

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;

- (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

Lender Security and the Lender Obligations shall at all times hereafter rank prior and superior to the Subsequent Encumbrancer Security, the mortgages, charges, pledges, assignments and security interests constituted by the Subsequent Encumbrancer Security, and the Subsequent Encumbrancer Obligations to the extent of the principal secured thereby and the interest accrued thereon and all other amounts secured by the Lender Security. Without limiting the generality of the foregoing:

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

SECTION 4 - EFFECT OF POSTPONEMENT

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

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

SECTION 5 - APPLICATION OF PROCEEDS

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

SECTION 6 - DELIVERY OF INFORMATION AND NOTICES

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

SECTION 7 - AGREEMENTS OF THE SUBSEQUENT ENCUMBRANCER

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

- (a) notwithstanding the provisions of the Subsequent Encumbrancer Security, the Borrower shall be entitled to sell lots in the Project to bona fide third party purchasers without the consent of the Subsequent Encumbrancer;
- (b) the Subsequent Encumbrancer shall forthwith execute partial discharges of the Subsequent Encumbrancer Security for each of the lots as and when required upon request by the Lender or its solicitors, and shall provide such executed acknowledgments and directions with respect to such partial discharges to the solicitors for the Lender to be held by such solicitors in escrow until completion of the sale of each of the lots, whereupon the partial discharge relating to such lots may be registered by such solicitors without any further direction or consent from the Subsequent Encumbrancer and without any payment of principal, interest or any other amount being made to the Subsequent Encumbrancer;

provided net proceeds from each sale are paid to the Lender to reduce the Lender Obligations. Upon the Lender Obligations being fully satisfied and upon the termination or cancellation of the Loan Agreement secured by the Lender Security, the Lender agrees to provide the partial discharges still in its or its solicitor's possession to the Subsequent Encumbrancer together with any other partial discharges of the Subsequent Encumbrancer Security held by the Lender;

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

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

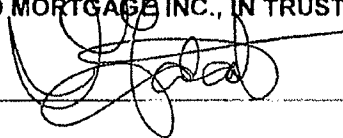
The Borrower acknowledges and consents to this Agreement and agrees to perform its obligations and hold and deal with the Charged Property in accordance with the priorities set out in this Agreement.

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.

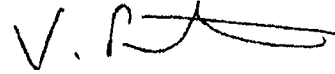
IN WITNESS WHEREOF the parties have executed this Agreement.

CENTRO MORTGAGE INC., IN TRUST

Per: 
Name: _____
Title: _____

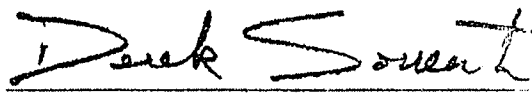
I have authority to bind the Bank.

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.

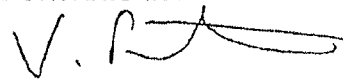
IN WITNESS WHEREOF the parties have executed this Agreement.

CENTRO MORTGAGE INC., IN TRUST

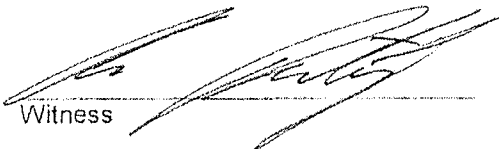
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Name: _____
Title: _____

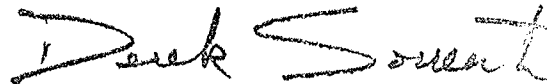
I have authority to bind the Bank.

2221563 ONTARIO INC.


Per: 
Name: Vincenzo Petrozza
Title: vice president

I have authority to bind the Corporation


Witness


Derek Sorrenti

OLYMPIA TRUST COMPANY

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

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

905-224-0786
ID 14338ABD2001D37 Page 12

05:19:24 p.m. 12-04-2014

12/57

- 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: _____ *Wale*
Name: _____
Title: _____

Elizabeth Andaya
Administration Coordinator
Self-Directed Mortgages

Per: _____ *Andaya*
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

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.

