

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

BETWEEN:

DBDC SPADINA LTD., AND THOSE CORPORATIONS LISTED ON SCHEDULE A
HERETO

Applicant

and

NORMA WALTON, RONALD WALTON, THE ROSE & THISTLE GROUP LTD. and
EGLINTON CASTLE INC.

Respondents

and

THOSE CORPORATIONS LISTED ON SCHEDULE C HERETO, TO BE BOUND BY THE
RESULT

RESPONDING MOTION RECORD

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Capital Inc.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

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BY THE RESULT

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AFFIDAVIT OF ERLE ANDERSON

I, ERLE ANDERSON, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY AS FOLLOWS:

1. I am the Vice President, Commercial Lending of Return on Innovation Advisors Ltd., the successor by amalgamation to Return on Innovation Fund Inc. (“ROI”). The facts set forth herein are within my personal knowledge or determined from the face of the documents attached hereto as exhibits and from information and advice provided to me by third parties. Where I have relied upon such information and advice, I verily believe same to be true.

2. ROI holds first-ranking security against Gerrard House Inc. (“**GHI**”) and its property at 26 Gerrard Street East, in Toronto (the “**Gerrard Property**”).

3. Attached hereto as exhibits are true copies of the following documents relating to the loan by ROI to GHI (the “**Loan**”):

Exhibit A - Commitment Letter issued by ROI dated December 8, 2011 and accepted by GHI, Norma Walton and Ronauld Walton on the same date (the “**Commitment Letter**”)

Exhibit B - Parcel register in respect of the Gerrard Property dated December 16, 2013

Exhibit C - Mortgage in favour of ROI registered against the Gerrard Property on December 20, 2011 (the “**ROI Mortgage**”)

Exhibit D - Notice of Assignment of Rents registered against the Gerrard Property on December 20, 2011

Exhibit E - General Assignment of Rents dated December 13, 2011

Exhibit F - General Security Agreement dated December 13, 2011

Exhibit G - Specific Assignment of Management Agreements

4. The original maturity date under the Loan and the ROI Mortgage was in December 2012, but the maturity date was extended by way of amendments to the Commitment Letter. Attached hereto as **Exhibit H** is a true copy of the last such amendment, which was dated October 15, 2013, establishing October 30, 2013 as the new maturity date. The Loan has still not been repaid. Accordingly, all amounts due by GHI to ROI are now due and owing. As of December 13, 2013, the total amount owed was \$4,225,775, not including legal fees.

5. I am informed by Karina Kudinova, a student-at-law with Chaitons LLP, lawyers for ROI, and believe to be true that she attended at the City of Toronto’s tax department office

today and was told that there are realty taxes owing in connection with the Gerrard Property of \$121,962.53 for 2012 and \$101,950.90 for 2013, plus an additional \$8,959.27 for penalties and interest for 2012 and 2013.

6. I swear to this affidavit in connection with the motion by the Applicants presently returnable on Wednesday, December 18, 2013, and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario,
on December , 2013.

Commissioner for Taking Affidavits

ERLE ANDERSON

This is Exhibit "A" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.

ROI Capital™

COMMITMENT LETTER

December 8, 2011

PRIVATE AND CONFIDENTIAL

Ms. Norma Walton
The Rose & Thistle Group Ltd.
30 Hazelton Avenue
Toronto, Ontario
M5R 2E2

c/o Mr. Carl Lavoie
CBRE Limited
2001 Sheppard Avenue East
Suite 300
Toronto, Ontario
M2J 4Z8

Dear Mr. Lavoie:

Return on Innovation Capital Ltd., as agent, is pleased to offer the loan described in this Commitment Letter (the "Loan") subject to the terms and conditions set forth below and in the schedules attached hereto (collectively, the "Commitment Letter"). Unless otherwise indicated, all amounts are expressed in Canadian currency.

PARTIES AND USE OF FUNDS

Borrower: Gerrard House Inc. (the "Borrower").

Personal Guarantor: Norma Walton and Ronauld Walton, jointly and severally (collectively, the "Guarantor").

Lender: Return on Innovation Capital Ltd., as agent for and on behalf of any funds whose loan investments are administered from time to time by Return on Innovation Capital Ltd. (in such capacity, "ROI").

Programme:

Property Acquisition	\$ 5,500,000
Closing Costs	\$ 300,000
Total	\$ 5,800,000

Source of Funds:

ROI Term Loan (1 st Mortgage)	\$ 4,200,000
Vendor-Take-Back Mortgage	\$ 750,000
Equity	\$ 850,000
Total	\$ 5,800,000

No change in the use of funds may be made without ROI's express prior written consent.

LOAN TERMS

- Loan Amount:** \$4,200,000 to be advanced in one lump sum upon completion of all conditions precedent to the satisfaction of ROI in its sole discretion (such date of advance being the "Funding Date").
- Interest Rate:** 8.00% per annum (the "Interest Rate") from the Funding Date to the Maturity Date (as such term is hereinafter defined).
- Term:** One (1) years from the Funding Date, the end of such period being the "Maturity Date".
- Payment Date:** Unless otherwise specified all payments are to be made on the last day of each month.
- Terms of Repayment:** Payments of interest only shall be payable on the last day of every month for the term from the Funding Date. The first interest payment shall be on the last day of the month in which the Funding Date occurs.
- Notwithstanding the foregoing, the full principal amount of the Loan together with any and all accrued and unpaid interest and any other amounts owing by the Borrower to ROI as at the Maturity Date shall be paid by the Borrower to ROI by one lump sum payment on the Maturity Date.
- Prepayment Privilege:** Following the seventh month anniversary of the Funding Date, the Loan may be repaid in whole or in part (subject to minimum partial prepayments of \$250,000) at any time upon payment to ROI of an amount equal to one (1) months' interest on the amount prepaid. Prepayment shall only be available on thirty (30) days prior written notice to ROI specifying the amount that the Borrower intends to prepay.
- Fees:** As additional consideration for the Loan the Borrower hereby confirms and agrees that the following non-refundable fees shall be due and payable to ROI:
- Loan Structuring Fee: Based on the loan amount of \$4,200,000, the Loan Structuring Fee is \$47,460 (\$42,000 plus HST). ROI confirms receipt of \$15,820 (\$14,000 plus HST), which has been fully earned.
- \$15,820 (\$14,000 plus HST) will be due and payable and shall be deemed to be fully earned upon acceptance of this Commitment Letter.
- The balance of \$15,820 (\$14,000 plus HST) will be due and payable on the Funding Date and such amount will be deducted from the proceeds of the advance of the Loan to the Borrower. For greater certainty, the balance of \$15,820 (\$14,000 plus HST) shall be deemed to be fully earned upon acceptance of this Commitment Letter.



SECURITY AND CONDITIONS PRECEDENT TO ADVANCE

Security:

The Borrower shall provide to ROI (or cause to be provided to ROI) the following guarantees, security, charges and assignments (collectively, the "Security") each in form and substance satisfactory and registered with such priority as deemed appropriate by ROI and its legal counsel:

1. a first charge/mortgage of land in the principal amount of \$4,200,000 by the Borrower in respect of real property owned by the Borrower municipally known as 26 Gerrard Street East, Scarborough, Ontario and legally described as (TBD) (the "Property"). Title insurance from First Canadian Title required;
2. a first registered assignment of rents and leases by the Borrower in respect of the Property;
3. a general security agreement from the Borrower providing ROI with a security interest in all present and after-acquired personal property of the Borrower, except consumer goods;
4. an assignment of present and future management contracts by the Borrower in respect of the Property;
5. an assignment of insurance by the Borrower in favour of ROI together with delivery of the underlying commercial insurance certificate (including, without limitation, business interruption, commercial general liability and property insurance) listing ROI as first mortgagee, first loss payee and additional insured. Standard mortgage clause to apply;
6. an environmental indemnity agreement (the "Environmental Indemnity") by the Borrower to and in favour of ROI;
7. a joint and several personal guarantee from the Guarantor for 50% of the outstanding loan amount in respect of all liabilities, obligations and indebtedness of the Borrower to ROI;
8. Undertaking from the Borrower and Guarantor to conduct an onsite diesel fuel Underground Storage Tank (UST) Tightness Test annually on the UST located on the property and provide a satisfactory report within 30 days after the completion of the report. The testing is to be completed by an accredited / certified Environmental Consulting firm acceptable to ROI, acting reasonably. In the event of an unsatisfactory testing report the Borrower and Guarantor undertake to take corrective action to rectify / remediate any issues identified in the report within 15 days from the date of receipt of the report.



The following conditions precedent shall be completed and/or fulfilled to the satisfaction of ROI in its sole discretion prior to the advance of the Loan:

- 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26



4. Execution and delivery by the Borrower of the standard consent form attached hereto as Schedule "B" (the "Tax Inquiry Consent Form") which is for the purpose of enabling ROI to liaise directly with any governmental authority regarding the status of any tax payments to be made by the Borrower; and
5. Execution and delivery by the Borrower of the pre-authorized payment authorization attached hereto as Schedule "C" together with a void cheque.

For greater certainty, in the event that one or more of the above conditions are not satisfied prior to December 15, 2011, then ROI may in its sole and absolute discretion terminate its commitment to advance the Loan as set forth in this Commitment Letter.

GENERAL CONDITIONS

Acceptance:

If the terms and conditions of the Commitment Letter are acceptable, please return an executed copy along with the applicable fee of \$15,820 (\$14,000 plus HST) to ROI's office prior to December 13th, 2011 at 5:00 p.m.; otherwise this Commitment Letter will expire.

Entire Agreement / Paramountcy:

This Commitment Letter and the Security constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, undertakings, representations and understandings, written or oral, between ROI, the Borrower and the Guarantor. To the extent that any provision of the Security is inconsistent with or in conflict with the provisions of this Commitment Letter, the provisions of this Commitment Letter shall govern and the inclusion of any term in any of the security that is not set out in this Commitment Letter shall not be an inconsistency.

Successors and Assigns:

This Commitment Letter shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The Borrower and the Guarantor shall not, without ROI's prior written consent (in ROI's sole discretion), assign any interest or obligation under the Commitment Letter or any of the Security to any other person, firm, corporation or other entity whatsoever. ROI shall be entitled to assign or participate any or all of the indebtedness arising under or pursuant to this Commitment Letter (and any and all of the Security or any interest therein) and the Borrower shall execute and deliver and cause each of its subsidiaries (if applicable) to execute and deliver any documents as may be reasonably required in connection therewith.



Governing Law:

This Commitment Letter shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Yours truly,

RETURN ON INNOVATION CAPITAL LTD., in its capacity
as agent for and on behalf of any funds whose loan investments
are administered from time to time by Return on Innovation Capital Ltd.

Per:

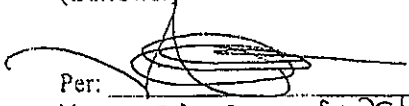
John Sterling
EO



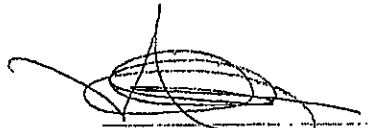
ACCEPTANCE AND AGREEMENT


The undersigned hereby confirm agreement to and acceptance of the terms and conditions outlined in the Commitment Letter (including without limitation, the additional terms and conditions set forth in the schedules attached thereto) as of this 8th day of December, 2011.

GERRARD HOUSE INC.
(Borrower)

Per: 
Name: Norma Walton
Title: Director

Per: _____
Name: _____
Title: _____


Norma Walton (Guarantor)


Ronald Walton (Guarantor)

Schedule A – Additional Terms and Conditions

1. **Interest**

- (a) Calculation - During the interest only period of the Loan, interest is payable monthly in arrears on the principal outstanding amount of the Loan commencing on the Funding Date and continuing both before and after maturity, default and judgment.
- (b) Interest on Arrears – Arrears of interest and any other amounts not paid when due bear interest at the Interest Rate and are calculated and paid in the same way as interest accruing on the principal amount of the Loan.

2. **Costs and Expenses** – The Borrower shall pay all costs and expenses (including without limitation all reasonable travel expenses, legal fees and disbursements) incurred by or on behalf of ROI in respect of the Loan, including without limitation, financial, facilitation and other advisory fees and disbursements and out-of-pocket expenses of ROI in connection with the Loan contemplated herein including, but not limited to, all fees incurred by ROI in connection with the preparation, negotiation, execution and delivery (and registration where relevant) of the Commitment Letter and the Security (collectively, the “**Loan Documents**”) and in connection with the assessment enforcement and preservation of ROI's rights and remedies hereunder and thereunder, all appraisals, due diligence, insurance consultations and similar fees and all other fees and disbursements of ROI in connection herewith, whether or not any funds are advanced under the Commitment Letter. If ROI has paid any expense for which pursuant to the provisions of the Commitment Letter or any of the other Loan Documents, ROI is entitled to reimbursement from the Borrower, such expense shall be payable by the Borrower within fifteen (15) days following demand for payment being provided by ROI to the Borrower and in the event that the Borrower does not pay such amount to ROI within fifteen (15) day period, interest shall accrue on such expense owing by the Borrower to ROI at the Interest Rate. All such fees and expenses shall be secured by the Security, whether or not the Loan is advanced and shall include the time spent by ROI and its representatives in retaking, holding, repairing, processing and preparing for disposition and disposing of the Security calculated at ROI's standard per diem rate in effect at such applicable time and established by ROI in its sole discretion for internal personnel of ROI.
3. **Counterparts and Facsimile Signature** – The Commitment Letter and any amendment, modification or supplement may be executed in any number of counterparts and by original signature, facsimile signature, PDF electronic transmission or any other electronic means of communication acceptable to ROI, each of which is deemed to be an original and all of which taken together shall constitute one and the same instrument.
4. **Disbursement** – Once all conditions precedent to the advance of the Loan shall be completed and/or fulfilled to the satisfaction of ROI in its sole discretion, the Loan will be disbursed to ROI's solicitors for disbursement to the Borrower or as the Borrower may direct in writing. ROI may withhold disbursement or any non-disbursed balance of the Loan, if any, if, in ROI's opinion, a material adverse change has occurred. For the purposes of this Commitment Letter, a “**Material Adverse Change**” means a material adverse change to (i) the business, property, condition (financial or otherwise) or results of operations of the Borrower, the Guarantor or any of them (ii) the ability of the Borrower, the Guarantor or any of them to perform their obligations under the Commitment Letter and the other Loan Documents, or (iii) the validity or enforceability of the Commitment Letter or any of the other Loan Documents or the rights or remedies of ROI hereunder or thereunder. Neither the execution nor delivery of the Commitment Letter nor the advance of funds binds ROI to make any advance or further advance of the Loan.

