges of the Mortgage in the course of the development of the Lands provided that Olympia: (i) receives a written request from the Borrower to sign such documents or agreements; (ii) receives written confirmation from the Borrower that such documents or agreements are required by the senior lenders or are otherwise required to develop the Lands; and (iii) receives written confirmation from the Borrower that such documents or agreements are permitted pursuant to the loan agreement between myself and the Borrower. For greater certainty, I hereby agree that Olympia shall be entitled to rely solely on the Borrower's written confirmation in (ii) and (iii) above with without any further investigation or verification. In the event that the Borrower was not entitled to receive a partial discharge of the Mortgage and Olympia has partially discharged the Mortgage based on a written confirmation of the Borrower in accordance with (ii) and (iii) above, I acknowledge that my recourse shall be limited to the Borrower and that I shall not have any claim for damages or otherwise against Olympia for partially discharging the Mortgage. I hereby confirm my authorization and consent in this regard.
8. I irrevocably authorize and consent to the execution of any documents by Olympia on my behalf without further notice to me, or approval by me for the purpose of granting a full discharge of the Mortgage provided that Olympia: (i) receives a written request from the Borrower to sign such discharge documents or agreements; (ii) receives written confirmation from the Borrower that it has paid me all such amounts owing under the loan agreement between the undersigned and the Borrower and that the discharge of the Mortgage is permitted pursuant to such loan agreement. For greater certainty, I hereby agree that Olympia shall be entitled to rely solely on the Borrower's written confirmation in (ii) above with without any further investigation or verification that all such amounts have actually been paid to me by the Borrower as required by our loan agreement. In the event that I have not been paid all amounts owing under my loan agreement with the Borrower and Olympia has discharged the Mortgage based on a written confirmation of the Borrower in accordance with (ii) above, I acknowledge that my recourse shall be limited to the Borrower and that I shall not have any claim for damages or otherwise against Olympia for discharging the Mortgage. I hereby confirm my authorization and consent in this regard.
9. 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: (i) Olympia acting in accordance with the instructions set out herein; (ii) the investment of funds from my Plan in the Mortgage; or (iii) 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.



Initialed by Annuitant
/ Holder / Subscriber

Courier Address: 2200, 125 – 9 Avenue SE, Calgary, AB T2G 0P6
Mailing Address: PO Box 2581, STN Central, Calgary, AB T2P 1C8
Phone 403.770.0001 Toll Free 1.877.565.0001



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

I, RICHARD ROTCHTIN, 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 (the "Lands") owned by 2221563 ONTARIO INC. (CRATES LANDING 2) (the "Borrower").

I acknowledge that my services have been retained by ~~the Lenders and/or~~ 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 2nd (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 2nd day of January, 2015

Solicitor's Signature

OLYMPIA
TRUST COMPANY

Courier Address : 2200, 125 - 9 Avenue SE, Calgary, AB T2G 0P6
Mailing Address : PO Box 2581, Station Central, Calgary, AB T2P 1C8
Phone 403.770.0001 Toll Free 1.877.565.0001

AUTHORIZATION

TO: Olympia Trust Company

RE: ADDRESS to Olympia Trust Company

PROPERTY:

230-240 Cameron Crescent Keswick, ON
**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.**

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. YR225948

Dated at WELLESLEY, ON this 28 day of NOV, 2014.



Investment Authority – Form 9D

To: Centro Mortgage Inc.
Mortgage Administrator
 1A-25 Brodie Drive
 Richmond Hill, Ontario L4B 3K7
Attention: Ildina Galati

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.

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 the real property (ies)
 230-240 Cameron Crescent
 Keswick, ON
**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 Condominiums**

4. Principal amount of mortgage/charge: **\$3,200,000.00** – (increasing to a Maximum of **\$20,000,000.00**), see paragraph 19.