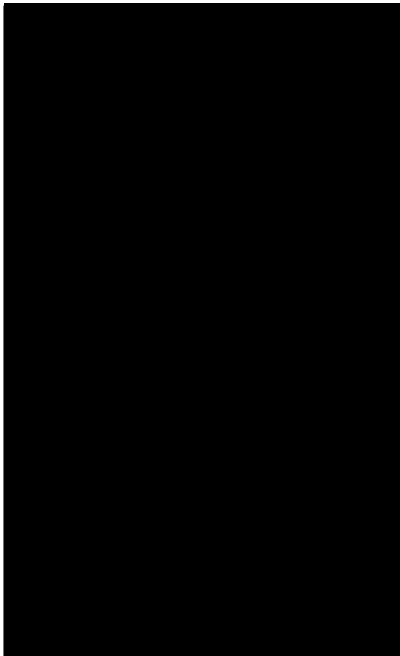
Funding is coming available to get the project moving. Each client invested into the project signed a loan agreement authorizing their respective trustee to execute postponement agreements on their behalf.

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:

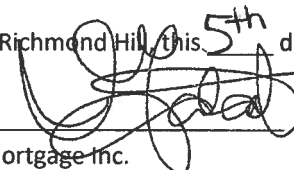
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- 20.



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”)

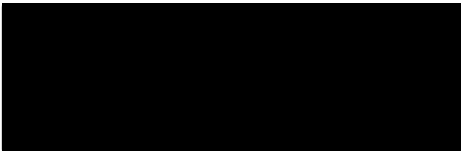
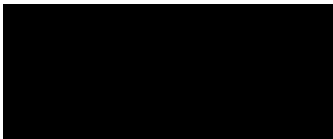
DATED: June 7th, 2011

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.

AMONG :

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;

- (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

Lender Security and the Lender Obligations shall at all times hereafter rank prior and superior to the Subsequent Encumbrancer Security, the mortgages, charges, pledges, assignments and security interests constituted by the Subsequent Encumbrancer Security, and the Subsequent Encumbrancer Obligations to the extent of the principal secured thereby and the interest accrued thereon and all other amounts secured by the Lender Security. Without limiting the generality of the foregoing:

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

SECTION 4 - EFFECT OF POSTPONEMENT

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

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

SECTION 5 - APPLICATION OF PROCEEDS

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

SECTION 6 - DELIVERY OF INFORMATION AND NOTICES

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

SECTION 7 - AGREEMENTS OF THE SUBSEQUENT ENCUMBRANCER

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

- (a) notwithstanding the provisions of the Subsequent Encumbrancer Security, the Borrower shall be entitled to sell lots in the Project to bona fide third party purchasers without the consent of the Subsequent Encumbrancer;
- (b) the Subsequent Encumbrancer shall forthwith execute partial discharges of the Subsequent Encumbrancer Security for each of the lots as and when required upon request by the Lender or its solicitors, and shall provide such executed acknowledgments and directions with respect to such partial discharges to the solicitors for the Lender to be held by such solicitors in escrow until completion of the sale of each of the lots, whereupon the partial discharge relating to such lots may be registered by such solicitors without any further direction or consent from the Subsequent Encumbrancer and without any payment of principal, interest or any other amount being made to the Subsequent Encumbrancer;

provided net proceeds from each sale are paid to the Lender to reduce the Lender Obligations. Upon the Lender Obligations being fully satisfied and upon the termination or cancellation of the Loan Agreement secured by the Lender Security, the Lender agrees to provide the partial discharges still in its or its solicitor's possession to the Subsequent Encumbrancer together with any other partial discharges of the Subsequent Encumbrancer Security held by the Lender;