5. **Application of Payments** - All payments will be applied in the following order: (i) prepayment indemnity (if applicable); (ii) protective disbursements (including any insurance premium payments); (iii) payment arrears, in the following order: (a) transaction/structuring fees, (b) loan management fees associated with the ROI Monitoring Program, (c) interest and (d) principal; (iv) current balances, in the following order: (a) transaction/structuring fees, (b) loan management fees associated with the ROI Monitoring Program, (c) interest and (d) principal; and (v) other amounts due and payable. Other than regular payments of principal and interest ROI may apply any monies received by it, before or after default, to any debt the Borrower may owe ROI under the Commitment Letter or any other Loan Document and ROI may change those applications from time to time.
6. **Defaults** - Any of the following events constitutes an event of default (each an "Event of Default"):
- a breach by the Borrower, the Guarantor or any of them of any of the terms of this Commitment Letter, any of the Security or any other agreement between the Borrower, the Guarantor or any of them and ROI, including, without limitation, any failure on the part of the Borrower to participate in the ROI Monitoring Program; or
 - a failure by the Borrower to make any payment to ROI when due whether such payment arises under this Commitment Letter, any of the Security or any other agreement between the Borrower and ROI; or
 - a breach by the Borrower, the Guarantor or any of them of any of the terms under any agreement, document, or instrument relating to any indebtedness for borrowed money owing to any person other than ROI in connection with any direct or indirect borrowing, guarantee, charge, security, letter of credit, indemnity or any other type of instrument in favour of any person other than ROI, which default continues for more than the applicable cure period, if any; or
 - a failure by the Borrower, the Guarantor or any of them to make any payment of any material amount of indebtedness to any other creditor, including, without limitation, RBC, when due thereby enabling such creditor to demand payment of such indebtedness; or
 - a breach by the Borrower, the Guarantor or any of them of any of the terms or obligations under any contract in respect of the Property, or other agreement in respect of the business operations of the Borrower, the Guarantor or any of them, provided such breach has not been waived, or, if capable of being remedied, has not been remedied the applicable cure period, if any; or
 - a transfer, sale or change in legal or beneficial interest in the properties and assets of the Borrower, the Guarantor or any of them, including, without limitation, the Property or any part thereof, or further encumbering of any of the properties and assets of the Borrower, the Guarantor or any of them, including, without limitation, the Property; or
 - any representation or warranty made by the Borrower, the Guarantor or any of them to ROI whether contained in the Loan Documents or otherwise is untrue or ceases to be true in any material respect; or
 - the Borrower, the Guarantor or any of them becomes bankrupt or insolvent or commits an act of bankruptcy, or institutes any proceeding or takes any corporate action or executes any agreement or notice of intention to authorize its participation in or the



commencement of any proceeding, or any proceeding is commenced against the Borrower, the Guarantor or any of them:

- (i) seeking to adjudicate it a bankrupt or insolvent;
- (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies Creditors Arrangement Act* or any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
- (iii) seeking appointment of a receiver, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Property or any part thereof; or

- a receiver, trustee, custodian or other similar official is appointed in respect of the Borrower, the Guarantor or any of them or for any part of its property and assets including without limitation the Property; or
- any person holding a security interest, charge, lien, hypothec or other encumbrance in respect of any of the property and assets of the Borrower, the Guarantor or any of them takes possession of all or any part of such property and assets, or a distress, execution or other similar process is levied against all or any material part of the property and assets of the Borrower, the Guarantor or any of them, including, without limitation, the Property; or
- the Borrower ceases or threatens to cease to carry on all or a substantial part of its business; or
- the Borrower, the Guarantor or any of them challenges the validity or enforceability of any of the Loan Documents or any of the Loan Documents shall cease to be in full force and effect; or
- there occurs any Material Adverse Change; or
- any judgment or award is made against the Borrower, the Guarantor or any of them in excess of \$250,000 in respect of which there is not an appeal or proceeding for review being diligently pursued in good faith and in respect of which adequate provision has been made on the books of the Borrower or the Guarantor, as applicable; or
- there is a Change of Control of the Borrower without the prior written consent of ROI. For the purposes of this Commitment Letter a "Change of Control" means the acquisition in any manner of the voting shares in the Borrower representing more the 50% of the total issued and outstanding shares in the Borrower (or such lesser amount as may be required to obtain effective voting control of the Borrower by any person other than the current shareholders of the Borrower; or
- there is a default or an event of default as defined in ROI's standard form Security.

7. Remedies -- Upon the occurrence of an Event of Default, in addition to any other rights and remedies available pursuant to any Loan Document, the Loan (together with all accrued and

unpaid interest, costs and other amounts payable to ROI) will, at the option of ROI become immediately due and payable and the Security will become enforceable, and ROI may, personally or by agent, at such time or times as ROI in its discretion may determine, do any one or more of the following:

- (a) exercise all of the rights and remedies granted to secured parties under the *Personal Property Security Act* (Ontario) ("PPSA") and any other applicable statute, or otherwise available to ROI at law or in equity;
- (b) demand possession of any or all of the property and assets of the Borrower subject to the security interests, charges, hypothecs, liens and encumbrances arising pursuant to the Security (all such property and assets being collectively, the "Collateral") including the Property;
- (c) enter the Property and any other premises of the Borrower and take possession of, disable or remove all or any part of the Collateral in accordance with applicable law;
- (d) carry on, or concur in the carrying on of, any or all of the business or undertaking of the Borrower (or refrain from doing so) and enter on, occupy and use (without charge by the Borrower) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Borrower;
- (e) seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as ROI deems advisable;
- (f) prepare the Collateral for sale, lease, assignment or other disposition, realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of (or concur in its sale, lease, assignment or other disposition) and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of ROI or elsewhere, on such terms and conditions as ROI may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. ROI may make any sale, lease, assignment or other disposition of the Collateral in the name of and on behalf of the Borrower, or otherwise;
- (g) apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral;
- (h) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such property and assets without any further accountability to the Borrower, the Guarantor or any other person with respect to such holding, retention or disposition, except as required by applicable law. In any such sale to ROI, ROI may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any liabilities, obligations and indebtedness then due and payable to ROI as a credit against the purchase price;
- (j) appoint by instrument in writing one or more receivers of the Borrower or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of ROI under this Commitment Letter and any of the Security) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such receiver from time to time. To the extent permitted by applicable law, any receiver appointed by ROI will (for purposes relating to responsibility

for the receiver's acts or omissions) be considered to be the agent of the Borrower and not of ROI; provided that without restricting the generality of the foregoing, the Borrower irrevocably authorizes ROI to give instructions to the receiver relating to the performance of its duties. ROI may from time to time fix the receiver's remuneration and the Borrower shall reimburse ROI for the amount of such remuneration. ROI shall not be liable to the Borrower, the Guarantor or any other person for appointing or not appointing a receiver or in connection with the receiver's acts or omissions; or

- (k) apply to a court of competent jurisdiction for the appointment of a receiver for the Borrower, or of any or all of the Collateral.

ROI may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law or as required pursuant to the Loan Documents) to or on the Borrower, the Guarantor or any other person, and the Borrower for itself and the Guarantor for itself hereby waive each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time.

8. **Authorization to Obtain Information** – The Borrower and the Guarantor authorize ROI, from time to time, to obtain credit, compliance, account status and other information about it and its business from any financial institution, credit reporting or rating agency, credit bureau, governmental department, body or authority or utilities (e.g. Hydro, natural gas).
9. **Notices** - ROI may give the Borrower and the Guarantor written notice in person or by a letter sent by facsimile, by registered mail or PDF electronic transmission to the address of the Borrower or the Guarantor, as applicable, set forth on the first page of the Commitment Letter or such other address as the Borrower and the Guarantor advises ROI of in writing.
10. **Right of ROI to Conduct Investment Activity** – The Borrower and the Guarantor hereby acknowledge that ROI and its affiliates including any funds managed by ROI Capital Ltd. from time to time (collectively, the “ROI Group”) may invest in numerous companies, partnerships and other commercial ventures, some of which may be competitive either directly or indirectly with the Borrower's or the Guarantor's businesses (each a “Competitor”). None of the ROI Group nor any of its directors, officers or agents shall be liable to the Borrower or the Guarantor for any claim arising out of, or based on any investment by the ROI Group in any Competitor.
11. **Confidentiality** - Prior to the Funding Date, the Borrower and the Guarantor may not disclose the existence or any details of this Commitment Letter or the transactions contemplated by it to any party other than their employees and advisors who have a need to know and who have agreed to maintain such information in confidence
12. **Publicity** – Upon the Funding Date, ROI and the Borrower may make reasonable disclosure of the transaction with the consent of the others, which consent may not be unreasonably withheld. The Borrower and the Guarantor consent to the disclosure of the transaction to ROI's shareholders to the extent required by law or in a manner consistent with ROI's past practice.
13. **Covenants:**
 - (a) No Merger - Business Combination – The Borrower shall not merge, amalgamate, acquire or enter into any other business combination with any other entity, nor shall it

enter into a sale of its business or any of its assets, nor create an affiliated company, nor grant any operating license, without ROI's prior written consent.

- (b) Shareholders: Sell/Transfer - Change in Capital Structure - The Borrower must obtain the prior written consent of ROI before permitting any of its shareholders to sell or transfer their shares in a manner that would change the effective voting control.
- (c) Access to Information - The Borrower and the Guarantor shall provide ROI with full, complete and unfettered access to all financial records and such other information concerning the Borrower and the Guarantor and their respective business and commercial prospects as ROI may reasonably require. In addition to the reporting requirements set out in this Commitment Letter, ROI may commission the opinion of another independent expert, at the cost and expense of the Borrower, in cases where ROI deems it appropriate.
- (d) Reporting - Throughout the term of the Loan and for so long as any amount remains owing by the Borrower to ROI, the Borrower shall provide to ROI (or cause to be provided to ROI) the following documentation:
 - (i) proof of payment of all municipal and property taxes payable in respect of the Property within 45 days of each payment due date. In case of delayed payment of property taxes / occurrence of non payment of property taxes, ROI reserves the right to collect from the Borrower pro-rata property taxes on a monthly basis and maintain a tax reserve account for the taxes payable in respect of the Property; and
 - (ii) such other financial information as ROI may reasonably request from time to time.
- (e) Pre-Authorized Payment ("PAP") - The Borrower shall at all times authorize ROI to draw monthly cheques or prepare debits, by paper or electronic entry, in amounts sufficient to cover payments on the loan and shall authorize and instruct its bank to honour such cheques or debits, provided, however, that in the event that ROI requests payment by cheque of amounts due to it, the Borrower shall pay such amounts in such manner. The Borrower shall execute ROI's standard pre-authorized payment documentation from time to time and shall renew such documentation from time to time if the bank, branch or account information changes.
- (f) Proof of Governmental Remittances - The Borrower shall confirm, on demand by ROI, proof of payment of any amounts owing by it to any government agency by delivering documentation prepared by the Borrower's accountant which is to be forwarded to ROI along with the Borrower's annual financial statements. The Borrower also agrees to sign a standard consent form enabling ROI to inquire as to the status of these remittances.
- (g) Insurance - The Borrower shall keep all assets insured for physical damages and losses on an all risk basis for their full insurable value. ROI reserves the right to request a certified copy of the policies. The policies shall name ROI as first mortgagee and first loss payee and include a standard mortgage clause applicable to the Borrower's particular coverage. As further security the Borrower shall assign all insurance proceeds to ROI. The Borrower shall notify ROI immediately of any loss or damage to the property of the Borrower. If the Borrower does not maintain insurance as required ROI may purchase insurance to protect its own interest and the Borrower shall pay the premiums.



- (h) ROI Monitoring Program – The Borrower hereby covenants and agrees to fully participate in the following ROI Monitoring Program and shall pay, in advance, \$1,000 plus HST per annum in respect of same. A representative of ROI or one of its agents reserves the right to attend the premises of the Borrower to review the Borrower's financial documentation, which includes but is not limited to:

- 1) All cancelled cheques of the Borrower
- 2) Cheque register
- 3) Bank statements
- 4) Bank reconciliation
- 5) Trial balance with description of all accounts.

14. **Financial Covenants** – The Borrower shall comply with the following financial covenants at all times throughout the term of the Loan:

Not applicable.

15. **Environmental Matters** – In relation to the Borrower's business, assets and projects: the Borrower is operating and will continue to operate in conformity with all environmental laws; the Borrower will ensure that all of its property and assets (including the Property) comply with existing legislation and will remain free of any environmental problem; the Borrower will inform ROI immediately upon becoming aware of any environmental problem or issue and will provide ROI with copies of all communications with environmental authorities and all studies or assessments prepared on the Borrower's behalf, all as soon as received by the Borrower; the Borrower also agrees to pay the cost of any external environmental consultant engaged by ROI to effect an environmental audit and the cost of any environmental rehabilitation, removal or repair necessary to protect, preserve or remediate the assets, including any fine or penalty ROI is obligated to incur by reason of any statute, order or directive by a competent authority. For the purposes of this Commitment Letter, an "environmental problem" means an act of non-compliance to a law, regulation, etc or soil and/or underground water that contains one or many pollutants (contaminants) in levels of concentration that exceed parameters or norms applicable for the present use and intended use of any land including the Property.

16. **Representations and Warranties** - To induce ROI to make the Loan, the Borrower and the Guarantor represent and warrant to ROI as follows:

- (a) the Borrower is a corporation duly organized and validly existing under its jurisdiction of formation, has full corporate power and authority to own its property and conduct its business as presently owned and conducted;
- (b) the Borrower has full corporate power and authority to enter into and perform its obligations under each of the Loan Documents to which it is a party and has full corporate power and authority to own and operate its property and assets including without limitation the Collateral and to carry on its business as now conducted and as presently proposed to be conducted;
- (c) the execution and delivery by each of the Borrower and the Guarantor of each of the Loan Documents to which it is a party, the performance by each of the Borrower and the Guarantor of its obligations thereunder and hereunder and compliance with the provisions thereof and hereof do not and will not conflict with or result in a breach (whether with

notice or lapse of time or both) of (i) any of the terms, conditions or provisions of its charter documents, by-laws or any law applicable to it or to any of the Collateral, as applicable, (ii) any agreement or instrument to which it is a party or by which any of the Collateral is bound or affected, (iii) any writ, judgment, injunction, determination or award applicable to it, or by which any of its properties or assets including any of the Collateral is bound or affected;

- (d) the execution and delivery by each of the Borrower and the Guarantor of each of the Loan Documents to which it is a party, the performance by each of the Borrower and the Guarantor of its obligations thereunder and hereunder and compliance with the provisions thereof and hereof do not constitute a default under, or permit the termination of, or cause any material right to be adversely affected under any agreement, arrangement, instrument or understanding to which it is a party or by which any of its properties or assets including any of the Collateral is bound or affected; and
- (e) this Commitment Letter and the other Loan Documents have each been duly executed and delivered by each of the Borrower and the Guarantor, as applicable, and constitute legal, valid and binding obligations enforceable against the Borrower and the Guarantor, as applicable, in accordance with their respective terms (except as such enforcement may be subject to any applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors rights and the judgment exercisable by the courts in granting orders of specific performance and other equitable remedies).