5. Amount of loan to be advanced: \$ [REDACTED]

6. Rank of mortgage or charge: **A Second ranking Charge/Mortgage (The ranking of the mortgage can change at any time over the duration of the term) – subject to paragraph 20, see below.**
7. Encumbrances: **First ranking Charge/Mortgage will be registered in priority of this mortgage investment, see below.**

Balance 1st mortgage \$4,500,000.00 to Diversified Capital 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 **\$22,600,000.00** The means taken to determine said value was an Opinion Of Value authored by Jeff Cheng & Kevin Ferguson, , of Legacy Global Mercantile Partners Ltd on November 6th, 2014 in combination with a Planning Opinion Authored by Paul Demczak, MCIP, RPP.
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: **34%** - **The LTV on this project is calculated on the 1st and 2nd mortgage values only, there are encumbrances that postpone to this charge that are not calculated into the current LTV.**
11. 21 months, commencing on the date of advance (November 21, 2014) of the Loan 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 “**Extension**”). **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 **July 21, 2016 (Extension date July 21, 2017)** **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: Payments made **Quarterly**, in the amount of **\$532.00**, payments

commencing on **January 21, 2015**, the initial payment being pro rata from the date of advance up to the date of the predetermined initial payment.

16. The mortgage is to be registered in the name of: "**Centro Mortgage Inc., in Trust**" 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: **Quarterly** commencing on **January 21, 2015**. Interest payments cannot be disbursed to the Lender by the Trustee until funds are received by the Trustee/Administrator from the Borrower (on behalf of non-registered investors), or by the Trustee trust company from the Borrower (on behalf of registered investors.)
19. I understand that the mortgage shall be initially registered indicating a face value of \$3,200,000.00, 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 \$20,000,000.00**
20. I understand the Charge/Mortgage in which I have an interest is currently a 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 the Diversified Capital Inc. in the principal amount of \$4,500,000.00 currently, and the second mortgagee will postpone its position 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 second Charge/Mortgage, changing its position to a greater ranking Charge/Mortgage.

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

I hereby confirm that I understand and agree that the 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 this 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 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. **Partial Investor Discharges:**

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.

22. In the event that Centro & 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. Centro & 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;
23. 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 Centro & Olympia has raised all required funds contemplated under the Loan.
24. Net proceeds raised under this mortgage may be used to refinance portions of existing prior encumbrances and/or investors/lenders.
25. 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:

Admin/Legal Fees: \$100.00 per client per year's in the term plus HST (plus registration fees) plus HST (paid by Borrower)

Mortgage Broker Fee: \$3% payable to Centro Mortgage Inc.

Co-Brokerage Fee: \$2660.00 payable to FDS BROKER SERVICES INC.

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 are disclosed below:

1st Ranking Mortgage Charge registered with the first Diversified Capital Inc. Mortgagee 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 20, 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.

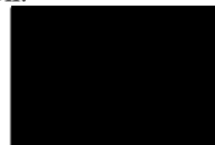
2. *(Instructions: Each investor to complete and initial clause (a) and, if clause (a) is answered in the affirmative, to complete (if necessary) and initial clause (b) and to initial clause (c)).*

- (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.

NOV 28/2014
 * Investor to insert current date here

(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.