- (c) it shall not increase the principal amount secured by the Subsequent Encumbrancer Security, the interest rate charged thereon, the calculation, timing and/or accrual of payment of such interest, amend the maturity date thereof, terminate the Subsequent Encumbrancer Security, nor consent to the doing of the same, without first receiving the Lender's prior written consent thereto;
- (d) it shall not transfer, assign or dispose of any interest in the Subsequent Encumbrancer Security, nor consent to the doing of the same, unless the transferee, assignee, etc. executes and delivers to the Lender contemporaneously with such transfer, assignment, etc. an agreement agreeing to be bound by all of the terms and the obligations of the Subsequent Encumbrancer under this Agreement;
- (e) if the Borrower defaults under the Subsequent Encumbrancer Security, then the Subsequent Encumbrancer shall forthwith give written notice to the Lender of such default, which notice shall specify the nature of such default;
- (f) the Subsequent Encumbrancer hereby covenants and agrees that it shall not take or authorize to be taken any action by way of suit, power of sale, foreclosure, summary proceedings, or otherwise, or exercise any rights or remedies under the Subsequent Encumbrancer Security or otherwise for the purpose, directly or indirectly, of realizing on any of the Charged Property, until the repayment in full of the Lender Obligations and until the termination or cancellation of the Loan Agreement secured by the Lender Security;
- (g) that the Borrower proposes to build a residential condominium development on the lands described in Schedule "A" attached hereto and register one or more plan(s) of condominium thereon. The Subsequent Encumbrancer covenants and agrees to forthwith execute and deliver to the Lender such documentation (without charge, delay or requiring payment of any amount secured by the Subsequent Encumbrancer Security) as may be required to effect creation of such 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 Brodie Drive, Unit 1
Richmond Hill, Ontario, L4B 3K7

Attention:

Facsimile number:

SECTION 11 - GOVERNING LAW

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

SECTION 12 - HEADINGS

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

SECTION 13 - ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

SECTION 14 - ACKNOWLEDGEMENT OF BORROWER

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

SECTION 15 EXECUTION IN COUNTERPARTS

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

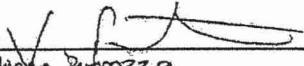
IN WITNESS WHEREOF the parties have executed this Agreement.

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

Per: 
Name: Ildina Galati-Ferrante
Title: President

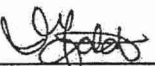
I have authority to bind the Bank.

2221563 ONTARIO INC.

Per: 
Name: Vince Petrozza
Title: Vice President

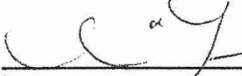
I have authority to bind the Corporation


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

Per: 
Name: Ildina Galati-Ferrante
Title: President

I have authority to bind the Corporation.

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;

- (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;

- (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.

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.

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

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;

- (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:

- (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

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

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 constating documents or by-laws, or any applicable laws or judgment presently in effect and applicable to it, or of any material Project agreement to which any such party is bound;
 - (iii) do not (except for the Security) result in or require the creation of any security interest or encumbrance upon or with respect to which the Borrower is bound; and
 - (iv) do not require the consent or approval (other than those consents or approvals already obtained and copies of which have been delivered to the Lender and other than those consents which, if not obtained, would not adversely affect any material component of the Security, the value of the Property or the operation of the business of the Borrower at the Property) of, or registration or filing with (except as contemplated herein), any other person, including any public authority.
- (d) the Borrower has provided to the Lender accurate and complete copies of all material Project agreements;
- (e) each Loan Document and all other instruments contemplated hereunder are, or when executed and delivered to the Lender will be, legal, valid and binding obligations enforceable against the Borrower in accordance with their respective terms, subject to the limitations with respect to enforcement imposed under law in connection with bankruptcy, insolvency, liquidation, reorganization and other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies which are only available in the discretion of the court from which they are sought;
- (f) the Security granted by the Borrower constitutes an assignment, a fixed and specific mortgage and charge, a floating charge and security on its undertaking, property and assets purported to be assigned, mortgaged, charged or subjected to

the Security thereby and ranks in priority to all other security interests upon such undertaking, property and assets other than Permitted Encumbrances;

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

- (n) all public utilities required for the normal operation of the Property 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,

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;

- (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,

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

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;

- (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,

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

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,

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

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

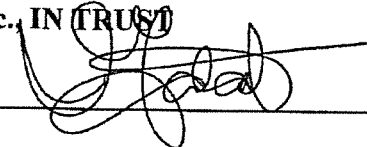
Attention: Vince Petrozza

- (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

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.