Schedule B

Mortgage Brokerages, Lenders and Administrators Act
Gerrard House Inc.

Page 1 of 2

Transaction Number: 11002

This statement of mortgage must be completed by the mortgage broker and an amortization schedule for the mortgage must be attached to it.

A copy of this statement of mortgage signed by the mortgage broker must be given to you at least 2 business days prior to the signing of any mortgage instruments.

This 48 hour period does not apply if:

- 1) no brokerage fee is payable by you to the mortgage broker, and
- 2) The lender is a bank, Loan or Trust Corporation, insurance company, credit union, or finance company

If the 48 hour period applies to your mortgage, it may be reduced to 24 hours (1 business day), but only if you obtain independent legal advice.

You are strongly advised to obtain legal advice about this mortgage before you sign this mortgage contract.

If the principal amount of the mortgage is \$200,000 or less, the mortgage broker cannot require you to make, and cannot accept, an advance payment or deposit for services to be rendered or expense to be incurred by the mortgage broker or any other person.

Details of Mortgage

A signed commitment to fund was sent on: 8-Dec-11

Properties to be mortgaged: 26 Gerrard Street East, Scarborough, Ontario

\$ 4,200,000.00 1st mortgage to be repaid by the borrower.

The principal amount of the mortgage will bear interest at 8.00% per year compounded monthly.

For the 1st 12 months the loan will be interest only; followed by 0 months of

blended Payments of principal and interest equal to N/A The mortgage will amortize on a
N/A year schedule. The full principal amount is due at maturity along with any unpaid balances.

Notes

	Total Mortgage Charge	\$	4,200,000.00
LESS:	Interest Reserve	\$	-
LESS:	CAPEX Reserve	\$	-
LESS:	Hold Backs	\$	-
	Gross Advance of Funds	\$	4,200,000.00
LESS:	Lender's Admin Fee	\$	47,460.00
LESS:	Mortgage Broker's Commission	\$	-
LESS:	Bonus	\$	-
LESS:	Lender's Legal Fees	\$	- TBD
LESS:	Environmental Appraisal Costs	\$	-
LESS:	Property Appraisal Costs	\$	-
LESS:	Insurance Consultant	\$	-
	Net Advance of Funds	\$	4,152,540.00

Additional Disclosure: Annual ROI Monitoring fee of \$1000 + HST

Total Cost of Borrowing

Total Cost of Borrowing (including interest) to be paid over the term of the mortgage: \$ 385,510.55

APR 9.18%

The APR is not the contract rate of the mortgage. It is the interest costs, plus the non-interest costs required to obtain the mortgage, expressed as a percentage of the average mortgage balance over the term of the mortgage.

Return on Innovation Mortgage Broker	Gerrard House Inc.
Initials <i>[Signature]</i> Date 8/12/11	Initials <i>[Signature]</i> Date

Schedule B

Mortgage Brokers, Lenders and Administrators Act

Gerrard House Inc.

Page 2 of 2

Transaction Number: 11002

The mortgage will become due and payable in 12 months. At which point if all payments are made on the due date and the prepayment privilege (if available) is not used, the borrower will owe \$ 4,200,000.00

Terms and Conditions

As per the Commitment Letter dated:

Thursday, December 08, 2011

As per Schedule A attached to the Commitment Letter dated:

Thursday, December 08, 2011

This mortgage shall be funded on or before the 31st day of December 2011
(Month) (Year)

Additional Disclosure

The brokerage may receive a commission and may receive a bonus and/or contingent commissions from the Lender. *Commissions are generally a fixed percentage of principal amounts of the mortgage being placed. Contingent commissions may be based on factors such as volume of business placed with the Lender, or a certain percentage growth in the placement of business over a previous period, and may be paid in cash or some other form of compensation.*

The Lender is an affiliated company of the brokerage and the brokerage may receive a commission and may receive contingent commissions from the Lender

The Brokerage is representing the Lender, and not the Borrower in this transaction

The Brokerage has reviewed the general terms associated with this mortgage commitment. The Brokerage suggests that you review these terms and associated risks with your legal counsel. These risks include: risk of falling into arrears, default and foreclosure, prepayment penalties, etc. (Please See Commitment and Schedule A for full list)

Name and Address of Brokerage

Return on Innovation Mortgage Broker Ltd.

(FSCO License # 12173)

37 Front St. E, 4th Floor

Toronto, ON, M5E 1B3

Date: Dec 8, 2011Signed: [Signature]

Robert James Lucas, Principal Broker

FSCO License #: M09001543

Return on Innovation Mortgage Broker Ltd. (FSCO License # 12173) is presently registered and in good standing as mortgage brokerage under the Mortgage Brokers Act

Borrower Acknowledgement

I/we waive the 2 business days requirement

Yes

No

Initials

(Please Circle)

I/we acknowledge receipt of this form, and corresponding Amortization Schedule and that I/we have reviewed the information.

I/we have the authority to bind

Gerrard House Inc.

(Signed)

(Print Title and Company Name)

(Print Name)

(Date)

Gerrard House Inc.

Transaction #: 11002
Principal 4,200,000
Interest 8.00%

** Assuming a December 31, Funding

Date	Principal	Interest	Principal	Fees	Totally Payment Due
31-Dec-11	\$ 4,200,000.00	\$ -	\$ -	\$ 47,460.00	\$ (4,152,540.00)
31-Jan-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ -	\$ 28,536.99
29-Feb-12	\$ 4,200,000.00	\$ 26,695.89	\$ -	\$ -	\$ 26,695.89
31-Mar-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ -	\$ 28,536.99
30-Apr-12	\$ 4,200,000.00	\$ 27,616.44	\$ -	\$ -	\$ 27,616.44
31-May-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ -	\$ 28,536.99
30-Jun-12	\$ 4,200,000.00	\$ 27,616.44	\$ -	\$ -	\$ 27,616.44
31-Jul-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ -	\$ 28,536.99
31-Aug-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ -	\$ 28,536.99
30-Sep-12	\$ 4,200,000.00	\$ 27,616.44	\$ -	\$ -	\$ 27,616.44
31-Oct-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ -	\$ 28,536.99
30-Nov-12	\$ 4,200,000.00	\$ 27,616.44	\$ -	\$ -	\$ 27,616.44
31-Dec-12	\$ 4,200,000.00	\$ 28,536.99	\$ -	\$ 1,130.00	\$ 4,229,666.99

This is Exhibit "B" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.



Ontario
ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #66

21102-0203 (LT)

PAGE 1 OF 3
PREPARED FOR DB022101
ON 2013/12/16 AT 19:21:00

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT LT 5 N/S GERRARD ST PL 22A TORONTO; PT LT 9-11 PL 377 CITY EAST AS IN CA112955; CITY OF TORONTO

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN CT42228.

ESTATE/OWNER:

FEE SIMPLE

LT CONVERSION QUALIFIED

OWNERS' NAMES

CAPACITY SHARE

PIN CREATION DATE:

2003/09/22

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2003/09/19 **						
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 4(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHENTS OR FOREFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2003/09/22 **						
63B790	1975/12/30	PLAN BOUNDARIES ACT				C
REMARKS: CT157879						
CT447212	1980/12/05	ASSIGNMENT GENERAL				*** COMPLETELY DELETED ***
REMARKS: SKETCH ATTACHED. RENT; DELETED UNDER CT634314 2011/07/20 PHELOSO						
63R2392	1981/07/31	PLAN REFERENCE				C
CT945981	1988/05/03	ASSIGNMENT GENERAL				*** COMPLETELY DELETED ***
REMARKS: RENTS, CT447212; DELETED UNDER CT634314 2011/07/20 PHELOSO						
CT945985	1988/05/03	NOTICE OF LEASE				*** COMPLETELY DELETED ***
REMARKS: CT42228; DELETED UNDER CA123038 ON MAY 30/11 BY DWONG.						
CA112955	1990/10/23	TRANSFER				*** COMPLETELY DELETED ***

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

CHILDREN'S ONCOLOGY CARE OF ONTARIO INC.

YOBERT DEVELOPMENTS LTD.



Ontario ServiceOntario

LAND
REGISTRY
OFFICE #66

21102-0203 (LTP)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 2 OF 3
PREPARED FOR DB072101
ON 2013/12/16 AT 19:21:00

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
CA112956	1990/10/23	CHARGE		*** COMPLETELY DELETED ***	CANADIAN IMPERIAL BANK OF COMMERCE	
CA123038	1991/01/10	NOTICE		*** COMPLETELY DELETED ***		
REMARKS: CT945985; SURRENDER OF LEASE DELETED UNDER BY-LAW 89004 ON MAY 30/11 BY DWONG.						
CA194536	1992/06/16	AGREEMENT			CITY OF TORONTO	C
REMARKS: CA112955						
CA194537	1992/06/16	AGREEMENT			CITY OF TORONTO	C
REMARKS: CA194536, CA112955						
CA194538	1992/06/16	POSTPONEMENT		*** COMPLETELY DELETED ***		
REMARKS: CA112956, CA194536, CA194537						
CA262487	1994/01/18	AGREEMENT		*** COMPLETELY DELETED ***		
REMARKS: CT42228, CA112955						
AT2759617	2011/07/20	APL CH NAME OWNER		*** COMPLETELY DELETED ***	TORONTO CHILDREN'S CARE INC.	
CHILDREN'S ONCOLOGY CARE OF ONTARIO INC.						
AT2764858	2011/07/27	DISCH OF CHARGE		*** COMPLETELY DELETED ***		
REMARKS: CA112956.						
AT2821122	2011/09/23	CHARGE		*** COMPLETELY DELETED ***	ROYAL BANK OF CANADA	
TORONTO CHILDREN'S CARE INC.						
AT2902248	2011/12/20	APL (GENERAL)		*** COMPLETELY DELETED ***		
TORONTO CHILDREN'S CARE INC.						
REMARKS: DELETE CA262487						
AT2902538	2011/12/20	TRANSFER	\$5,500,000		GERRARD HOUSE INC.	C
REMARKS: PLANNING ACT STATEMENTS						
AT2902539	2011/12/20	CHARGE	\$4,200,000		RETURN ON INNOVATION CAPITAL LTD.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

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PAGE 3 OF 3
PREPARED FOR DB072101
ON 2013/12/16 AT 19:21:00

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHRD
AT2902540	2011/12/20	CHARGE	\$750,000	GERARD HOUSE INC.	TORONTO CHILDREN'S CARE INC.	C
AT2902552	2011/12/20	NO ASSGN RENT GEN		GERARD HOUSE INC.	RETURN ON INNOVATION CAPITAL LTD.	C
REMARKS: AT2902539						
AT2915320	2012/01/10	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA	RETURN ON INNOVATION CAPITAL LTD.	
REMARKS: AT2821122.						
AT3465163	2013/11/29	APL CH NAME INST		RETURN ON INNOVATION CAPITAL LTD.	RETURN ON INNOVATION ADVISORS LTD.	C
REMARKS: AT2902539.						

5/8

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

This is Exhibit "C" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.

Properties

PIN 21102 - 0203 LT **Interest/Estate** Fee Simple
Description PT LT 5 N/S GERARD ST PL 22A TORONTO; PT LT 9-11 PL 377 CITY EAST AS IN
CA112955; CITY OF TORONTO
Address 26 GERRARD ST E
TORONTO

Chargor(s)

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

Name GERRARD HOUSE INC.
Address for Service 30 Hazelton Avenue
Toronto, Ontario M5E 2E2

I, NORMA WALTON, President, Secretary and Treasurer, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name RETURN ON INNOVATION CAPITAL LTD.
Address for Service 37 Front Street East, 4th Floor
Toronto, Ontario M5E 1B3

Statements

Schedule: See Schedules

Provisions

Principal	\$4,200,000.00	Currency	CDN
Calculation Period	monthly, in arrears		
Balance Due Date	2012/12/20		
Interest Rate	8.0% per annum		
Payments			
Interest Adjustment Date	2011 12 20		
Payment Date			
First Payment Date	2011 12 31		
Last Payment Date	2012 12 20		
Standard Charge Terms	200033		
Insurance Amount	See standard charge terms		
Guarantor			

Signed By

Norma Jean Walton 30 Hazelton Avenue acting for Chargor Signed 2011 12 20
Toronto (s)
M5R 2E2

Tel 416-489-3171

Fax 4164899973

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

Submitted By

WALTON & ADVOCATES 30 Hazelton Avenue 2011 12 20
Toronto
M5R 2E2

Tel 416-489-3171

Fax 4164899973

LRO # 80 Charge/Mortgage

Received as AT2902539 on 2011 12 20 at 16:51

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

yyyy mm dd Page 2 of 12

Fees/Taxes/Payment	
---------------------------	--

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Chargee Client File Number : 46683/ROI/GERRARD

ACKNOWLEDGEMENT AND DIRECTION

TO: Katharine Ho
(insert lawyer's name)

AND TO: CHAITONS LLP
(insert firm name)

RE: Return On Innovation Capital Ltd., as agent, loan to Gerrard House Inc. re: charge/mortgage of land over 26 Gerrard Street East, Toronto, Ontario (File No. 46683)
(insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- ~~You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as of the date of hereof. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;~~
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- ~~I, _____, am the spouse of _____, the Transferor/Charger, and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.~~

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- ☐ A Transfer of the land described above.
- ☒ A Charge of the land described above.
- ☐ Other documents set out in Schedule "B" attached hereto.

Dated at Toronto, this 13th day of December, 2011.

WITNESS
(As to all signatures, if required)



GERRARD HOUSE INC.

Per: 
Name: Norma Wallon
Title: President, Secretary and Treasurer

I have authority to bind the Corporation.

SCHEDULE "A"

1. STANDARD CHARGE TERMS

The terms contained in this Schedule are in addition to the terms contained in the Standard Charge Terms filed as No. 200033 (the "Standard Charge Terms"). In the event of any conflict between the terms contained in this Schedule and those contained in the Standard Charge Terms, the terms contained in this Schedule shall, to the extent of the conflict, prevail.