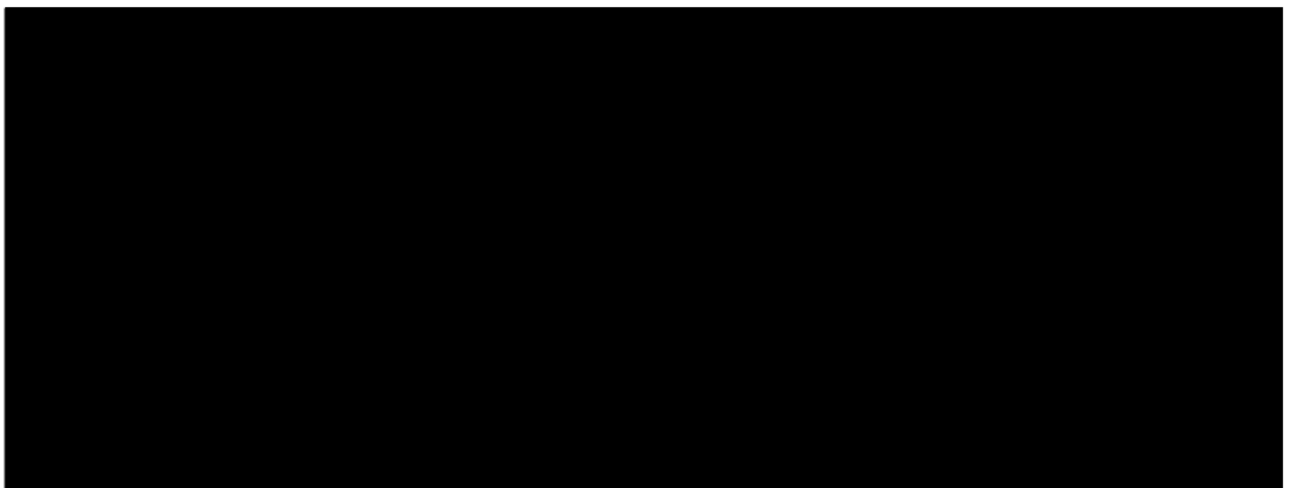
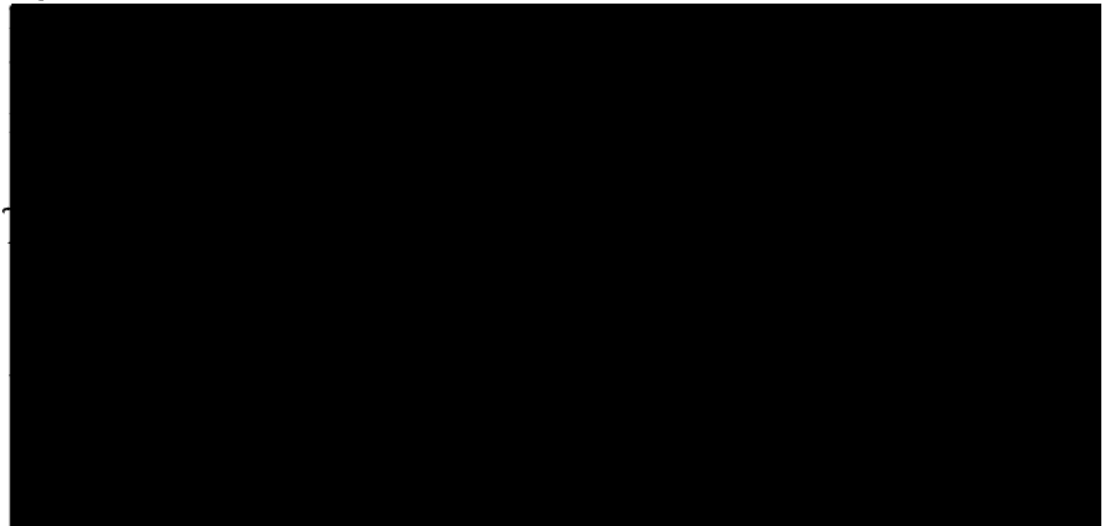
2. Any loss you may suffer on this mortgage investment will not be insured under the lawyer's professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.



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.



Signature



CONFIRMATION OF LENDER'S INTEREST

TO:

[REDACTED]

(the "**Mortgage Investor**")

[REDACTED]

(insert address)

(insert email address)

(insert investment amount))

\$ [REDACTED]

WHEREAS:

- A. Centro Mortgage Inc., in trust (the "**Lender**"), acted as lender in respect of a loan (the "**Loan**") pursuant to a loan agreement dated October 21, 2014, 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 Centro Mortgage Inc., in trust (the "**Assignee**"), pursuant to an assignment and assumption agreement dated October 21, 2014; 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;

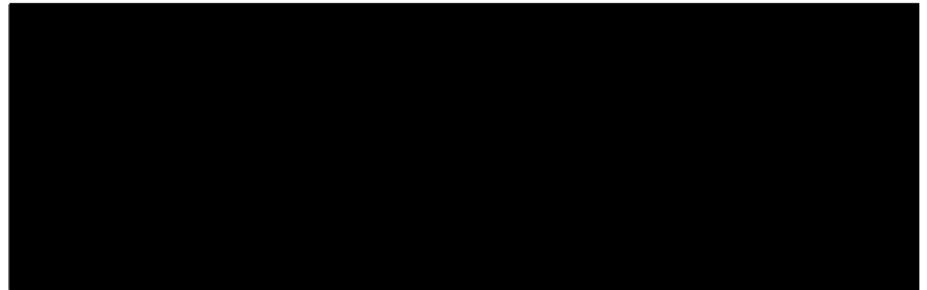
FOR GOOD AND VALUABLE CONSIDERATION, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

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 \$3,200,000.00)
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

- 2 -

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 deposits, Tarion 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); 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.