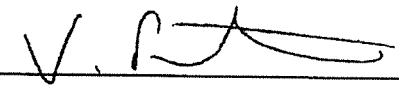
Centro Mortgage Inc. IN TRUST

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

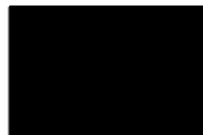
Maturity Date: Jul 21, 2016 (ext. Jul 21, 2017) Payment Amount: \$ 

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

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

~~OLYMPIA TRUST COMPANY~~
Solicitor's Signature

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

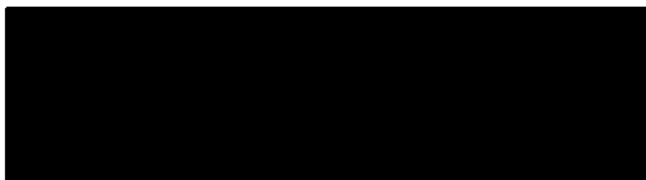
Gwillimbury as in R649565 S/T Spousal Interest R649565; Georgina; PT LT 8 Plan

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.

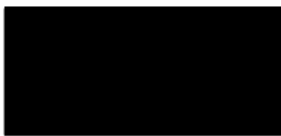
I hereby confirm that I am aware of and understand that I have provided the trustee of my charge/mortgage with my irrevocable consent to execute any required documents as a condition of my participation in this charge/mortgage.

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

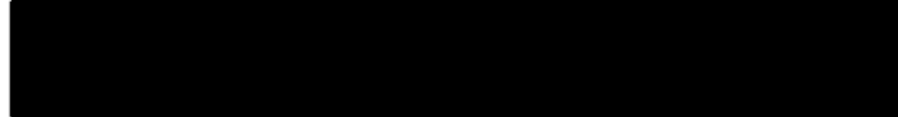
* Investor to insert current date here

(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.