2. DEFINITIONS

In this Schedule, the following definitions apply:

- (a) "Applicable Laws" means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge;
- (b) "Business Day" means a day which is not a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;
- (c) "Charge" means this Charge of Land, as the same may be amended, restated, modified or supplemented from time to time and includes the Standard Charge Terms, any Form 2 and/or electronic form of Charge/Mortgage;
- (d) "Chargee" means Return On Innovation Capital Ltd., as agent, and its successors and assigns;
- (e) "Chargor" means Gerrard House Inc. and its successors and assigns;
- (f) "Costs" means all of the fees, costs, charges, losses, damages and expenses incurred by the Chargee as a direct or indirect consequence of granting the loan secured by this Charge including, without limitation, all expenses incurred in the construction, preservation, maintenance, repair, insuring and realization of the security contained herein, and all legal costs incurred by the Chargee on a substantial indemnity basis;
- (g) "Environmental Laws" means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance;
- (h) "Environmental Proceeding" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, license, approval, agreement or Lien of any nature or kind arising under or relating to Environmental Laws;
- (i) "Funding Date" means the date on which the advance is made to the Chargor pursuant to this Charge;
- (j) "Guarantor" means, collectively, Norma Walton and Ronauld Walton and their respective successors, assigns, heirs and legal representatives;
- (k) "Hazardous Substance" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including, without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes;
- (l) "Interest" means interest at the rate set out in Section 4 hereof;
- (m) "Interest Rate" means the rate as set out in Section 4 hereof;
- (n) "Obligations" has the meaning set out in Section 3 hereof;

- (o) "Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, any government authority, and the executors, administrators or other legal representatives of an individual in such capacity;
- (p) "Principal Amount" means the principal amount in lawful money of Canada set out in this Charge as it may be increased or decreased, from time to time;
- (q) "Property" means the lands and premises described in this Charge, including, all rights and benefits thereof and thereto and includes all buildings, improvements, structures and installations now or hereafter brought or placed on the lands whether or not affixed (in law) to the lands or the buildings thereon;
- (r) "Security" means all security documentation, instruments, deeds, etc., delivered pursuant to a commitment letter issued by the Chargee in favour of the Chargor dated December 8, 2011, as amended, restated or modified from time to time (the "Commitment") and/or this Charge; and
- (s) "Term" means one (1) year commencing from the Funding Date and ending on December 20, 2012.

3. CHARGE

The Chargor hereby gives this Charge and charges the Property as security for the full and indefeasible payment to the Chargee of the Principal Amount, Interest and all other amounts payable hereunder (collectively, the "Obligations") and as security for the observance and performance of all of the obligations of the Chargor to the Chargee pursuant to the Commitment, this Charge, the Security or otherwise.

4. MONTHLY PAYMENTS

Interest on the outstanding Principal Amount from time to time shall be at the rate of eight percent (8.00%) per annum calculated monthly and payable monthly in arrears, both before as well as after maturity and both before and after default or judgment. Payments of Interest only shall be payable monthly on the last day of every month for the Term from the Funding Date.

The Principal Amount of this Charge and any interest thereon together with any and all other amounts owing by the Chargor to the Chargee pursuant to this Charge, the Security or otherwise due shall become due and payable in full on the last payment date, that date being December 20, 2012.

Compound Interest

On the occurrence of a default in payment of any sum to become due for Interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for Interest from time to time, as well after as before maturity, shall bear interest at the Interest Rate, and in the event Interest and compound interest are not paid in one (1) month from the time of default a rest shall be made, and compound interest at the Interest Rate shall be payable on the aggregate amount then due, both before as well as after maturity, and so on from time to time, and all such interest shall be a charge on the Property.

5. PREPAYMENT PRIVILEGES

The Chargor, if not in default of the provisions hereof, shall have the right to pay all or any part of the Principal Amount outstanding at any time and from time to time on the terms and conditions set out in the Commitment.

6. INSURANCE

The Chargor shall obtain and maintain during the Term the following insurance coverage with respect to the Property and the property related thereto or used for its operation:

Fire Insurance:

A fire insurance policy with extended coverage for all other risks and perils for the full replacement cost for the buildings and improvements situate on the Property, including footings, foundations and all parts thereof above and below grade and loss to be payable to the Chargee as a first-ranking mortgage creditor in accordance with the IBC 3000 mortgage clause approved by the Insurance Bureau of Canada including, without limitation, that such policy will not be cancelled, terminated or permitted to expire unless the Chargee shall first receive a thirty (30) day prior written notice of the same.

Liability Insurance:

A comprehensive general liability insurance against loss from liability imposed by law as owner and/or landlord of the Property resulting from personal injury or death, and damage to or loss of property, of any person, in an amount of not less than Three Million Dollars (\$3,000,000) per occurrence.

Additional Insurance

In addition to any of the forgoing, the Chargee shall be entitled to request that the Chargor obtain any other insurance coverage it deems necessary, useful or appropriate.

All proceeds of insurance from insurance policies maintained other than liability insurance, shall be paid to the Chargee and at the option of the Chargee may either be applied on account of the loan, whether or not the same may be due and payable, and Interest thereon and any other sums payable in respect thereof, or held by it as part of the Chargee's security.

The Chargor shall provide to the Chargee such evidence as the Chargee may request that all of the above required insurance is in place prior to any advance of the loan being made.

7. HAZARDOUS WASTE

Without limiting the generality of any other provision hereof, the Chargor shall forthwith reimburse the Chargee for all costs directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive the discharge of this Charge and any other extinguishing of the obligations of the Chargor to the Chargee in respect of the Charge and any other exercise by the Chargee of any remedies available to it upon the occurrence of an Event of Default (as hereinafter defined).

8. ENVIRONMENTALRepresentations Regarding Environmental Matters

The Chargor represents and warrants, which representations and warranties shall be deemed to be continually repeated until all of the obligations pursuant to the Charge and the Security have been repaid and/or performed in full and the loan has been terminated, and covenants that:

- (a) the Property and all businesses and operations conducted thereon comply with all Environmental Laws;
- (b) the Property has not been used for or designated as a waste disposal site and the Property contains no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Property;
- (c) copies of all existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Chargee;
- (d) there are no pending or proposed changes to Environmental Laws or to any Environmental Proceedings, which would render illegal or materially restrict or change the present use and operation of the Property; and
- (e) neither the Chargor nor any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any Hazardous Substance on or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property which is or was required to be reported pursuant to any Environmental Laws.

Additional Covenants Regarding Environmental Matters

The Chargor shall: (i) comply and shall ensure that the Property and all businesses and operations conducted thereon comply with all Environmental Laws at all times; (ii) not use or designate the Property

as a waste disposal site; (iii) not permit any Hazardous Substance to be located, generated, manufactured, produced, refined, treated, processed, transported, transferred, stored, handled, spilled, discharged or disposed of at, on or under the Property, nor shall the Chargor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Chargor or Chargee; (iv) not cause or permit the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (v) notify the Chargee promptly of any threatened or actual Environmental Proceedings; (vi) remediate and cure, in a timely manner, any non-compliance by the Property or the Chargor with Environmental Laws, including, without limitation, removal of any Hazardous Substances from the Property; (vi) maintain all environmental and operating documents and records including, without limitation, all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vii) deliver to the Chargee copies of all environmental assessments, audits, tests and reports relating to the Property; (viii) provide the Chargee promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Chargor's expense) as may be required by the Chargee to confirm and/or ensure compliance by the Property and the Chargor with Environmental Laws, (ix) notify the Chargee promptly of (A) any Environmental Laws of which it has knowledge, which would render illegal or materially restrict or change the present use and operation of the Property, (B) any facts related to the Property which could constitute a breach of Environmental Laws and (C) any default in reporting any occurrence or circumstance to any governmental authority in relation to the Property which is or was required to be reported pursuant to any Environmental Laws; and (x) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Chargee or its representatives, of any information relating to the Property, as the Chargee may request from time to time.

Environmental License

The Chargor hereby grants to the Chargee and its employees and agents an irrevocable and non-exclusive license to enter any of the premises of the Chargor to conduct audits, testing and monitoring with respect to Hazardous Substances and to remove and analyze any Hazardous Substance at the cost and expense of the Chargor (which cost and expense will form part of the Obligations) and will be payable immediately on demand and secured by the Security.

Environmental Indemnity

Without limiting any other provision of the Commitment, this Charge, the Security or any documents collateral hereto and thereto, the Chargor shall indemnify and pay, protect, defend and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, (including legal fees and disbursements on a substantial indemnity basis) (collectively "Environmental Claims"), imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including, without limitation, any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of Hazardous Substances from all or any part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Chargor of any covenant hereunder, under the Commitment, under the Security or under any document collateral hereto or thereto or under Applicable Laws relating to environmental matters. This indemnity shall survive repayment of the loan secured hereby, foreclosure upon this Charge and any other extinguishing of the obligations of the Chargor under this Charge and any other exercise by the Chargee of any remedies available to it against the Chargor.

9. REPRESENTATIONS AND WARRANTIES

The Chargor hereby represents and warrants to the Chargee that as of the date hereof:

- (a) it is a corporation duly organized, validly subsisting and in good standing under the laws of its jurisdiction of incorporation and has all corporate powers necessary for the making and performing of this Charge, the borrowing of money, the execution and delivery of the Commitment and the Security, owning the Property and operating its business;
- (b) all necessary corporate proceedings have or will be taken to authorize the execution, delivery and performance of this Charge, the Commitment, the loan and the Security and the consummation of the transactions contemplated hereby and thereby;

- (c) it is not in default under or in violation of any provisions of its constating documents or by-laws, or of any applicable law, decree, order, rule or regulation or any indenture, agreement, lease, deed of trust, mortgage, bond, or other evidence of indebtedness or other instrument by which it is bound, and the execution and delivery of the Commitment, this Charge and the Security and compliance with the provisions thereof will not result in any breach or violation of, or constitute a default under, any such provision or result in the creation of any lien or encumbrance (other than the Security) upon any of its assets and it has not defaulted in the payment of principal or of interest on any mortgage, debenture, note, bond or other evidence of indebtedness, subject to any applicable periods of grace, where such default is continuing as of the date hereof;
- (d) it is not bound by any indenture, agreement, lease or other instrument, nor is it subject to any charter, by-law, or other corporate restriction, or any law, decree, order, rule or regulation which materially adversely affects its business operations or the performance of its obligations under the Commitment, this Charge or the Security;
- (e) it is not insolvent, bankrupt or proceeding with a winding up, whether voluntary or involuntary;
- (f) the Property, and existing and proposed uses by the Chargor and tenants of the Property, comply, in all material respects, with all applicable zoning and occupancy laws and regulations;
- (g) the Property may be mortgaged by the Chargor in compliance with the *Planning Act* of Ontario; and
- (h) all of the representations and warranties contained in the Commitment, this Charge and the Security continue to be true and correct.

10. COVENANTS OF THE CHARGOR

Reporting Requirements of the Chargor

The Chargor shall be responsible for providing and shall provide all reporting required by the Commitment.

Covenants of the Chargor

The Chargor shall at all times be in compliance with all covenants, including without limitation, financial covenants, provided in the Commitment.

11. INTENTIONALLY DELETED

12. EVENTS OF DEFAULT

The occurrence of any of the following shall constitute a default under this Charge and under the Security (each, an "Event of Default"), entitling the Chargee to exercise its rights and remedies hereunder, under the Security and at law:

- (a) the Chargor defaults in the payment of any amount due and payable under the Commitment, this Charge, any Security or any document submitted to the Chargee by or on behalf of the Chargor in connection therewith;
- (b) the Chargor, the Guarantor or any of them defaults under any one or more of the covenants, conditions, terms, agreements, provisions and obligations contained in the Commitment, this Charge, any Security or any document submitted to the Chargee by or on behalf of the Chargor, the Guarantor or any of them in connection therewith, to be kept, observed and performed by the Chargor, the Guarantor or any of them;
- (c) the Chargor, the Guarantor, or any of them becomes bankrupt or insolvent or commits an act of bankruptcy, or institutes any proceeding or takes any corporate action or executes any agreement or notice of intention to authorize its participation in or the commencement of any proceeding, or any proceeding is commenced against the Chargor, the Guarantor, or any of them:
 - (i) seeking to adjudicate it a bankrupt or insolvent;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt

or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies Creditors Arrangement Act* or any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or

- (iii) seeking appointment of a receiver, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Property or any part thereof;
- (d) a receiver, trustee, custodian or other similar official is appointed in respect of the Chargor, the Guarantor or any of them, or for any part of their property and assets including without limitation the Property; or
- (e) any person holding a security interest, charge, lien, hypothec or other encumbrance in respect of any of the property and assets of the Chargor, the Guarantor or any of them takes possession of all or any part of such property and assets, or a distress, execution or other similar process is levied against all or any material part of the property and assets of the Chargor, the Guarantor or any of them, including, without limitation, the Property; or
- (f) any default, including, without limitation, a non-monetary default, by the Chargor, the Guarantor, or any of them under any agreement, document or instrument relating to any indebtedness for borrowed money owing to any person other than the Chargee in connection with any direct or indirect borrowing, guarantee, charge, security, letter of credit, indemnity or any other type of instrument in favour of any person other than the Chargee, including without limitation, any prior encumbrances with respect to the Property, which default continues for more than the applicable cure period, if any, with respect thereto;
- (g) if any execution, distress, sequestration or any other process of any court becomes enforceable against the Property or any part thereof;
- (h) the Chargor ceases or threatens to cease to carry on all or a substantial part of its business; or
- (i) the Chargor, the Guarantor or any of them challenges the validity or enforceability of any of the Security or any of the Security shall cease to be in full force and effect.
- (j) if the Chargor fails to conduct itself as a prudent and reasonable owner of the Property;
- (k) there is shown to be any discrepancy or inaccuracy in any written information, statement, warranty or representations made or furnished to the Chargee by or on behalf of the Chargor, the Guarantor or any of them with respect to the Property or the financial condition of the Chargor, the Guarantor or any of them and if such discrepancies or inaccuracies are material in the opinion of the Chargee;
- (l) any or all of the issued and outstanding shares in the capital of the Chargor is directly or indirectly transferred, pledged, encumbered, hypothecated or dealt with in any manner whatsoever such that there is a change in control of the Chargor;
- (m) any judgment or award is made against the Chargor, the Guarantor or any of them in excess of \$250,000 in respect of which there is not an appeal or proceeding for review being diligently pursued in good faith and in respect of which adequate provision has not been made on the books of the Chargor or the Guarantor, as applicable; or
- (n) the Chargor is in contravention of the *Tenant Protection Act* (Ontario), *Commercial Tenancies Act* (Ontario) or any other predecessor and/or successor legislation thereto which contravention materially affects the value of the Property.