Per:

Name:

Title:

- 3 -

Centro Mortgage Inc., in Trust [Lender]



Per: _____

Name: Ildina Galati

Title:

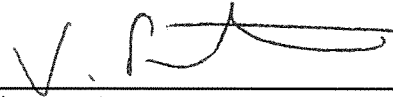
Per: _____

Name:

Title:

I/We have the authority to bind the Corporation.

2221563 Ontario Inc. [Borrower]



Per: _____

Name: Vincenzo Petrozza

Title:

I/We have the authority to bind the Corporation.

Appendix 14:
Snoxons 2014 Inter-Lender Agreement

INTERLENDER AGREEMENT

THIS AGREEMENT made as of the 9th 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

- 2 -

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:

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- (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; *ser*
- (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

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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

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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;

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- (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.

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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:

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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. Sunnett**

I have authority to bind the Bank.

2221583 ONTARIO INC.

Per: 
Name: _____
Title: _____

I have authority to bind the Corporation

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:

I have authority to bind the Bank.

2221563 ONTARIO INC

Per: _____
Name:
Title:

I have authority to bind the Corporation

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SNOXONS HOLDINGS INC.

Per: Steph 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



March 20th, 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 2nd 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 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 21st 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;

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- (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;

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- (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;

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- (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;

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- (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

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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

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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

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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

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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;

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- (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

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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 (3rd) 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).

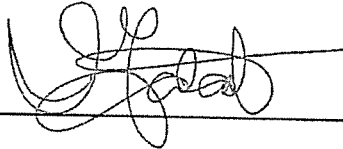
- (c) The Borrower shall not assign its rights and obligations pursuant to this Agreement, in whole or in part, without the Lender's prior written consent, which consent may be withheld in the Lender's sole, absolute and unfettered discretion.
- (d) The Lender shall be entitled to assign all or part 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.

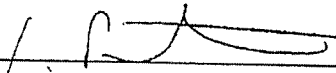
**Building & Development Mortgages Canada Inc., In Trust
for the Lender as Trustee**

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)
Net Revenues	\$77,819,709	\$7,125,000
Projected Expenses		
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
Total Expenses	\$68,565,277	\$5,886,319
Profit	\$9,254,432	\$1,238,681
Project Statistics		
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"): [REDACTED]	
Olympia Plan Number (referred to herein as "my Plan"): [REDACTED]	
Borrower / Mortgagor (the "Borrower"): 2221563 ONTARIO INC. (SOUTH SHORE 2)	
Principal Loan Amount Secured by Mortgage: \$ 5,900,000.00	
Initial Mortgage Position: 3rd	
Legal Description of Mortgaged Lands (the "Lands"): 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	
Street Address of Lands: 230 - 240 CAMERON CRESCENT KESWICK, ONTARIO	
Broker: BUILDING & DEVELOPMENT MORTGAGES CANADA INC.	
Interest Rate: 8 (YR 1 UPFRONT, THEN ACCRUED) %	Interest Calculation Method: ANNUALLY - NOT IN ADVANCE
Term: 2YRS + 12 MOS	Amortization Period: NA - INTEREST ONLY
Maturity Date: APRIL 21, 2018 (ext. APRIL 21, 2019)	Payment Amount: \$ [REDACTED]
Lawyer (name, firm name and address) to which Funds are to be paid in trust (the "Lawyer"):	
AVI SUGAR, FOGLER RUBINOFF LLP 77 King Street West, Suite 3000, P.O. Box 95 Toronto, ON M5K 1G8	

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

[REDACTED]
Client Initials



MORTGAGE INVESTMENT DIRECTION AND INDEMNITY AGREEMENT – SYNDICATED

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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@olympiustrust.com

www.olympiustrust.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.