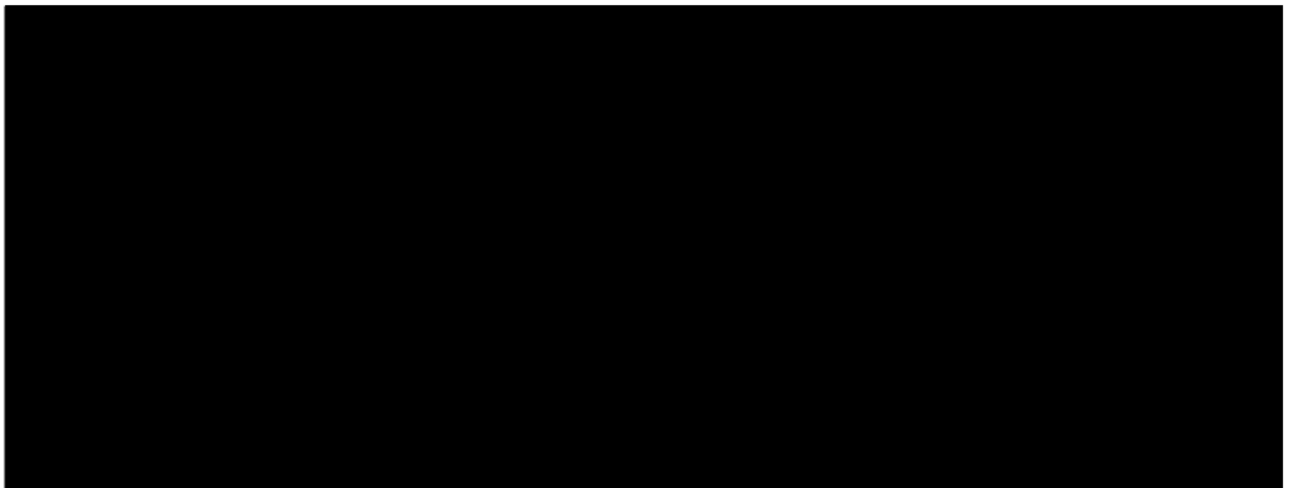
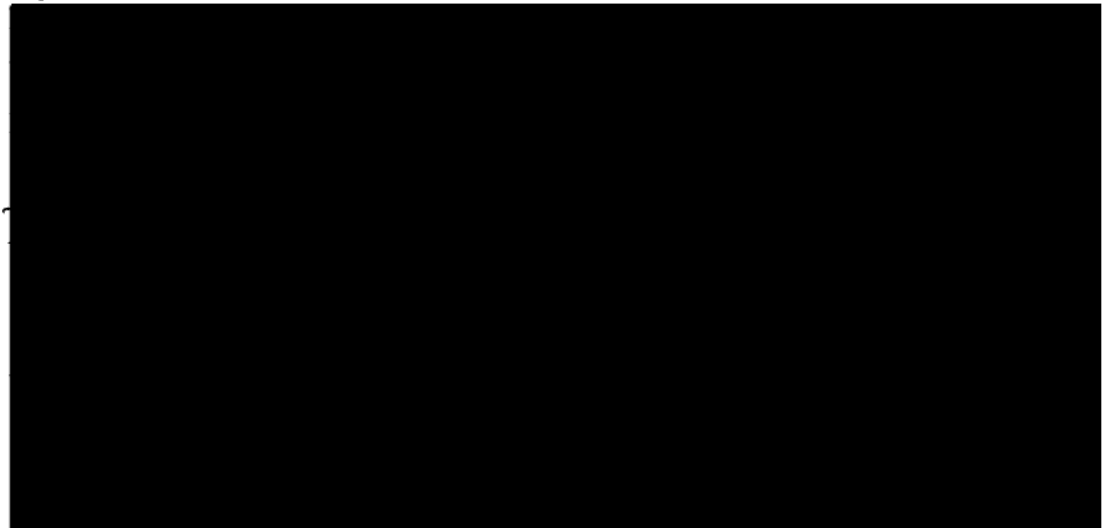
2. Any loss you may suffer on this mortgage investment will not be insured under the lawyer's professional liability policy if the lawyer has acted as a mortgage broker or has helped to arrange it.



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:

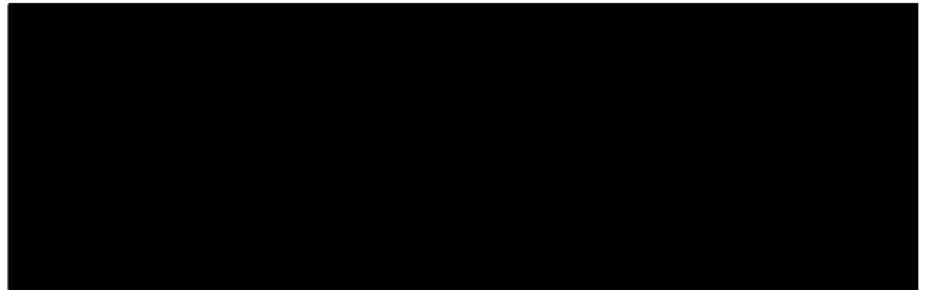
- A. Centro Mortgage Inc., in trust (the "Lender"), acted as lender in respect of a loan (the "Loan") pursuant to a loan agreement dated October 21, 2014, 2221563 Ontario Inc., as borrower, a copy of which loan agreement is attached hereto (the "Loan Agreement"); and
- B. the Lender is assigned an undivided [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

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:

Centro Mortgage Inc., in Trust [Lender]



Per:

Name: Ildina Galati

Title:

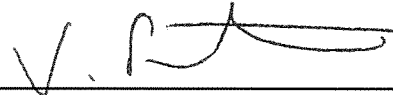
Per:

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.