13. EXERCISE OF CERTAIN REMEDIES

If any of the events or circumstances constituting an Event of Default has occurred, the Chargee may (but shall have no obligation to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by Applicable Laws and obtaining court approval where necessary, enforce any remedy available to it at law, or in equity, or contained in this Charge, including without limitation, any one or more of the following remedies the cost of which shall be for the sole account of the Chargor and which shall be added to the Principal Amount secured by this Charge:

- (a) the Chargee may, at the expense of the Chargor and when and to such extent as the Chargee deem advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation;
- (b) the Chargee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Property and a solicitor to examine and report upon the title to the same;
- (c) the Chargee or the agents thereof may enter into possession of all or part of the Property and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Property, or any part thereof, for such terms and periods and at such rents as the Chargee deems appropriate;
- (d) the Chargee may make such arrangements, for completing the construction of, repairing or putting in order any buildings or other improvements forming part of the Property, as the Chargee may deem expedient;
- (e) the Chargee may and it shall be lawful for and the Chargor does hereby grant full power, right and license to the Chargee to enter, seize and distrain upon the Property, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises, as much of the Obligations as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Chargee may at its sole option declare the whole of the Obligations to be immediately due and payable by the Chargor to the Chargee;
- (g) the Chargee may take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Property or any lease, to take possession of it and/or to sell, lease or otherwise deal with it;
- (h) the Chargee may appoint in writing a receiver (which term as used herein includes a receiver and manager) of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place, or in the alternative appoint a property manager;
- (i) the Chargee may, with or without taking possession, take any action or proceedings to enforce the performance of any covenants in favour of the Chargor relating to the Property;
- (j) the Chargee may amend, negotiate, terminate or modify any agreement including, without limitation, any tenant leases, relating to the Property;
- (k) the Chargee may exercise in respect of each insurance policy, insurance trust agreement, lease, rent and benefit assigned to the Chargee the remedies exercisable by the Chargee in respect of all (or any part) of the Property; and/or
- (l) the Chargee may exercise any other rights or remedies which the Chargee may have, whether pursuant to this Charge, at law, in equity, by contract or otherwise.

14. SALE AND SUBSEQUENT ENCUMBRANCES

Except in accordance with terms and conditions of the Commitment, in the event of a transfer, sale or change in legal or beneficial interest in the Property, or further encumbering of any of the Property, without the prior written consent of the Chargee, all amounts owing for the charge hereunder or pursuant to the Commitment, the Security or otherwise shall, at the option of the Chargee, become due and payable. It is understood and agreed by the Chargor that the giving of any such consent shall be at the sole option and discretion of the Chargee, which consent may be arbitrarily or unreasonably withheld by the Chargee.

15. CHARGE NOT A CHARGE IN POSSESSION

It is agreed that the Chargee, in exercising any of its rights under this Charge, shall not be deemed to be a chargee-in-possession or a mortgagee-in-possession of the Property.

16. SPECIFIC ASSIGNMENT OF LEASES

As further security for this Charge, the Chargor covenants and agrees to grant to the Chargee, upon thirty (30) days' prior written notice from the Chargee to the Chargor, a specific assignment of any lease or leases of part or all of the Property comprising the security of this Charge.

17. RECEIVER

Notwithstanding anything herein contained, it is declared and agreed that any time and from time to time when there shall be an Event of Default, the Chargee may, at such time and from time to time and with or without entry into possession of the Property, or any part thereof, by notice to the Chargor in writing, appoint a receiver or receiver manager (who may, if the Chargee elects, be an officer or employee of the Chargee) of the Property, or any part thereof and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver with or without appointing another in its stead and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. This power is coupled with an interest and is irrevocable until this Charge is discharged and the security are released. Upon the appointment of any such receiver from time to time the following provisions shall apply:

- (a) every such receiver shall be the irrevocable agent or attorney of the Chargor (whose appointment shall be revocable only by the Chargee) and shall have unlimited access to the Property as agent and attorney for the Chargor and shall have full power and unlimited authority to:
 - (i) collect the rents and profits falling due and becoming payable from tenancies at the Property whether created before or after these presents;
 - (ii) rent any portion of the Property which may become vacant on such terms and conditions as such receiver considers advisable and enter into and execute leases, accept surrenders and terminate any leases or tenancies as such receiver shall consider advisable or expedient and in so doing, every such receiver shall act as the attorney or agent of the Chargor and shall have the authority to execute any lease to any such premises in the name of and on behalf of the Chargor;
 - (iii) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete, notwithstanding that the resulting cost exceeds the Principal Amount, and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
 - (iv) manage, operate, repair, alter or extend the charged premises or any part thereof, the Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property;
- (b) the Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee;
- (c) the Chargee may, from time to time, fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property;
- (d) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Chargor and, in no event, the agent of the Chargee;
- (e) the appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person, firm or corporation in any respect, and no appointment or removal of a receiver and no actions of a receiver shall have the effect of constituting the Chargee as chargee-in-possession of the Property or any part thereof;
- (f) that every such receiver shall have the full power to manage, operate, amend, repair, alter or improve the Property, and in order to do same, may vacate the Property or any part thereof and may make capital expenditures with respect thereto in the name of the

Chargor for the purpose of maintaining or increasing rental or other income from the Property or any part thereof;

- (g) no such receiver shall be liable to the Chargor to account for monies other than monies actually received by such receiver in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:
 - (i) receiver's remuneration aforesaid;
 - (ii) all costs and expenses of every nature and kind incurred by receiver in connection with the exercise of receiver's powers and authority hereby conferred;
 - (iii) Interest, Principal Amount and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes and insurance premiums;
 - (iv) to the Chargee, all Interest, Principal Amount and other monies due hereunder to be paid in such order as the Chargee in its discretion shall determine;
 - (v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus,

the remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the Interest Rate;

- (h) save as to claims for accounting under clause (g) of this paragraph, the Chargor hereby releases and discharges the Chargee and any receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise which may arise or be caused to the Chargor or any person claiming through or under it by reason or as a result of anything done by the Chargee or any such receiver unless such claim be the direct and proximate result of fraud or gross misconduct;
- (i) the Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver;
- (j) the statutory declaration of an officer of the Chargee as to default under the provisions of these presents and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual; and
- (k) the rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

18. RIGHT OF SET-OFF

The amounts payable by the Chargor hereunder shall not be subject to any deduction, withholding, set-off or counterclaim by the Chargor for any reason whatsoever.

19. CHARGEES' RIGHT TO CONDUCT ACTIVITIES

The Chargor hereby acknowledges that the Chargee may invest in numerous companies, some of which may be competitive with the Chargor's business. The Chargor acknowledges and agrees that the Chargee shall not be liable to the Chargor for any claim arising out of, or based on the investment by the Chargee in any entity competitive to the Chargor, or actions taken by any partner, officer or other representative of the Chargee to assist such competitive company in the capacity as director of such company or otherwise, whether or not such action has a detrimental effect on the Chargor, provided that the Chargee will in all such circumstances maintain the confidentiality of all information provided to it by the Chargor.

20. PUBLICITY

After the due execution of this Charge, each party may make reasonable disclosure of the transaction contemplated in the Commitment provided, however, that the other party provides prior written consent to the disclosure, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the Chargor is hereby deemed to have consented to the disclosure of the transaction contemplated in the Commitment to other investors and the Chargee's shareholders to the extent required by law or in a manner consistent with the Chargee's past practice.

21. TIME OF THE ESSENCE

Time shall be of the essence in all matters relating to this Charge.

22. INTERPRETATION AND HEADINGS

Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties hereto so require. The headings do not form part of this Charge and have been inserted for convenience of reference only.

This is Exhibit "D" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.

Properties

PIN 21102 - 0203 LT
Description PT LT 5 N/S GERARD ST PL 22A TORONTO; PT LT 9-11 PL 377 CITY EAST AS IN CA112955; CITY OF TORONTO
Address 26 GERRARD ST E
TORONTO

Applicant(s)

The assignor(s) hereby assigns their interest in the rents of the above described land. The notice is based on or affects a valid and existing estate, right, interest or equity in land.

Name GERRARD HOUSE INC.
Address for Service 30 Hazelton Avenue
Toronto, Ontario M5E 2E2

I, NORMA WALTON, President, Secretary and Treasurer, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name RETURN ON INNOVATION CAPITAL LTD.
Address for Service 37 Front Street East, 4th Floor
Toronto, ON M5E 1B3

Statements

The applicant applies for the entry of a notice of general assignment of rents.

This notice may be deleted by the Land Registrar when the registered instrument, AT2902539 registered on 2011/12/20 to which this notice relates is deleted

Schedule: See Schedules

This document relates to registration no.(s)at2902539

Signed By

Norma Jean Walton 30 Hazelton Avenue acting for Signed 2011 12 20
Toronto Applicant(s)
M5R 2E2

Tel 416-489-3171

Fax 4164899973

I have the authority to sign and register the document on behalf of all parties to the document.

Norma Jean Walton 30 Hazelton Avenue acting for Party To Signed 2011 12 20
Toronto (s)
M5R 2E2

Tel 416-489-3171

Fax 4164899973

I have the authority to sign and register the document on behalf of all parties to the document.

Submitted By

WALTON & ADVOCATES 30 Hazelton Avenue 2011 12 20
Toronto
M5R 2E2

Tel 416-489-3171

Fax 4164899973

Fees/Taxes/Payment

Statutory Registration Fee \$60.00
Total Paid \$60.00

LRO # 80 Notice Of Assignment Of Rents-General
The applicant(s) hereby applies to the Land Registrar.

Received as AT2902552 on 2011 12 20 at 16:55
yyyy mm dd Page 2 of 6

File Number

Party To Client File Number :

46683/ROI/GERRARD

ACKNOWLEDGEMENT AND DIRECTION

TO: Katharine Ho
(Insert lawyer's name)

AND TO: CHAITONS LLP
(Insert firm name)

RE: Return On Innovation Capital Ltd., as agent, loan to Gerrard House Inc. re: general assignment of rents over 26 Gerrard Street East, Toronto, Ontario (File No. 46683)
(Insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- ~~You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as of the date of hereof. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;~~
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- ~~I, _____, am the spouse of _____, the Transferor/Charger, and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.~~

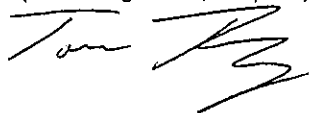
DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:


- ☐ A Transfer of the land described above.
- ☐ A Charge of the land described above.
- ☒ Other documents set out in Schedule "B" attached hereto.

Dated at Toronto, this 13th day of December, 2011.

WITNESS
(As to all signatures, if required)



GERRARD HOUSE INC.

Per: 
Name: Norma Walton
Title: President, Secretary and Treasurer

I have authority to bind the Corporation.

This is Exhibit "E" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.

GENERAL ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 13th day of December, 2011.

B E T W E E N:

GERRARD HOUSE INC.,
hereinafter called the "Assignor"

- and -

RETURN ON INNOVATION CAPITAL LTD., AS AGENT,
hereinafter called the "Assignee"

FOR VALUE RECEIVED, the Assignor doth hereby assign to the Assignee, all rights, privileges, advantages and benefits whatsoever, including all rental and other income, arising pursuant to leases and/or agreements to lease and/or tenancies (herein referred to as the "Leases") now or hereafter affecting the lands and premises more particularly described on Page 1 hereof.

This Assignment is given as additional security for the payment of the sum of TWO DOLLARS (\$2.00) and all other sums secured by a charge between the Assignor, as chargor, and the Assignee, as chargee, charging the premises of which those demised in the Leases form all or part and which charge is herein referred to as the "Charge". The registration particulars of the Charge are described on page 2 hereof. The security of this Assignment is and shall be primary and on a parity with the real estate conveyed by the Charge and not secondary. All amounts collected hereunder, after deducting the expense of collection, shall be applied on account of the indebtedness secured by the Charge, or in such other manner as may be provided in the Charge. Nothing herein contained shall be construed as constituting the Assignee as trustee, mortgagee or chargee in possession.

The Assignor does hereby empower the Assignee, its agents or attorneys, to collect, sue for, settle, compromise and give acquittances for all of the rents that may become due under the Leases and avail itself of and pursue all remedies for the enforcement of the Leases and the Assignor's rights in and under the Leases as the Assignor might have pursued but for this Assignment.

The Assignor warrants that the Leases are in full force and effect, and that the copies thereof heretofore delivered to the Assignee are true and correct copies, that the Assignor has not heretofore assigned or pledged the same or any interest therein, and no default exists on the part of the lessees thereunder (herein called "the Lessees") or the Assignor, as lessor, in the performance on the part of either, of the terms, covenants, provisions or agreements in the Leases contained; no rent has been paid by any of the Lessees more than thirty (30) days in advance, and that the payment of none of the rents to accrue under the Leases has been or will be waived, released, reduced, discounted or otherwise discharged or compromised by the Assignor directly or indirectly by assuming any Lessee's obligations with respect to other premises; that no security deposit has been made by the Lessees under any of the Leases.

The Assignor covenants and agrees:

- (a) that the Leases shall remain in full force and effect irrespective of any merger of the interest of the Lessor and Lessee thereunder; and that it will not transfer or convey the fee title to said premises to any of the Lessees without requiring such Lessees, in writing, to assume and agree to pay the debt secured by the Charge in accordance with the terms covenants and conditions contained in the Charge;
- (b) that if the Leases provided for the abatement of rent during the repair of the demised premises by reason of fire or other casualty, the Assignor shall furnish rental insurance to the Assignee, the policies to be in an amount and form and written by such insurance companies as shall be satisfactory to the Assignee;
- (c) not to terminate, modify or amend the Leases or any of the terms thereof, or grant any concessions in connection therewith, either orally or in writing, or to accept a surrender thereof without the written consent of the Assignee and that any attempted termination, modification or amendments of the Leases without such written consent shall be null and void;
- (d) not to collect any of the rent, income and profits arising or accruing under the Leases in advance of the time when the same become due under the terms thereof;
- (e) not to discount any future accruing rents;
- (f) not to execute any other assignments of the Leases or any interest therein or any of the rents thereunder;
- (g) to perform all of the Assignor's covenants and agreements as lessor under the Leases and not to suffer or permit to occur any release of liability of the Lessees, or any rights to the Lessees to withhold payment of rent; and to give prompt notices to the Assignee of any notice of default on the part of the Assignor with respect to the Leases received from the Lessees, and to furnish the Assignee with complete copies of said notices;
- (h) that all offers to lease and Leases shall be bona fide, the terms of which are to be approved by the Assignee prior to execution, and shall be at rental rates and terms consistent with comparable space in the area of the lands and premises described herein;
- (i) that the Assignor will provide to the Assignee leasing activity reports not less frequently than quarter-yearly after registration of the Charge;
- (j) if so requested by the Assignee, to enforce the Leases and all remedies available to the Assignor against the Lessees, in case of default under the Leases by the Lessees;
- (k) that none of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment;
- (l) that notwithstanding any variation of the terms of the Charge or any extension of time for payment thereunder, the Leases and benefits hereby assigned shall continue as additional security in accordance with the terms hereof;

- (m) not to alter, modify or change the terms of any guarantees of any of the Leases or cancel or terminate such guarantees without the prior written consent of the Assignee;
- (n) not to consent to any assignment of the Leases, or any subletting thereunder, whether or not in accordance with their terms, without the prior written consent of the Assignee;
- (o) not to request, consent to, agree to or accept a subordination of the Leases to any mortgage or other encumbrance now or hereafter affecting the premises;
- (p) not to exercise any right of election, whether specifically set forth in any such Leases or otherwise which would in any way diminish the tenant's liability or have the effect of shortening the stated term of the Leases; and
- (q) to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this Assignment or any notice hereof which may be required and of every renewal related thereto.