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MORTGAGE INVESTMENT DIRECTION AND INDEMNITY AGREEMENT – SYNDICATED

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Registered Plans & TFSA Division

17. I have received a copy of Olympia’s current fee schedule and I acknowledge that the Mortgage fees charged by Olympia are not pro-rated and are not based on the amount of activity, value, quality or standing of a Mortgage.
18. I am NOT a non-resident of Canada for the purposes of the *Income Tax Act (Canada)* or any treaty or convention that Canada may have with another country. Further, I undertake to immediately advise Olympia if my status as a Canadian taxpayer and resident changes.
19. I acknowledge that I have sought and obtained independent financial, investment, tax, and legal advice and carried out such due diligence and made other such enquiries to the extent that I deem necessary and appropriate in making this investment for my Plan to determine the suitability of the investment in light of my personal circumstances.
20. I will provide at my expense, at any time as Olympia may require, such independent information or opinions as deemed necessary by Olympia with respect to the continued status of the Mortgage as a “qualified investment” and as not being a “prohibited investment” (as such terms are defined in the *Income Tax Act (Canada)*). In the event that I fail to satisfy any of the requirements set forth above, Olympia is fully entitled to deem that the Mortgage is not a “qualified investment”, or is a “prohibited investment”, and to effect whatever actions and reporting is, in Olympia’s opinion, required for the purposes of the *Income Tax Act (Canada)*. I understand and agree that in such event, adverse tax consequences may be suffered and I confirm that I will assume full responsibility for such tax consequences.

In accordance with the above and the Trust Agreement, I hereby direct Olympia to advance \$ [REDACTED] to the specified Lawyer in accordance with this Agreement in order to facilitate my investment in the Mortgage.

<div style="background-color: black; width: 200px; height: 20px; margin-bottom: 5px;"></div> <hr/> Name of Annuitant / Holder / Subscriber (Please Print)	<div style="background-color: black; width: 300px; height: 20px; margin-bottom: 5px;"></div> <hr/> Signature of Annuitant / Holder / Subscriber
<div style="background-color: black; width: 100px; height: 20px; margin-bottom: 5px;"></div> <hr/> Plan Number	<div style="margin-bottom: 5px;"> Aug 16/16 </div> <hr/> Date

AUTHORIZATION

TO: Olympia Trust Company

RE: ADDRESS to Olympia Trust Company

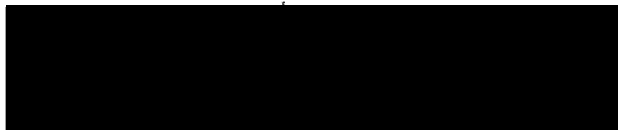
PROPERTY:

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.

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.

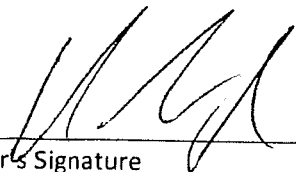
I understand that Olympia will, upon receipt of a direction from the Lenders, advance funds to me, in trust, from the Lenders Self-Directed accounts (collectively, the "Funds"). I undertake to hold these Funds in trust and not release the same to the Borrower (or any other party) until registration on 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 16th day of June, 2016


 Solicitor's Signature

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: 403.261.6105 Toll Free: 1.877.565.0001 Email: rrspmortgageinfo@olympiatrust.com

www.olympiatrust.com

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 1st mortgage \$4,500,000.00 to Diversified Capital Inc.

2nd 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 1st and 2nd 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 21st 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 21st 2018. (Extension date April 21st 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:

Estimate	Paid to	Purpose
\$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:

1st 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 2nd 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)).