Upon any vesting of title to the property secured under the Charge in the Assignee or other party by court order, operation of law, or otherwise or upon delivery of a deed or deeds pursuant to the Assignee's exercise of remedies under the Charge, all right, title and interest of the Assignor in and to the Leases shall by virtue of this Assignment, thereupon vest in and become the absolute property of the party vested with such title or the grantee or grantees in such deed or deeds without any further act or assignment by the Assignor. The Assignor hereby irrevocably appoints Assignee and its successors and assigns, as its agent and attorney in fact, to execute all instruments of assignment or further assurances in favour of such party vested with title or the grantee or grantees. This power is coupled with an interest and is irrevocable until this Assignment is discharged and the security interests created by this Assignment are released.

In the exercise of the powers herein granted to the Assignee, no liability shall be asserted or enforced against the Assignee, all such liability being hereby expressly waived and released by the Assignor. The Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this Assignment, and the Assignor shall and does hereby agree to indemnify the Assignee for, and to save and hold it harmless of and from, any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Assignee incur any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in the defence of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby, and the Assignor shall reimburse the Assignee therefore immediately upon demand.

Although it is the intention of the parties that this Assignment shall be a present assignment, it is expressly understood and agreed, anything herein contained to the contrary notwithstanding that the Assignee shall not exercise any of the rights or powers herein conferred upon it until a default shall occur under the terms and provisions of this Assignment or of the Charge, but upon the occurrence of any such default, the Assignee shall be entitled, upon notice to the Lessees, to all rents and other amounts then due under the Leases and thereafter accruing, and this

Assignment shall constitute a direction to and full authority to the Lessees to pay all such amounts to the Assignee without proof of the default relied upon. The Lessees are hereby irrevocably authorized to rely upon and comply with any notice or demand by the Assignee for the payment to the Assignee of any rental or other sums which may be or thereafter become due under the Leases regardless whether any default under the Charge has actually occurred or is then existing.

In the event that the Assignee collects any payments of rent due to the Assignors default, the Assignee shall be entitled to receive from such rent a management fee of 5.0% of the gross receipts from such rent, it being understood for greater certainty that the Assignor and the Assignee have agreed that such management fee is a just and equitable fee having regard to the circumstances.

This Assignment is intended to be additional to and not in substitution for or in derogation of any assignment of rents contained in the Charge or in any other document.

This Assignment shall include any extensions and renewals of the Leases and any reference herein to the Leases shall be construed as including any such extensions and renewals.

This Assignment shall be binding upon and enure to the benefit of the respective successors and assigns of the parties hereto. The words "Assignor", "Assignee" and "Lessees", wherever used herein, and designated as such and their respective heirs, administrators, successors and assigns, and all words and phrases shall be taken to include the singular or plural and masculine, feminine or neuter gender, as may fit the case.

IN WITNESS WHEREOF the Assignor has executed this Assignment of Rents.

GERRARD HOUSE INC.

Per: 

Name: Norma Walton

Title: President, Secretary and Treasurer

I have authority to bind the Corporation.

This is Exhibit "F" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.

GENERAL SECURITY AGREEMENT

TO: Return On Innovation Capital Ltd., as agent
37 Front Street East, 4th Floor
Toronto, Ontario
M5E 1B3

Attention: Neil Macpherson

Facsimile: (416) 361-3013

Recitals:

A. Gerrard House Inc. (the "**Debtor**") is, or may become, indebted or liable to Return On Innovation Capital Ltd., as agent (the "**Creditor**").

B. To secure the payment and performance of the Liabilities (this term, and other capitalized terms used in this Agreement, have the meanings set forth in Section 1), the Debtor has agreed to grant to the Creditor security interests in respect of the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. Definitions. In this Agreement:

"Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property" and "Proceeds" have the meanings given to them in the PPSA.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the province referred to in the "Governing Law" section of this Agreement.

"Collateral" means all of the present and future undertaking, Personal Property (including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement) and real property (including any real property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time sign and provide to the Creditor in connection with this Agreement and including all fixtures and all buildings placed, installed or erected from time to time on any such real property) of the Debtor (including all such property at any time owned, leased or licensed by the Debtor, or in which the Debtor at any time has any interest or to which the Debtor is or may at any time become entitled) and all Proceeds thereof, wherever located.

"Contracts" means all contracts, licences and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract, licence or agreement.

"Default" means the occurrence of any of the following events or conditions:

- (a) the Debtor does not pay any of the Liabilities when due;
- (b) the Debtor does not observe or perform any of the Debtor's obligations under this Agreement or any other agreement or document existing at any time between the Debtor and the Creditor;
- (c) any representation, warranty or statement made by or on behalf of the Debtor to the Creditor, in this Agreement or otherwise, is untrue in any material respect when made;
- (d) the Debtor ceases or threatens to cease to carry on in the normal course all or any material part of the Debtor's business;
- (e) if the Debtor is a corporation, there is a change in effective control of the Debtor, or if the Debtor is a partnership, there is a dissolution or change in the membership of the partnership;
- (f) the Debtor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the Bankruptcy and Insolvency Act (Canada) or comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Debtor; or, if the Debtor is a corporation, proceedings are initiated under any legislation by or against the Debtor seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;
- (g) a Receiver, trustee, custodian or other similar official is appointed in respect of the Debtor or any of the Collateral;
- (h) any Person holding a Security Interest in respect of any part of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral;
- (i) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests created by this Agreement; or
- (j) the Creditor, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Liabilities is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy.

"Intellectual Property Rights" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets and all Contracts related to any such industrial and intellectual property rights.

"Liabilities" means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtor to the Creditor, wherever and however incurred, and any unpaid balance thereof.

"Money" has the meaning given to it in the PPSA or, if there is no such meaning given in the PPSA, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.

"PPSA" means the Personal Property Security Act of the province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

"Permits" means all permits, licences, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

"Person" will be broadly interpreted and includes an individual, a corporation, a limited liability company, a partnership, a trust, a joint venture, an association, an unincorporated organization, the government of a country or any political subdivision thereof, any agency or department of any such government, a regulatory agency or any other juridical entity and the heirs, executors, administrators or other legal representatives of an individual.

"Personal Property" means personal property and includes Accounts, Books and Records, Chattel Paper, Contracts, Documents of Title, Equipment, Goods, Instruments, Intangibles (including Intellectual Property Rights and Permits), Inventory, Money and Investment Property.

"Receiver" means a receiver, a manager or a receiver and manager.

"Security Interest" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, finance lease, title retention agreement or arrangement, security interest or other encumbrance or adverse claim of any nature, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property.

2. **Grant of Security Interest.** As general and continuing collateral security for the due payment and performance of the Liabilities, the Debtor mortgages, charges and assigns to the Creditor, and grants to the Creditor a security interest in, the Collateral.

3. **Limitations on Grant of Security Interest.** If the grant of any Security Interest in respect of any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit, then the applicable Contract, Intellectual Property Right or Permit will not be subject to any Security Interest under Section 2 but will be held in trust by the Debtor for the benefit of the Creditor and, on exercise by the Creditor of any of its rights under this Agreement following Default, assigned

by the Debtor as directed by the Creditor. In addition, the Security Interests created by this Agreement do not extend to the last day of the term of any lease or agreement for lease of real property. Such last day will be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights under this Agreement following Default, will be assigned by the Debtor as directed by the Creditor.

4. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral (other than after-acquired property) and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests created by this Agreement to any of the Collateral. The Security Interests created by this Agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution of this Agreement nor any advance of funds shall oblige the Creditor to advance any funds or any additional funds.

5. **Representations and Warranties.** The Debtor represents and warrants to the Creditor that:

(a) **Places of Business, Name, Location of Collateral.** The Debtor's principal place of business and chief executive office, and the place where it keeps its Books and Records, is at the address specified on the signature page of this Agreement, and its full legal name, and any other name under which it conducts its business, is specified on the signature page of this Agreement. The location of all other existing places where the Debtor carries on business or keeps tangible Personal Property, the location of all jurisdictions in which account debtors of the Debtor are located, and the location of all real property owned by the Debtor, are set out in Schedule A to this Agreement.

(b) **Title; No Other Security Interests.** Except for (i) the Security Interests created by this Agreement, and (ii) any other Security Interests permitted in writing by the Creditor, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings in favour of, or permitted in writing by, the Creditor.

(c) **Amount of Accounts.** The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim.

(d) **Authority; Consents.** The Debtor has full power and authority to grant to the Creditor the Security Interests created by this Agreement and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's constituting documents or by-laws or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound. Except for any consent that has been obtained and is in full force and effect, no consent of any party (other than the Debtor) to any Contract or any obligor in respect of any Account is required, or purports to be required, for the execution, delivery and performance of this Agreement. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account or Contract is in default

or is likely to become in default in the performance or observance of any of the terms of such Account or Contract.

(e) Execution and Delivery; Enforceability. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.

(f) Motor Vehicles. A description of all motor vehicles and other "serial number" goods (i.e. trailers, mobile homes, aircraft, aircraft engines and vessels) (including vehicle identification numbers) presently owned by the Debtor and classified as Equipment is set out in Schedule A to this Agreement.

(g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.

(h) Intellectual Property Rights. All Intellectual Property Rights owned by the Debtor, and all rights of the Debtor to the use of any Intellectual Property Rights, are described in Schedule A to this Agreement. To the best of the Debtor's knowledge, each such Intellectual Property Right is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set out in such Schedule, none of such Intellectual Property Rights has been licensed or franchised by the Debtor to any Person.

6. Survival of Representations and Warranties. All agreements, representations, warranties and covenants made by the Debtor in this Agreement are material, will be considered to have been relied on by the Creditor and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Debtor that, if exercised, would result in the existence of Liabilities.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

(a) Further Documentation. The Debtor will from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created by this Agreement). The Debtor acknowledges that this Agreement has been prepared based on the existing laws in the province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor will have the right to require that this Agreement be amended, supplemented or replaced, and that the Debtor will immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Debtor merges or amalgamates with any other Person or enters into any corporate

reorganization, in each case in order to confer on the Creditor Security Interests similar to, and having the same effect as, the Security Interests created by this Agreement.

(b) Delivery of Certain Collateral. Promptly upon request from time to time by the Creditor, the Debtor will deliver (or cause to be delivered) to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.

(c) Payment of Expenses; Indemnification. The Debtor will pay on demand, and will indemnify and save the Creditor harmless from, any and all liabilities, costs and expenses (including legal fees and expenses on a solicitor and own client basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Creditor in the preparation, registration, administration or enforcement of this Agreement, (ii) with respect to, or resulting from, any failure or delay by the Debtor in performing or observing any of its obligations under this Agreement, or (iii) incurred by the Creditor in performing or observing any of the other covenants of the Debtor under this Agreement.

(d) Maintenance of Records. The Debtor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor will mark any Collateral specified by the Creditor to evidence the existence of the Security Interests created by this Agreement.

(e) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, will provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.

(f) Limitations on Other Security Interests. The Debtor will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or as permitted in writing by the Creditor, and the Debtor will defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.

(g) Limitations on Dispositions of Collateral. The Debtor will not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of, and subject to Section 17, Accounts may be collected, in the ordinary course of the Debtor's business. Following Default, all Proceeds of the Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, will be received by the Debtor as trustee for the Creditor and will be immediately paid to the Creditor.

(h) Limitations on Modifications, Waivers, Extensions. Other than as permitted by paragraph (i) below, the Debtor will not (i) amend, modify, terminate or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

(i) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor will not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.

(j) Maintenance of Collateral. The Debtor will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor will provide all maintenance, service and repairs necessary for such purpose.

(k) Insurance. The Debtor will keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies will be in form and substance satisfactory to the Creditor and will (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor will, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor will immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment will form part of the Liabilities and will be secured by the Security Interests created by this Agreement. Neither the Creditor nor its correspondents or its agents will be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.

(l) Further Identification of Collateral. The Debtor will promptly furnish to the Creditor such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

(m) Notices. The Debtor will advise the Creditor promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created by this Agreement and any Security Interest permitted in writing by the Creditor) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the location of any place of business (including additional locations) or the chief executive office of the Debtor, (iv) any change in the

location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Debtor, (vi) any change in the name of the Debtor, (vii) any merger or amalgamation of the Debtor with any other Person, (viii) any additional jurisdiction in which material accounts debtors of the Debtor are located, and (ix) any material loss of or damage to any of the Collateral. The Debtor agrees not to effect or permit any of the changes referred to in clauses (iii) to (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

(n) Delivery of Agreements re Intellectual Property Rights. The Debtor will promptly, following demand from time to time by the Creditor, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Creditor's Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.

8. Rights on Default. On Default, all of the Liabilities will, at the option of the Creditor, become immediately due and payable and the security constituted by this Agreement will become enforceable, and the Creditor may, personally or by agent, at such time or times as the Creditor in its discretion may determine, do any one or more of the following:

(a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor at law or in equity.

(b) Demand Possession. Demand possession of any or all of the Collateral, in which event the Debtor will, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.

(c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.

(d) Deal with Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.

(e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.

(f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.

(g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, on such terms and conditions

as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.

(h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(i) Purchase by Creditor. At any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(j) Collect Accounts. Notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Creditor and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor in respect of such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances.

(k) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of the Creditor or its nominee, with or without disclosing that the Investment Property are subject to the Security Interests arising under this Agreement.

(l) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if the Creditor were the absolute owner of such Investment Property.

(m) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Debtor will immediately on demand reimburse the Creditor for all such payments.

(n) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Security Interests on any Collateral (in priority to the Security Interests created by this Agreement or otherwise) as security for the money so borrowed. The Debtor will immediately on demand reimburse the Creditor for all such borrowings.

(o) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable law, any Receiver appointed by the Creditor will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.

(p) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Debtor or of any or all of the Collateral.

(q) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its employees, including unrestricted access to the premises, books and records of the Debtor; all reasonable fees and expenses of such consultant shall be for the account of the Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law) to or on the Debtor or any other Person, and the Debtor by this Agreement waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Creditor which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Creditor;
- (iv) a disposition of Collateral may be on such terms and conditions as to credit or otherwise as the Creditor, in its sole discretion, may deem advantageous; and
- (v) the Creditor may establish an upset or reserve bid or price in respect of Collateral.