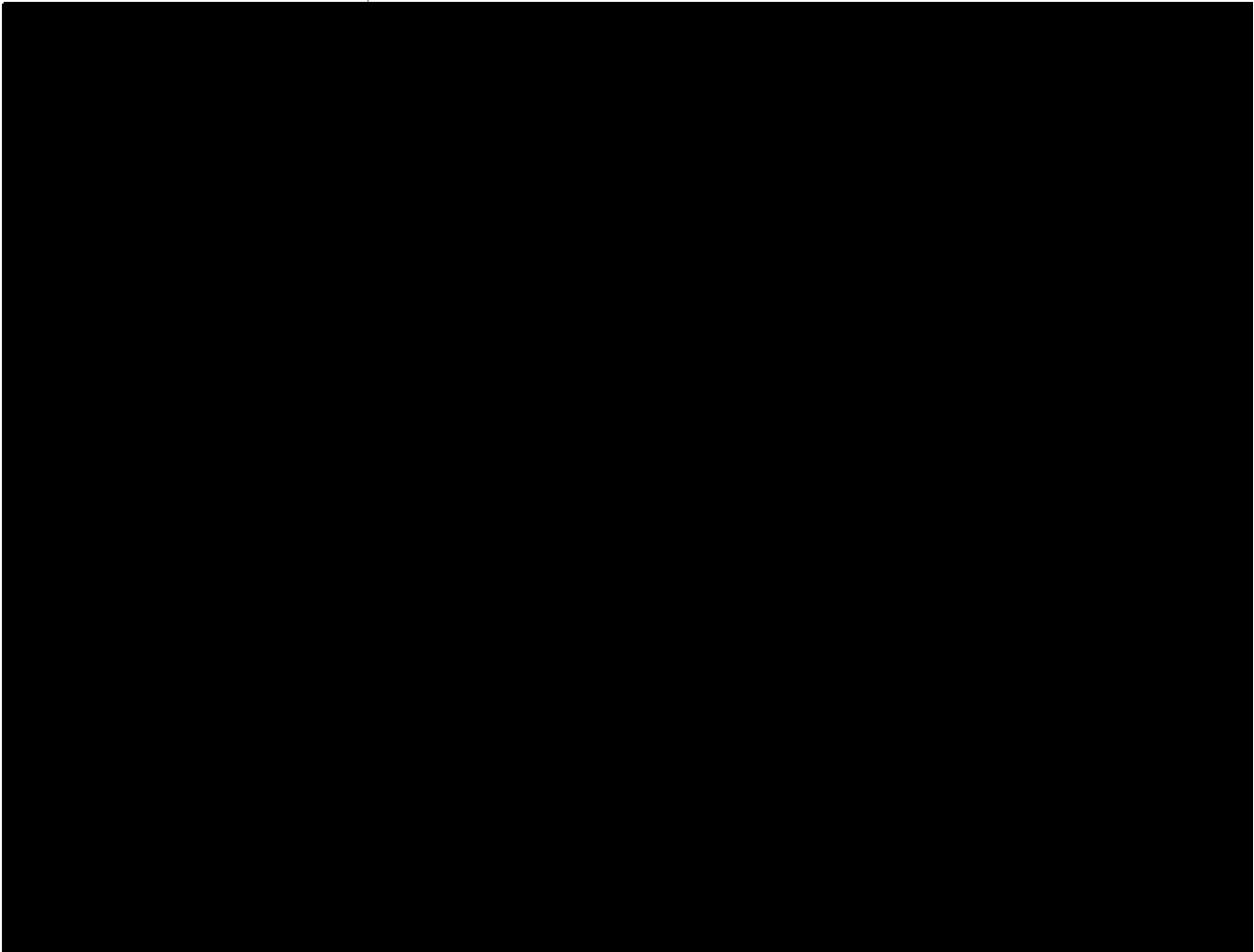
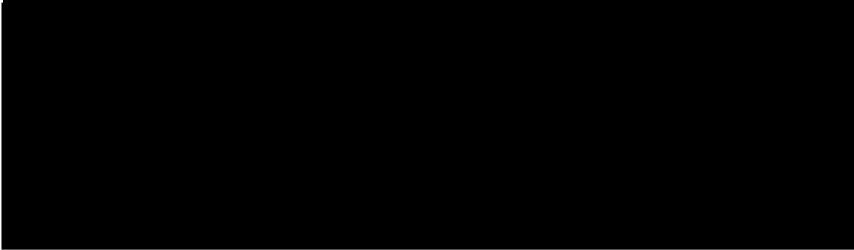
WARNINGS:

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.