9. Grant of Licence. For the purpose of enabling the Creditor to exercise its rights and remedies under Section 8 when the Creditor is entitled to exercise such rights and remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

10. Sale of Investment Property. The Creditor is authorized, in connection with any offer or sale of any Investment Property forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Investment Property. The Debtor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor will not be liable or accountable to

the Debtor for any discount allowed by reason of the fact that such Investment Property are sold in compliance with any such limitation or restriction.

11. **Application of Proceeds.** All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Security Interests in favour of Persons other than the Creditor, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to any of the Security Interests created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter will be accounted for as required by law.

12. **Continuing Liability of Debtor.** The Debtor will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

13. **Creditor's Appointment as Attorney-in-Fact.** The Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion, after a Default, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created by this Agreement are released. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate.

14. **Performance by Creditor of Debtor's Obligations.** If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance will be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

15. **Interest.** If any amount payable to the Creditor under this Agreement is not paid when due, the Debtor will pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at a nominal annual rate equal at all times 24%. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Security Interests created by this Agreement.

16. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

17. **Rights of Creditor; Limitations on Creditor's Obligations.**

(a) **Limitations on Creditor's Liability.** The Creditor will not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Creditor nor any Receiver will be liable for any, and the Debtor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Creditor or such Receiver.

(b) **Debtor Remains Liable under Accounts and Contracts.** Notwithstanding any provision of this Agreement, the Debtor will remain liable under each of the documents giving rise to the Accounts and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor will have no obligation or liability under any Account (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor will not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.

(c) **Collections on Accounts and Contracts.** The Creditor hereby authorizes the Debtor to collect the Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, will be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, will be held by the Debtor in trust for the Creditor, segregated from other funds of the Debtor. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income in respect thereof will continue to be collateral security for the Liabilities and will not constitute payment thereof until applied as hereinafter provided. If a Default has occurred, the Creditor may apply all or any part of the amounts on deposit in said special collateral account on account of the Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor will deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to the Accounts and Contracts, including all original orders, invoices and shipping receipts.

(d) Analysis of Accounts. The Creditor will have the right to analyze and verify the Accounts in any manner and through any medium that it reasonably considers advisable, and the Debtor will furnish all such assistance and information as the Creditor may require in connection therewith. The Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor will furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

18. Dealings by Creditor. The Creditor will not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and will not impose any duty upon the Creditor to exercise any such powers.

19. Communication. Any communication required or permitted to be given under this Agreement will be in writing and will be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission or other similar means of electronic communication, in each case to the address or facsimile number of the Debtor or Creditor set out in this Agreement. Any communication so given will be deemed to have been given and to have been received on the day of delivery if so delivered, or on the day of facsimile transmission or sending by other means of recorded electronic communication provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication will be deemed to have been given and to have been received on the following Business Day. Any communication sent by mail will be deemed to have been given and to have been received on the fifth Business Day following mailing, provided that no disruption of postal service is in effect. The Debtor and the Creditor may from time to time change their respective addresses or facsimile numbers for notice by giving notice to the other in accordance with the provisions of this Section.

20. Release of Information. The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Debtor.

21. Waivers and Indemnity. To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against the Creditor arising out of the exercise by the Creditor or any Receiver of any rights or remedies under this Agreement or at law and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in

any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Debtor to pay the Liabilities, nor will the same operate as a merger or any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Debtor agrees to indemnify the Creditor from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Creditor or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Creditor and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Debtor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

22. Environmental License and Indemnity. The Debtor hereby grants to the Creditor and its employees and agents an irrevocable and non-exclusive license to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense will form part of the Liabilities and will be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor will indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Debtor or compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created by this Agreement.

23. Amalgamation. If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates with any other corporation or corporations, then (i) the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, will extend to and include the amalgamated corporation, and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.

24. Governing Law; Attornment. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

25. Interpretation. Unless otherwise expressly provided in this Agreement, if any matter in this Agreement is subject to the consent or approval of the Creditor or is to be acceptable to the Creditor, such consent, approval or determination of acceptability will be in the sole discretion of the Creditor. If any provision in this Agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. The division of this Agreement into sections and paragraphs, and the insertion of headings, is for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. When used in this Agreement, the word "including" (or includes) means "including (or includes) without limitation". Any reference in this Agreement to a "Section" means the relevant Section of this Agreement. If more than one Debtor executes this Agreement, their obligations under this Agreement are joint and several.

26. Successors and Assigns. This Agreement will enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Creditor. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, will also include his or her heirs, administrators and executors.

27. Acknowledgment of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.

Dated at Toronto the 13th day of December, 2011.

GERRARD HOUSE INC.

Per: 

Name: Norma Walton

Title: President, Secretary and Treasurer

I have authority to bind the Corporation.

Address: 30 Hazelton Ave., Toronto
Attention: Norma Walton
Facsimile: 416-489-9973

SCHEDULE A

Locations of Collateral (Paragraph 5(a))

26 Gerrard Street East, Toronto, Ontario
30 Hazelton Avenue, Toronto, Ontario

Jurisdictions of Account Debtors (Paragraph 5(a))

Ontario

Locations of Real Property (Paragraph 5(a))

26 Gerrard Street East, Toronto, Ontario
30 Hazelton Avenue, Toronto, Ontario

Descriptions of Motor Vehicles and Other Serial Number Goods (Paragraph 5(f))

NIL

Intellectual Property Rights (Paragraph 5(h))

NIL

ACKNOWLEDGEMENT RE: STANDARD CHARGE TERMS

TO: Return On Innovation Capital Ltd., as agent ("ROI")

RE: ROI loan to Gerrard House Inc.

The undersigned acknowledges receipt of a copy of the Standard Charge Terms filed as number 200033.

DATED this 13th day of December, 2011.

GERRARD HOUSE INC.



Per: _____

Name: Norma Walton

Title: President, Secretary and Treasurer

I have authority to bind the Corporation.

SET OF STANDARD CHARGE TERMS

Filed by
Dye & Durham Co. Inc.

Filing Date: November 3, 2000

Filing number: 200033

The following set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L.4, as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter referred to as the "Charge".

*Exclusion
of Statutory
Covenants*

1. The Implied covenants deemed to be included in a charge under subsection 7(1) of the Land Registration Reform Act as amended or re-enacted are excluded from the Charge.

*Right to
Charge the
Land
No Act to
Encumber*

2. The Chargor now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge.

3. The Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose.

*Good Title
in Fee
Simple*

4. The Chargor, at the time of the delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

*Promise to
Pay and
Perform*

5. The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same.

*Interest
After Default*

6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgement, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the Charge from the time of default a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the land.

*No Obligation
to Advance*

7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance the principal amount secured, nor shall the advance of a part of the principal amount secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargor. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefor, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

*Costs Added
to Principal*

8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favor of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

*Power of
Sale*

9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or resell or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

Quiet Possession

10. Upon default in payment of principal and interest under the Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession or enters on and takes possession of the land on default as described in paragraph 9 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever.

Right to Distrain

11. If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

Further Assurances

12. From and after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whosever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register, or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his solicitor shall or may be lawfully and reasonably devised, advised or required.

Acceleration of Principal and Interest

13. In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

Unapproved Sale

14. If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.

Partial Releases

15. The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.

Obligation to Insure

16. The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interests may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

Obligation to Repair

17. The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisions, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment.

- before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.
- Building Charge** 18. If any of the principal amount to be advanced under the Charge is to be used to finance Improvement on the land, the Chargor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chargor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chargor agrees that any Improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chargor based on the progress of the Improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whatever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. The Chargor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.
- Extensions not to Prejudice** 19. No extension of time given by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by any agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so altered over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.
- No Merger of Covenants** 20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until a judgment shall have been fully paid and satisfied.
- Change in Status** 21. Immediately after any change or happening affecting any of the following, namely: (a) the spousal status of the Chargor, (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act*, and (c) the legal title or beneficial ownership of the land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.
- Condominium Provisions** 22. If the Charge is of land within a condominium registered pursuant to the Condominium Act (the "Act") the following provision shall apply. The Chargor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chargor's unit (the "unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chargor will pay the common expenses for the unit to the Corporation on the due dates. If the Chargee decides to collect the Chargor's contribution towards the common expenses from the Chargor, the Chargor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chargor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chargor receives or is entitled to receive from the corporation. The Chargor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chargor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company in the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supersedes the provisions of paragraph 16 herein. The Chargor irrevocably authorizes the Chargee to exercise the Chargor's rights under the Act to vote, consent and dissent.
- Discharge** 23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested and if required by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration as applicable to such discharge or assignment shall be paid by the Chargor.
- Guarantee** 24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:
- (a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any monies payable hereunder, the Guarantor will pay all such monies to the Chargee without any demand being required to be made.
- (b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the monies hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said monies are fully paid and satisfied.

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

(d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.

(e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

Severability 25. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then, such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

Interpretation 26. In construing these covenants the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargees", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

Paragraph Headings 27. The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

Date of Charge 28. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.

Effect of Delivery of Charge 29. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the charge for registration to do so.

This is Exhibit "G" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.

SPECIFIC ASSIGNMENT OF MANAGEMENT AGREEMENTS

TO: Return On Innovation Capital Ltd., as agent
37 Front Street East, 4th Floor
Toronto, Ontario
M5E 1B3

Attention: Neil Macpherson
Facsimile: (416) 361-3013

WHEREAS:

A. Return On Innovation Capital Ltd., as agent (the "Lender") has agreed to extend a loan (the "Loan") in favour of Gerrard House Inc. (the "Assignor") on the terms and subject to the conditions set out in a commitment letter dated December 8, 2011, as same may be amended from time to time, issued by the Lender to the Assignor;

B. As security for all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Assignor to the Lender, wherever and however incurred, and any unpaid balance thereof, the Assignor agreed, among other things, to execute and deliver this agreement in favour of the Lender;

NOW THEREFORE, in consideration of the Lender extending credit and making or agreeing to make one or more advances of the Loan and for other good and valuable consideration, the Assignor covenants with the Lender as follows:

ARTICLE I - DEFINITIONS

1.01 **Definitions:** Capitalized terms used in this Agreement have the respective meanings ascribed thereto in this section:

- (a) "Collateral" means all Management Agreements, including, without limitation, any amendments, extensions, renewals and replacements which have been or may hereafter be made to any of them, all proceeds therefrom, all benefits and advantages, rents, fees, income and profits which now or hereafter may be derived therefrom, all debts, demands, choses-in-action and claims which now or hereafter may become due, owing or accruing due to or on behalf of the Assignor therefrom and all books, accounts, invoices, letters, papers, drawings, blue prints and documents in any way evidencing or relating thereto;
- (b) "Indebtedness" means all present and future debts and liabilities due or to become due, absolute or contingent, direct or indirect, now existing or hereafter arising owing by the Assignor to the Lender, whether pursuant to the Loan Documents or otherwise and includes any extensions, renewals or replacements thereof and includes the Loan;
- (c) "Insurance Policies" means all present and future policies of insurance now or hereafter obtained or maintained in connection with the Property;

- (d) "Loan Documents" means all agreements, instruments and other documents made or assigned by the Assignor in favour of the Lender in connection with the Loan and includes any letter of offer or loan agreement relating thereto, as same may be amended from time to time;
- (e) "Management Agreements" means all present and future Management Agreements or similar contracts entered into by or on behalf of the Assignor for the operation of • within the Property from which the Assignor is operating including, without limitation, the agreement attached hereto as Schedule "B"; and
- (f) "Property" means the lands and premises described in Schedule "A" annexed hereto.

ARTICLE II - ASSIGNMENT AND ATTACHMENT

- 2.01 **Assignment:** As continuing security for the payment of the Indebtedness and the performance, fulfilment and satisfaction of all covenants, obligations and conditions on the part of the Assignor set out herein or set out in the Loan Documents, the Assignor assigns and transfers to and in favour of the Lender all its rights, title and interest in and to, and all claims of every nature or kind which the Assignor now or hereafter may have under or pursuant to, the Collateral and the Assignor also grants to and in favour of the Lender a security interest in the Collateral.

If the grant of the security and this Agreement or the assignment herein would result in the termination or breach of any of the Management Agreements, then the applicable Management Agreement will not be subject to any Security Interest under Section 2.01, but will be held in trust by the Assignor for the benefit of the Assignee and, on exercise by the Assignee of any of its rights under this Agreement, assigned by the Assignor as directed by Assignee.

- 2.02 **Attachment:** The Assignor and the Lender confirm that they have not postponed or agreed to postpone the time for attachment of the security interests constituted by this Agreement and that the Assignor has received value.

ARTICLE III - ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

- 3.01 **Burdens Not Assigned:** The Assignor expressly acknowledges and agrees that all liabilities, obligations and other burdens of the Collateral are reserved exclusively to the Assignor and are not included in the property and assets that are assigned, transferred and otherwise encumbered to or in favour of the Lender. The Lender shall not be responsible for the performance of any of the obligations of the Assignor contained in the Collateral, and the Lender shall not by virtue of this Assignment or the enforcement thereof be deemed a chargee or mortgagee in possession of the Property.
- 3.02 **Further Acknowledgement of Assignor:** The Assignor acknowledges that neither this Agreement nor the assignment set out herein:

- (a) shall in any way lessen or relieve the Assignor from its obligations to perform, fulfill and satisfy its covenants, obligations and all other provisions set out in the Collateral or any part thereof;
- (b) imposes any obligation on the Lender to assume any obligation under, or to perform, fulfill or satisfy any covenant, obligation or other provision set out in, the Collateral or any part thereof; and
- (c) imposes any liability on the Lender for any act or omission on its part in connection with this Agreement, the assignment constituted hereby, the Collateral or any part thereof.