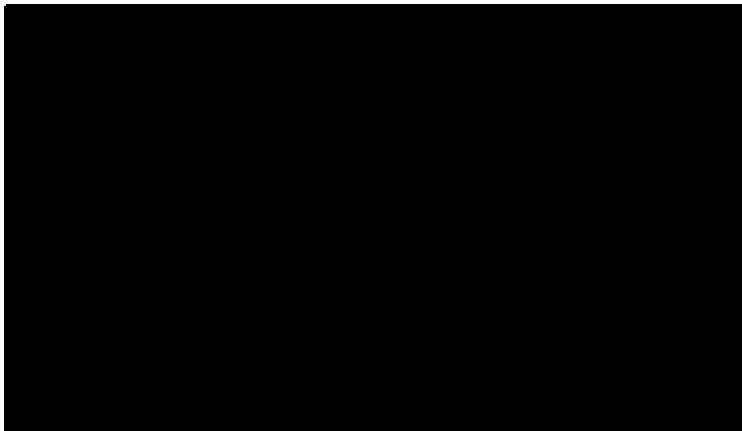


I hereby acknowledge receipt of a copy of this form prior to the advance of funds to or on behalf of the Borrower. I further acknowledge having read and understood the above warnings.



CONFIRMATION OF LENDER’S INTEREST

TO:



_____ (insert address)

_____ (insert email address)

_____ (insert investment amount)

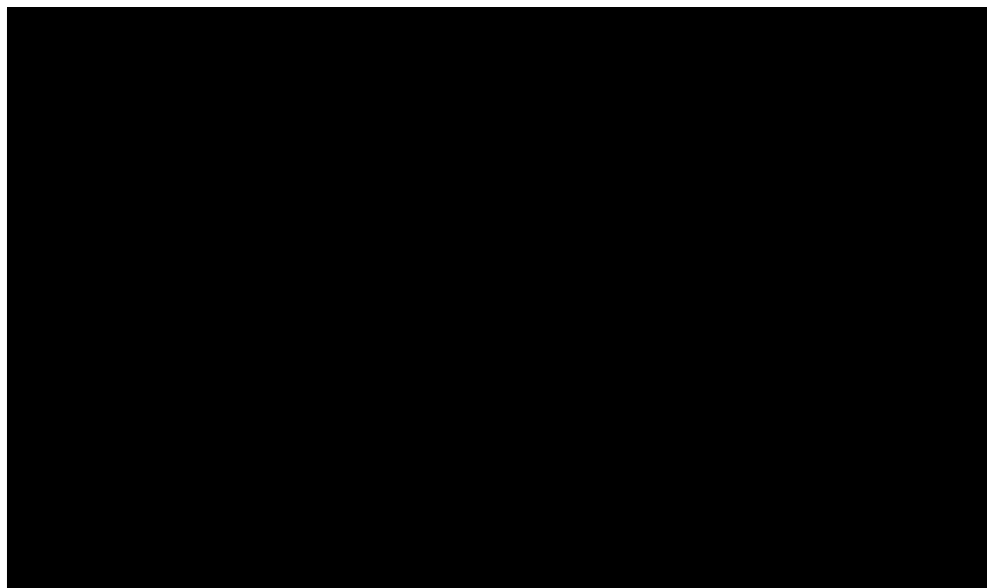
WHEREAS:

- 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 21st 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 21st, 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;

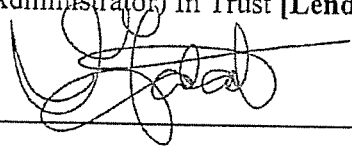
FOR GOOD AND VALUABLE CONSIDERATION, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 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:

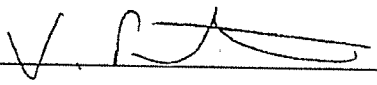
Name:
Title:

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.

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

MOTION RECORD OF
FAAN MORTGAGE ADMINISTRATORS
INC., in its capacity as Court-appointed
Trustee

(January 2022 Comprehensive Update)

VOLUME 2 OF 3

OSLER, HOSKIN & HARCOURT LLP

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Michael De Lellis (LSUC# 48038U)
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Tel: (416) 362-2111

Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc.,
in its capacity as Court-appointed Trustee of
Building & Development Mortgages Canada Inc.