3.03 **Positive Covenants of Assignor:** The Assignor covenants and agrees:

- (a) to perform, fulfill and satisfy all covenants, obligations and all other provisions set out in the Collateral or any part thereof;
- (b) to deliver to the Lender a copy of all written notices, demands or requests given in connection with the Collateral or any part thereof that are received by the Assignor, forthwith upon receipt of same and that are delivered by the Assignor, contemporaneously with the delivery of same;
- (c) to deliver to the Lender a copy of any renewal or replacement Management Agreement in respect of the Property forthwith and in any event within ten (10) business days of the execution of any such renewal or replacement Management Agreement;
- (d) to indemnify and save the Lender harmless from and against any losses, damages, costs and expenses (including legal fees and disbursements on a solicitor and his own client basis) suffered or incurred by the Lender in connection with, on account of or by reason of:
 - (i) the assignment to the Lender of the Collateral and any obligation of the Lender resulting therefrom to perform, fulfill or satisfy any covenant, obligation or other provision set out in the Collateral or any part thereof;
 - (ii) any failure of the Assignor to observe, perform or satisfy its covenants, obligations and all other provisions set out in this Agreement or set out in the Collateral or any part thereof; and
 - (iii) the enforcement by the Lender of the assignment constituted by this Agreement;
- (e) to notify the Lender in writing as soon as the Assignor becomes aware of any Dispute (as hereinafter defined) claim or litigation in respect of the Collateral or any part thereof or of any breach or default by the Assignor or any other person, firm or corporation in the performance or satisfaction of any of the covenants, obligations or other provisions set out in the Collateral or any part thereof;
- (f) to obtain such consents from third parties as may be necessary or required from time to time in connection with the assignments constituted by this Agreement

and, in addition, such other consents from third parties as the Lender may require or desire; and

(g) that it will pay to the Lender upon demand all costs, fees and expenses including, without limitation, legal fees and disbursements on a solicitor and his own client basis, incurred by or on behalf of the Lender in connection with or arising out of or from this Agreement including, without limitation, any one or more of the following:

(i) any act done or taken by or on behalf of the Lender, or any proceeding instituted by or on behalf of the Lender, the Assignor or any other person, firm or corporation, in connection with or in any way relating to any one or more of this Agreement or any part thereof, the preservation, protection, enforcement or realization of the Collateral or any part thereof, the recovery of the Indebtedness or any part thereof and responding to enquiries regarding the scope of the security interest perfected by the registration of a financing statement under the Personal Property Security Act of Ontario (the "Act"); and

(ii) all amounts incurred or paid by the Lender pursuant to Section 4.01 hereof;

together with interest thereon from the date of the incurring of such expenses at the highest rate provided for in any of the Loan Documents. Whether any action or any judicial proceedings to enforce the aforesaid payments has been taken or not, the amount owing to the Lender under this subsection shall be added to the Indebtedness; and

(h) furnish to the Lender in writing all information requested by the Lender relating to the Collateral or any part thereof.

3.04 **Negative Covenants of Assignor:** The Assignor covenants and agrees that it shall not:

(a) sell, assign, transfer, dispose of, collect, receive or accept any of the Collateral or any part thereof nor do, nor permit to be done, any act or thing whereby the Lender may be prevented or hindered from so doing;

(b) pledge, charge, mortgage, hypothecate, create a security interest in or otherwise encumber the Collateral or any part thereof;

(c) cancel or terminate any of the Collateral or any part thereof;

(d) waive, amend, modify or vary any of the covenants, obligations and other provisions set out in the Collateral or any part thereof or otherwise agree or consent to any waiver, amendment, modification or variation of any of them, whether by way of collateral agreement or otherwise;

(e) waive or agree to waive any failure of any party under any of the Management Agreements or any other person, firm or corporation to perform, fulfill or satisfy any of the covenants, obligations and other provisions set out in the Collateral or any part thereof;

- (f) give any consent or approval contemplated by, or required or permitted to be given pursuant to, the Collateral or any part thereof;
- (g) settle or resolve any Dispute; or
- (h) receive, unless the prior written consent of the Lender has been obtained, any prepayment of any amounts payable to the Assignor pursuant to the Management Agreements.

3.05 **Representations and Warranties of Assignor:** The Assignor represents and warrants to the Lender that:

- (a) the Collateral and every part thereof is in good standing and in full force and effect and each of the parties to the Management Agreements is in good standing under the Management Agreements to which it is a party;
- (b) the Assignor has good, valid and legal right to absolutely assign and transfer to the Lender the Collateral, free and clear of all assignments, mortgages, charges, pledges, security interests and other encumbrances;
- (c) the Assignor has not received any notice of default or claim for set-off from any party to any of the Collateral; and
- (d) none of the Collateral in existence on the date hereof is incapable of assignment to the Lender in accordance with the provisions of this Agreement, nor is the consent of any third party required for any assignment set out in this Agreement or in connection with any further assignment by the Lender.

ARTICLE IV - DEFAULT AND REMEDIES

4.01 **Enforcement upon Default:** Without limiting in any manner whatsoever the Lender's rights, remedies and recourses pursuant to this Agreement, by operation of law or otherwise, if any of the representations and warranties set out in this Agreement or in any of the Loan Documents is untrue or if the Assignor has defaulted under or pursuant to, or otherwise failed to perform, fulfill or satisfy any covenant, obligation or condition set out in, or upon the occurrence of an event described as an "Event of Default" or a "Default" in, this Agreement or in any of the Loan Documents (hereinafter collectively called a "Default") the Lender may from time to time and at any time, at its sole discretion, in its own name or in the name of the Assignor and without notice to the Assignor, do any one or more of the following:

- (a) perform, fulfill or satisfy any covenant, obligation or other provision set out in any of the Collateral which could have been performed, fulfilled or satisfied by the Assignor;
- (b) exercise any of the rights, powers, authority and discretion which, pursuant to any of the Collateral, could have been exercised by the Assignor including, without limitation, amending and renewing any of the Collateral and otherwise dealing with any party referred to in the Management Agreements and with

others and participating in all settlement negotiations and arbitration proceedings resulting from a dispute (the "Dispute") arising out of, in connection with or pursuant to any of the Collateral; and

- (c) collect any proceeds, receipts or income arising from or out of the Collateral including, without limitation, the institution of proceedings, whether in the name of the Assignor or the Lender or both, for the collection of same;

and in the event that the Lender does any one or more of the foregoing, for such period of time that the Lender continues to do so, the rights, powers, authority and discretion of the Assignor with respect thereto shall thereupon be extinguished.

The Assignor acknowledges and agrees that all costs and expenses incurred by the Lender or any receiver or receiver and manager in connection with doing anything permitted in this Section 4.01 including, without limitation, legal fees and disbursements on a solicitor and his own client basis, shall be forthwith paid by the Assignor to the Lender.

- 4.02 **Application of Funds:** All amounts realized from the Collateral upon the enforcement of this Agreement shall be applied by the Lender firstly, to the payment of expenses owing under the Loan Documents, secondly, to the payment of such part of the Indebtedness as constitutes interest, and thirdly, to the payment of the balance of the Indebtedness; and any deficiency shall be and remain payable by the Assignor to the Lender. If any surplus remains after the payments itemized herein, such surplus shall be applied in the manner provided for in the Act. Notwithstanding the foregoing, the Secured Party reserves the right to interplead or make any appropriate application pursuant to the Trustee Act (Ontario) or any successor legislation thereto.

- 4.03 **Authority of Assignor Prior to Notice of Default:** Until notified by the Lender or a Default occurs, the Assignor shall have the authority to collect any monies payable or arising out of or from the Collateral and, subject to section 3.04 hereof, the Assignor shall have the authority to exercise, in good faith, all of the rights, powers, authority and discretion under the Collateral. However, upon receipt of notice or the occurrence of a Default, such authority shall immediately cease without further notice to the Assignor. Any monies received by or on behalf of the Assignor after a Default has occurred shall be received and held in trust for the Lender and forthwith remitted to the Lender.

- 4.04 **Lender Not Liable:** The Lender shall not be bound to do any one or more of the following:

- (a) give any notice;
- (b) exercise any rights, powers, authority, discretion or remedies whatsoever; and
- (c) institute proceedings for the purpose of seizing, realizing upon, disposing of or obtaining possession of the Collateral or any part thereof or for the purpose of collecting or obtaining payment of the Indebtedness or any part thereof or for the purpose of preserving any rights of the Lender, the Assignor or any other, person, firm or corporation in respect of same;

nor shall the Lender be liable or accountable for doing or failing to do any one or more of

the foregoing. The Assignor shall be liable for all actions, causes of action, proceedings, debts, demands, claims, losses, damages and other liabilities incurred or suffered by the Assignor or the Lender by reason of or on account of any act or failure to act of the Lender.

ARTICLE V - GENERAL CONTRACT PROVISIONS

- 5.01 **Further Assurances:** The Assignor agrees to execute all such further assignments and other documents and to do all such further acts and things including obtaining any consents which are required by the Lender, from time to time, to more effectively assign and transfer the Collateral to the Lender and the Lender is irrevocably constituted the true and lawful attorney of the Assignor, with full power of substitution, to execute in the name of the Assignor any assignment or other document for such purposes.
- 5.02 **No Novation:** This assignment and transfer to the Lender of the Collateral is continuing security granted to the Lender, without novation or impairment of any other existing or future security held by the Lender in order to secure, among other things, payment to the Lender of the Indebtedness.
- 5.03 **Rights, Powers and Remedies:** Each right, power and remedy of the Lender provided for in this Agreement or available at law or in equity may be exercised separately from or in combination with, and is in addition to and not in substitution for, any other right, power and remedy of the Lender however created. Without limiting the generality of the foregoing, the taking of judgment or judgments by the Lender shall not operate as a merger or affect the right of the Lender to interest as provided herein.
- 5.04 **Re-assignment:** Upon the Indebtedness being paid in full the Lender shall, within a reasonable time following its receipt of a written request from the Assignor and at the sole cost and expense of the Assignor, reassign the Collateral to the Assignor.
- 5.05 **Waiver:** No consent or waiver, express or implied, by the Lender to or of any breach or default by the Assignor in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by the Assignor of its obligations hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Assignor or to declare the Assignor in default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder.
- 5.06 **Dealings with Persons:** The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Collateral, the Assignor, debtors of the Assignor, guarantors, sureties and others, as the Lender may see fit, without prejudice to the Lender's rights, powers and remedies whatsoever.
- 5.07 **Notices:** Any notice or demand which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if served personally or by telefax upon the party for whom it is intended, or (except in the case of an actual or pending disruption of postal service) mailed by registered mail addressed to the Assignor at its address set out in any of the Loan Documents and addressed to the

Lender at its address set out in any of the Loan Documents. The date of receipt of such notice or demand, if served personally or by telefax, shall be deemed to be the date of the delivery thereof, or if mailed as aforesaid, the fourth business day following the date of mailing. For the purposes hereof, personal service on the Assignor shall be effectively given by delivery to any officer, director or employee of the Assignor. The Lender or the Assignor may, from time to time, change its address or stipulate another address from the address described in this Agreement by giving notice in the manner provided in this section.

- 5.08 **Entire Agreement:** This Agreement constitutes the entire agreement between the Lender and the Assignor pertaining to the assignment of the Collateral and may not be amended in any matter except by written instrument signed by them. This Agreement shall enure to the benefit of the successors and assigns of the Lender and shall be binding upon the successors and permitted assigns of the Assignor.
- 5.09 **Direction:** The Assignor authorizes and directs the respective insurers under each of the Insurance Policies to pay to the Lender all of the proceeds payable under each of the Insurance Policies; and this shall serve as each such insurers' good, sufficient and irrevocable authority to do so.
- 5.10 **Survival:** All covenants, undertakings, agreements, representations and warranties made by the Assignor in this Agreement and any instruments delivered pursuant to or in connection herewith, shall survive the execution and delivery of this Agreement and any advances made by the Lender to the Assignor, and shall continue in full force and effect until the Indebtedness is paid in full. All representations and warranties made by the Assignor shall be deemed to have been relied upon by the Lender.
- 5.11 **Applicable Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
- 5.12 **Receipt of Copy:** The Assignor acknowledges receipt of a copy of this Agreement.
- 5.13 **Enurement:** This Agreement shall enure to and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Assignor has hereunto set his hand and seal or has affixed its corporate seal duly attested by the hand(s) of its proper officer(s) in that behalf, on the day and year first above written.

GERRARD HOUSE INC.

Per: 

Name: Norma Walton

Title: President, Secretary and Treasurer

I have authority to bind the Corporation.

SCHEDULE "A"

DESCRIPTION OF THE PROJECT

26 Gerrard Street East, Toronto, Ontario

Part of Lot 5 N/S Gerard St, Plan 22A, Toronto; Part of Lot 9-11, Plan 377 City East as in CA112955, City of Toronto (PIN 21102-0203 (LT)).

SCHEDULE "B"

Management Agreement

NIL

This is Exhibit "H" to the Affidavit of Erle Anderson
sworn on December 17, 2013

A Commissioner for the taking of affidavits, etc.



FOURTH AMENDMENT TO COMMITMENT LETTER DATED DECEMBER 8, 2011

October 15, 2013

PRIVATE AND CONFIDENTIAL

Ms. Norma Walton
The Rose & Thistle Group Ltd.
30 Hazelton Avenue,
Toronto, Ontario
H4T 3J5

Dear Sirs:

Re: Return on Innovation Advisors Ltd., as agent (formerly known as ROI Capital Ltd., as agent) loan to Gerrard House Inc.

Further to our discussions and as it relates to the above noted account, Return on Innovation Advisors Ltd. ("ROI"), confirms the following amendment to the ROI Commitment Letter dated December 8, 2011:

1. EXISTING:

Term: One year (1) year and three (3) months from the Funding Date, the end of such period being the "**Maturity Date**".

1. AMENDMENT:

Term: One year (1) year and nine (9) months and fifteen (15) days from the Funding Date, the end of such period being the "**Maturity Date**".

The current maturity for this loan was April 15, 2013 so based on the above amendment to the loan Term the new maturity date for this loan is now October 30, 2013.

All other terms and conditions of the Commitment Letter shall remain the same and continue to be in full force and effect.

ROI Capital

37 Front Street East, 4th Floor, Toronto, Ontario M5E 1B3

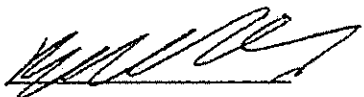
Phone: 416 361-6162 | Fax: 416 361-3013 | roicapital.ca | Toll Free: 1 866 764-3863

Please return an executed copy of this amendment letter to the offices of ROI at 37 Front Street East, 4th Floor, Toronto, Ontario M5E 1B3 prior to October 24, 2013 after which time this amendment letter will expire.

Yours truly,

RETURN ON INNOVATION ADVISORS LTD.

Per:

A handwritten signature in black ink, appearing to read 'Wilfred Vos', written over a horizontal line.

Wilfred Vos
Portfolio Manager

ACCEPTANCE AND AGREEMENT

The undersigned hereby confirm agreement to and acceptance of the terms and conditions outlined in this Fourth Amendment Letter to the Commitment Letter as of this _____ day of October , 2013.

Gerrard House Inc.
(BORROWER)

Per: _____
Name:
Title:

I have authority to bind the Corporation

DBDC SPADINA LTD., AND THOSE
CORPORATIONS LISTED ON SCHEDULE A HERETO
Applicants

NORMA WALTON ET AL.
Respondents

Court File No. CV-13-10280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

RESPONDING MOTION RECORD

CHAITONS LLP
Barristers and Solicitors
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

George Benchetrit
LSUC Registration No. 34163H
Tel: (416) 218-1141
Fax: (416) 218-1841
Email: george@chaitons.com

**Lawyers for Return on Innovation Capital
Inc.**